

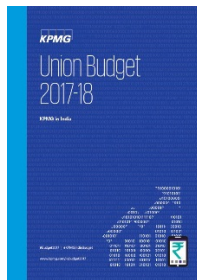


Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 09 February 2017



Budget Announcement



India: Union Budget 2017-2018

The Finance Minister presented the Union Budget 2017-18 before the Parliament on 1 February 2017.

The Union Budget 2017-18 was quite different from the previous ones in more than one way. It not only put an end to various age-old conventions, including a sweeping retreat from the date on which it was presented earlier. Further, merging of the Railway Budget with the Union Budget, and dropping the distinction between plan and non-plan expenditure for the first time, makes this year's Budget truly different.

Tax provisions in the budget include:

- A commitment to implement the Goods and Services Tax (GST)
- Thin capitalization provisions, in line with the OECD base erosion and profit shifting (BEPS) project
- Longer period to claim tax holidays for start-ups
- Headline tax rate reduction for companies with annual turnover for March 2016 of up to INR 50 crore
- Capital gains tax regime

[More details](#)

Asia Pacific Tax Developments

Australia

Australia: Australian Taxation Office (ATO) releases draft Infrastructure Framework for consultation

On 31 January 2017, the ATO released its much anticipated draft of the Australian Tax Framework. KPMG Australia analyses the ATO's view of the key tax risks associated with common infrastructure and privatisation transactions.

[More details](#)

Australia: Fixed asset registers and composite Items

The ATO has published draft Taxation Ruling TR 2017/D1 on the depreciation of composite assets, which are assets made up of a number of components that are capable of separate existence.

The draft Ruling sets out the Commissioner's views on how to determine whether a composite item is itself a depreciating asset or whether its components are separate depreciating assets for the purposes of Division 40.

[More details](#)

Australia: New guidance for Public Benevolent Institutions (PBIs) and Health Promotion Charities (HPCs)

The Australian Charities and Not-for-profits Commission (ACNC) has recently released new interpretative guidance on PBIs and HPCs.

The guidance explains how the ACNC will apply the law in practice in determining PBI and HPC status. This is important for new charities seeking registration as well as for existing charities in confirming their continuing entitlement to registration.

[More details](#)

Australia: What amounts to 'control'?

KPMG Australia discusses the draft ATO Paper on Negative Control and the application of Division 6C, and a recent court case.

[More details](#)

Australia: How Asset Management can make a difference

KPMG Australia discusses the importance of maintaining and managing a linked and reliable record of a company's physical assets.

[More details](#)

China

China: Guidance on implementing the R&D "super deduction"

The notice—Shuizonghan [2016] No. 685 (21 December 2016)—requires each local tax authority to properly implement the R&D super deduction preferential policy during the annual tax filing for 2016.

The notice also clarifies that if an enterprise has or is found to have “tax-related problems” in the previous years, the taxpayer’s case must be addressed in a manner not to prevent the enterprise from enjoying the R&D super deduction in 2016.

[More details](#)

Hong Kong SAR

Hong Kong SAR: Hong Kong Transfer Pricing Update

At the end of December 2016, the public has submitted its responses to the Hong Kong Government’s consultation paper proposing the introduction of transfer pricing rules for Hong Kong. Hong Kong corporates need to start planning for the introduction of the transfer pricing documentation rules and consider how this may impact the pricing of their related party transactions.

[More details](#)

India

India: India economic survey

The Finance Minister presented to parliament an annual “economic survey” for 2016-2017 that reports information about developments in the Indian economy; summarises the performance of major developmental initiatives; and highlights steps taken by the government and the prospects of the economy in the short to medium-term.

[More details](#)

India: Surcharge and education cess on tax withholdings

The Delhi Bench of the Income-tax Appellate Tribunal concluded that a provision of the Income-tax Act, 1961 does not refer to a surcharge or education cess, and that such a surcharge and education cess cannot be levied on the amount of tax withheld at source.

