



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 04 May 2017



## Asia Pacific Tax Developments

---

### Australia

#### Australia: KPMG hosts Chevron insights session

KPMG Australia recently hosted a discussion on the implications arising from Full Federal Court of Australia's much anticipated transfer pricing decision on Chevron Australia Holdings Pty Ltd (Chevron) v Commissioner of Taxation [2017] FCAFC 62. The group discussed how these implications extend to all taxpayers preparing for, or already the subject of, early engagement, review or audit by the Commissioner – not just those with related party dealings similar to Chevron.

[More details](#)

#### Australia: PRRT report: Existing projects to avoid significant changes?

KPMG Australia examines the Government's PRRT report, which recommends stability for existing projects, and a refreshed regime for new projects.

[More details](#)

---

### China

#### China: China Tax Weekly Update

##### Issue 16

The following matters are covered in this issue:

- China VAT simplification and CIT reduction plans
- Further OECD guidance on Country-by-Country reporting

- New OECD guidance on Automatic Information Exchange
- 4th OECD Global VAT Forum focuses on China reforms
- New measures to deregulate auto sales (MOFCOM Order [2017] No. 1)
- First tax case decision by Chinese Supreme Court

[More details](#)

#### Issue 17

The following matters are covered in this issue:

- Further implementation rules for 2016 VAT reform
- SAT issues guidance on VAT invoice issuance and use (Shui Zong Huo Bian Han [2017] No. 127)
- US tax reform plan principles released
- SAT to alert CIT risks to taxpayers (SAT Announcement 2017 No.10)
- Consolidated guide to tax incentives for innovation and entrepreneurship
- Information sharing promoted by GAC, SAT and SAFE

[More details](#)

---

## Hong Kong SAR

### **Hong Kong SAR: Hong Kong government introduces concessionary tax regime for certain aircraft leasing activities**

The main benefits of the concessionary tax regime for certain aircraft leasing activities are:

- Aircraft leasing income earned by “qualifying aircraft lessors” will be taxed at 1.65% of net rental receipts; and
- A concessional tax rate of 8.25% will apply to “qualifying aircraft leasing management activities”.

[More details](#)

### **Hong Kong: The Trump Administration and U.S. Tax Reform**

The tax reform proposals coming from the President and the U.S. House of Representatives both account for, among other things, a significant U.S. corporate income tax rate reduction and a one-time repatriation tax.

Many details on tax reform have been left open to future discussions with the U.S. Congress, resulting in less clarity on the prospect of tax reform being passed in 2017.

[More details](#)

---

## India

### **India: 40 per cent of the global profit to Indian PE is attributed based on the functions performed, assets deployed and risk assumed**

The Bengaluru Bench of Income-tax Appellate Tribunal held that a liaison office of a multinational company conducting activities that are not “preparatory and auxiliary” constitutes a permanent establishment.

[More details](#)

### **India: Government of India declares 8.65 per cent interest rate on Employees’ Provident Funds Scheme**

The government of India has declared an interest rate of 8.65% on provident fund accumulations for members of employee provident funds schemes for the financial year 2016-2017.

[More details](#)

### **India: International circuit for Formula One championship constitutes a fixed place PE under the India-U.K. tax treaty**

The Supreme Court of India held that an international circuit constitutes fixed place of business under the India-UK income tax treaty, since the circuit was under the control and at the disposal of the taxpayer.

[More details](#)

### **India: No income tax on salary recovered for not serving notice period**

The Ahmedabad Bench of the Income-tax Appellate Tribunal held that deduction made by the employer for not serving the notice period need not be considered as taxable salary and brought into the purview of income tax.

[More details](#)

### **India: Quasi capital transaction, not an interest simplicitor and notional interest adjustment deleted**

It was observed in the recent case of Cadila Healthcare Limited that a transaction which is quasi-capital in nature, cannot be compared with a simple loan transaction and notional interest should not be impugned on such quasi-capital transaction.

[More details](#)

### **India: Sale of business on “going concern” basis is “slump sale” and not a sale of depreciable asset under Section 50(2) of the Income-tax Act – Supreme Court**

The Supreme Court of India, in a case that arose prior to the introduction of slump sale provisions, held that sale of an entire running business on a “going concern” basis is a slump sale under section 50(2) of the Income-tax Act.

