



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 28 September 2017



Asia Pacific Tax Developments

China

China: Tax planning, negotiations for sales and purchase agreements

Despite potential historical tax non-compliance of mergers and acquisition targets being a key issue when doing deals in China, the appetite for transactions (whether equity or asset deals) has not let up. Consequently, as deal structures in China have also become more complex, the need for sophisticated tax-related clauses within respective sales and purchase agreements has become more critical than ever.

[More details](#)

Hong Kong SAR

Hong Kong: AEOI portal update, “trustee documented trusts”

The Inland Revenue Department of Hong Kong updated the AEOI portal webpage to provide information for trustee documented trusts. The update:

- Defines the term “trustee documented trusts”
- Provides registration and reporting guidelines for trustees of trustee documented trusts
- Requires trustees responsible for reporting information for more than one trustee documented trust to use separate data files

[More details](#)

India

India: CBDT prescribes procedure for filing statement of income from a country or specified territory outside India and foreign tax credit

Recently, the Central Board of Direct Taxes (CBDT) has issued Notification No. 9/2017 prescribing the procedure for filing a statement of income from a country or specified territory outside India and Foreign Tax Credit.

[More details](#)

India: Contract receipts cannot be treated as income of a joint venture company since it was a case of diversion of income by overriding title

Recently, the Jammu & Kashmir High Court in the case of Soma TRG Joint Venture, held that contract receipts cannot be treated as income of the joint venture company and it was the case of diversion of income by overriding title. The taxpayer was formed only for the purposes of submission of tender. It was agreed between two companies of the project that if the joint venture is awarded the work by the employer subsequently, a more detailed joint venture based on the agreement shall be signed.

[More details](#)

India: Share premium amount added to the income of the taxpayer due to failure to prove identity, genuineness and creditworthiness of the investors

Recently, the Ahmedabad Bench of the Income-tax Appellate Tribunal in the case of Umiya Pipes Pvt. Ltd, confirmed the addition on account of share premium since the taxpayer failed to discharge its onus in proving identity, genuineness, and creditworthiness of the applicants paying share premium to the taxpayer.

[More details](#)

SEBI eases norms for Real Estate Investment Trust (REITs) and Infrastructure Investments Trusts (InvITs)

The Securities and Exchange Board of India (SEBI) has approved certain amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014 to enable growth of REITs and InvITs. The changes are highlighted below:

- REITs and InvITs are now allowed to raise debt capital by issuing debt securities
- Strategic investor concept introduced for REITs to be in line with InvITs
- Single asset REITs allowed in line with InvITs
- REITs allowed to lend to underlying Holding company/SPV
- Definition of valuer for REITs and InvITs has been amended

[More details](#)

Japan

Japan: New Tax Treaty with Russia

On 7 September 2017, the governments of Japan and Russia signed a new tax treaty, which will supersede the current tax treaty that entered into force in 1986. The new tax treaty is broadly in line with the OECD Model Tax Convention and the Multilateral Instrument.

[More details](#)

Korea

Korea: Korean Tax Brief September 2017

The following matters are covered in this issue:

- The provision on the reduced tax rate under the tax treaty itself cannot be viewed as tax reduction provision of the country where the income is sourced
- The starting date of the requesting period of the refund request must be the day when the taxpayer becomes aware of relevant event occurring, and not the day when the taxpayer becomes aware of the court case which changes the interpretation of the relevant transaction
- Even if the extension of the corporate tax return deadline is approved, it does not mean the extension of the local income tax deadline has been approved as such authority lies with the head of the relevant local government
- The deadlines for tax return/payment of withholding tax, securities transaction tax are extended for three days next month.
- Tax avoidance of multinational companies will be resolved this year.

[More details](#)

Calendar of Events

Date	Event	Location
31 October 2017 - 1 November 2017	2017 KPMG Asia Pacific Tax Summit More details	Kerry Hotel, Hong Kong (A Shangri-La Group Hotel) 38 Hung Luen Road, Hung Hom Bay, Kowloon, Hong Kong
9 – 20 November 2017	Tax and Business Summit 2017 More details	Petaling Jaya, Kota Kinabalu, Johor, Kuching, Ipoh, Penang
17 November 2017	Forms IR8A/IR21 remuneration reporting workshop Contact person: Hanna Surani More details	Singapore Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865

Significant International Tax Developments



OECD: First reviews, implementation of BEPS tax dispute resolution mechanisms

The Organisation for Economic Cooperation and Development (OECD) announced the release of the first “peer reviews”—analysis of efforts by Belgium, Canada, the Netherlands, Switzerland, the United Kingdom, and the United States—on implementation of the base erosion and profit shifting (BEPS) minimum standards for improving tax dispute resolution mechanisms.

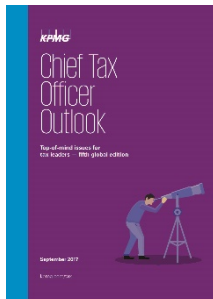
[More details](#)

OECD: Tax administrations to discuss BEPS, information exchanges

The OECD announced that later this week, heads of tax administrations will meet and discuss the status of implementation of the BEPS project and the movement towards the automatic exchange of financial account information. The discussions will also focus on taxation of the digital and sharing economy.

[More details](#)

Thought Leadership



Chief Tax Officer Outlook

Never before has the tax department played such an integral role in the success of the business. All round the world, Chief Tax Officers (CTOs) are expected to align tax with business goals, drive strategic value, increase transparency, and improve the efficiency of tax operations.

This publication is designed to highlight top-of-mind issues for tax executives and review some of the ways CTOs are addressing these opportunities and challenges, offering fresh ideas and practical and actionable insights to help CTOs demonstrate the value tax departments bring to organizations.

Topics addressed in this edition:

- Tax reform: Where are we now?
- Tax reform: What steps are CTOs taking?
- Tax reform: How are CTOs communicating?
- Tax tech: Bots have arrived

[More details](#)



Technology revs up regulatory complexity and drives deeper data demands

For many companies, compliance means a lot more than preparing tax forms and meeting filing obligations. Advanced technology is fuelling regulatory demand for more data, ever more rapidly and in much greater detail.

As the need to produce higher-quality, real-time information accelerates and compliance draws more attention from internal and external stakeholders, finance and tax teams face growing complexity, along with mounting pressure on their stretched resources to get compliance right.

To meet increasing demands and competing priorities, businesses need an end-to-end strategy for data and technology that covers all the bases. Produced by our Global Compliance Management Services team, the article takes a closer look at digital transformation and explores the five building blocks for transforming an organisation's digital compliance technology platform.

[More details](#)

Beyond Asia Pacific

Sweden: Tax changes in 2018 budget

The budget bill for 2018 proposes a number of changes in the tax area, including new tax rules for the corporate sector. Among the measures are those that would require employers to submit employee tax withholdings monthly in an employer's declaration filed with the Swedish tax agency (the effective date would be 1 July 2018 or 1 January 2019 depending on the type of taxpayer).

[More details](#)

UK: Implications of EU-Canada trade agreement for UK businesses

The Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada entered into force on 21 September 2017. What are the implications of the agreement for UK businesses? UK firms can take a full advantage of opportunities under CETA from 21 September until the day the UK leaves the EU. As customs duties are an irrecoverable tax, any savings have a direct impact on the bottom line. KPMG in the UK prepared a report addressing this subject.

[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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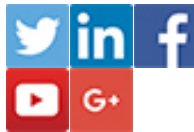
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