



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 02 March 2017



Budget Announcement



Hong Kong: Budget 2017-2018

The new Financial Secretary, the Hon Paul MP Chan, has presented his first Hong Kong Budget speech a little over one month into his new role.

This year's Budget speech confirms the underlying strength of the Hong Kong economy, while acknowledging that Hong Kong is but part of the wider macro political and economic environment. It very much represents a continuation of policy from one Financial Secretary to another. It also indicates that while there are resources available to consider a change of course, global uncertainty has ultimately meant that the status quo remains for now. That said, many of the initiatives proposed are a step in the right direction.

[More details](#)

Asia Pacific Tax Developments

Australia

Australia: Australia to ban importation cosmetics tested on animals

The Australian Government notified the World Trade Organisation of its intention to ban the importation and sale of cosmetic products that contain ingredients which have been tested on animals. It is anticipated that the prohibition on importations will have a substantial impact on supply chain management and product development decisions for manufacturers and importers.

[More details](#)

Australia: Debt Deferral Arrangements with the ATO

KPMG Australia discusses the ability of the Australian Taxation Office (ATO) to take legal action to recover outstanding taxation liabilities irrespective of whether the taxpayer intends to pursue action through the courts.

[More details](#)

Australia: ESVCLPs and some practical considerations

The ATO on 13 February 2017, released a concise guide on the early stage venture capital limited partnership (ESVCLP) program including those rules introduced by Innovation Agenda amendments in 2016. KPMG Australia provides some practical considerations regarding the ESVCLPs and newly released ATO guide.

[More details](#)

Australia: NSW State tax changes

KPMG Australia reviews the newly introduced legislation that proposes changes to NSW state taxes which includes:

- Landholder duty
- General anti-avoidance provision
- Merger of credit unions and authorised deposit-taking institutions

[More details](#)

Australia: R&D Tax Alerts – Agriculture and Software

On 20 February, the ATO and AusIndustry released two more R&D Taxpayer Alerts – TA2017/4 and TA2017/5. This now makes four Taxpayer Alerts on R&D in 2017 and in combination with recently updated guidance from AusIndustry on industry sectors, demonstrates a sharp focus by the regulators on the R&D claims being made.

[More details](#)

Australia: Superannuation changes – Unsegregated fund impacts

With new superannuation changes commencing on 1 July 2017, much attention has focused on member impacts from the AU\$1.6M cap on pension phase assets. However, as superannuation funds prepare for the changes, a number of practical issues have emerged which require close attention from a fund perspective.

[More details](#)

China

China: Tax Weekly Update – Issue 7

KPMG China issues a newsletter that provides various tax updates on the followings:

- China to reduce non-tax charges on businesses
- Further guidance to pharmaceutical sector (Guo Ban Fa [2017] No. 13)
- Incentives for MNE regional headquarters in Shanghai (Hu Fu Fa [2017] No. 9)

[More details](#)

China: Update on BEPS; recommendations adopted and implemented

China has adopted several of the BEPS recommendations, and already has rolled out the BEPS transfer pricing documentation requirements. It is reported that China is looking to localise the BEPS-updated transfer pricing guidance.

[More details](#)

Hong Kong SAR

Hong Kong: Transfer pricing in budget speech; proposed legislation expected

Hong Kong's Financial Secretary on 22 February 2017 delivered the budget speech to the Legislative Council, and the government's plan for implementing a statutory transfer pricing regime in Hong Kong was briefly mentioned in this year's budget speech.

[More details](#)

India

India: GST Compensation Bill receives final nod from the GST Council

The GST Council concluded its tenth meeting on 18 February 2017 with the key highlights of the decisions taken on GST which includes:

- Clearance of the GST Compensation Bill
- Discussion of GST legislations
- Additional powers to Comptroller and Auditor General of India

[More details](#)

India: Guidance for Assessing Officers verifying cash transactions relating to demonetisation

The CBDT issued a standard operating procedures for assessing officers while verifying cash transactions relating to demonetisation.

[More details](#)

India: Lower tax rate under tax treaty applies

The Special Bench of the Hyderabad Income-tax Appellate Tribunal held that certain tax law provisions do not override provisions of an applicable income tax treaty, to the extent that the treaty provisions are beneficial to the taxpayer.

[More details](#)

India: Profits attributed to permanent establishment; transfer pricing study rejected

The Delhi Bench of the Income-tax Appellate Tribunal held that the assessing officer correctly sought to apply Rule 10 of the Income-tax Rules, 1962 for purposes of determining the profits attributable to a branch in respect of the marketing activities related to direct sales made by the head office in absence of a "correct" transfer pricing study report.

[More details](#)

India: Resale price method, distributor adds no value to goods

The Delhi Bench of Income-tax Appellate Tribunal held that the resale price method is the most appropriate method to benchmark an international transaction for the taxpayer's trading activity involving purchases of goods from foreign related parties and then reselling the same goods without adding any value to them.

[More details](#)

India: Tax treaty update

A protocol amending the income tax treaty (1996) between India and Israel has been "notified" in Notification No. 10/2017.

[More details](#)

New Zealand

New Zealand: Australia to charge GST on low value imported goods

KPMG in New Zealand analyses the implications on New Zealand business exporting goods to Australia following the Australian Government introduction of the draft legislation to impose GST on low value goods imported by Australian consumers.

[More details](#)

New Zealand: CRS implementation legislation receives Royal Assent

On 21 February 2017, the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Act, introduced on 8 August 2016, received Royal Assent. The Act contains measures to implement the common reporting standard.

[More details](#)

Singapore

Singapore: An eye on 5 'I's of Budget 2017

KPMG in Singapore provides insights on the 5 'I's discussed during Budget 2017.

[More details](#)

Singapore: Income Tax: Total asset method for interest adjustment

KPMG in Singapore provides a summary of the recent e-tax guide released by the Inland Revenue Authority of Singapore on the total asset method for interest adjustment.

[More details](#)

Vietnam

Vietnam: Vietnam Technical Update 2017 – Issue 1

KPMG in Vietnam issues a newsletter that provides various tax updates on the followings:

- Corporate Income Tax

- Value Added Tax and invoices
- Export duty and import duty
- Foreign Contractor Tax
- Special Consumption Tax

[More details](#)

Vietnam: Country-by-country reporting part of expanded transfer pricing documentation guidelines

The Vietnamese government has approved a decree concerning transfer pricing documentation, and the decree introduces requirements for country-by-country reporting, Master file and Local file.

[More details](#)

Calendar of Events

Date	Event	Location
24 March 2017	China Tax Update Seminar Contact person: Michelle Chan More details	Orchard Hotel, 442 Orchard Road, Singapore 238879

Beyond Asia Pacific

Egypt: VAT introduced; new rules for settling tax disputes

KPMG in Egypt provides an overview of significant changes to Egypt's tax laws, including the introduction of a new VAT law, which replaces the current sales tax law and new rules for the settlement of tax disputes.

[More details](#)

South Africa: Summary of tax proposals in budget

Budget Highlights

- A new top personal income tax bracket of 45% has been introduced with effect from 1 March 2017 for taxable income above R 1.5 million.
- Trusts, other than special trusts, will also be subject to income tax at the rate of 45%.
- The default rate, at which dividends tax is to be withheld, has increased to 20%, with effect from today.

[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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