



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 21 December 2017



Asia Pacific Tax Developments

Australia

Australia: Diverted Profits Tax – An Early Christmas Present?

KPMG Australia discusses the latest guidance on the Diverted Profits Tax. These includes two greatly anticipated gifts i.e. a draft Law Companion Guideline (LCG) and a final Practice Statement Law Administration (PSLA). Once finalised, the LCG will apply the law as described in it, and it will constitute a public ruling. The PSLA provides internal instructions to Australian Taxation Office staff only.

[More details](#)

Australia: Eat, Drink and be Merry

KPMG Australia discusses some additional fringe benefits taxpointers for consideration during this Christmas season.

[More details](#)

Australia: No MYEFO FOMO for tax folks

The federal government has released its Mid-Year Economic and Fiscal Outlook (MYEFO) for 2017/18. At a time of year when many are gripped by the “fear of missing out” (FOMO), MYEFO contained little that would be of concern for those involved in tax.

The government projects that the underlying cash balance will return to surplus in 2020/21, and notes an increase in expected receipts up to that point, relative to the projections in the 2017/18 budget, driven by company tax and superannuation fund taxes.

[More details](#)

India

India: Corporate/bank guarantee fees received by a foreign holding company cannot be treated as interest in view of 'Other Income' article under the India-U.K. tax treaty and it is taxable under the Income-tax Act

The Delhi Bench of the Income-tax Appellate Tribunal held that the payment received by a foreign holding company from an Indian subsidiary on account of corporate/bank guarantee was accrued and received by the taxpayer in India and hence such a receipt is taxable in India. Such fees do not fall within the expression 'interest' in view of 'other income' article under the India-U.K. tax treaty. In the absence of any specific provision dealing with corporate/bank guarantee fees, the same has to be taxed in India as per the provisions of the Income-tax Act, 1961.

[More details](#)

India: Subsidy in the form of concession of entertainment tax to new multiplex complexes is capital in nature

The Supreme Court held that subsidy in the form of the concession of entertainment tax to new multiplex complexes is capital in nature. The Supreme Court observed that the receipt of subsidy is capital or revenue will have to be determined by having regard to the purpose for which the subsidy is given.

[More details](#)

Japan

Japan: Economic partnership agreement negotiations with EU finalized

Officials with the EU and Japan has announced the successful conclusion of negotiations regarding an economic partnership agreement—one of the largest bilateral trade agreement negotiated by the EU.

[More details](#)

Japan: Outline of the 2018 Tax Reform Proposals

The ruling coalition (the Liberal Democratic Party and New Komeito) agreed on the 'Outline of the 2018 Tax Reform Proposals' on 14 December 2017. KPMG in Japan has provided a brief summary of the main points of the Proposal.

[More details](#)

Singapore

Singapore: EU publishes list of non-cooperative tax jurisdictions (otherwise referred to as "the Blacklist")

The long-awaited EU list of non-cooperative tax jurisdictions (otherwise referred to as 'the Blacklist') has been issued.

Perhaps your first reaction might be to ignore the Blacklist on the basis that Singapore is not blacklisted and it is an EU related-matter.

But that is a mistake for several reasons.

[More details](#)

Significant International Tax Developments



OECD: 2017 update to the “Model Tax Convention” addresses BEPS

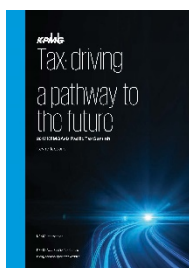
The Organisation for Economic Cooperation and Development (OECD) released the latest edition of the OECD “Model Tax Convention”. This 2017 update to the Model Tax Convention incorporates significant changes developed through the OECD/G20 project to address base erosion and profit shifting (BEPS).

The 2017 update mainly reflects a consolidation of the treaty-related measures resulting from the work on:

- BEPS Action 2 (Neutralizing the effects of hybrid mismatch arrangements)
- BEPS Action 6 (Preventing the granting of treaty benefits in inappropriate circumstances)
- BEPS Action 7 (Preventing the Artificial avoidance of permanent establishment status)
- BEPS Action 14 (Making dispute resolution more effective)

[More details](#)

Thought Leadership



Tax: Driving a pathway to the future

The KPMG Asia Pacific Tax Centre has released a publication containing the key reflections arising from the plenary sessions of the 2017 KPMG Asia Pacific Tax Summit in Hong Kong. The document highlights 10 themes on each of the following topics:-

- Geopolitical setting and its impact on business;
- Macro-trends in taxation;
- Future of capital taxation;
- Technology megatrends and solutions;
- Future of revenue administration; and
- Future of the tax function

[More details](#)

Calendar of Events

Date	Event	Location
11 January 2018	Employer's Tax Obligations Workshop (Fundamental) (Re-Run) Contact person: Lam Pei Ming More details	One World Hotel, Petaling Jaya Malaysia

Beyond Asia Pacific

Netherlands: EC state-aid investigations, whether tax rulings provide “unfair advantage

The European Commission today announced it has opened an in-depth investigation concerning two Dutch tax rulings and whether they may have allowed a company to pay less tax and provided an “unfair advantage” over other companies; in breach of EU state aid rules.

[More details](#)

United States: Senate passes tax reform conference agreement, with revisions

The U.S. Senate and House of Representatives have passed the revised version of the tax reform bill.

[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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