



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 07 March 2019



Asia Pacific Tax Developments

Australia

[CGT main residence exemption denial to non-residents](#)

KPMG Australia provide a concise overview of the current state of play on the proposal to deny the CGT main residence exemption to non-residents.

[Consultation paper on the Tax Transparency Code](#)

The Board of Taxation has released a consultation paper which proposes a number of practical measures to increase the consistency of the information in Voluntary Tax Transparency Code-based reports.

China

[VAT rate reductions announced](#)

Value added tax rates of 16% and 10% that apply to the supply of certain goods and services would be reduced to 13% and 9%, respectively.



Hong Kong

[Hong Kong: Amendments to CRS provisions](#)

The Inland Revenue Department announced that a new ordinance - passed by the Legislative Council - amends the provisions for implementing the common reporting standard (CRS) regime.

India

[Supreme Court ruling on the applicability of provident fund contributions on allowances](#)

The Supreme Court issued a decision on whether certain allowances paid by an establishment to its employees would fall under the concept "basic wages" for computation of contributions towards a provident fund.

[Deduction of interest payable is not allowed on conversion of interest into a loan](#)

The Supreme Court held that in view of section 43B of the Income-tax Act, 1961, the taxpayer is not entitled to claim a deduction of interest that was payable during the year but converted into a loan.

["Pre-import condition" and duty-free exemption schemes](#)

The Gujarat High Court rejected a "pre-import condition" for a business to assert that it was eligible for duty-free imports of inputs under an exemption scheme.

[Taxability of composite scheme of arrangements which includes demerger and amalgamation](#)

The Delhi Bench of the Income-tax Appellate Tribunal ('the Tribunal') issued a decision concerning the tax treatment of a composite scheme of arrangement that includes the demerger of certain entities from the taxpayer-company as well as amalgamation of a wholly owned subsidiary with the taxpayer-company.

[United States to terminate GSP status for India, Turkey](#)

The U.S. Trade Representative announced that the United States intends to terminate India's and Turkey's designations as beneficiary developing countries under the Generalized System of Preferences program because they no longer comply with the statutory eligibility criteria.

[Supply of certain engineering technical knowledge not taxable as “fees for technical service” under the UK tax treaty](#)

The Mumbai Bench of the Tribunal held that an amount received by the taxpayer from its affiliate with respect to consulting engineering services was not taxable as “fees for technical services” under Article 13(4)(c) of India-UK income tax treaty because the taxpayer did not “make available” technical knowledge, experience, skill, know-how, or process to the service recipient through the development and supply of a technical plan or a technical design. Such amount has to be treated as business profits, and in the absence of a permanent establishment in India, it cannot be taxed in India.

Singapore

[Singapore: Deadline to file FATCA return is 31 May 2019](#)

The Inland Revenue Authority of Singapore announced that the filing period for FATCA returns for reporting year 2018 will begin on 15 April 2019, and the deadline to file a return is 31 May 2019

Philippines

[InTAX: February 2019 Issue 1 | Vol. 1](#)

The President of Philippines signed into law the Tax Amnesty Act, providing for the settlement of estate tax obligations, and the settlement of tax delinquencies, through an amnesty program. The President likewise vetoed an entire portion of the law which would have provided for a general tax amnesty.

Thailand

[Tax compliance implications of M&A transactions](#)

When considering whether to purchase a business, the implications of tax compliance and historical tax exposures on earnings would need to be weighed. Due diligence requires an understanding of the expected future tax burden (based on analysis of historical tax compliance) that, in turn, would be incorporated into the valuation model and adjusted in the purchase price.



Calendar of events

| Date | Event | Location |
|---------------|--|---|
| 14 March 2019 | General Principles of GST & Reverse Charge Mechanism Contact: Sharon Ting | Pan Pacific Singapore, 7 Raffles Boulevard, Marina Square, Singapore 039595 |



Beyond Asia Pacific

[France: Draft proposal for digital services tax](#)

The French government released a draft law that proposes to introduce a digital services tax.

[Luxembourg: Interest limitation, reduced corporate tax rate \(2019 budget bill\)](#)

The Luxembourg government presented a bill (no. 7450) with respect to the 2019 budget law that includes certain tax measures announced at the end of 2018.



TaxNewsFlash by region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



Khoon Ming Ho
Head of Tax & Legal,
KPMG Asia Pacific
T : +8610 8508 7082
E : khoonming.ho@kpmg.com

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma D Sharma
Global Head of Clients and Markets,
Tax & Legal and Chief Operating
Officer, Tax
KPMG Asia Pacific
T : +65 8186 7369
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



Tony Gorgas
Asia Pacific Regional Leader,
Transfer Pricing Services
KPMG International
T : +61 2 9335 8851
E : tgorgas@kpmg.com.au

Research & Development (R&D) Tax Incentives



Alan Garcia
Asia Pacific Regional Leader,
R&D Tax Incentives
KPMG International
T : +61 3 9288 6094
E : afgarcia@kpmg.com.au

Indirect Tax Services



Lachlan Wolfers
Asia Pacific Regional Leader,
Indirect Tax Services
KPMG International
T : +852 2685 7791
E : lachlan.wolfers@kpmg.com

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KPMG Asia Pacific Tax Centre Contacts

Global Compliance Management Services and Financial Services



Jenny Clarke
Asia Pacific Regional Leader,
Global Compliance
Management Services and
Financial Services
KPMG International
T : +61 2 9335 7213
E : jeclarke@kpmg.com.au

Global Mobility Services



Ben Travers
Asia Pacific Regional Leader,
Global Mobility Services
KPMG International
T : +61 3 9288 5279
E : btravers1@kpmg.com.au

International Tax



Christopher Xing
Asia Pacific Regional Leader,
International Tax
KPMG International
T : +8610 8508 7072
E : christopher.xing@kpmg.com

Deal Advisory M&A Tax



Angus Wilson
Asia Pacific Regional Leader,
Deal Advisory M&A Tax
KPMG International
T : +61 2 9335 8288
E : arwilson@kpmg.com.au

Dispute Resolution and Controversy



Angela Wood
Asia Pacific Regional Leader,
Dispute Resolution and
Controversy
KPMG International
T : +61 3 9288 6408
E : angelawood@kpmg.com.au

Legal Services



Stuart Fuller
Asia Pacific Regional Leader,
Legal Services
KPMG International
T : +61 2 9458 1590
E : stuartfuller@kpmg.com.au

Trade & Customs



Leonie Ferretter
Asia Pacific Regional Leader,
Trade & Customs Services
KPMG International
T : +61 2 9455 9330
E : lferretter@kpmg.com.au

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KPMG Asia Pacific Tax Centre Contacts

Market Sector Specialists

Energy & Natural Resources



Carlo Franchina
Asia Pacific Regional Tax
Leader, Energy & Natural
Resources Sector
KPMG International
T : +61 8 9263 7239
E : cfranchina@kpmg.com.au

Insurance



John Salvaris
Asia Pacific Regional Leader,
Insurance Sector
KPMG International
T : +61 3 9288 5744
E : jsalvaris@kpmg.com.au

Sovereign Wealth and Pension Funds



Angus Wilson
Asia Pacific Regional Leader,
Sovereign Wealth and Pension
Funds Sector
KPMG International
T : +61 2 9335 8288
E : arwilson@kpmg.com.au



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