



# Tax Alert

## Issue 16 | July 2018

In this Issue, we bring you our Quarterly Global Tax Disputes Update (June 2018 edition) highlighting the latest news in tax controversy around the world.

With tax audit and dispute activity rising in almost every country, keeping up with trends and developments is more important than ever. In this edition, you'll find briefings on key news, events and thought leadership submitted by Global Tax Dispute Resolution & Controversy professionals in KPMG member firms worldwide. Staying informed can be a crucial first line of defense as you manage your disputes around the globe.

Make sure to view our past issues of the [Global Tax Disputes Update](#).

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## Australia

### ATO raises the bar on indirect tax governance expectations

The Australian Taxation Office's (ATO) published its expectations for tax risk management in its [Tax Risk Management and Governance Review Guide](#). The newly updated guide's 'whole of tax' approach gives equal importance to income taxes and indirect taxes.

Read the [article](#).

### Thin capitalization proposals; implications for inward, outward tax consolidated groups

Proposed changes to Australia's thin capitalization rules announced in the country's May 2018 Federal Budget may affect inward and outward tax consolidated groups.

Read the [article](#).

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## Austria

### Proposed administrative tax law changes, “horizontal monitoring” and advance rulings

The Austrian government's recently published administrative tax proposals would codify the concept of “horizontal monitoring” and allow for expanded use of binding rulings. Both measures would increase the predictability of tax payments, reduce tax exposure and improve cooperation between taxpayers and the tax authorities.

Read the [article](#).

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## Brazil

### Tax compliance program: São Paulo

A new tax compliance program between taxpayers and São Paulo state aims to foster an environment of mutual trust between taxpayers and the tax authorities, thereby encouraging self-regulation, reducing tax compliance costs and improving communications.

Read the [article](#).

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## Canada

### **What you need to know about the CRA's audit focus**

In a new webcast, KPMG in Canada discusses the Canada Revenue Agency's latest audit efforts and how they may affect you or your business. The webcast covers:

- changes in how the CRA is using business intelligence and data analytics to identify high-risk taxpayers
- top income and indirect tax audit issues facing large and small businesses and high net worth individuals
- dispute resolution trends
- judicial updates.

[Read the slide deck.](#)

[Relay the webcast.](#)



## Denmark

### **Transfer pricing documentation; court applies contemporaneous preparation rule**

In a decision that has immediate compliance implications for companies operating in Denmark, the Eastern High Court interpreted the Danish statutory measure on the date when transfer pricing documentation must be prepared.

Read the [article](#).



## Dominican Republic

### **Transfer pricing studies, interest deductibility of related-party transactions**

The General Agency for Internal Taxes is asking taxpayers for certain documents to verify their compliance with guidelines for interest deductibility. Among other things, these documents include information on transactions with related parties, interest paid to third parties, transfer pricing studies and audited financial statements.

Read the [article](#).



## European Union

### **Disclosure rules, reportable cross-border arrangements by tax advisers**

The European Commission issued a release concerning a political agreement reached by EU member states on new transparency rules for “intermediaries” – tax advisers, accountants, banks, and lawyers – who design and promote tax planning schemes for their clients.

Read the [article](#).

### **EC guidelines, effective counter-measures on the EU blacklist**

New guidelines from the European Commission (EC) on the use of European Union (EU) funds are meant to ensure that EU funds are not channeled through non-cooperative tax jurisdictions (i.e. the EU “blacklist”).

Read the [article](#).

### **EC investigation to prevent "trade diversion" of steel products**

The European Commission (EC) has initiated a safeguard investigation on imports of a number of steel products into the European Union.

Read the [article](#).

### **Summaries of CJEU judgments, state aid proceedings, rulings from EC and other institutions**

A new edition of E-News from KPMG’s European Union (EU) Tax Centre features updates of EU tax developments that can have both a domestic and a cross-border impact, as well as Court of Justice of the EU decisions and other proceedings that could have implications for your country.