[More details](#)

### **India: Taxation Laws (Amendment) Bill, 2017 abolishes cesses levied under the current regime and provides for IGST on import of goods**

The purpose of this Bill is to introduce suitable amendments in the provisions of current legislations or, in some cases repealing such provisions, to ensure smoother GST roll out.

[More details](#)

---

## Thailand

### Thailand: New tax rules on permanent establishment and e-commerce to be introduced

Currently, if a foreign operator which carries on e-commerce business does not enter Thailand or does not have any employee, agent or representative and/or server located in Thailand, such foreign operators should not be regarded as carrying on business in Thailand and thus shall not be subjected to income tax in Thailand. The Thai Revenue Department (TRD) is aware of this loophole and it is expected that the TRD will soon introduce new laws to capture the taxation of cross-border e-commerce transactions in Thailand.

[More details](#)

## Vietnam

### Vietnam: Guidance on depreciation, corporate income tax incentives, input VAT

The Ministry of Finance issued guidance and the General Department of Taxation issued "official letters" concerning:

- Depreciation for a fixed asset (a "complex building" that is used both for normal business activities and for leasing and sales purposes)
- Interest income realized on late payments is not eligible for an exemption from corporate income tax that a company may enjoy
- Determining the eligibility of a company to a corporate income tax incentive
- An increase in the base salary of government employees
- A decrease of the rate of contribution to labour accident and occupational diseases insurance and the government's agreement to reduce the unemployment insurance contribution rate
- Input value added tax (VAT) when a branch uses a headquarter's bank accounts to settle payments
- A VAT refund when a project management office of a foreign contractor dissolves and accumulated input VAT has not been fully credited
- Excluding a trade discount from the taxable price for the "special consumption tax" calculation

[More details](#)

## Calendar of Events

Date	Event	Location
23 May 2017	Goods and Services Tax (GST) seminar: Zero-rating of services and difference between reimbursement and disbursement  Contact person: <a href="#">Shirley Tay</a>  <a href="#">More details</a>	Orchard Hotel, 442 Orchard Road, Singapore 238879

---

## Thought Leadership



### Tax Technology – now and the future

Tax is being vastly impacted by the Third Industrial Revolution, with even more dramatic changes to come with the Fourth. Robotics, automation and Artificial Intelligence will revolutionise the way tax operates, the expectations on tax functions, and what organisations do with the insights gained from this process.

The paper explores areas including:

- The evolution of technology to where we are now
- The Third Industrial Revolution and how organisations are still coming to terms with the changes
- The vast changes that robotics, automation, AI are set to bring to tax
- Business drivers of change and the shifting role of the tax function
- The evolving role of the tax professional
- The new suite of technology approaches KPMG is taking with tax, and more.

[More details](#)

## Beyond Asia Pacific

### Luxembourg: Patent box regime announced for 2018

The prime minister of Luxembourg announced the introduction of a new intellectual property (IP) tax regime in 2018. This new IP (or patent box) regime would aim to reinforce research and development (R&D) activities in Luxembourg and stimulate the R&D spending of foreign investors in Luxembourg.

[More details](#)

### US: Comparisons: President's tax plan, House GOP blueprint, Camp reform bill

KPMG in the US has prepared a report (in a chart or table format) that provides high-level comparisons of key tax reform proposals.

[More details](#)

---

### TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

---

# KPMG Asia Pacific Tax Centre Contacts

## Asia Pacific Regional Leader, Tax



**Khoon Ming Ho**  
**Head of Tax, KPMG Asia Pacific**  
T : +8610 8508 7082  
E : [khoonming.ho@kpmg.com](mailto:khoonming.ho@kpmg.com)

## Asia Pacific Tax Centre Leader, Regional Tax Partner



**Brahma Sharma – KPMG Asia Pacific Limited**  
**Asia Pacific Tax Centre Leader, Regional Tax Partner**  
T : +65 8186 7369  
E : [brahmasharma@kpmg.com.sg](mailto:brahmasharma@kpmg.com.sg)

## Service Line Specialists

### Transfer Pricing Services



**Tony Gorgas – KPMG in Australia**  
**Asia Pacific Regional Leader, Transfer Pricing Services**  
T : +61 2 9335 8851  
E : [tgorgas@kpmg.com.au](mailto:tgorgas@kpmg.com.au)

