



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 16 February 2017



Asia Pacific Tax Developments

Australia

Australia: Ending fly-in-fly-out (FIFO) work arrangements – end of tax concessions?

KPMG Australia discusses the long term viability of tax concessions for FIFO workforces as discussions are underway for the Strong and Sustainable Resource Communities Bill 2016 (the Bill). If enacted, the Bill will ban large QLD resource projects from using a 100 percent FIFO workforce where the project is within 100km of a regional centre.

[More details](#)

Australia: Financial institutions must use FATCA XML Schema v2.0

The Australian Tax Office (ATO) has advised that it is upgrading its FATCA portal for compatibility with FATCA XML Schema v2.0 (as published by the Internal Revenue Service). The ATO also noted that it will no longer accept reports using previous versions of the schema.

[More details](#)

Australia: Need for good R&D claim governance

KPMG Australia examines the ATO's recent Tax Alerts (i.e TA 2017/2 and TA 2017/3) on expenditure on R&D activities in the building and construction industries.

[More details](#)

Australia: New Diverted Profits Tax Bill: 1,600 taxpayers in ATO's sights

The Australian Government has introduced legislation seeking to impose a 40 percent diverted profits tax (DPT) on significant global entities carrying on business in Australia. The DPT is expected to apply to income years commencing on or after 1 July 2017. 1,600 taxpayers are potentially within the scope of the rules.

[More details](#)

Australia: Strengthening the section 46 misuse of market power provision

KPMG Australia looks into the Government's proposed new legislation clarifying corporate misuse of market power. The legislation aims to strengthen Australian competition law by more effectively deterring firms with substantial market power from engaging in anti-competitive conduct.

[More details](#)

China

China: Custom Policy Update, January 2017

KPMG China provides various customs policy updates such as:

- The Newly-issued Import Tax Policy of the “13th Five-Year Plan”, a Sustained Fuel to Energy-Saving Innovations
- Announcement on Adjusting the Management of Inspection and Clearance of Foreign Aid Materials
- Announcement on Implementing Special Supporting Measures for the Import of Selected Agricultural Products Originating from New Zealand in 2017
- Announcement on the Amount of Two Main Agricultural Products Imported from Australia in 2016 and the Import Trigger Amount in 2017
- Joint Announcement on Adjusting the Catalogue for the Administration of the Import of Solid Waste
- Travellers Departing from Hainan Island by Railways Now Enjoy the Duty-free Shopping Policy
- China and Switzerland Signed an Agreement of AEO Mutual Recognition
- Temporary Anti-dumping Measures against the Imports of Copolymer Terpolymer of Vinylidene Chloride—Vinyl Chloride is implemented
- More Items Were Included into the Catalogue of Dual-Use Items and Technologies Prohibited from Being Exported to North Korea

[More details](#)

China: Tax Weekly Update – Issues 5 and 6

KPMG China issues a newsletter that provides various tax updates on the followings:

Issue 5

- OECD drafts TP toolkit for developing countries
- OECD: Peer review of BEPS minimum standards
- China alters cross-border borrowing rules (Yin Fa [2017] No. 9)

[More details](#)

Issue 6

- China clarifies forex administrative rules for cross-border trade and financing (Hui Fa [2017] No. 3)
- Simplification of social security contributions system (Guo Ban Fa [2017] No. 6)
- FIE customs registrations clarified (GAC Announcement [2017] No. 9)
- Paperless customs clearance expanded (GAC Announcement [2017] No. 8)

[More details](#)

Hong Kong SAR

Hong Kong: Accountability of senior management, licensed corporations

Rules from Hong Kong's Securities and Futures Commission implement new "managers-in-charge" incentives to heighten the accountability of senior management of all licensed corporations and to promote awareness of senior management obligations.

[More details](#)

Hong Kong: Tax residency certificate requirements

As Hong Kong continues to expand its network of income tax treaties, some taxpayers have been applying to the Inland Revenue Department (IRD) for Hong Kong tax residency certificates in order to claim tax benefits available under income tax treaties. The position of the IRD with respect to tax residency certificates has changed over recent years and has become notably more stringent.

[More details](#)

India

India: Indian subsidiary of Dutch holding company not "permanent establishment" in India

The Delhi Bench of the Income-tax Appellate Tribunal held that an Indian subsidiary of the taxpayer—a Dutch group holding company, engaged in selling storage system equipment and products (including embedded software) and rendering certain services in India, is not a permanent establishment under provisions of the India-Netherlands income tax treaty.

[More details](#)

India: Tax treatment of payments for bandwidth on underwater sea cable

The Delhi Bench of the Income-tax Appellate Tribunal held that payments received by the taxpayer (operating a call center) for bandwidth connectivity charges are not taxable as royalty payments or as "fees for technical services" under provisions of the Income-tax Act, 1961 or the India-United States income tax treaty.

[More details](#)

India: Expediting applications for exemptions under Employee Deposit-Linked Insurance (EDLI) plan

The Employees' Provident Fund Organisation issued guidance for expediting the disposal of pending EDLI exemptions applications.

[More details](#)

Japan

Japan: Japanese National Tax Agency (NTA) clarified tax treatment of US Limited Partnership

The Japanese NTA released a statement concerning the tax treatment of income derived through a U.S. limited partnership by Japanese resident partners. The statement was released in response to concerns that a U.S. limited partnership would be treated as an “opaque entity” after a 2015 decision of Japan’s Supreme Court. In that decision, the Supreme Court held that a U.S. Delaware limited partnership was to be treated as a corporation for Japanese tax purposes.

[More details](#)

Singapore

Singapore: Are you ready?

KPMG in Singapore explains how changes to accounting for leases in accounting standard FRS116 could have an impact on an small-medium enterprise which owns or leases its premises

[More details](#)

Singapore: Fees for access to funds held not deductible

The Income Tax Board of Review concluded that fees paid by the taxpayer to provide access to a pool of funds for purposes of financing working capital requirements, were not deductible expenses, but represented amounts incurred to protect the taxpayer’s business and its assets.

[More details](#)

Singapore: Making continuous R&D a business habit

KPMG in Singapore explores on how Singapore could further leverage on R&D to achieve its vision of becoming a Smart Nation.

[More details](#)

Thailand

Thailand: Tax incentives for investment activities

The legislation on investment incentives was recently amended by the Board of Investment to encourage continued investments in Thailand.

[More details](#)

Vietnam

Vietnam: Contracts for international sale of goods; agreement ratified

Vietnam ratified the UN agreement on contracts for the international sale of goods which is effective from 1 January 2017. The contract agreement supplements Vietnam’s legal framework for the international sale of goods, expands trade capabilities and improves efficiency by minimizing uncertainties and costs for traders in Vietnam.

[More details](#)

Vietnam: Updates on VAT refund

KPMG in Vietnam issues a tax alert on the recent changes in provision relating to input VAT claim.

[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

KPMG report: Revised due dates, extension periods for various returns and forms

KPMG in United States has prepared a report that provides, in table format, the revised due dates and extension periods for various tax returns and forms.

[More details](#)

Switzerland: Voters reject corporate tax reform

A referendum on corporate tax reform did not receive (majority) approval by Swiss voters. The corporate tax reform would have repealed the cantonal tax regime, and replaced it with certain measures intended to enhance the attractiveness of Switzerland for businesses.

[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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