



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 6 July 2017



Asia Pacific Tax Developments

Australia

Australia: Diverted Profits Tax is Now Live

The Diverted Profits Tax is now live, having commenced operation from 1 July 2017. It will apply first to those significant global entity groups with a year-end of 30 June.

[More details](#)

Australia: New ruling: When are deductions allowed for employees' travel expenses?

Australian Taxation Office (ATO) released Draft TR 2017/D6: Income tax and fringe benefits tax: when are deductions allowed for employees travel expenses.

The draft ruling consolidates and updates a plethora of former ATO guidance for recent Court decisions, such as the John Holland case (John Holland Group Pty Ltd & Anor v FCT 2015 ATC 20-510), and contemporary work practices such as fly-in-fly-out and working from home arrangements.

[More details](#)

Australia: Tax Deductible Gift Recipient Reform - Treasury discussion paper released

Treasury released a Discussion Paper which considers potential reforms to the tax arrangements for entities that are currently registered or are seeking registration as a Deductible Gift Recipient (DGR).

The Discussion Paper proposes measures to further strengthen governance arrangements applying to DGRs, reduce administrative complexity and ensure that an organisations' eligibility for DGR status is up to date. With approximately 28,000 registered DGRs in Australia in 2017, these measures have wide applications.

[More details](#)

Bangladesh

Bangladesh: Tax holidays, Corporate tax rate changes

KPMG in Bangladesh presents highlights of the country's Finance Bill 2017, which preserves current tax holidays for certain investments, and makes minor adjustments to corporate tax rates.

[More details](#)

China

China: China Tax Weekly Update

Issue 23

The following matters are covered in this issue:

- BEPS reforms: China signs Multilateral Instrument to update its DTAs
- OECD peer review for BEPS Action 6 minimum standard
- Implementation rules for venture capital tax incentive
- China to further reduce non-tax charges on businesses
- SAFE to monitor overseas transactions using Chinese bank cards with daily reporting requirement

[More details](#)

Issue 24

The following matters are covered in this issue:

- China to set up green finance pilot zones
- Tax incentive treatment for rural economy finance
- SAT to streamline administrative approval procedures
- Tax preferences for small enterprises clarified
- Trading rules for Mainland China-Hong Kong Bond Connect
- Further rules to reduce non-tax charges on businesses

[More details](#)

China: New VAT rules applicable to Asset Management Products

On 30 June 2017, China's Ministry of Finance and State Administration of Taxation jointly issued the 'Notice of Issues on VAT on Asset Management Products', which further clarifies the Value Added Tax (VAT) rules for asset management products, including the range of asset management products which are affected, methods for collection, filing and calculation of VAT. Circular 56 also postpones the commencement date to 1 January 2018. Together with the adoption of a more simplified VAT method, the difficulties in implementing the VAT policies for asset management products has been reduced.

[More details](#)

Hong Kong SAR

Hong Kong: KPMG welcomes the passing of the aircraft leasing tax incentive

The concessionary tax regime for certain aircraft leasing activities was enacted on 28 June 2017. This legislation will enable Hong Kong to take its place on the world stage as one of the premier locations for basing aircraft leasing activities.

[More details](#)

Japan

Japan: Retroactive transfer price adjustments, from customs valuation perspective

Japan's customs bureau has issued guidance concerning how retroactive transfer price adjustments are to be addressed from a customs valuation perspective.

The guidance opinion was in response to a specific importer inquiry, with the customs authority determining that the specific adjustments are to be considered part of the value declared to Japan's customs agency.

[More details](#)

Singapore

Singapore: Draft Transfer Pricing Legislation Released

Singapore's Ministry of Finance released the draft Income Tax (Amendment) Bill 2017 (Draft Bill) which details the proposed amendments to the Singapore Income Tax Act. The key transfer pricing-related amendments are as follows:

- Expansion of Section 34D to provide clarification on the meaning of arm's-length conditions.
- New Sections 34E and 34F formally legislate the existing requirement for taxpayers to maintain contemporaneous and adequate transfer pricing documentation.
- Lifting of the statutory time bar for IRAS to make an additional assessment for cases under the Mutual Agreement Procedure.
- Clarification that any appeal under Section 93A on an assessment raised by the IRAS arising from transfer pricing must be supported by contemporaneous and adequate transfer pricing documentation.

