



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 27 July 2017



## Asia Pacific Tax Developments

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### Australia

#### **Australia: Access to tax losses: How similar is your business?**

The Australian Taxation Office (ATO) published Law Companion Guide LCG 2017/D6 on 21 July 2017, setting out how the Commissioner will apply the new similar business test in accessing tax losses, bad debt deductions and net capital losses.

[More details](#)

#### **Australia: Black Economy Taskforce taking submissions**

The Black Economy Taskforce has been established to address adverse economic and social implications of black economy activities. The Taskforce's Final Report will be delivered in October 2017 and is expected to include an overarching whole of government policy framework and detailed proposals for action to counter the black economy.

[More details](#)

#### **Australia: Debt, equity and hybrid mismatches - Australia's treatment of hybrid loans**

KPMG Australia discusses Australia's treatment of hybrid loans in regards to the OECD's BEPS recommendations for these transactions.

[More details](#)

#### **Australia: Early Stage Innovation Company Reports due 31 July 2017**

KPMG Australia discusses the ATO requirements regarding the preparation of Early Stage Innovation Company Reports.

[More details](#)

## Australia: The effects of FX: updated ATO International Dealing Schedule

KPMG Australia discusses the ATO's recent release of the updated International Dealings Schedule for 2017. Two interesting changes are:-

- A new question (11g) requiring information to be disclosed on foreign exchange (FX) gains returned or losses deducted by transaction type and currency.
- Question 13 to include specific disclosures on assignment of intellectual property, shares/equity, and loans/debt.

[More details](#)

## Australia: The tax 'wish list' for the CIV regime

Whilst the details of the legal and regulatory framework for the corporate Collective Investment Vehicles (CIV) are still being developed through detailed consultation, the managed funds industry and Treasury are now turning their focus to the next phase of the roll-out, being the tax framework for the corporate CIV.

KPMG Australia looks at some of the issues that need to be considered and what is on the tax 'wish list' for fund managers

[More details](#)

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## China

### China: China Tax Weekly Update – Issue 27

The following matters are covered in this issue:

- Further VAT rules for asset management products
- Tax incentives for small loans made to farmers
- Zero tariff for goods under Mainland-HK, Macau CEPA
- SAT to collaborate with NDRC on use of social credit ratings
- China looks to develop sharing economy
- Northbound Trading under Mainland China-Hong Kong Bond Connect launched
- The OECD pushes international tax transparency efforts

[More details](#)

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## India

### **India: CBDT clarifies that tax shall not to be deducted on GST component of services**

The Central Board of Direct Taxes (CBDT) has recently issued Circular No. 11, clarifying that tax shall be deducted at source under Chapter XVII-B of the Income-tax Act, 1961 on the amount paid or payable without including the GST on services component.

[More details](#)

### **India: Employees' Provident Fund Organisation issues fresh circular on the implications of non-filing of online returns by exempted Provident Fund Trusts**

The Employees' Provident Fund Organisation (EPFO) has issued a circular to direct all the exempted establishments to ensure online filing of e-returns through the portal before 15 June 2017. Another circular was issued to EPFO field offices on the due date of filing prescribed returns as well as the implication of not filing the online returns.

[More details](#)

### **India: Higher tax demand under Section 206AA cannot be raised on account of an incorrect PAN mentioned in the TDS return**

Recently, the Gujarat High Court held that higher tax demand under Section 206AA of the Income-tax Act, 1961 cannot be raised on account of an incorrect Permanent Account Number (PAN) mentioned in the Tax Deducted at Source (TDS) return. The High Court observed that due to a large number of TDS statements and entries in such statements, it would be impossible to process individual claims of corrections, whether they are based on bona fide mistakes or otherwise.

[More details](#)

### **India: India Tax Connect**

KPMG in India provides a monthly publication on tax updates in the country.

[More details](#)

### **India: Remuneration received in India by non-resident taxpayer for services rendered outside India not taxable in India**

Recently, the Calcutta High Court held that salary received by a non-resident taxpayer in his non-resident (External) bank account in India for the services rendered outside India shall not be part of his taxable income.

[More details](#)

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## Indonesia

### **Indonesia: Indonesia Regulatory Update**

This issues covers the following:

- Amendment to Government Regulation Number 79 of 2010 concerning Cost Recovery and Provisions on Income Tax in Upstream Oil and Gas Activities.
- Amendment on Ministry of Finance Regulation No. 70/PMK.03/2017 on Technical Guidance for Access to Financial Information for Tax Purposes.

- Financial Holding Company.
- Certificate of Domicile for Domestic Taxpayers for the Implementation of Double Taxation Avoidance Agreement.

[More details](#)

## Korea

### Korea: Korean Tax Brief – July 2017

This version of Korean Tax Brief provides the updates on the current issues and trends as below:

- The foreign tax included in the gross income when calculating a corporate tax base by selecting the tax credit method under the Corporate Income Tax Act cannot be deducted from the tax base of the corporate local income tax
- National Tax Service will be managing withholding taxes on overseas subsidiaries and non-residents through NTIS
- Whether the defined contribution pension premium falls under the personnel expenses qualified for research/human resource development tax credits
- If a trustee supplies goods while managing or disposing of the trust assets transferred from the trustor, whether the trustee transferring the rights to use or consume the goods through the transaction of supplying goods to the counterparty is a VAT taxpayer
- The Government signs anti-BEPS multilateral agreement to prevent tax avoidance of multinational corporations

[More details](#)

## Singapore

### Singapore: Updated FAQs on common reporting standard

The Inland Revenue Authority of Singapore issued an updated version of “frequently asked questions” (FAQs) as guidance on implementation of the common reporting standard (CRS) measures.

[More details](#)

## Calendar of Events

Date	Event	Location
8 August 2017	Tax and Immigration Considerations for Cross Border Employees to Malaysia Contact person: <a href="#">Ms Carmen Yong</a> / <a href="#">Ms Katherine Subramaniam</a> <a href="#">More details</a>	One World Hotel, Petaling Jaya

# Significant International Tax Developments



## OECD: BEPS Action 2 report; recommendations on branch mismatches

The OECD released a report containing recommendations under Action 2 of the base erosion and profit shifting (BEPS) project. The topic of BEPS Action 2 is: Neutralising the effects of branch mismatch arrangements.

[More details](#)

## Beyond Asia Pacific

### Belgium: Agreement reached on tax provisions in 2018 budget - reduced rate of corporate income tax and other measures

Belgium's government has reached an agreement concerning various tax measures for the 2018 budget—including measures that would:

- Reform the tax treatment of savings by individuals
- Reduce the rate of corporate income tax for large companies and for small and medium-sized enterprises (SMEs)

[More details](#)

### U.S: Federal tax reform proposals may revive dormant state tax issues

Although the Trump Administration and congressional Republicans continue to pursue tax reform, the process is inherently challenging. Most of these challenges would arise at the federal level. But some may arise at the state level—such as the dormant Foreign Commerce Clause of the U.S. Constitution, which restricts the states from favoring domestic over foreign commerce.

[More details](#)

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## TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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