



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 01 June 2017



Budget Announcement



Pakistan: Tax provisions in budget 2017

The budget was announced on the evening of 26 May 2017. Among the income tax proposals are measures that would:

- Extend the "super tax" for another year, for tax year 2017
- Exclude "durable goods" from "consumer goods" having the effect that the reduced rate of minimum tax would no longer apply
- Provide an exemption from tax for a three-year period for certain start-ups providing technology-driven products
- Impose a 10% tax on undistributed profits of companies not distributing 40% or more of after-tax profits
- Repeal the fixed tax regime for property developers
- Increase the threshold for interest-free loans from employers
- Limit the sales promotion, advertising, and publicity expenses of pharmaceutical manufacturers
- Increase the turnover tax rate from 1% to 1.25% of turnover

[More details](#)

Asia Pacific Tax Developments

Australia

Australia: AMIT Regime Implementation – Where are we at?

KPMG Australia explores the status of technical and practical implementation issues with the Attribution Managed Investment Trust Regime.

[More details](#)

Australia: The highs and the lows of internal derivatives of multinational banks

The Australian Taxation Office (ATO) has released a guideline which outlines the circumstances in which internal derivatives, that represent arm's length dealings, can be used as a proxy for attributing income, expenses or profit to a permanent establishment.

[More details](#)

Australia: Renounceable Rights Offers: Clarifying tax treatment of rights and retail premiums

The ATO released a draft taxation ruling seeking to clarify the tax treatment of rights and Retail Premiums under renounceable rights offers where shares are held on capital account. The ruling addresses the tax treatment of Australian resident eligible shareholders and foreign resident ineligible shareholders.

[More details](#)

Australia: Six million reasons why confidential information should remain confidential

KPMG Australia discusses a recent court case which resulted in a company being ordered to provide compensation to a former employer of some of its employees. The order was made after the company, was found to have knowingly assisted two of its employees in breaching their obligations to their former employer.

[More details](#)

China

China: China Tax Weekly Update

Issue 20

The following matters are covered in this issue:

- China tax policies to support “Belt and Road” initiative
- Consolidated China business registrations (Guo Ban Fa [2017] No. 41)
- Administrative pre-approval items further reduced (Guo Fa [2017] No. 32)
- New China Cybersecurity Law – Security review of purchases of network products and services
- Revised rules for internet-based news information (CAC Order No. 1)

[More details](#)

China: Nationwide individual income tax deductions for private health insurance

It was recently announced that taxpayers would be allowed to claim a tax deduction on the premium paid for qualified commercial health insurance products on a nationwide basis from 1 July 2017.

[More details](#)

India

India: Expense reimbursements; transfer pricing study showed no profit element

The Mumbai Bench of the Income-tax Appellate Tribunal held that amounts received by the taxpayer as reimbursements of training-related travel expenses, group health insurance, and other incidental expenses under a technical service agreement were not taxable as fees for technical services. The tribunal found that there was no element of profit embedded in the expense reimbursements. Hence, the reimbursements were not taxable.

[More details](#)

India: Updated reporting schema (Form 61B) under FATCA, CRS

India's Central Board of Direct Taxes issued an updated version (v1.3) of the schema change document that contains the updates to the reporting schema (Form 61B) for filing returns under the FATCA and common reporting standard (CRS) regimes.

[More details](#)

Indonesia

Indonesia: Financial account information access for AEOI purposes

The Government of Indonesia recently issued regulations that revoke certain secrecy regulations and provide the Indonesian tax authority (Direktorat Jenderal Pajak) with access to obtain the financial account information for the purpose of automatic exchange of information (AEOI) in tax matters.

[More details](#)

Korea

Korea: Decisions on information returns, holding companies, tax-exempt business income

The topics discussed in this report are:

- Employment-related tax credits (such as the job creation tax credit, and the tax system for increasing youth employment) are enhanced by recent legislation.
- An amendment to the commercial law lifts restrictions on the total number of employees and transfers of shares by members (investors) of limited companies, thereby enabling limited companies to operate their businesses like a stock company.
- A decision of the Supreme Court addresses the filing of information returns under a former tax law measure, and provides that the reference to a "person" charged with an

obligation to submit payment statements refers to the withholding agent, and that if a foreign corporation did not file an exemption application, it was not exempt from the requirement to submit payment statements to the competent tax office—even if domestic-sourced income was exempt from corporate income tax.

- A decision of the Supreme Court provides that if a qualifying holding company is involved in a corporate reorganization and, as such, incorporates a subsidiary by acquiring shares of a domestic company that is not an affiliated company, it is not subject to the deemed acquisition tax.
- A decision of the Supreme Court addresses how to determine tax-exempt business income and concludes that in calculating the “income generated from business subject to tax exemption” for purposes of the corporate tax exemption on foreign investments, an objective and reasonable method that considers the nature of the business can be used.

[More details](#)

Thailand

Thailand: Summary of recent amendment to five main business laws

Recently, five main business laws have been amended with an aim to improve Thailand's ranking for ease of doing business in the World Bank Report. The amended laws were effective from 4 April 2017.

[More details](#)

Calendar of Events

Date	Event	Location
19 June 2017	IRAS consultation on reverse charge and import of digital services and low-value goods Contact person: Shirley Tay More details	NTUC Centre, 1 Marina Boulevard, Singapore 018989

Significant International Tax Developments



OECD: Djibouti joins BEPS inclusive framework

The Organisation for Economic Cooperation and Development (OECD) announced that Djibouti has agreed to the inclusive framework under the base erosion and profit shifting (BEPS) project.

[More details](#)

OECD: Initial impressions about discussion draft, hard-to-value intangibles

A review of the discussion draft released by OECD last week for implementation guidance on hard-to-value intangibles under the BEPS Action 8.

[More details](#)

OECD: Peer review, assessing BEPS Action 6 minimum standard

OECD released a document that will form the basis of the peer review of the Action 6 minimum standard on preventing the granting of treaty benefits in inappropriate circumstances.

[More details](#)

Beyond Asia Pacific

EU: New anti-hybrid rules adopted, third-country hybrids

The Council of the European Union on 29 May 2017, unanimously adopted a Council Directive amending Directive (EU) 2016/1164 on hybrid mismatches with third countries. This action on an anti-tax avoidance directive follows an agreement reached by the ECOFIN Council at a February 2017 meeting and an opinion rendered by the European Parliament in April 2017.

[More details](#)

Netherlands: Review of tax developments concerning financial services sector

KPMG in the Netherlands has prepared a report on the following:-

- Important insight from Dutch Supreme Court on interest deduction
- CJEU Advocate General's opinion on VAT exemption for cost-sharing groups, infringement proceedings against Germany
- VAT exemption for cost-sharing groups: CJEU judgment in infringement proceedings against Luxembourg
- Proposal to extend VAT adjustment rules to "expensive services"
- The new insurance contracts standard—IFRS 17—brings fundamental changes to international insurance accounting
- Dutch district court holds that Dutch dividend withholding tax withheld on portfolio dividends is not refundable to the taxpayer, a Japanese pension

[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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