



# International Tax Asia Pacific and MENASA October 2017

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG member firms in the Asia Pacific & MENASA regions between **1 October and 31 October 2017**.

<a href="#">Asia Pacific</a>	<a href="#">India</a>	<a href="#">Singapore</a>
<a href="#">Australia</a>	<a href="#">Indonesia</a>	<a href="#">Turkey</a>
<a href="#">China</a>	<a href="#">Japan</a>	
<a href="#">Hong Kong</a>	<a href="#">Philippines</a>	

For a full summary of global tax developments, visit [kpmg.com/TaxNewsFlash](http://kpmg.com/TaxNewsFlash).

To contact the International Tax Team email [internationaltax@kpmg.com](mailto:internationaltax@kpmg.com).

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	Tax area concerned	Relevant date	Description of measures and publication link
<b>Asia Pacific</b>			
Tax legislation approved and regulatory update	Various tax areas (financial services)	October 2017	KPMG prepared a summary of recent tax developments affecting financial institutions in Asia Pacific. <a href="#">Read more.</a>

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<b>Australia</b>			
Tax legislation approved and regulatory update	Tax compliance	October 2017	The Australian Taxation Office (ATO) released guidance identifying which taxpayers need to prepare "general purpose financial statements" as part of an effort in promoting tax transparency of a company's Australian tax affairs. <a href="#">Read more.</a>

Administrative and case law	Audit Procedures	October 2017	The ATO has been changing its audit procedures to shift towards “real-time compliance” with an aim of greater tax certainty in Australia. <a href="#">Read more.</a>
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### China

Tax legislation approved and regulatory update	Tax incentives	July 2017	A series of measures intended to boost foreign direct investments in China were outlined. One of the measures extended, on a nationwide basis, the corporate income tax incentives for “advanced technology services enterprises”. <a href="#">Read more.</a>
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### Hong Kong

Proposed legislation	Corporate income tax / R&D incentives	12 October 2017	The chief executive of Hong Kong proposed a number of tax-related measures. The measures include the introduction of a progressive corporate income tax rate for companies and a research and development (R&D) incentive. <a href="#">Read more.</a>
Other	Tax incentives	October 2017	KPMG prepared a report that asserts that in order for Hong Kong to be a competitive and viable alternative to other locations with longstanding regional headquarter tax incentives, it needs to consider introducing its own version of a tax incentive in order to encourage multinational corporations to establish regional headquarters in Hong Kong. <a href="#">Read more.</a>

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### India

Administrative and case law	Various tax areas	October 2017	KPMG in India prepared a summary of recent tax developments, including: <ul style="list-style-type: none"> <li>— no “transfer” of capital assets without joint development agreement. The case is: <i>Balbir Singh Maini</i>.</li> <li>— guidelines for reopening of assessment proceedings. The case is: <i>Sabh Infrastructure Ltd.</i></li> <li>— subsidiaries of holding companies</li> </ul>
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		<ul style="list-style-type: none"> <li>— self-assessment tax. The case is: <i>Claris Life Sciences Ltd.</i></li> <li>— dividend distribution tax. The case is: <i>Tata Tea Co. Ltd.</i></li> <li>— foreign tax credit</li> <li>— contract receipts as income. The case is: <i>Soma TRG Joint Venture.</i></li> </ul> <p><a href="#">Read more.</a></p>
		<p>KPMG in India prepared a summary of recent tax developments, including:</p> <ul style="list-style-type: none"> <li>— “solar days” used to determine service permanent establishment. <i>Electrical Material Center Co. Ltd.</i></li> <li>— guidelines for in-house R&amp;D centers</li> <li>— depreciation mandatory under section 32. The case is: <i>Plastiblends India Ltd.</i></li> <li>— exemption allowed taxpayer investments in residential property</li> </ul> <p><a href="#">Read more.</a></p>
		<p>KPMG in India prepared a summary of recent tax developments, including:</p> <ul style="list-style-type: none"> <li>— permanent establishment under India-United States income tax treaty. The case is: <i>E-Funds IT Solution Inc.</i></li> <li>— payment for distribution agreement: <i>Google India Private Ltd.</i></li> </ul> <p><a href="#">Read more.</a></p>
		<p>KPMG in India prepared a summary of recent tax developments, including:</p> <ul style="list-style-type: none"> <li>— “place of effective management” guidelines</li> <li>— method of valuation if the statute is unambiguous. The case is: <i>Bimal Kishore Paliwal &amp; Ors.</i></li> <li>— “deemed dividend” not taxable to loan recipient. The case is: <i>Madhur Housing and Development Company.</i></li> </ul> <p><a href="#">Read more.</a></p>

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Indonesia			
Tax legislation approved and regulatory update	VAT	October 2017	The Ministry of Finance issued guidance that exempts “basic necessities” from VAT. <a href="#">Read more.</a>

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Japan			
Treaties	Double tax treaties	11 October 2017	Representatives of the governments of Japan and Denmark signed a new income tax treaty. <a href="#">Read more.</a>

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Philippines			
Proposed legislation	Excise duties	October 2017	Legislation that would impose an excise tax on certain sugar-sweetened beverages is being considered. <a href="#">Read more.</a>

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Singapore			
Proposed legislation	Property tax	October 2017	Singapore's property tax law currently provides that machinery used in the making, altering, repairing, ornamenting or finishing of any article (or the adapting for sale of any article) is not subject to property tax. A measure in a draft bill would amend the property tax law, and would "carve out" and impose property tax on machinery used for purposes of controlling, maintaining, or modifying of the temperature, atmosphere, humidity or air quality on the taxpayer's premises. <a href="#">Read more.</a>
Administrative and case law	Corporate income tax	17 October 2017	The High Court of Singapore issued a decision affirming that for interest deductibility purposes, there must be a direct link between the money borrowed and the income produced. The case is: <i>BML v. Comptroller of Income Tax</i> . <a href="#">Read more.</a>

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Turkey			
Proposed legislation	Corporate income tax / Withholding tax	October 2017	A draft tax law is intended to increase revenue collected by the government. The intended changes include:

			<ul style="list-style-type: none"> <li>— increase the dividend withholding tax rate on profit of corporate taxpayers to a proposed rate of 1 percent</li> <li>— increase the rate of corporate tax on income of financial institutions (banks, Islamic finance houses, brokerage firms) to 22 percent</li> <li>— authorized operators of mobile communication services would be required to pay 15 percent of monthly gross sales as a “Treasury share”</li> <li>— a flat rate of tax under the special communications tax</li> <li>— increase the rate of transfer tax to 20 percent under the rules regarding games of chance and betting.</li> </ul> <p><a href="#">Read more.</a></p>
Treaties	Double tax treaties	October 2017	<p>Guidance was published concerning Turkey’s network of income tax treaties for the avoidance of double taxation. The guidance includes explanations on the tax rules with respect to individuals or legal entities that are residents of a treaty-contracting country, income from professional services, and other activities of an “independent character” in Turkey.</p> <p><a href="#">Read more.</a></p>

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