



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 16 November 2017



Asia Pacific Tax Developments

Australia

Australia: Customs Compliance: Are you a compliant trader?

The recent Goods Compliance Update issued by the Australian Border Force (ABF) contains significant information about how ABF plans to deliver the compliance function in a dynamic environment extending across government and industry. A key theme is on voluntary compliance and risk based assessments

[More details](#)

Australia: GST burden to fall on offshore online marketplace operators

From 1 July 2018, offshore sellers, online marketplaces and re-deliverers will be liable for goods and services tax (GST) on goods valued at less than AUD1,000 that are imported by Australian end consumers. KPMG Australia discusses the Productivity Commission's recent report, outlining its preferred GST collection model for low value imported goods.

[More details](#)

Australia: GST liability for offshore sellers, low value imported goods

Australia's independent research and advisory body issued a report that examines the rules for GST on low value imported goods. One conclusion from the report is that businesses and online marketplaces selling low value imported goods into Australia need to make sure that their system setup and terms of business are sufficient to determine compliance from 1 July 2018.

[More details](#)

Australia: Tax dispute resolution – early engagement is the key

The recently published annual report by the Australian Taxation Office (ATO) highlights the effectiveness of early engagement with the ATO in the dispute continuum, both in monetary terms and overall reduction of cases proceeding to external review.

[More details](#)

China

China: Customs Policy Update - for the Period of October 2017

The following matters are covered in this issue:

- Announcement on Promulgation and Abolition of Some Commodities Classification Decisions
- Announcement on the Clarification of Matters Related to the Direct Supply Business of Bonded Oil Products across Customs Areas
- Announcement on the Standardization of Customs Transit Business
- Announcement on the HS Code Application Requirements Related to the Anti-dumping Against Copolymer Polyoxymethylene
- Announcement of the General Administration of Customs on the Application Requirements for HS Code Related to the Anti-dumping and Counter-veiling Against Imports of O-Chloro-p-nitroaniline
- Announcement on the Adjustment of the Supervision Period for Imports Eligible for Reduction or Exemption of Customs Duties
- Announcement on the Releasing of Specifications for Setting Up Customs-supervised Work Premises
- Notice of the Customs Tariff Commission of the State Council on Offering Zero Tariff Treatment for 97% Tariff Items to the Republic of the Gambia and the Democratic Republic of Sao Tome and Principe
- Announcement of the General Administration of Quality Supervision and the General Administration of Customs on the Adjustment of Catalogue of Entry-Exit Commodities Subject to Inspection and Quarantine by the Entry-Exit Inspection and Quarantine Authorities
- Announcement of the General Administration of Quality Supervision on the Issuance of Certificates of Origin for Ceramic tile exported to Pakistan
- Announcement of the General Administration of Quality Supervision on Cancellation of Quantity Inspection Requirements for Imported Timber
- MOFCOM Announcement on Releasing the Application Conditions, Application Procedures and Distributing Principles of Export Quota of Phosphate Ore in 2018
- MOFCOM Announcement on Releasing the Total Export Tariff Quotas of Industrial and Agricultural Products in 2018
- MOFCOM Announcement on Releasing the Total Import Amount, Distribution Rules and Relevant Procedures of Tariff Quotas of Chemical Fertilizer in 2018
- Decision of the State Food and Drug Administration on Adjustment of Matters Relating to Registration and Administration of Imported Pharmaceuticals

[More details](#)

Hong Kong SAR

Hong Kong: Tax Alert – IRD issues practice note on taxation of aircraft leasing activities

The Inland Revenue Department (IRD) released the Departmental Interpretation and Practice No. Note 54 – Taxation of Aircraft Leasing Activities (DIPN 54). DIPN 54 clarifies various tax issues concerning the application of the new concessionary tax regime for aircraft leasing which was introduced in July 2017

[More details](#)

Hong Kong: Updated AEOI guidance for financial institutions

The IRD in early November 2017 has updated the AEOI guidance for financial institutions. Updates have been made to chapter 10 (Due Diligence: New Individual Accounts).

[More details](#)

India

India: CBDT clarifies that indirect transfer provisions shall not apply to a non-resident on account of redemption or buyback of its share or interest held indirectly in specified funds

Recently, the Central Board of Direct Taxes (CBDT) issued a circular clarifying that the provisions of indirect transfer shall not apply in respect of income accruing or arising to a non-resident on account of redemption or buy-back of its share, or interest held indirectly in the specified funds under certain circumstances.