Read the [article](#).

### **EU and Mexico reach new trade agreement**

On 21 April 2018, representatives of the European Union (EU) and Mexico reached a new “agreement in principle” on trade as part of a broader, updated EU-Mexico global agreement.

Read the [article](#).

### **New company law rules proposed; easier to merge, divide or move within EU**

The European Commission proposed new company law rules to make it easier for companies to merge, divide or move within the EU single market. The rules aim to stimulate the growth of European companies by digitalizing the process of setting up and running a business.

Read the [article](#).

### **EC proposes new rules on protection of whistleblowers**

The European Commission’s (EC) new proposal to strengthen whistleblower protection would require certain companies and public authorities to establish safe channels for reporting breaches of European Union (EU) law. The proposal also aims at guaranteeing legal protection against any form of retaliation, while preventing abusive reporting.

Read the [article](#).

## **Customs cooperation agreement between EU and New Zealand enters into force**

A new customs agreement between the European Union (EU) and New Zealand officially entered into force on 1 May 2018.

Read the [article](#).

## **EU disclosure requirements for certain cross-border arrangements**

The European Union has agreed on mandatory disclosure requirements for certain cross border arrangements. The rules will apply from July 2020, and retrospectively as discussed below.

Read the [article](#).

The rules have a retrospective effect for all reportable arrangements that have their “first step” on or after 5 June 2018 (i.e. 20 days following the rules’ publication in the official journal on 5 June 2018).

Read the [article](#).



## **Finland**

### **Insurance premium tax; question on location of risk posed to CJEU**

A court in Finland has requested that the Court of Justice of the European Union provide a preliminary ruling on the location of risk for insurance premium tax purposes.

Read the [article](#).



## **France**

### **Court decision; criteria for finding permanent establishment**

The Paris Administrative Court of Appeal (*Cour administrative d'appel*) issued a decision that affirms the criteria to be used by the French courts to find the presence of a permanent establishment.

Read the [article](#).

### **Compatibility of French tax deferral rules of capital gains with EU Merger Directive**

The Court of Justice of the European Union (EU) rendered a decision on the compatibility with the EU Merger Directive of French tax deferral rules on the exchange of shares.

Read the [article](#).

### **Anti-avoidance tax provision (*Charasse amendement*) held constitutional**

The French Constitutional Court (*Conseil Constitutionnel*) upheld the constitutionality of a French anti-avoidance tax provision – known as the “*Charasse amendement*” – which prohibits the deduction of part of the interest charge borne by a French tax group for acquiring shares of a previously non-group French company from a company that controls, or is under common control with, the acquiring company.

Read the [article](#).

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### **Germany**

#### **VAT on outsourced banking services, referral to CJEU**

Germany’s Federal Fiscal Court (BFH) referred a case to the Court of Justice of the European Union (CJEU) on whether support services provided to a bank for the purpose of operating automated teller machines are exempt from value added tax.

Read the [article](#).

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### **India**

#### **New income tax treaty signed with Hong Kong**

Representatives of the governments of India and Hong Kong have signed a new income tax treaty. The treaty addresses certain double taxation items and provides for the exchange of information between the two states.

Read the [article](#).

#### **APA authorities accept customs valuation for transfer pricing purposes**

The Indian advance pricing agreement (APA) authorities concluded an APA that accepted the price determined by the Special Valuation Branch of the Indian Customs authorities as the arm’s length price for certain imports.

Read the [article](#).

#### **Arm’s length price of related party not controlling on taxpayer**

The Bangalore Bench of Income-tax Appellate Tribunal held that the tax authority is free to examine the arm’s length price for the taxpayer, even though the arm’s length price as declared by a party to the transaction was accepted.

Read the [article](#).

