



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 07 June 2018



Asia Pacific Tax Developments

Australia

[Australia: Australian Securities and Investments Commission \('ASIC'\) signals crackdown on foreign financial services providers](#)

KPMG Australia examine ASIC's proposed changes for foreign financial services providers. In the firm's view, the proposal represents a departure from ASIC's historical approach to the regulation of FFSPs, which to date has prioritised the facilitation of cross-border investment and liquidity into Australian wholesale markets.

[More details](#)

[Australia: Corporate Tax Avoidance Inquiry reaches the end of the road](#)

KPMG Australia review the recently released Corporate Tax Avoidance Inquiry final report. The recommendations from the report covers:

- Changes to thin capitalisation rules such that the worldwide gearing ratio would be the sole method by which interest-related deductions are calculated.
- A review into Australia's transfer pricing regime to identify how it can be improved.
- the adoption of various tax transparency measures, including making the Tax Transparency Code mandatory, allowing public release of limited Country-by-Country Report data, and requiring all entities with income over a certain threshold to lodge general purpose financial statements with the ASIC.
- Companies, trusts and other corporate structures should be required to disclose information regarding their beneficial ownership for publication on a public register.
- The Australian Taxation Office should be required to publish a dedicated section on the number and value of tax settlements of \$50 million or greater in its annual report.
- Finalization and release of the government's response to the Callaghan report into the Petroleum Resource Rent Tax (PRRT), and the making of various changes to simplify and/or limit the deductions that can be claimed in calculating PRRT.

[More details](#)

[Australia: Limited time to get your superannuation house in order](#)

KPMG Australia discuss the introduction of a bill which proposed a 12 month amnesty for employers who make voluntary SGC disclosures. If enacted, the amnesty will start from 24 May 2018 and will be available until 23 May 2019.

[More details](#)

[Australia: Productivity Commission backs permanent super rollover relief](#)

KPMG Australia discuss key recommendations from the Productivity Commission's draft report on the superannuation industry.

[More details](#)

[Australia: Streamlined Employer Compensation Reporting](#)

This report covers the introduction of Single Touch Payroll in Australia from 1 July 2018 concerning the reporting of payroll information, including pay as you go (PAYG) withholding tax and superannuation contributions.

[More details](#)

[Australia: Significant Global Entity definition broadened](#)

KPMG Australia discuss the implications of the new broadened definition of a Significant Global Entity (SGE). This will directly impact a number of large multinationals who, under the current SGE definition are outside the SGE net.

[More details](#)

[Australia: Updated FATCA formatting requirements, Common Reporting Standards \('CRS'\) guidance for tax agents](#)

The Australian Taxation Office issued guidance concerning FATCA and the CRS that:

- Updates the formatting requirements for the DocRefID data element related to the reporting of U.S. FATCA returns to reflect changes made by the IRS.
- Concerns CRS guidance for tax agents with information regarding the obligations of tax agents and their clients under the automatic exchange of information laws.

[More details](#)

China

[China: CRS reporting deadline extended to 30 June 2018](#)

China's tax authorities announced that the reporting deadline for FY 2017 has been extended to 30 June 2018 (from 31 May 2018) under the CRS regime.

[More details](#)

[China: "Most favored nation" customs duty rate reductions, for consumer goods](#)

The government of China has formally announced a customs duty (tariff) reduction under which "Most Favored Nation" rates would be reduced for almost 1,500 "8-digits items," effective 1 July 2018.

[More details](#)

India

[India: AAR decision on the taxability of the loan related fees paid to the non-resident under the India-France tax treaty](#)

The Authority for Advance Rulings held that the front-end fee received for the appraisal of loan application is not taxable as interest under the India-France tax treaty. However, the front-end fee (other than appraisal fee); commitment fee, cancellation fee, monitoring fee and amendment fee are taxable as interest under the tax treaty.