[More details](#)

India: Premature redemption of secured premium notes is not a colourable device. Premium paid on the same is allowed as deduction under the Income-tax Act

The Gujarat High Court in the case of Nirma Ltd held that the premium on premature redemption of Secured Premium Notes is allowed as a deduction. In this case, the High Court has given the importance to the application of judicially settled principles on tax planning, where the courts have upheld legitimate tax planning within the framework of law without involving any colourable devices or sham transactions.

[More details](#)

India: TDS provisions are applicable on the provision for expenditure created in books of accounts and reversed subsequently

Recently, the Bangalore Bench of the Income-tax Appellate Tribunal in the case of Toyota Kirloskar Motors Pvt. Ltd, held that the taxpayer is liable to deduct tax on the provision for expenditure created in books of accounts which was reversed subsequently. The Tribunal observed that the date of reversal is very much important to decide as to whether the income has accrued to the payee or not. If the reversal is after income has accrued to the payee, such reversal is not relevant to decide the liability of the taxpayer for deducting tax at source.

[More details](#)

India: The Delhi High Court decision on the constitutional validity of ICDS

Recently, the Delhi High Court in the case of the Chamber of Tax Consultants and Anr, dealt with the constitutional validity of the Income Tax Computation Standards (ICDS). The High Court held that in order to preserve its constitutionality, Section 145(2) of the Income-tax Act, 1961, as amended, has to be read down to restrict power of the Central Government to notify ICDS that do not seek to override binding judicial precedents or provisions of the Act.

[More details](#)

India: State taxes paid in the United States, eligible for foreign tax credit in India

The Ahmedabad Bench of the Income-tax Appellate Tribunal held that a taxpayer is entitled to credit in respect of state income taxes paid in the United States, based on provisions of India's tax law, even though the case pertained to a country that had an income tax treaty with India, on which the income tax treaty would typically apply.

[More details](#)

Japan

Japan: Taxation in Japan 2017

This booklet is intended to provide a general overview of the taxation system in Japan. The contents reflect the information available up to 20 October 2017. The topics covered in this booklet are as follow:

- Taxation of Companies
- Taxation of Partnerships
- Taxation of Individuals
- International Tax
- Indirect Tax
- Other Taxes and Surcharges

[More details](#)

Singapore

Singapore: GST updates

KPMG in Singapore discusses the new GST e-Tax Guide on "Customer Accounting for Prescribed Goods" issued by the Inland Revenue Authority of Singapore and changes to the Goods and Services Tax (Amendment) Act 2017.

[More details](#)

Singapore: Tax relief for corporate re-domiciliations

Regulations are now effective that allow for the "re-domiciliation" (transfers of registration) of foreign corporations into Singapore. Certain tax relief measures apply with respect to eligible foreign corporations that transfer their place of incorporation to Singapore.

[More details](#)

Singapore: Tax incentives meet international BEPS standards

In the Forum on Harmful Tax Practices peer review, it was indicated that Singapore's tax incentives meet international standards. This is a positive and significant development for Singapore, and reinforces the assertion that Singapore's tax incentives are awarded on the basis of substantive activities in Singapore.

[More details](#)

Calendar of Events

Date	Event	Location
29 November 2017 – 13 December 2017	2017 KPMG China Annual Tax Update Conference More details	China

Thought leadership



Tax: Driving a pathway to the future: International trends in company tax and Collective Investments Vehicles

The world has become an increasingly integrated and global place, creating opportunities for businesses to expand their networks beyond physical borders. This presents opportunities but also challenges to the corporate tax system, as the rise of intangibles and the digital economy creates difficulties in assessing and taxing profits and capital.

KPMG has released a new report, International trends in company tax and Collective Investment Vehicles that aims to provide a cross-country comparison, drawing out the similarities and differences between corporate tax systems, with Australia's corporate tax system at its centre. The major North American (United States and Canada), European (United Kingdom, Germany, France, Netherlands and Ireland) and Asian (China, India, New Zealand, Japan, Korea, Hong Kong, Singapore and Indonesia) economies were also selected, as they were identified as major players in the global economy and important trading partners to Australia.

The report aims to provide a snapshot of key trends of corporate tax systems around the world.

[More details](#)

Beyond Asia Pacific

Brazil: Changes to taxation of Brazilian investment funds

A "provisional measure" (MP 806) introduces changes to the taxation of certain Brazilian "closed" investment funds—that is, those funds in which investors are not allowed to redeem their quotas during the term of the investment, but only upon liquidation of the funds or through quota amortization

[More details](#)

US: Accounting for income taxes considerations, adopting new revenue recognition guidance

As entities prepare to adopt new revenue and contract cost recognition guidance for financial reporting, a key component of the analysis performed may be assessing the impact adoption has on accounting for income taxes. Entities will need to consider a variety of accounting for income taxes matters beyond the direct tax effect of changes to the financial reporting of revenue.

[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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