## **Retroactive tax law changes; 10-year period for tax benefits**

KPMG in India has prepared reports about Indian court decisions on:

- determining when legislative changes apply retroactively
- determining what triggers the 10-year period for specific tax benefits
- payments for marketing and distribution rights held to be taxable royalty.

Read the [article](#).

## **Permanent establishments under treaties with Germany, United States**

The Indian courts have rendered decisions on:

- the taxability of payments under technical support and crew-lease agreements under the India-Germany income tax treaty
- whether an Indian company with franchise rights of US company is an agency permanent establishment.

Read the [article](#).



## **Ireland**

### **EC approves Ireland's sugar-sweetened drinks tax**

The European Commission concluded that Ireland's sugar-sweetened drinks tax does not involve state aid, and that the measure's scope and design are consistent with the health objectives of addressing obesity and other sugar-related diseases.

Read the [article](#).

### **Is VAT on share acquisitions deductible?**

The Advocate General of the Court of Justice of the European Union (CJEU) issued an opinion concluding that value added tax for professional services is not deductible. The professional services were incurred because the taxpayer company wanted to acquire shares of its competitor.

Read the [article](#).



## Israel

### **Related-party cross-border services; markup of costs (“cost plus”) remuneration**

The Israeli Supreme Court issued a judgment on the tax treatment of cross-border services involving private Israeli subsidiaries of private U.S. companies. The subsidiaries had equity-based (option) compensation programs for their Israeli employees and used a markup on costs (“cost plus”) as the model of payment for intragroup services rendered by the Israeli affiliates. The court held that the expenses associated with the employee options (i.e. the value of the options) must be included in the markup cost base.

Read the [article](#).



## Italy

### **Income tax treaties with Barbados and Panama**

Italy’s network of income tax treaties has expanded with the entry into force of tax treaties with Barbados and Panama.

Read the [article](#)

### **New transfer pricing guidelines address methodology, arm’s length, documentation standards**

The Ministry of Economy and Finance issued a decree providing transfer pricing guidelines, in compliance with Italian income tax law as recently modified to incorporate the arm’s length principle.

Read the [article](#)

### **Administrative guidance, court cases clarifying definition of permanent establishment**

Guidance by the tax authorities (*Guardia di Finanza*) and recent decisions by Italian courts have examined and clarified the definition of permanent establishment following amendments made by the budget law of 2018.

Read the [article](#)



## Latvia

### **Transfer pricing documentation, focus on master and local files**

New requirements for transfer pricing documentation apply to related-party transactions conducted during the reporting year beginning 2018. Latvian taxpayers will be expected to prepare country-by-country reports, master files and local files.

Read the [article](#).



## Luxembourg

### **New intellectual property tax regime in effect 1 January 2018**

Luxembourg passed its new intellectual property (IP) tax regime into law with effect as of 1 January 2018. The new IP regime makes Luxembourg compliant with the “modified nexus approach.”

Read the [article](#).

### **Transactions involving “non-cooperative jurisdictions” (EU blacklist); increased tax audit risk, reporting and documentation**

The Luxembourg tax authorities published a circular detailing the defensive measures that will apply for the nine countries currently included in the EU list of non-cooperative jurisdictions for tax purposes.

Read the [article](#).



## Netherlands

### **Update: multilateral instrument**

As a member of the Organisation for Economic Co-operation and Development’s Inclusive Framework on BEPS, the Netherlands signed the multilateral instrument (MLI) in June 2017. Ratification of the MLI – including the Dutch list of reservations and notifications – is currently pending in the parliament.

Read the [article](#).

### **VAT exemption not applicable on instruction to transfer money**

The Advocate General of the Court of Justice of the European Union (CJEU) issued an opinion concluding that the exemption from value added tax (VAT) for payments cannot be applied to a service provider that only instructs banks to transfer sums of money.

Read the [article](#).

