



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 20 April 2017



Asia Pacific Tax Developments

Asia Pacific

Asia Pacific: Asia needs to start preparing for BEPS Action 1

KPMG shares insights on why Asia needs to start preparing for BEPS Action 1.

[More details](#)

Australia

Australia: Country-by-country reporting, Local and Master files detailed design

The Australian Taxation Office (ATO) has published a Local file / Master file detailed design on the ATO website to serve as guidance for taxpayers concerning the practicalities in completing country-by-country reporting by “significant global entities.”

[More details](#)

Australia: Hidden jewel in released superannuation tax reform package

KPMG Australia highlights the Government's proposed superannuation reforms impacting transition retirement income streams.

[More details](#)

Australia: Impact of company tax cuts on R&D Tax Incentive

KPMG Australia discusses the increased benefits to the R&D Tax Incentive from the passing of the Enterprise Tax Plan Bill 2016. [More details](#)

Australia: New Similar Business Test for Losses

KPMG Australia discusses the proposed legislation to relax the loss recoupment rules by introducing a more flexible 'similar business test'.

[More details](#)

Australia: U.S. and UK perspectives on cross-border vessel leasing

Cross border leasing is now a significant focus area for the ATO – audit activity is being undertaken in relation to leasing structures and additional ATO guidance is being drafted.

[More details](#)

China

China: China Tax Weekly Update - Issue 14

The following matters are covered in this issue:

- New reform plans for Shanghai Free Trade Zone(Guo Fa [2017] No. 23)
- Seven new China FTZs approved for establishment (Guo Fa [2017] No.15/16/17/18/19/20/21)
- SAT “Thousand Enterprises Initiative” information collection measures (SAT Announcement [2017] No. 7)

[More details](#)

Hong Kong SAR

Hong Kong: Updated AEOI guidance for financial institutions, CRS regime

The Inland Revenue Department of Hong Kong has updated the AEOI guidance for financial institutions.

[More details](#)

India

India: Disallowance under Section 14A of the Income-tax Act is applicable to shares held as stock-in-trade

The Kolkata Bench of the Income-tax Appellate Tribunal held that the rules for expense disallowance under section 14A of the Income-tax Act, 1961 apply to shares held as stock-in-trade, but that such expense disallowance is limited to those shares that have yielded dividend income in the year at issue.

[More details](#)

India: Government make rules relating to merger or amalgamation of foreign company with Indian company and vice versa

The government of India has released guidance providing rules with respect to mergers and amalgamations between a company registered under the Companies Act and a foreign company

(and vice versa). There is also guidance issued in conjunction with the Reserve Bank of India to amend the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

[More details](#)

India: Government still needs to notify key aspects under the GST Act

The Central GST Bill, the Integrated GST Bill, Union-Territory GST Bill, and the GST (Compensation to States) Bill, have received assent from the president of India to become “acts of Parliament,” thereby making implementation of GST in India by 1 July 2017 possible. However, the government still needs to notify further items, products, or taxpayers covered at more than 80 places in the acts.

[More details](#)

India: Income of a foreign shipping company not taxable in India under place of effective management (POEM) test

The Rajkot Bench of the Income-tax Appellate Tribunal held that under Article 9 of the India-Denmark tax treaty, income earned by a foreign company from operations of ships in international traffic is not taxable in India because POEM of such foreign company is outside India.

[More details](#)

India: Income tax deducted outside India cannot be allowed as deduction under section 37(1) of the Income-tax Act

The Ahmedabad Bench of the Income-tax Appellate Tribunal held that income tax that is withheld outside India is not allowed as a deduction under section 37(1) of the Income-tax Act, 1961 because the amount is covered under the “disabling provisions” of section 40(a) (ii).

[More details](#)

India: Waiver of interest in the hands of amalgamating company needs to be set off against the accumulated losses in the hands of amalgamated company – Supreme court

The Supreme Court of India held that waiver of interest due by amalgamating company to financial institutions is taxable in the hands of the amalgamated company under Section 41(1) of the Income-tax Act, 1961.

[More details](#)

Malaysia

Malaysia: FATCA reporting deadline extended

The Inland Revenue Board of Malaysia announced that the FATCA reporting deadline for the reporting years 2014, 2015 and 2016 has been tentatively extended to 30 June 2018, as the Malaysia’s intergovernmental agreement with the United States is still being finalized.

[More details](#)

Singapore

Singapore: Tax perspectives on the Singapore Variable Capital Company (S-VACC) Consultation Paper

The Monetary Authority of Singapore issued a consultation paper on a legislative framework for a new corporate structure - S-VACC. KPMG in Singapore shared their thoughts and perspective on the S-VACC.

[More details](#)

Taiwan

Taiwan: VAT amendments affecting e-commerce are effective 1 May 2017

Amendments to the value added tax (VAT) law that have an effective date of 1 May 2017, include measures providing that foreign enterprises selling e-commerce services to individual purchasers in Taiwan must register for VAT and must pay VAT directly or indirectly through an appointed tax agent.

