



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 1 November 2018



## Asia Pacific Tax Developments

### Australia

#### [ATO finalises Diverted Profits Tax guidance](#)

The Australian Taxation Office ('ATO') has finalised its guidance on the Diverted Profits Tax ('DPT') with release of both, the DPT Practical Compliance Guideline (PCG 2018/5) and Law Companion Ruling (LCR 2018/6). The finalised guidance addresses a number of the issues raised during consultation, clarifying how key elements of the DPT will be interpreted and more broadly how the ATO will apply the new measure.

#### [Demystifying machine learning for tax](#)

KPMG Australia explain what data automation and machine learning could mean to the future of your business's tax function.

### China

#### [General tax update for financial institutions in Asia Pacific](#)

Among other news, this update highlights that as the BEPS program is implemented across the region, concrete steps are being taken on the difficult issue of hybrid mismatches with the OECD members of Australia and Korea leading the way with specific proposals.

# India

## [Supply of Complimentary tickets free of charge is subject to GST](#)

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The Authority for Advance Ruling in Punjab concluded that a supply of complimentary tickets issued in the course or furtherance of a business, is an act of forbearance and thus was covered under the scope of the term “supply” as defined by a provision of the goods and services tax (‘GST’) measures

## [Disallowance of expenditure under Section 40\(a\)\(i\) of Income tax Act are not applicable to India-Mauritius tax treaty](#)

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The Delhi Bench of the Income-tax Appellate Tribunal in a case concerning allowable deductions for payments of salary and other operating expenditures of a foreign company’s permanent establishment in India held that the disallowance provisions under Section 40(a)(i) of the Income-tax Act, 1961 do not apply to the taxpayer because of the lack of any restrictive clause in Article 7(3) of India-Mauritius income tax treaty.

## [KPMG Tax Assemblage – June to September 2018](#)

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Quarterly Tax Assemblage report from July – September 2018 which includes overall details along with the source and the date on which it was sent on.

## [Prosecution proceedings are initiated for failure to furnish tax return within the time limit and for non-compliance with the notices issued by the tax department](#)

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The High Court held that the taxpayer had committed an offence under Section 276CC of the Act by failing to furnish the tax return within the time limit specified under the Act and for the further failure to abide by the notices issued by the tax officer

## [Stay application](#)

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The Madras High Court in a case concerning the allowability of a stay application held that the Assessing Officer must consider the taxpayer’s genuine hardship to allow a stay application

## [Supreme Court - Time limit for claiming input tax credit in a statute does not violate the right guaranteed under the Constitution](#)

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The Supreme Court of India held that the conditions prescribed in a statute for claiming a tax credit must be strictly construed. The use of the word ‘shall’ in a statute does not admit to any other interpretation, except that the time prescribed for claiming input tax credit has to be strictly followed.

# Malaysia

## [FAQs on country-by-country reporting, sample notification letters](#)

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The country-by-country (CbC) reporting rules and regulations have been implemented in Malaysia with an effective date of 1 January 2017.



# Significant International Tax Developments

## [OECD: Evaluation of OECD's final guidance, transactional profit split method](#)

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The Organisation for Economic Cooperation and Development (OECD) earlier this year released final guidance on the application of the transactional profit split method. An October 2018 report prepared by tax professionals with KPMG's Global Transfer Pricing Services group:

- Summarizes the final transactional profit split method guidance
- Points out differences with the 2017 discussion draft on the transactional profit split method
- Provides commentary on the final transactional profit split method guidance



## Calendar of events

Date	Event	Location
6 November 2018	<u><a href="#">The Future of Financial Services – Asia and Beyond</a></u> Contacts: <u><a href="#">KPMG China Market Services</a></u>	KPMG Office, 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
8 November 2018	<u><a href="#">Malaysia - Tax and Business Summit 2018</a></u> Contacts: <u><a href="#">Ms. Sharon Leong Peck Sim</a></u> / <u><a href="#">Ms. Fah Siew Peng</a></u> / <u><a href="#">Ms. Esther Teh Mei Sum</a></u>	One World Hotel First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Malaysia.
12 November 2018	KPMG Financial Services Tax Briefing More info / Contact: <u><a href="#">Esther Liew</a></u>	InterContinental Singapore, 80 Middle Road, Singapore 188966
15 & 16 November 2018	<u><a href="#">General Principles of GST &amp; Reverse Charge Mechanism</a></u> Contacts: <u><a href="#">Sharon Ting</a></u>	Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879

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## Beyond Asia Pacific

### [Brazil: A Guide to Brazilian Oil & Gas Taxation](#)

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KPMG Global Energy Institute and KPMG in Brazil have released “A Guide to Brazilian Oil & Gas Taxation” which comprehensively addresses the tax issues concerning the sector.

### [United States: KPMG report: Election 2018—voters to decide key state tax matters](#)

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Election Day 2018 is November 6 and much of the country’s attention will likely be focused on congressional races. However, voters in a number of states will also be asked to make decisions on a variety of key state policy issues, including taxes.



## TaxNewsFlash by region

For the latest tax developments from other regions see the following links:

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[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)



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