



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 15 June 2017



Asia Pacific Tax Developments

Australia

Australia: Are you in Australian Border Force's sights in 2017?

The Australian Border Force has highlighted the six key focus areas of compliance in 2017:

- The ban on asbestos
- Duty evasion through the misclassification and undervaluation of goods
- The misuse of duty concessions (including free trade agreements)
- Anti-dumping and countervailing duty evasion
- Historic importations under the Enhanced Project By-law Scheme
- Importations of aircraft parts, materials and test equipment.

[More details](#)

Australia: Queensland Budget – jobs, infrastructure, land tax

On 13 June 2017 the Queensland Treasurer, Curtis Pitt, delivered the 2017-18 Queensland State Budget. State taxes commitments made by the Queensland Government are:

- Continuing the 50 percent payroll tax rebate for wages paid to apprentices and trainees until 30 June 2018, which can be used as an offset against payroll tax payable on the wages of other employees
- Covering the WorkCover premiums for apprentices that businesses hire
- Extending the AU\$20,000 first home owners grant, first announced in the 2016-17 Queensland Budget, to 31 December 2017
- From 1 July 2017, imposing a 1.5 percent land tax surcharge for 'absentee' land tax payers (i.e. persons who do not ordinarily reside in Australia), which will apply to land holdings of AU\$350,000 or higher and be in addition to other land tax payable.

[More details](#)

Australia: Tax Residency - a burning platform to get it right

In the recent High Court's decision of *Bywater Investments Limited / Hua Wang Bank Berhad v. Commissioner of Taxation* [2016] HCA 45, there was a change in the Australian Taxation Office (ATO)'s approach to tax residency. The key aspect of this change appears to be that if central management and control is situated in Australia, then that automatically constitutes the carrying-on of a business in Australia.

[More details](#)

China

China: China signs Multilateral Instrument to implement BEPS reforms

The conclusion of Multilateral Instrument (MLI) in Paris will update 48 of China's Double Tax Agreements (DTAs), which may rise to 54 in the near future. The most significant updates will be the insertion of treaty anti-abuse principal purposes test rules into each of the updated DTAs, alongside a new 'preamble' reinforcing anti-treaty abuse rules. There will also be a general replacement of the corporate tax residence tie breaker test in the updated DTAs, and a modernization of the MAP and TP articles in older treaties. However, the most highly anticipated MLI update, in respect of the new BEPS PE rules, will not be made to Chinese DTAs. A host of other rules adopted by other MLI signatories, in relation to arbitration, transparent entities, and PE triangular abuses, will also not be adopted by China.

[More details](#)

India

India: CBDT issues final notification for exemption of acquisitions of equity shares from long-term capital gain under Section 10(38) of the Income-tax Act

The Central Board of Direct Taxes (CBDT) has released final rules for exemption of acquisitions of equity shares from long-term capital gain tax under section 10(38) of the Income-tax Act, 1961. The final notification has provided relief to certain additional transactions.

[More details](#)

India: CBDT notifies the much awaited revised Safe Harbour rules

The CBDT has recently issued revised safe harbour rules. Key highlights of the revisions include:-

- Rationalisation of safe harbour rates for all contract services
- Upper turnover threshold of INR200 crore introduced
- Introduction of safe harbour for receipt of low value adding intra group services
- Safe harbour rates for KPO services
- Introduction of safe harbour rates on loans advanced in foreign currency
- Clarifications on definition of operating costs and operating revenue

[More details](#)

India: Issuance of Rupee Denominated Bonds overseas – Revised framework

The Reserve Bank of India has issued guidance to harmonize with the “external commercial borrowing” framework. The amendments have been made on:-

- Prior approvals required on proposed borrowings
- Minimum original maturity period
- All-in-cost ceiling
- Recognised investors

[More details](#)

India: Key changes in the Rules for various procedures under GST

Following the conclusion of the meetings held by the GST council on 18 – 19 May 2017 and 3 June 2017, significant changes on GST have been introduced. Key changes have been made on:

- Registration requirements
- Valuation on the supply of certain goods and services
- Tax invoice, credit and debit notes requirements
- Availability of Input Tax Credits
- Claim of refunds
- Transitional provisions

[More details](#)

India: Payment for “standard operating procedure” amounts to sharing of information concerning industrial, commercial or scientific experience, and therefore taxable as royalty under India-Germany income tax treaty

In the recent case of Oncology Services India Pvt. Ltd., it was held that a payment with respect to a “standard operating procedure” is taxable as a royalty under the income tax treaty with Germany. The tribunal found that sharing of standard operating procedure was akin to the sharing of information concerning industrial, commercial, or scientific experience and comes within the scope of “royalty” under the tax treaty.

[More details](#)

Japan

Japan: Multilateral Convention to implement tax treaty related to prevent BEPS - signed

KPMG in Japan provides a summary on the statements made by the Japanese Ministry of Finance and the Organisation for Economic Cooperation and Development (OECD) on the conclusion of MLI in Paris.

[More details](#)

Singapore

Singapore: CRS XML schema, draft user guide

The Inland Revenue Authority of Singapore on 12 June 2017, issued a draft user guide for common reporting standard (CRS) return XML schema that provides the information required in each CRS data element of the XML schema when reporting to IRAS.

[More details](#)

Vietnam

Vietnam: Taxation in digital economy

While Vietnam has not had a separate regime on taxation of the digital economy, the government has indicated a top agenda item is to study the OECD base erosion and profit shifting (BEPS) actions on the digital economy and develop a set of rules that would address the treatment of income derived from Vietnam by the digital companies.

The tax authorities have confirmed that all kinds of e-commerce (including business-to-consumer and customer-to-customer transactions) will be required to declare and pay tax on their income arising from Vietnam. The government has also indicated an intention to require foreign digital companies to register, declare, and pay tax in Vietnam. In the meantime, Vietnam is seeking to reinforce its current “foreign contractor tax” regime to protect its taxing right on Vietnam-sourced income derived from certain e-commerce businesses.

[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: Botswana joins BEPS inclusive framework

The OECD on 9 June 2017, announced that Botswana has joined the “inclusive framework” for purposes of the BEPS project.

[More details](#)

OECD: Third batch of BEPS “dispute resolution” peer reviews

The OECD announced that it is currently gathering input for “mutual agreement procedure” peer reviews under Action 14 of the BEPS project.

[More details](#)

Beyond Asia Pacific

Brazil: Brazil submits a formal request to join OECD

Brazil has submitted to the OECD, a formal request to become a member of the organization. The request to join the organization is part of the government's strategy to regain the confidence of foreign investors into the Brazilian economy.

[More details](#)

Switzerland: New plans for tax reform

After the Swiss electorate rejected the Corporate Tax Reform III proposals in the February 2017 referendum, the Swiss Federation announced that it would soon be presenting a new tax reform plan.

[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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