



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 10 August 2017



Asia Pacific Tax Developments

Australia

Australia: CGT for foreign residents – ‘principal asset test’

The Australian Treasury has recently released an Exposure Draft legislation to change the Capital Gains Tax (CGT) treatment for foreign residents that have small interests, through shareholdings, in Australian real property. The new proposals will ensure any associates are included in the testing of whether a CGT liability arises for the foreign resident in relation to disposal of interests in Australian real property.

[More details](#)

Australia: Discretionary trusts – through a different lens

On 30 July 2017, the Leader of the Opposition, Mr Bill Shorten, announced the Australian Labor party (ALP) policy in relation to the taxation of discretionary trust distributions. Prior to this, speculation had existed that the ALP would seek to ‘tax trusts as companies’ – effectively reviving a policy first proposed by the Howard Government in 1998.

[More details](#)

Australia: The (new) RTP schedule: get on top of it now!

KPMG Australia explains the Australian Taxation Office (ATO)'s new Reportable Tax Position (RTP) schedule for companies in the 'Top 1000' group. The ATO recently extended the obligation to complete the RTP schedule to companies in economic groups with a turnover of greater than A\$250M, commencing from years ending on or after 30 June 2018. While the schedule does not need to be completed until lodgement of the 2018 tax return (or 2019 tax return for early balancers), taxpayers should formulate a work plan now so as to reduce and manage potential RTP disclosures, as well as consider how to disclose tax matters in their financial statements.

[More details](#)

Australia: Welcome enhancements to the AMIT regime

Many trustees are evaluating whether to adopt the Attribution Managed Investment Trust (AMIT) regime and undertaking extensive implementation projects. The Minister for Revenue and Financial Services has recently announced a number of changes, including some that had been sought by industry, other integrity measures and unrelated changes to improve the Investment Manager Regime.

[More details](#)

China

China: China Customs Authority Implements National Customs Clearance Integration Regime Reform

The General Administration of Customs recently announced that the Customs Clearance Integration Regime Reform will be rolled out on a nationwide basis, effective from 1 July 2017. The said reform is expected to nationally standardize law enforcement and improve customs clearance efficiency—its main features and their impact are explored in this KPMG Alert.

[More details](#)

China: China Tax Weekly Update – Issue 29

The following matters are covered in this issue:

- China plans financial sector regulatory reforms
- Revised Accounting Standards for Business Enterprises
- Tax incentives for the Beijing 2022 Winter Olympics
- Additional OECD guidance on Country-by-Country reporting

[More details](#)

India

India: Capital gains credited to capital reserve account instead of profit and loss account cannot be considered while computing book profit under the provisions of MAT

The Bombay High Court held that capital gains directly credited to the capital reserve account (instead of the profit and loss account) cannot be considered for purposes of computing book profit under section 115JB of the Income-tax Act, 1961 (the Act).

[More details](#)

India: Employees' Provident Fund Organisation launches new software for online generation of Coverage

The Employees' Provident Fund Organisation (EPFO) announced a new application software for the online generation of a certificate of coverage, which is used to obtain an exemption from contributions towards social security in the host countries for outbound employees with which India has signed social security agreements.

[More details](#)

India: Exemption under Section 11 of the Income-tax Act is not available because the taxpayer's object and activities cannot be regarded as 'education'

Recently, the Chennai Bench of the Income-tax Appellate Tribunal held that the advancement of any object of general public utility cannot be regarded as activities of 'education'. Hence, it is not eligible for exemption under the Act.

[More details](#)

India: India Tax Connect

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

[More details](#)

India: Liaison and project offices do not constitute a PE in India

Recently, the Delhi High Court held that the liaison offices of a taxpayer cannot be regarded as a Permanent Establishment (PE) under the India-Japan tax treaty. In order to constitute a PE, there has to be a fixed place of business through which the business of an enterprise is wholly or partly carried out.

[More details](#)

India: Transfer of shares by Mauritian company under group reorganisation is not taxable in India under the India-Mauritius tax treaty

The Bombay High Court held that capital gain in respect of a transfer of shares of an Indian company, by a Mauritian company, is not taxable in India under the India-Mauritius income tax treaty.

[More details](#)

New Zealand

New Zealand: Update on BEPS, transfer pricing proposals

New Zealand's government released its decisions (cabinet papers), supporting policy reports, and public submissions on a number of base erosion and profit shifting (BEPS) proposals. There are decisions concerning:

- Rules to limit interest deductions and enhance New Zealand's transfer pricing rules
- Rules to prevent avoidance of a New Zealand "permanent establishment"
- Rules to prevent tax mismatches from "hybrid" arrangements
- Implementation of the multilateral instrument (MLI)

[More details](#)

Vietnam

Vietnam: Tax and Legal update – July 2017

The following matters are covered in this issue:

- Foreign loan to fund a commercial residence real estate project is not allowed

- Compulsory insurance contributions are not deducted before gross-up for the period prior to 1 July 2013
- 10% Personal Income Tax (PIT) withholding applies to income of a non-business individual
- Promotion in-kind is not subject to PIT
- Experts of foreign contractors can authorise a Vietnamese party to declare and pay PIT on their behalf
- Invoice for transportation services issued after the clearance date is still considered as a legitimate invoice
- Exchange rate for FCT calculation purposes
- Enforcement of tax management on electronic commerce activities

[More details](#)

Calendar of Events

Date	Event	Location
11 September 2017	Belt and Road Summit Contact person: Anita Chau More details	Hall 5F&G, Hong Kong Convention and Exhibition Centre
14 September 2017	Understanding Withholding Tax[Re-run] Contact person: Nora Kassim / Haleena Azman More details	One World Hotel, Petaling Jaya, Selangor
26 September 2017	KPMG Goods and Services Tax (GST) Seminar 2017 Contact person: Shirley Tay More details	Orchard Hotel, 442 Orchard Rd, Singapore 238879
9 November 2017	Tax and Business Summit 2017 More details	One World Hotel First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya

Beyond Asia Pacific

Russia: Revised “blacklist” of countries; process for identifying shell companies, unjustified tax benefits

Russian federal tax service revised the country “blacklist,” and effective 1 January 2018, the British Virgin Islands and the Republic of Korea will be removed from the list of those countries not sharing tax information. The blacklist comprises 108 countries and 18 territories.

[More details](#)

UK: Proposed corporate interest restriction rules (updates and analyses)

Proposed corporate interest restriction rules were removed from Finance Bill 2017. The government has now confirmed that the corporate interest restriction measures will be included in a Finance Bill, to be introduced as soon as possible after the summer recess, with the start date continuing to be 1 April 2017.

[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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