[More details](#)

[India: Issue of fresh equity shares is not a transfer of capital asset and therefore not taxable under the Income-tax Act](#)

Recently, the Mumbai Bench of the Income-tax Appellate Tribunal ('the Tribunal') in the case of Supermax Personal Care Private Limited held that issue of fresh equity shares is not a transfer of capital asset. It is a capital receipt and therefore not taxable under the Income-tax Act, 1961. The Tribunal observed that in order to attract the capital gain tax under Section 45 of the Act, the property transferred must be a capital asset on the date of transfer. However, in taxpayer's case, there was no transfer of a capital asset.

[More details](#)

[India: Marketing business process outsourcing services not taxable as fees for technical services](#)

The Kolkata Bench of the Tribunal held that payments to a foreign company for marketing a taxpayer's business process outsourcing services in foreign countries were not taxable in India because the foreign marketing companies were engaged only for promoting and marketing of the taxpayer's business process outsourcing service in the United States. The company neither rendered any services in India nor such services were technical in nature, hence the payment is not taxable under the provisions of the Indian Income tax Act or under India- US tax treaty

[More details](#)

[India: Membership fees and contribution received by a foreign non-profit organisation are not liable to tax in India on the principle of mutuality](#)

The Authority for Advance Rulings held that membership fees and contribution received by the applicant (a non-profit organisation) from its members on account of rendering certain services are not taxable as business income since the receipts are not in the nature of business..

[More details](#)

[India: Payments for marketing of taxpayer's BPO services in foreign countries are not taxable as FTS under the Income-tax Act as well as under the India-U.S. tax treaty](#)

Recently, the Kolkata Bench of the Tribunal in the case of Onprocess Technology India Pvt. Ltd held that payments to a foreign company for marketing of taxpayer's Business Process Outsourcing (BPO) services in foreign countries are not taxable in India since the foreign marketing companies were engaged only for promoting and marketing of taxpayer's BPO service in the U.S. Except canvassing for customers in the foreign territories, these companies did not render any service in India nor the services performed were technical in nature.

[More details](#)

[India: Payments received by a foreign company for global reservation/ other services are chargeable to tax in India under the Income-tax Act as well as under the India-Luxembourg tax treaty](#)

Recently, the Authority for Advance Rulings (AAR) in the case of FRS Hotel Group (LUX) S.A.R.L. held that the payments received by the applicant from the Indian hotel for provision of Global Reservation Services (GRS) is chargeable to tax in India under Section 9(1)(i) of the Income-tax Act, 1961 as well as under Articles 5 and 7 of the India-Luxembourg tax treaty as business income

Further, it is attributable to the applicant's Permanent Establishment in India since the applicant is carrying on the entire business operations from the fixed place in India..

[More details](#)

India: Payments received for the content delivery solutions for accelerating content and business processes online are not in the nature of FTS/royalty

Recently, the Authority for Advance Rulings held that the payments received by the applicant from the Indian company under the Services Reseller Agreement for the content delivery solutions for accelerating content and business processes online are not in the nature of Fees for Technical Services or royalty.

[More details](#)

India: Updated user guide under FATCA and CRS regimes

The tax department has updated the user guide for the "Report Generation Utility Form 61B" that provides information relating to the legal framework and the process for generating reportable account statements using Form 61B under the FATCA and the CRS regimes.

[More details](#)

Pakistan

Pakistan: Finance Act 2018

The amendments proposed by Finance Bill, 2018 have now been enacted through Finance Act, 2018 with changes made in some of the proposed amendments and also incorporating some new amendments.

[More details](#)

Philippines

Philippines: InTAX: May 2018 Issue 1 | Vol.1

The Bureau of Internal Revenue issued Revenue Memorandum Order (RMO) No. 19-2018, 25 April 2018, to revise the guidelines, policies and procedures in Registering New Business prescribed under RMO No. 6-2018. It also provides for the implementation of the "Single Window" in the registration of new business registrants in order to improve taxpayers' satisfaction and address delay in the processing of the Certificate of Registration (COR) and Authority to Print (ATP).

