



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 25 May 2017



Asia Pacific Tax Developments

Australia

Australia: Corporate limited partnerships: credit where credit is due

KPMG Australia outline the ATO's position on corporate limited partnership (CLP) credit. Notably, the ATO has confirmed that 'a mere credit entry in a CLP's accounts is not a crediting within the meaning of section 94M unless it records an underlying act or transaction' that meets the requirements to be credited.

[More details](#)

China

China: China Tax Weekly Update

Issue 18

The following matters are covered in this issue:

- VAT and CIT reduction measures further clarified
- Tax policies on lease of collectively-owned land clarified (Cai Shui [2017] No. 29)
- Tax efforts to serve the "Belt and Road" initiative (Shui Zong Fa [2017] No. 42)
- OECD update on CbC global exchange relationships

[More details](#)

China: China Tax Weekly Update

Issue 19

The following matters are covered in this issue:

- Recognition criteria for science and technology-related SMEs clarified (Guo Ke Fa Zheng [2017]No. 115)
- R&D “super deduction” for 2016 CIT annual filing (SAT Announcement [2017]No. 12)
- Reductions in non-tax business charges clarified (Fa Gai Jia Ge [2017]No. 790)
- OECD tackles CRS avoidance schemes and provides update on CRS exchange arrangements

[More details](#)

China: Measures on the Due Diligence of Non-resident Financial Account Information in Tax Matters

Measures on the Due Diligence of Non-resident Financial Account Information in Tax Matters”, Announcement (2017) No. 14, dated 9 May 2017 was on released on 19 May 2017.

A long-awaited tax and regulatory circular provides the overall framework for implementing the Standard for Automatic Exchange of Financial Information in Tax Matters in China that was formulated by the Organization for Economic Co-operation and Development (OECD).

[More details](#)

Hong Kong SAR

Hong Kong: Changes to extend the scope of the proposed aircraft leasing regime

In the latest Hong Kong Legislative Council (LegCo) Bills Committee meeting, the Hong Kong Government proposed amendments to the aircraft leasing regime currently being considered by LegCo.

In response to submissions and concerns that the regime may be considered as a harmful tax practice by the OECD, it is proposed that the scope of the regime should be extended to cover operating leases to all airlines and not just ring fenced to airlines in countries that have tax treaties with Hong Kong.

[More details](#)

India

India: Cabinet approves signing of multilateral convention for BEPS purposes

The Union Cabinet in India has given its approval for India’s signing of a multilateral convention to implement tax treaty-related measures to prevent BEPS.

[More details](#)

India: Excluding cost reimbursements (without mark-up) from operating costs

The Delhi High Court dismissed the tax department’s appeal, and upheld a decision of a tribunal regarding the exclusion of cost reimbursements (without mark-up) from related parties in respect of the cost incurred by the taxpayer for spare capacity while computing taxpayer’s operating costs

[More details](#)

India: Export commission cannot partake the character of royalty and it cannot be disallowed under Section 40(a)(i) of the Income-tax Act

The Delhi High Court in the case of Hero Motorcorp Limited, has held that payment of export commission by the taxpayer to its Associated Enterprise i.e. Honda Motor Co. Ltd., Japan cannot be construed as payment of royalty, in light of existence of two distinct and independent agreements for payment of royalty and export commission respectively.

[More details](#)

India: Income from sub-licensing of property is taxable as house property income and not business income

The Supreme Court of India addressed the character of income from the sub-licensing of retail property, and held that such income was taxable as “house property” income and not business income. An entry in the object clause of the business showing a particular object would not be the determining factor for the income to be treated as business income.

[More details](#)

India: India Tax Connect

KPMG in India provides a monthly publication on tax updates in the country.

[More details](#)

India: Intern visa – Detailed guidelines issued by the Government of India

The Government of India issued comprehensive guidelines for the intern visa program when the individual is sponsored by an Indian company or an educational institution or a non-governmental organisation.

[More details](#)

India: Unrealised foreign exchange loss on loan obtained for indigenous purchase of assets is ‘revenue loss’ and therefore allowed as deduction under Section 37(1) of the Income-tax Act

The Chennai Bench of the Income Tax Appellate Tribunal passed its judgements on the following issues in the case of Hyundai Motor India Limited:-

- Disallowance under Section 40(a)(i) of the Income-tax Act, 1961 (the Act)
- Time period of taxability of export incentives
- Unrealised loss on purchase of assets within India – applicability of Section 43A of the Act.

[More details](#)

Indonesia

Indonesia: CRS reporting obligations of financial service institutions

Guidance—OJK Circular Letter No. 16/SEOJK.03/2017—requires financial service institutions including commercial banks, securities companies, custodian banks, life insurance companies, and sharia life insurance companies to report information related to their “foreign customers” by 2018.

[More details](#)

Japan

Japan: Proposed customs declarations regime for AEO-approved importers, exporters

Japan's customs authority has proposed a regime that would allow customs declarations to be filed from any customs area, provided that the importer or exporter is certified as an Authorized Economic Operator (AEO). The amendment, if enacted, is expected to be effective in October 2017.

[More details](#)

Philippines

Philippines: Dividends, interest, royalties; new procedures for tax treaty relief

The Bureau of Internal Revenue has adopted a self-assessment and automatic withholding of taxes on income of non-residents receiving dividends, interest, or royalties from sources within the Philippines at rates under applicable tax treaties.

[More details](#)

Thailand

Thailand: Physical filing of audited accounts is now mandatory for an E-filing corporate taxpayer

The Thai Revenue Department (TRD) recently announced that E-filing taxpayers are now obligated to submit their audited accounts to the TRD, whereas previously this was not a requirement.

[More details](#)

Calendar of Events

Date	Event	Location
12 May 2017 - 2 June 2017	VAT reforms 1 year on - Effectively managing VAT audits, risks and opportunities; impact of future Golden Tax system Contact person: KPMG China Market Services More details	Hong Kong, Shanghai, Guangzhou, Shenzhen and Beijing

Significant International Tax Developments



OECD: Discussion draft, guidance on hard-to-value intangibles

The OECD released a discussion draft of guidance for implementing rules on “hard-to-value intangibles,” as described in the OECD Transfer Pricing Guidelines.

[More details](#)

Beyond Asia Pacific

United States: Trump Administration notifies Congress of intention for NAFTA negotiations

The Trump Administration sent letters to Congress as notification of its intent to initiate negotiations with Canada and Mexico regarding modernization of the North American Free Trade Agreement (NAFTA).

[More details](#)

United States: Trump Administration releases budget proposals

The Trump Administration released its fiscal year 2018 budget, entitled “A New Foundation for American Greatness.” The budget contains the administration’s recommendations to Congress for spending and taxation for the fiscal year that begins on October 1, 2017.

[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



Ben Travers – KPMG in Australia
Asia Pacific Regional Leader, Global Mobility Services
T: +61 3 9288 5279
E: btravers1@kpmg.com.au

International Tax



Christopher Xing – KPMG in China
Asia Pacific Regional Leader,
International Tax
T : +8610 8508 7072
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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