[More details](#)

India: Transfer pricing proposals in budget 2017

The Union Budget 2017-18, presented by the Finance Minister on 1 February 2017, includes the following transfer pricing-related proposals:

- Tax neutral related party transaction exempted from domestic transfer pricing provisions
- Secondary adjustments concept introduced
- Introduction of Thin Capitalisation Rules
- Penalty for furnishing incorrect information
- Time limit for completion of assessment

[More details](#)

India: Withholding tax and interplay with tax treaties

The Ahmedabad Bench of the Income-tax Appellate Tribunal held that when tax has been withheld on the basis of beneficial provisions of tax treaties, the provisions of Section 206AA of the Income-tax Act, 1961 do not apply. [More details](#)

Indonesia

Indonesia: Import duty, Value Added Tax (VAT) exemption for coal mining sector

A regulation concerning an exemption or reduction of import (customs) duty and VAT on goods imported within the context of a contract of work for the coal mining sector is effective 3 February 2017.

[More details](#)

Korea

Korea: Tax law amendments and announcement of proposed amendments to Enforcement Decree

The Korean National Assembly passed the proposed tax law amendments for 2017 as follows:

- Extension of the sunset period for flat tax rate for foreign workers and raise of the flat tax rate (Tax Incentive Limitation Act §18-2)
- Annual limitation on the use of carried forward tax loss for foreign companies (Corporate Tax Act §91 (1))
- Changes to the excess retained earnings taxation (Corporate Tax Act §56, Enforcement Decree of the Corporate Tax Act §93)
- Tax benefits for foreign investments in new prospective industries (Restriction of Tax Incentive Limitation Act §121-2, Enforcement Decree of the Tax Incentive Limitation Act §116-2)
- Tax deferral allowed for merger between sister companies (Corporate Tax Act §44(3))

[More details](#)

New Zealand

New Zealand: New US travel restrictions

KPMG in New Zealand analyses Donald Trump's Executive Order suspending the immigrant and non-immigrant entry of nationals from certain designated countries.

[More details](#)

Singapore

Singapore: Goods and Services Tax (GST) Guide Updates: Fringe Benefits and Logistics Service Industry

KPMG in Singapore discusses the salient changes to the recently updated GST e-Tax Guides for Fringe Benefits and the Logistics Service Industry.

[More details](#)

Singapore: Bolstering Singapore's Fintech Capabilities in Budget 2017

Financial technology (Fintech) is a sunrise industry that Singapore has actively embraced in recent years. To keep Fintech ecosystem vibrant, Singapore should attract new technologies and talent, and promote sharing of risks/rewards by corporates and Fintechs.

[More details](#)

Thailand

Thailand: Amendments to Personal Income Tax

A Royal Thai Government Gazette, which takes effect from tax year 2017 onwards, was published on 27 January 2017. Some personal tax deductible expenses and allowances were increased, while others were reduced. Tax filing thresholds were changed and the income threshold in the highest tax bracket of the progressive personal income tax scale were increased.

[More details](#)

Thailand: Deduction for new capital expenditures extended to 31 December 2017

An additional deduction that applies over and above the standard tax depreciation that can be claimed on new capital assets, will apply through 31 December 2017. However, the additional deduction has been reduced to 50% for expenditures made during 2017.

[More details](#)

Calendar of Events

Date	Event	Location
2 March 2017	Singapore Budget 2017 Seminar Contact person: Kartini Rafiin More details	Orchard Hotel, 442 Orchard Road, Singapore 238879

Beyond Asia Pacific

Botswana: Tax measures in 2017-2018 budget

The Minister of Finance and Economic Development on 6 February 2017 delivered the budget proposals for 2017-2018 to the National Assembly.

The budget proposals include measures to improve administrative efficiency and optimize revenue collection—specifically with simplification measures under the income tax and VAT regimes.

[More details](#)

Canada: Highlights of the 2017 New Brunswick Budget

The budget anticipates a deficit of \$192 million for the 2017-2018 fiscal year, with anticipated deficits of \$117 million for 2018-2019 and \$24 million for 2019-2020. The budget reduces the Small Business Income Tax rate to 3% (from 3.5%), effective April 1, 2017. [More details](#)

TaxNewsFlash by Region

For the latest tax developments from other regions see the following links:

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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