[More details](#)

Sri Lanka

Sri Lanka: Economic service charge, Nation Building Tax and more developments

KPMG in Sri Lanka explains recent changes to the country's Economic Service Charge and Nation Building Tax, along with developments involving the new Inland Revenue Act, Foreign Exchange Bill and Special Deposit Accounts.

[More details](#)

Thailand

Thailand: Are you ready for upcoming transfer pricing regulations?

The draft of transfer pricing regulations have recently been approved by the National Council of State (Krisdika). The key points in the transfer pricing regulation, as it is currently drafted, are as follows:

- Transfer pricing sections will be inserted as Section 71 bis and ter in the Revenue Code.
- The definition of a related party is consistent with Paw 113/2545, plus it has been expanded to include at least 50% direct and indirect capital shareholdings.
- An entity with related party transactions who has income exceeding the threshold will be required to submit a report outlining the nature/relationship and quantum of related party transactions within the annual tax return filing deadline and submit the transfer pricing documentation within 60 days (or the extended period of 120 days upon the receipt of notification from tax authority).
- An entity may request a tax refund within three years from the tax return submission date or within 60 days after the receipt of an adjustment notification from a tax officer.
- An entity that fails to comply with Section 71 ter or submits incomplete or incorrect documentation without reasonable explanation will be subject to a fine of up to 200,000 Baht

[More details](#)

Thailand: New Draft Legislation Impacting the Taxation of the e-commerce Industry

The Thai Revenue Department (TRD) is considering ways to improve and increase revenue collection from businesses operating in e-commerce. In the past few years, the TRD has launched several attempts to include e-commerce business operators into the Thai tax system.

[More details](#)

Vietnam

Vietnam: Foreign Contractor Tax ("FCT") on supply of goods with warranty terms prior to 1 October 2014

On 26 June 2017, the General Department of Taxation issued Official Letter 2776/ TCT-CC to request all provincial tax departments to review all previous cases that had not been resolved in the spirit of the direction of OL 4026 to ensure the fairness of tax obligations. Accordingly, it can

be interpreted that companies shall still declare and pay FCT on imported goods with warranty terms attached in periods prior to 1 October 2014.

[More details](#)

Calendar of Events

Date	Event	Location
18 July -19 July 2017	KPMG Corporate Treasury Management Course Contact person: Mr Andre Roscoe More details	The St. Regis Singapore

Significant International Tax Developments



OECD: Bahrain Signs CRS Agreement

The Organisation for Economic Cooperation and Development (OECD) announced that Bahrain has signed the multilateral convention on mutual administrative assistance in tax matters. Bahrain also signed the common reporting standard multilateral competent authority agreement.

[More details](#)

OECD: Comments on BEPS discussion draft; guidance on hard-to-value intangibles

The OECD released public comments received with respect to a discussion draft of guidance on the implementation of the approach to pricing transfers of hard-to-value intangibles (as described in Chapter VI of the Transfer Pricing Guidelines).

[More details](#)

OECD: Mauritius signs the BEPS multilateral convention

The OECD reported that a representative of Mauritius signed the multilateral convention to implement tax treaty-related measures to prevent base erosion and profit shifting.

[More details](#)

OECD: Report on status of CRS, BEPS for G20 leaders

The OECD issued a progress report for leaders of the "G20" countries concerning efforts toward creating an effective international tax system. The report updates progress in key areas of OECD-G20 tax work, including movement towards automatic exchange of information between tax authorities and implementation of key measures to address tax avoidance by multinationals.

[More details](#)

Beyond Asia Pacific

Canada: Proposals to Restrict GST/HST Relief, Draft Voluntary Disclosures Program Guidelines

The CRA is consulting on proposed changes that will restrict GST/HST relief under draft guidelines for its Voluntary Disclosures Program.

[More details](#)

Germany: VAT Implications, Place of Service Involving Permanent Establishment

The German federal tax court set out the rules for situations when there is a permanent establishment implications for the place where services are provided for VAT purposes.

[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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