### **“30 percent ruling” shortened to 5 years, effective 2019**

The Dutch government announced that it will shorten the period for which the 30% ruling is granted to 5 years (from 8 years), as of 1 January 2019. The 30 percent ruling is a form of tax relief for certain skilled employees coming to the Netherlands who are recruited from abroad.

Read the [article](#).

### **VAT applies to loan under hire-purchase agreement**

The Advocate General of the Court of Justice of the European Union concluded that the value added tax (VAT) exemption for the provision of credit cannot be applied to hire-purchase transactions; that a hire-purchase transaction is a single supply of a service or a good; and that the whole supply is taxable.

Read the [article](#).

### **New transfer pricing decree incorporates OECD standards**

The Dutch Ministry of Finance published a new transfer pricing decree that incorporates provisions from the Organisation for Economic Co-operation and Development's (OECD) Action Plan on Base Erosion and Profit Shifting and the OECD's Transfer Pricing Guidelines.

Read the [article](#).

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### **New Zealand**

#### **Post-import adjustments in pending customs legislation**

Customs legislation pending in New Zealand would introduce changes to the customs law, with an expected effective date of 1 October 2018. Among other things, the new customs law would change New Zealand's post-importation adjustment regime.

Read the [article](#).

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### **Nigeria**

#### **Tax amnesty program extended; new deadline of 30 June 2018**

Nigeria has extended its voluntary asset and income tax amnesty program, originally set to expire 31 March 2018. The new deadline is 30 June 2018.

Read the [article](#).

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### **Organisation for Economic Co-operation and Development**

#### **New disclosure rules for advisers, attempts to avoid common reporting standard**

The Organisation for Economic Cooperation and Development released new model disclosure rules that require lawyers, accountants, financial advisors, banks and other service providers to inform tax authorities of any schemes they put in place for their clients to avoid reporting under the common reporting standard or prevent the identification of the beneficial owners of entities or trusts.

Read the [article](#).

#### **Improving tax dispute resolution mechanisms under BEPS Action 14**

The Organisation for Economic Cooperation and Development released eight additional peer review reports pursuant to the base erosion and profit shifting (BEPS) Action 14 on standards for improving tax dispute resolution mechanisms. This third round of reports relate to implementation by the Czech Republic, Denmark, Finland, Korea, Norway, Poland, Singapore and Spain.

Read the [article](#).

## **Multilateral Instrument enters into force 1 July 2018 for 5 European jurisdictions**

The Organisation for Economic Cooperation and Development (OECD) announced that the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting” (the MLI) will enter into force on 1 July 2018 in five European jurisdictions: Slovenia, Austria, Isle of Man, Jersey and Poland.

Read the [article](#).

## **OECD review of preferential regimes, BEPS inclusive framework members**

The Organisation for Economic Cooperation and Development (OECD) updated the results of preferential regime reviews conducted by the Forum on Harmful Tax Practices in connection with Action 5 of the OECD’s base erosion and profit shifting (BEPS) project.

Read the [article](#).



## **Poland**

### **Transfer pricing forum considers benchmarking studies, simplified APA procedure**

A transfer pricing forum, organized by the Ministry of Finance, held its first meeting in April 2018 to consider practical problems and challenges related to benchmarking analyses and proposals for a simplified procedure for concluding advance pricing agreements (APAs).

Read the [article](#).

### **Limited tax deductibility of certain intangible service fees, royalties**

Poland’s Ministry of Finance released explanatory notes concerning the rules that limit the tax deductibility of certain intangible service fees and royalties paid to related entities.

Read the [article](#).



## **Slovakia**

### **Tax on sold or unused greenhouse gas emissions**

The Court of Justice for the European Union concluded that European Union law precludes a Slovak tax on the value of sold and unused greenhouse gas emission allowances.

Read the [article](#).



## South Africa

### **Penalties for non-compliance; country-by-country reporting, transfer pricing returns**

The South African Revenue Service issued a notice concerning penalties for multinational groups or their South African companies for failing to comply with the rules for preparing and filing country-by-country reports, master files and local files (i.e. transfer pricing returns).

