



KPMG Asia Pacific Tax Weekly

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Asia Pacific Tax Developments

Australia

[A year-end adjustment, may require more adjusting than you think](#)

It's time to determine what payments should be included in the customs value of imported goods.

[Large corporate groups' net income tax gap trending downwards](#)

The Australian Taxation Office (ATO) has released an updated estimate of the large corporate groups' income tax gap for each of the 2010–11 to 2016–17 financial years. The restated figures show a downward trend for the past four years indicating that a number of legislative changes are having an effect on reducing the incidence of diverging views of the law.

[Licenced seismic data a depreciating asset says ATO](#)

KPMG Australia discuss the ATO's finalised view on the income tax treatment of expenditure incurred by an entity that collects and processes seismic data that is then non-exclusively licenced to multiple clients.

[NSW Government proposes expansion of landholder duty base](#)

The State Revenue Legislation Further Amendment Bill 2019 was introduced into the New South Wales (NSW) Parliament to amend the legislation relating to duties and land tax.



[Untaxed capital gains excluded from FITO limit calculation](#)

As discussed by KPMG Australia, restrictions on including untaxed capital gains may result in reduced foreign income tax offset under a ATO draft determination.

China

[Administrative guidance on income tax treaty benefits](#)

China's state tax administration released administrative guidance (Announcement 35) with regard to the application of China's network of income tax treaties. Announcement 35 will be effective January 2020 and will replace the existing guidance (from 2015).

India

[Business support service fees received by a foreign company from its Indian subsidiary are not taxable as royalty under the India-Netherlands tax treaty](#)

The Mumbai Bench of Income-tax Appellate Tribunal (the Tribunal) held that fees received by a foreign company for rendering business support services to its Indian subsidiary cannot be treated as royalty under the India-Netherlands tax treaty (the tax treaty) since there was no imparting of any 'know-how' or there was no transfer of any knowledge, skill or experience.

[CBDT issues further FAQs in respect of filling of ITR forms for the AY 2019-20](#)

CBDT issued Circular in form of 9 FAQs to address the issues arising with respect to filling ITR forms for AY 2019-20.

[CBDT issues circular for the conduct of assessment proceedings through 'E-Proceeding' facility during financial year 2019-20](#)

CBDT has issued Circular, providing directions with respect to the conduct of assessment proceedings through 'E-Proceeding' facility during Financial Year (FY) 2019-20.

[CENVAT Credit of services sold to employees can be availed by the employer – CESTAT, Hyderabad](#)

Customs, Excise and Service Tax Appellate Tribunal (CESTAT) has recently held that employer shall be eligible to avail CENVAT credit on input services which are sold by the employer (appellant) to its employees for a consideration.

[Circular update – Sabka Vishwas \(Legacy Dispute Resolution\) Scheme, 2019 \(SVLDRS\)](#)

Central Board of Indirect Taxes and Customs (CBIC) has released a new circular, clarifying therein the issues raised by trade and field formation, particularly with respect to withdrawal of appeals, mis-declaration in the application made under the scheme, adjustment of deposit made for determining the relief and voluntary disclosures.

[Government of India declares 8.65% interest rate on Employees Provident Funds Scheme for FY 2018-19](#)

The Government of India has declared a rate of interest of 8.65% for crediting interest on Provident Fund accumulation for members of the Employees' Provident Funds Scheme for the FY 2018-19. The Employees' Provident Fund Organisation (EPFO) issued a circular in this regard.

[GST Notification updates – Rules amended to restrict availment of input tax credit \(ITC\)](#)

As announced in the 37th GST council meeting, the Government in order to tackle the menace of fake invoices, has amended certain provisions of input tax credit to regulate the availment of ITC.

[KPMG Tax Assemblage - July to September 2019](#)

Summary of the Tax Assemblage over the period of July to September 2019.

[Liaison Office of a Singapore based company constitutes a PE in India under the India-Singapore tax treaty](#)

The Delhi Bench of the Tribunal held that the Liaison Office of the taxpayer constituted a Permanent Establishment (PE) in India under the India-Singapore tax treaty (tax treaty).

