



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 02 August 2018



Asia Pacific Tax Developments

China

China: Tax Weekly Update – Issue 28

The following matters are covered in this issue :

- CIT support for technology enterprises
- Further tax incentives for small enterprises
- Guidance to foster China imports
- E-commerce Law progresses to third draft
- Others
 - Shanghai government sets out 100 opening- up measures
 - Guangdong government issues an action plan for reforming business environment in Guangdong province

[More details](#)

China: R&D Expenses Super Deduction rate to be increased to 75% for all enterprises

China announced that the 75% “super deduction” rate for eligible research and development (‘R&D’) expenses will be available for all enterprises going forward.

[More details](#)

Hong Kong SAR

Hong Kong: New transfer pricing legislation introduces changes to Salaries Tax relief for double taxation

The New transfer pricing regime includes number of amendments relating to the existing double taxation relief mechanisms for Salaries Tax. The amendments potentially impact employees based in Hong Kong who work partly in other territories and pay tax in those territories.

[More details](#)

India

India: Central Board of Direct Taxes ('CBDT') amend the Tax Audit Report (Form 3CD)

The amended Form 3CD requires disclosures with respect to Income from other sources, GAAR, Transfer pricing, Goods and Service Tax and other disclosures.

[More details](#)

India: CBDT issues Central Plan Action for 2018-19

The Central action plan envisages an efficient and effective tax administration, progressive tax policy and improved tax compliance. The focus areas of this action plan are litigation management, liquidation of arrears of tax, widening of tax base and strengthening compliance and enforcement functions.

[More details](#)

India: Supreme Court: Tax authorities may allow deposit of less than 20% demand to grant the stay of demand on the basis of facts of each case

Supreme Court in case of LG Electronics India Pvt Ltd. held that it will be open to tax authorities, to grant deposit orders of lesser amount than 20% for stay of demand on the basis of facts of individual case.

[More details](#)

India: Sub-contracted sourcing services provided to an associate concern abroad is a taxable service

The Authority for Advance Rulings ('AAR') in case of Esprit India – a sub-contractor of a foreign entity to provide sourcing services for goods and merchandise on non-exclusive basis in India, held that such activities are taxable services and are subject to levy of GST.

[More details](#)

India: The MFN clause under the India-Israel tax treaty is automatic and it applies prospectively

The Ahmedabad bench of the Income-tax Appellate Tribunal ('the Tribunal') in case of Sun Pharmaceutical Laboratories Ltd. held that the Most Favored Nation ('MFN') clause provided in the Protocol to the India-Israel Treaty does not require anything more than a subsequent favorable tax treaty coming into force. The Tribunal also observed that a protocol is an integral part of the tax treaty and when it provides for a MFN clause, the same has to be given due effect.

[More details](#)

India: Retained issuance charges on lapsed reward points subject to levy of GST

The Authority for Advance Rulings ('AAR') in case of Loyalty Solutions and Research Pvt Ltd. held that the value of redemption points forfeited and retained tantamount to consideration received in lieu of services provided by the applicant and thus would be outside the scope of being considered as an actionable claim and hence to be treated as supply of services for the purpose of GST.

[More details](#)

Korea

Korea: Korean Tax Brief – July 2018

The following matters are covered in this issue :

- Tax News
 - The Ministry of Strategy and Finance, amends the Tax Treaty Administrative Regulations for Regular Exchange of Financial Account Information
 - The National Tax Service, takes strict and fully compliant measures against offshore tax evasions with hidden income and asset overseas
- Recent Regulations and Precedents
 - Whether the expenses related to product presentation events for more-than-one participating organizations should be treated as entertainment expense
 - Whether capital gain and loss on domestic derivatives can be offset against capital gain and loss on foreign derivatives
 - Whether a domestic financial investment company is subject to proxy payment for Value Added Tax, if the company receives offshore consulting services by a foreign company without a domestic place of business, for the purpose of sales and purchases of foreign debentures in the foreign markets
 - Whether it is eligible for indirect foreign tax credit in a case where corporate tax was imposed on source (earnings for accounting purpose) of dividend at the subsidiary level in China subsequent to the timing of dividend payment
 - Whether the corporate taxpayer could claim foreign tax credit in the calculation of local tax by applying Article 97 of the Local Tax Incentives and Limitations Law, which is applicable to individual taxpayers
 - Whether the highest shareholding of the recent five years held by the shareholder who newly became the oligopolistic shareholder by the amendment of relevant laws should include the portion owned by entities, who are newly treated as related parties under the amended law

[More details](#)

Myanmar

Myanmar: Re-registration of Companies / branches from 1 August 2018

With the launch of the new Myanmar Companies Online (“MyCo”) registration system on 1 August 2018, all companies and branches under the old Companies Law and the Special Company Act must re-register in MyCo between 1 August 2018 and 31 January 2019.