Read the [article](#).



## Spain

### **Retroactive transfer pricing adjustments, considerations for customs valuation purposes**

According to KPMG in Spain, businesses need to analyze the implications of a Court of Justice of the European Union judgment on their import operations, and consider both transfer pricing and customs effects to identify appropriate customs procedures.

Read the [article](#).

### **Regional taxes on large retail establishments compatible with EU law**

The Court of Justice of the European Union concluded that the regional taxes imposed by certain Spanish autonomous communities on large retail establishments are compatible with EU law.

Read the [article](#).



## Thailand

### **“Digital assets”, 15 percent withholding tax, emergency decrees**

In March 2018, the Thai Cabinet approved a draft amendment of the Thai Revenue Code to include the definition of “digital assets” and propose a 15 percent withholding tax on income derived from such digital assets.

Read the [article](#).

On May 10, 2018, an emergency decree on digital assets businesses was issued aiming to control “Digital Assets Businesses”, including digital assets trading/exchange centers, brokers and dealers. A second emergency decree was issued to add income and gains derived from, or on disposal of, digital assets as assessable income, as well as to add the withholding tax requirement.

Read the [article](#).



## Turkey

### **General tax amnesty also applies for customs duties**

A new Turkish law provides a general tax amnesty for many types of taxes and for customs duties, administrative penalties, interest and late-payment charges related to the tax period before 31 March 2018.

Read the [article](#).



## United Kingdom

### **Tribunal refused tax deductions for partnership's payments, found primarily made for tax arrangements**

The First-tier Tribunal rejected taxpayers' appeals against HM Revenue & Customs (HMRC) closure notices on the basis the appeals had no prospect of success. HMRC had refused the taxpayers' deductions on partnership tax returns on the basis that the payments were made primarily for the purposes of tax arrangements.

Read the [article](#).

### **Tribunal rejected taxpayer's claim for capital losses on conversion and repurchase of shares**

The First-tier Tribunal rejected a claim for capital losses in respect of arrangements involving the conversion and repurchase of shares.

Read the [article](#).

### **EU infringement proceedings against the UK on customs duties and VAT**

Two letters published by the European Commission and HM Treasury provide details about the first stage of infringement proceedings regarding UK customs duties and the value added tax (VAT) treatment of certain commodity markets.

Read the [article](#).

### **HMRC response to Business Risk Review consultation**

HM Revenue & Customs published their response to their consultation on the risk review process for large businesses, identifying a number of potential improvements and next steps.

Read the [article](#).

### **Court of Appeal decision on the unallowable purposes rule**

The Court of Appeal has dismissed the taxpayer's appeal in a case where the taxpayer group had deducted the reduction in fair value of a shareholding in a group company that was deemed to represent a loan relationship. The Court of Appeal upheld lower court decisions that the unallowable purposes rule apply to deny relief for the deduction.

Read the [article](#).

### **Tribunal finds digital newspapers are not “newspapers” under UK’s zero-rating**

The First-tier Tribunal dismissed a taxpayer’s arguments that digital newspapers are still ‘newspapers’ for the purposes of zero rating under the UK’s value added tax.

Read the [article](#).

### **Upper Tribunal decision, payments to acquire partnership interests**

The Upper Tribunal found that payments made to acquire partnership interests were trading in nature. The UT also found that an alternative contention not in the closure notice was open to HM Revenue & Customs.

Read the [article](#).

### **Tribunal decision, permanent establishments trading as partnerships**

The First-tier Tribunal held that two permanent establishments were trading as a partnership. As such, they were not eligible for a deduction for the amortization of partnership assets.

Read the [article](#).

### **Court of Appeal, late claim for refund of overpaid tax denied**

The Court of Appeal has dismissed a taxpayer’s appeal against HM Revenue & Customs’ rejection of a late claim for repayment of overpaid tax.