[More details](#)

Calendar of Events

Date	Event	Location
11 April 2017 – 26 April 2017	KPMG 2016-2017 Annual Customs Update Conference Contact person: KPMG China Market Services More details	Hangzhou, Suzhou, Shanghai, Guangzhou, Shenzhen, Xiamen, Fuzhou, Beijing, Tianjin, Shenyang, Qingdao
23 May 2017	Goods and Services Tax (GST) seminar: Zero-rating of services and difference between reimbursement and disbursement Contact person: Shirley Tay More details	Orchard Hotel, 442 Orchard Road, Singapore 238879

Significant International Tax Developments



OECD: Belize and Cayman Islands join BEPS inclusive framework

The Organisation for Economic Cooperation and Development (OECD) announced that Belize and the Cayman Islands have joined the "inclusive framework" on base erosion and profit shifting (BEPS).

[More details](#)

OECD: Discussion of FAQ updates under common reporting standard (CRS)

The OECD released two updates related to the CRS.

[More details](#)

OECD: Global forum discussing VAT systems

Approximately 300 participants gathered in Paris for the fourth meeting of the OECD Global forum on VAT.

[More details](#)

Beyond Asia Pacific

Czech Republic: Discussion paper on anti-tax avoidance rules

The Ministry of Finance released a discussion paper on implementing the EU Anti-Tax Avoidance Directive into Czech law. The paper focuses on new interest deduction limitations, exit taxation, controlled foreign companies and hybrid mismatches.

[More details](#)

UK: Deemed UK-Domiciled Rules Now in Effect

Long-term UK residents who are not domiciled in the country will now need to pay UK tax on foreign-sourced income and realized gains. This article explains which individuals may be affected and also covers the forms of relief that are available under the new regime. It also summarizes rules that were introduced in a few related areas.

[More details](#)

TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



Khoon Ming Ho
Head of Tax, KPMG Asia Pacific
T : +8610 8508 7082
E : khoonming.ho@kpmg.com

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma Sharma – KPMG Asia Pacific Limited
Asia Pacific Tax Centre Leader, Regional Tax Partner
T : +65 8186 7369
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



Tony Gorgas – KPMG in Australia
Asia Pacific Regional Leader, Transfer Pricing Services
T : +61 2 9335 8851
E : tgorgas@kpmg.com.au

Financial Services Transfer Pricing



John Kondos – KPMG in China
Asia Pacific Regional Leader, Transfer Pricing Services in the Financial Services Sector
T : +852 2685 7457
E : john.kondos@kpmg.com

Indirect Tax Services



Lachlan Wolfers – KPMG in China
Asia Pacific Regional Leader, Indirect Tax Services
T : +852 2685 7791
E : lachlan.wolfers@kpmg.com

Trade & Customs



Angelia Chew – KPMG in Singapore
Asia Pacific Regional Leader, Trade & Customs Services
T : +65 6213 3768
E : angeliachew@kpmg.com.sg

Global Compliance Management Services



Oi Leng Mak – KPMG in Singapore
Asia Pacific Regional Leader, Global Compliance Management Services
T : +65 6213 7319
E : omak@kpmg.com.sg

Global Mobility Services



Andy Hutt – KPMG in Australia
Asia Pacific Regional Leader, Global Mobility Services
T : +61 2 9335 8655
E : ahutt@kpmg.com.au

International Tax



Christopher Xing – KPMG in China
Asia Pacific Regional Leader,
International Tax
T : +852 2978 8965
E : christopher.xing@kpmg.com

Deal Advisory M&A Tax



Angus Wilson – KPMG in Australia
Asia Pacific Regional Leader,
Deal Advisory M&A Tax
T: +61 2 9335 8288
E: arwilson@kpmg.com.au

Research & Development (R&D) Tax Incentives



Alan Garcia – KPMG in Australia
Asia Pacific Regional Leader,
R&D Tax Incentives
T : +61 3 9288 6094
E: afgarcia@kpmg.com.au

Dispute Resolution and Controversy



Angela Wood – KPMG in Australia
Asia Pacific Regional Leader,
Dispute Resolution and Controversy
T: +61 3 9288 6408
E: angelawood@kpmg.com.au

Legal Services



David Morris – KPMG in Australia
Asia Pacific Regional Leader,
Legal Services
T: +61 2 9455 9999
E: davidpmorris@kpmg.com.au

Market Sector Specialists

Financial Services



Christopher Abbiss – KPMG in China
Asia Pacific Regional Tax Leader,
Financial Services and Banking Sector
T: +852 2826 7226
E: chris.abbiss@kpmg.com

Alternative Investments & Private Equity



Simon Clark – KPMG in Singapore
Asia Pacific Regional Tax Leader, Alternative Investments and Private Equity sector
T : +65 6213 2152
E : simonclark1@kpmg.com.sg

Sovereign Wealth and Pension Funds



Angus Wilson – KPMG in Australia
Asia Pacific Regional Leader,
Sovereign Wealth and Pension Funds Sector
T: +61 2 9335 8288
E: arwilson@kpmg.com.au

Energy & Natural Resources



Carlo Franchina – KPMG in Australia
Asia Pacific Regional Tax Leader,
Energy & Natural Resources Sector
T: +61 8 9263 7239
E: cfranchina@kpmg.com.au

Insurance



John Salvaris – KPMG in Australia

**Asia Pacific Regional Leader,
Insurance Sector**

T : +61 3 9288 5744

E : jsalvaris@kpmg.com.au

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