[More details](#)

Thailand

Thailand: New fee reduction for corporate registration matters

Effective from 21 April 2018, government fees for corporate registration and other corporate matters have been substantially reduced as announced under the Ministerial Regulation Prescribing Rates, Decreasing and Waiving of Fees for Registration, Inspection of Documents, Certified Copies of Documents and Other Fees in Relation to Partnerships and Limited Companies, B.E. 2561 (2018)

[More details](#)

Vietnam

Vietnam: KPMG Legal Update Decree 63 on Public Private Partnership (PPP)

The new Decree 63/2018/ND-CP (“Decree 63”), which will come into effect on 19 June 2018, introduces a number of major changes to encourage private investors to invest in public private partnership (“PPP”) projects. Under this new decree, management and supervision of PPP projects, especially Build-Transfer contracts, is expected to be stricter.

[More details](#)

Vietnam: KPMG Tax Alert Decree 81 - New Regulation on Commercial Promotions

On 22 May 2015, the Government issued the Decree 81/2018/ND-CP superseding Decree 37/2006/ND-CP providing Subordinate Guidance to Law on Commerce on commercial promotions. Decree 81 takes effect on 15 July 2018 with a number of notable changes.

[More details](#)

Significant International Tax Developments



United Nations: UN Updates Model Double-Taxation Agreement

The United Nations (UN) has released the 2017 UN Model Double Taxation Convention between Developed and Developing Countries. This update incorporates some of the changes from the OECD's 2017 Model Tax Convention, which will curtail entities from attempting base erosion and profit shifting.

[More details](#)

Beyond Asia Pacific

EU: New mandatory disclosure requirements for intermediaries and taxpayers, effective 25 June 2018

The new mandatory disclosure requirements for intermediaries and relevant taxpayers will enter into force on June 25, 2018

[More details](#)

United States: KPMG report – Tax reform and publicly traded partnerships

This KPMG report considers certain changes that affect natural resource publicly traded partnerships, discuss issues surrounding implementation of the new rules for these partnerships, and identifies issues for which further guidance may be necessary.

[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

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

Service Line Specialists

Transfer Pricing Services



Tony Gorgas – KPMG Australia
Asia Pacific Regional Leader,
Transfer Pricing Services
T : +61 2 9335 8851
E : tgorgas@kpmg.com.au

Financial Services Transfer Pricing



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

Indirect Tax Services



Lachlan Wolfers – KPMG China
Asia Pacific Regional Leader,
Indirect Tax Services
T : +852 2685 7791
E : lachlan.wolfers@kpmg.com

Research & Development (R&D) Tax Incentives



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

Global Compliance Management Services



Jenny Clarke – KPMG Australia
Asia Pacific Regional Leader,
Global Compliance Management
Services
T : +61 2 9335 7213
E : jeclarke@kpmg.com.au

Global Mobility Services



Ben Travers – KPMG Australia
Asia Pacific Regional Leader,
Global Mobility Services
T : +61 3 9288 5279
E : btravers1@kpmg.com.au

International Tax



Christopher Xing – KPMG China
Asia Pacific Regional Leader,
International Tax
T : +8610 8508 7072
E : christopher.xing@kpmg.com

Deal Advisory M&A Tax



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

Dispute Resolution and Controversy



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

Legal Services



Stuart Fuller – KPMG Australia
Asia Pacific Regional Leader,
Legal Services
T: +61 2 9458 1590
E: stuartfuller@kpmg.com.au

Trade & Customs



Leonie Ferretter – KPMG Australia
Asia Pacific Regional Leader,
Trade & Customs Services
T: +61 2 9455 9330
E: lferretter@kpmg.com.au

Market Sector Specialists

Financial Services



Christopher Abbiss – KPMG China
Asia Pacific Regional Tax Leader,
Financial Services and Banking
Sector
T: +852 2826 7226
E: 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

Sovereign Wealth and Pension Funds



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

Energy & Natural Resources



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

Insurance



John Salvaris – KPMG Australia
Asia Pacific Regional Leader,
Insurance Sector
T : +61 3 9288 5744
E : 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

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



© 2018 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.