Read the [article](#).

### **Implications of court decision on UK mergers**

The Court of Appeal has clarified the extent of the UK Court’s discretion to approve cross-border mergers, making it possible for multiple UK companies to merge with just one dormant European Economic Area (EEA) entity. The decision paves the way for groups within the EEA to be rationalized efficiently and cost-effectively.

Read the [article](#).

### **“Making Tax Digital” delayed for individuals, extension to VAT expected in April 2019**

HM Revenue & Customs (HMRC) has decided to delay plans to introduce further digital services for individuals. HMRC’s “Making Tax Digital” program for business is pressing ahead, however, with the mandatory service for value added tax (VAT) still expected to be introduced as of April 2019.

Read the [article](#).

### **Upper tribunal decision in test case, withholding tax refunds on “manufactured overseas dividends”**

The UT has overturned a First-tier Tribunal ruling in a test case, finding in favor of the test claimant regarding the recoverability of withholding tax suffered on “manufactured overseas dividends”.

Read the [article](#).

### **HMRC pilots High Risk Wealthy Program**

HM Revenue and Customs (HMRC) introduced a new pilot program – the High Risk Wealthy Program (HRWP) – to identify “the most risky and non-compliant” taxpayers whose tax affairs are dealt with by Wealthy within HMRC (formerly known as HMRC’s High Net Worth Unit). HMRC intends to “marshal all technical and legal resources” to support their HRWP case teams.

This approach appears to be modeled on the HMRC’s High Risk Corporate Program (HRCP), introduced about 12 years ago as a strategic response to the highest-risk businesses dealt with by what is now HMRC’s Large Business directorate. HRCP’s original objectives were to:

- bring the tax affairs of these companies up-to-date (since the riskiest would have had significant numbers of open enquiries)
- challenge their behavior at board level
- improve the relationship between HMRC and the company
- modernize HMRC’s working methods.

With its new HRWP, HMRC is testing whether it can apply a similar approach to wealthy individuals.

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### **United States**

#### **IRS offshore voluntary disclosure program to close, taxpayers with undisclosed foreign assets**

The Internal Revenue Service (IRS) announced that the 2014 Offshore Voluntary Disclosure Program (OVDP) will close on 28 September 2018. The OVDP has been available for US taxpayers with undisclosed foreign financial assets to comply voluntarily.

Read the [article](#).

#### **IRS identifies five new LB&I “compliance campaigns”**

The Large Business and International (LB&I) division of the Internal Revenue Service (IRS) announced five new “compliance campaigns” to be added to the list of previously identified compliance campaigns under LB&I’s issue-based compliance work. The latest items bring the total number of compliance campaigns to 24.

Read the [article](#).

### **US Tax Court: “Short sale” of residence and debt forgiveness held one transaction**

The US Tax Court held that a “short sale” and debt forgiveness for a nonrecourse loan on the taxpayers’ residential real estate were parts of one transaction. The court found the transaction did not generate cancellation-of-indebtedness income or gain or loss.

Read the [article](#).

### **APMA program, APA statistics for 2017, new APA template**

The Internal Revenue Service (IRS) released an advance version of its annual report on the advance pricing and mutual agreement (APMA) program for 2017. The report features advance pricing agreement (APA) statistics for 2017.

Read the [article](#).

The APMA also released a new template for taxpayers to use in requesting an APA.

Read the [article](#).

### **IRS guidance on country-by-country reporting by “specified national security contractors”**

The Internal Revenue Service (IRS) released an advance version of guidance on country-by-country reporting requirements of US multinational groups that are identified as “specified national security contractors.”

Read the [article](#).

Read [observations on the guidance](#) from KPMG in the US.

### **US Federal Circuit: Duty-free treatment denied for holiday dinnerware**

The US Court of Appeals for the Federal Circuit affirmed the trade court’s grant of summary judgment for the government in a case concerning the tariff classification of imports of dinnerware decorated with “festive motifs” and intended for use during the Thanksgiving or Christmas dinner.