[More details](#)

Philippines

Philippines: FAQs on TRAIN: Clarity or Confusion?

Since the passing of Tax Reform for Acceleration and Inclusion (‘TRAIN’) law, the public has been active in raising questions with regards to its implementation by the Bureau of Internal

Revenue ('BIR'). To address these questions, the BIR recently issued Revenue Memorandum Circular (RMC) No. 50-2018 on 8th June 2018 clarifying certain provisions of Revenue Regulations (RR) Nos. 8-2018 and 11-2018 Implementing the Income Tax Provisions of the TRAIN law.

[More details](#)

Philippines: InTAX: July 2018 Issue 1| Vol. 1

KPMG in Philippines discuss the following regulations issued by BIR:

- **Revenue Memorandum Circular (RMC) No. 56-2018:** which circularize the full text of Republic Act (RA) No. 11032, otherwise known as the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018”.
- **RMC No. 46-2018:** which clarifies that for redemption of property sold to be valid, all public taxes including interest and penalties must be paid. Otherwise stated, failure by the delinquent taxpayer or any one of him to pay all public taxes including interest and penalties would make the redemption invalid.
- **Revenue Memorandum Order (RMO) No. 26-2018:** which amends provisions of RMO No. 47-2004 and Operations Memorandum No. 3-2014 in relation to guidelines in the monitoring, identification, inclusion, and deletion of taxpayers who are mandated to withhold the expanded withholding tax from their income payments equivalent to 1% on goods and 2% on services. Such taxpayers are now identified as Top Withholding Agents.

[More details](#)

Singapore

Singapore: Change in Reporting of Accommodation Benefit

The Ministry of Finance has recently invited the public for feedback on proposed amendments to the Singapore income tax law, one of which will affect the taxation of accommodation benefit provided to employees.

[More details](#)

Singapore: GST on imported services beginning 2020

Singapore will impose goods and services tax ('GST') on imported services, effective 1 January 2020. Imposition of GST will be implemented through:

- Reverse-charge regime for business-to-business (B2B) supplies of imported services
- Overseas vendor registration regime for business-to-consumer (B2C) supplies of imported digital services

[More details](#)

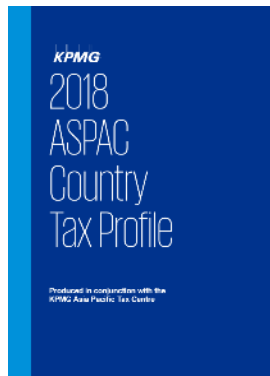
Thailand

Thailand - Philippines revised double taxation agreement enters into force

Detailed summary of the main changes of a revised double taxation agreement between Thailand and the Philippines effective 1 January 2019.

[More details](#)

Thought Leadership



2018 Asia Pacific Country Tax Profiles

The 2018 edition of Country Tax Profiles - Australia, China, India, Japan, Macau, Malaysia, Mongolia, Singapore and South Korea have been made available at KPMG Asia Pacific Tax Centre's portal.

These guides are useful to understand the respective country's tax system, including information on Corporate Tax, International Tax, Transfer Pricing, Indirect Tax, Personal Tax, Trade & Customs and Tax Authorities.

In relation to other countries in Asia-Pacific region, their Tax Profiles will be uploaded in the following weeks.

[More details](#)

Calendar of Events

Date	Event	Location
8 August 2018	Tax and Immigration Considerations for Global Mobility Employees Contacts: Ms Katherine Subramaniam / Ms Zulaiha Omar More details	One World Hotel, Petaling Jaya, Malaysia
17 August 2018	Zero-rating of International Services and Reverse Charge Mechanism Contacts: Sharon Ting More details	Mandarin Oriental Singapore, 5 Raffles Ave, Singapore
27 August 2018	Transfer Pricing Masterclass on Intra-group Services Contacts: Ms. Sharon Leong Peck Sim More details	Junior Ballroom, One World Hotel, Petaling Jaya, Malaysia

Beyond Asia Pacific

UK: Prudential Assurance Company Ltd v HMRC – Supreme Court Decision

The latest CFC and Dividend GLO decision was released on 25 July 2018, concerning tax on overseas portfolio dividends and compound interest.

[More details](#)

United States: Text of regulations, section 965 “transition tax”

The U.S. Treasury Department and IRS released proposed regulations (REG-104226-18) relating to the “transition tax” under section 965—as added to the Code by the new tax law (Pub. L. No. 115-97) enacted in December 2017.

Section 965 imposes a transition tax—one that requires a mandatory deemed repatriation of previously untaxed earnings. Under this provision, a 15.5% rate applies to earnings attributable to liquid assets, and an 8% rate applies to earnings attributable to illiquid assets.

[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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