[Maharashtra VAT law alert - Inquiry against payment of royalty for use of trademarks and technical know-how by an Indian entity](#)

Maharashtra VAT authorities had initiated an inquiry and, in some cases, issued notices, to multi-nationals and their respective overseas group companies, proposing to levy VAT on royalty paid for use of trademark and technical know-how.

[Offshore supply of equipment by an Italian company to Indian telecom operators is not taxable in the absence of a PE and business connection in India](#)

The Delhi Bench of the Tribunal held that offshore supply of equipment to telecom operators in India cannot be brought to tax in the absence of a Permanent Establishment in India under the India-Italy tax treaty and in the absence of business connection under the Income-tax Act, 1961.

[Recent AAR rulings dealing with the taxability of capital gains under the India-Mauritius tax treaty](#)

The Delhi Bench of the Authority for Advance Rulings (the AAR) held that the capital gain arising on transfer of shares of an Indian entity by a Mauritian entity to a Singapore entity under the group reorganisation is not taxable in India under erstwhile Article 13(4) of the India-Mauritius tax treaty.

[Recovery of mediclaim insurance premium from employee, not subject to levy of GST – AAR, Maharashtra](#)

Authority for Advance Ruling, Maharashtra (AAR) have recently held that recovery of 50% of the insurance premium from the salary of the employee for parents Mediclaim cannot be treated as an activity done in the course or furtherance of business and hence not subject to levy of GST.

[TDS credit is allowed in the year in which the corresponding income is assessable and not in the year of TDS deposit](#)

Pune Bench of Income-tax Tribunal allowed the credit of Tax Deducted at Source (TDS) in the year in which the corresponding income is assessable in the hands of the taxpayer.

Taiwan

[Updated XML items, declaration forms under CRS regime](#)

The International Finance Department of Taiwan published updated versions of the XML-related items concerning the common reporting standard (CRS) regime.



Significant International Tax Developments

[OECD releases public consultation document on a 'unified approach' for taxing the digital economy](#)

Organisation for Economic Co-operation and Development (OECD) Task Force on the Digital Economy (TFDE), the OECD on 9 October 2019, released a public consultation document¹. It sets out a proposal for a unified approach to the nexus and profit allocation challenges arising from digitalisation.



Beyond Asia Pacific

[Germany: VAT liability of digital platforms; EC infringement proceedings initiated](#)

The European Commission announced it has decided to send a formal notice to Germany in relation to German legislation with regard to the taxation of distance sales of goods sold through digital marketplaces.

[Mexico: Crediting VAT on imported goods if no withholding](#)

Taxpayers that have been involved in certain maquila transactions were to withhold value added tax (VAT) when the goods were imported using a "V5" customs declaration. If VAT was not withheld, under then-applicable rules, the taxpayers could offset the amount of the VAT liability by using other tax overpayments. However, given changes to the rules and following the results of tax audits, taxpayers may want to consider revising their tax situations.



TaxNewsFlash by region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



David Linke
Head of Tax & Legal,
KPMG Asia Pacific
T : +61 29335 7695
E : davidlinke@kpmg.com.au

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma D Sharma
Chief Operating Officer, Tax & Legal
KPMG Asia Pacific
T : +65 8186 7369
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



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

Research & Development (R&D) Tax Incentives



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

Indirect Tax Services



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

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KPMG Asia Pacific Tax Centre Contacts

Global Compliance Management Services and Financial Services



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

Global Mobility Services



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

International Tax



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

Deal Advisory M&A Tax



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

Dispute Resolution and Controversy



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

Legal Services



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

Trade & Customs



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

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KPMG Asia Pacific Tax Centre Contacts

Market Sector Specialists

Energy & Natural Resources



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

Insurance



John Salvaris
Asia Pacific Regional Leader,
Insurance Sector
KPMG International
T : +61 3 9288 5744
E : jsalvaris@kpmg.com.au

Sovereign Wealth and Pension Funds



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



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