



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: Shirley Tay More details	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](#)

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