Read the [article](#).

### **First Circuit: IRS application of substance-over-form doctrine rejected; contributions to Roth IRAs**

The US Court of Appeals for the First Circuit reversed the findings of the US Tax Court that the individual taxpayers owed excise tax for excess contributions made to their Roth Individual Retirement Accounts (IRAs).

Read the [article](#).

### **IRS updates FAQs, “transition tax” on foreign earnings**

The Internal Revenue Service (IRS) updated a list of “frequently asked questions” (FAQs) about return filing and tax payment obligations relating to the “transition tax” under new section 965 of the Internal Revenue Code.

Read the [article](#).

### **Trade and customs monthly summary and updates**

In the May 2018 edition of *Insights on Trade and Customs*, trade compliance professionals with KPMG in the US highlight recent developments on steel and aluminum, tariffs and tariff mitigation, renegotiation of the North American Free Trade Agreement and other topics of interest.

Read the [article](#).

### **US Supreme Court: Oral arguments in state tax case to overturn “Quill”**

The US Supreme Court heard oral arguments in a case in which South Dakota seeks to have the court uphold a state tax statute imposing economic nexus standards on remote sellers.

Read the [article](#).

### **US Treasury updates list of opportunity zones; IRS publishes FAQs**

The US Treasury’s Community Development Financial Institutions Fund has updated the list of opportunity zone designations pursuant to measures in the new tax law.

Read the [article](#).

The Internal Revenue Service (IRS) provided frequently asked questions (FAQs) on the qualified opportunity zones. The guidance defines “qualified opportunity zone” and how to obtain the tax benefits.

Read the [article](#).

### **USTR special report on intellectual property rights**

The Office of the United States Trade Representative (USTR) released its 2018 “special 301 report” identifying trading partners that do not adequately or effectively protect and enforce intellectual property (IP) rights or that otherwise deny market access to US businesses that rely on protection of their IP rights.

Read the [article](#).

### **Fifth Circuit Refund claim denied, overpayment held not “attributable to” foreign taxes paid**

The US Court of Appeals for the Fifth Circuit affirmed a federal district court’s finding that a refund claim for an overpayment of tax was not timely filed.

Read the [article](#).

### **Tax Court: Burden of production for penalties in partnership-level proceedings**

The US Tax Court held that in a partnership-level proceeding under the Tax Equity and Fiscal Responsibility Act (TEFRA), the Internal Revenue Service does not bear the burden of production under section 7491(c) regarding penalty assessments.

Read the [article](#).

### **SEC: Text of proposed rules, including “best interest” regulation**

The US Securities and Exchange Commission (SEC) released a package of proposed rules that includes a “best interest” rule that would establish a standard of conduct for broker-dealers.

Read the [article](#).

### **Federal Circuit: Extraterritorial income transition rule applies for post-2006 earnings**

The US Court of Appeals for the Federal Circuit reversed and remanded the decision of the U.S. Court of Federal Claims granting summary judgment to the government regarding a transition rule for extraterritorial income earned after 2006 but pursuant to a transaction entered into in 2006.

Read the [article](#).

### **D.C. Circuit: Partnership of single-member LLCs, not eligible for “small partnership” exception**

The US Court of Appeals for the District of Columbia Circuit affirmed the US Tax Court’s decision that a partnership comprising of single-member limited liability companies did not qualify for the “small partnership” exception from the partnership audit proceedings that applied at the time under the Tax Equity and Fiscal Responsibility Act (TEFRA).

Read the [article](#).

### **IRS 5-year strategic plan**

The Internal Revenue Service (IRS) released a new 5-year strategic plan that outlines goals to improve taxpayer service and tax administration.

Read the [article](#).



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## Key links

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- Learn about the [KPMG LINK 360 Global Disputes Management Module](#)
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