### Financial Services Transfer Pricing



**John Kondos – KPMG in China**  
**Asia Pacific Regional Leader, Transfer Pricing Services in the Financial Services Sector**  
T : +852 2685 7457  
E : [john.kondos@kpmg.com](mailto:john.kondos@kpmg.com)

### Indirect Tax Services



**Lachlan Wolfers – KPMG in China**  
**Asia Pacific Regional Leader, Indirect Tax Services**  
T : +852 2685 7791  
E : [lachlan.wolfers@kpmg.com](mailto:lachlan.wolfers@kpmg.com)

### Trade & Customs



**Angelia Chew – KPMG in Singapore**  
**Asia Pacific Regional Leader, Trade & Customs Services**  
T : +65 6213 3768  
E : [angeliachew@kpmg.com.sg](mailto:angeliachew@kpmg.com.sg)

### Global Compliance Management Services



**Oi Leng Mak – KPMG in Singapore**  
**Asia Pacific Regional Leader, Global Compliance Management Services**  
T : +65 6213 7319  
E : [omak@kpmg.com.sg](mailto:omak@kpmg.com.sg)

### Global Mobility Services



**Andy Hutt – KPMG in Australia**  
**Asia Pacific Regional Leader, Global Mobility Services**  
T : +61 2 9335 8655  
E : [ahutt@kpmg.com.au](mailto:ahutt@kpmg.com.au)

### International Tax



**Christopher Xing – KPMG in China**  
**Asia Pacific Regional Leader,**  
**International Tax**  
T : +852 2978 8965  
E : [christopher.xing@kpmg.com](mailto:christopher.xing@kpmg.com)

### Deal Advisory M&A Tax



**Angus Wilson – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Deal Advisory M&A Tax**  
T: +61 2 9335 8288  
E: [arwilson@kpmg.com.au](mailto:arwilson@kpmg.com.au)

### Research & Development (R&D) Tax Incentives



**Alan Garcia – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**R&D Tax Incentives**  
T : +61 3 9288 6094  
E: [afgarcia@kpmg.com.au](mailto:afgarcia@kpmg.com.au)

### Dispute Resolution and Controversy



**Angela Wood – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Dispute Resolution and Controversy**  
T: +61 3 9288 6408  
E: [angelawood@kpmg.com.au](mailto:angelawood@kpmg.com.au)

### Legal Services



**David Morris – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Legal Services**  
T: +61 2 9455 9999  
E: [davidpmorris@kpmg.com.au](mailto:davidpmorris@kpmg.com.au)

## Market Sector Specialists

### Financial Services



**Christopher Abbiss – KPMG in China**  
**Asia Pacific Regional Tax Leader,**  
**Financial Services and Banking Sector**  
T: +852 2826 7226  
E: [chris.abbiss@kpmg.com](mailto:chris.abbiss@kpmg.com)

### Alternative Investments & Private Equity



**Simon Clark – KPMG in Singapore**  
**Asia Pacific Regional Tax Leader, Alternative Investments and Private Equity sector**  
T : +65 6213 2152  
E : [simonclark1@kpmg.com.sg](mailto:simonclark1@kpmg.com.sg)

### Sovereign Wealth and Pension Funds



**Angus Wilson – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Sovereign Wealth and Pension Funds Sector**  
T: +61 2 9335 8288  
E: [arwilson@kpmg.com.au](mailto:arwilson@kpmg.com.au)

### Energy & Natural Resources



**Carlo Franchina – KPMG in Australia**  
**Asia Pacific Regional Tax Leader,**  
**Energy & Natural Resources Sector**  
T: +61 8 9263 7239  
E: [cfranchina@kpmg.com.au](mailto:cfranchina@kpmg.com.au)

## Insurance



**John Salvaris – KPMG in Australia**

**Asia Pacific Regional Leader,  
Insurance Sector**

**T : +61 3 9288 5744**

**E : [jsalvaris@kpmg.com.au](mailto:jsalvaris@kpmg.com.au)**

<https://home.kpmg.com/xx/en/home/services/tax/regional-tax-centers/asia-pacific-tax-centre.html>

[www.kpmg.com/tax](http://www.kpmg.com/tax)

---

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

[kpmg.com/app](http://kpmg.com/app)



© 2017 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.