



Indirect Tax and Customs alert: COVID-19

Expanding perspectives and possibilities

Asia Pacific: COVID-19 related measures

Greetings from your Tax & Legal team at Deloitte Singapore. We hope that you and your loved ones are staying and healthy in these challenging times. As we navigate ourselves through this trying period, we are committed to giving you the support you need.

We are pleased to share with you an Asia Pacific (AP) overview of COVID-19 measures taken in recent days that impact indirect tax, customs, and trade activities.

This document is intended as a high-level indicator of COVID-19 indirect tax, customs, and trade measures being introduced around the AP region to manage the potential economic and fiscal effects of COVID-19 on business in various countries.

Australia

Delayed or spread payment of value-added tax (VAT)/Sales tax due

The Australian Taxation Office (ATO) is offering administrative measures to assist businesses experiencing financial difficulty due to COVID-19. These do not apply automatically, and require affected businesses to negotiate an arrangement with the ATO based on their needs and circumstances.

The measures relevant to Goods and Services Tax (GST) obligations that can be negotiated with the ATO are:

- Deferral by up to six months (i.e., by up to 12 September 2020) of the payment date of GST liabilities.
- Entry into a low interest payment plan arrangement to manage existing and/or future GST tax liabilities.
- Remittance of interest and penalties that have been applied after 23 January 2020 in respect of GST obligations of the business.

The ATO is suggesting also that businesses on a quarterly GST reporting cycle consider opting into monthly GST reporting if they have GST input tax credits they wish to access sooner. Businesses changing to monthly reporting can only do so with effect from the start of a new quarter (i.e., 1 April, 1 July, etc.) and must continue to report monthly for at least 12 months.

The ATO is contacting large business taxpayers (i.e., entities that are part of an economic group with combined turnover > AUD 250 million) to determine whether the individual taxpayer's circumstances require that any current ATO compliance activity/tax assurance review should be paused or have a revised timeframe put in place, or whether the review can proceed as already planned. The ATO has stated that it will not be starting any new audit or assurance cases for the time being. In cases where the ATO has previously notified a large business taxpayer that the ATO would be commencing a review in the months ahead, the ATO is making contact to discuss postponement.

Functioning of tax authorities

The ATO has put its public rulings and guidance program largely on hold, and is only providing critical public advice and guidance, including advice about COVID-19 impacts.

China

Exemption from VAT

As from 1 January 2020, the following are non-vatable or exempt from VAT:

- Services to transport key emergency supplies;
- Public transportation services;
- Lifestyle services; and
- Pick-up, courier, and/or delivery services of daily necessities provided to residents.

VAT refund

- Starting from 20 March 2020, the export refund rate of 1,084 products (some of which relate to the prevention of COVID-19) increased to 13 percent; and
- As from 1 January 2020, manufacturing businesses producing key supplies for epidemic prevention and control may claim refunds of any incremental unutilised input VAT on a monthly basis.

Small-scale VAT payers

During the period 1 March through 31 May 2020:

- VAT will not be collected in Hubei province; and

- The VAT rate is decreased from 3 percent to 1 percent in non-Hubei regions.

Customs simplifications and other relief measures

- Green channel for imported epidemic prevention goods. Goods can be released on a priority basis in urgent cases.
- Simplified inspection process of imported medical and epidemic prevention goods.
- Consignors and consignees are allowed to not show up for customs on-site inspections.
- Extension of customs timeline for consolidated filing, duty payment, etc. Simplification of penalty procedure for epidemic prevention goods.
- VAT exemption treatment on the revenue generated by affected industries and on qualified goods. Preferential import treatment of key commodities.
- The importation of agricultural products/foods is encouraged. Exportation is also encouraged but the exportation of medical goods should be subject to inspection at Customs.

Imposition of additional tariffs suspended

Additional tariffs will not be imposed on US-origin imported goods used for coronavirus prevention purposes. For US-origin goods not covered, additional tariffs apply, but companies can consider applying for a tariff exclusion.

India

Extension of due dates for filing monthly and annual returns due between March to June 2020:

- The due date for filing Form GSTR-3B is extended for taxpayers with aggregate annual turnover of more than INR 50 million—Returns due in March, April, and May 2020 may be filed by the last week of June 2020. Reduced interest at 9 percent from 15 days after the relevant due date (as opposed to the current 18 percent) would be charged. No late fee or penalty would be charged.
- Taxpayers with aggregate annual turnover of less than INR 50 million - Returns due under Form GSTR-3B in March, April, and May 2020 may be filed by 30 June 2020. No interest, late fee, and penalty would be charged.
- The due date for filing the annual return (Form GSTR-9) for FY 2018-19 has been extended to 30 June 2020.
- There is an extension to the validity of e-way bills (i.e., the document required for the transport of goods).
- The time limit for payment by the declarant under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 has been extended to 30 June 2020.
- The conditions for availing tax credits under GST have been relaxed up to September 2020.

24x7 customs clearance at India ports for supply to/from China

24x7 customs clearance has been introduced at all ports in India for addressing any delay or surge in imports from and exports to China up to May 2020.

- There is a waiver of the late fee on filing documents for import consignments from China.

- A helpdesk has been instituted for resolving trade related issues.
- Due dates for the filing of appeals, furnishing applications, and other compliance under the customs law and other allied laws, where the time limit is expiring between 20 March and 29 June 2020, has been proposed to be extended to 30 June 2020.
- Duty on the import of ventilators, masks, PPE kits, testing kits, and inputs for the manufacture of equipment has been exempted up to 30 September 2020.

Reimbursement of State Goods and Service Tax (SGST)

A scheme for the reimbursement of SGST due and deposited by hotels and tour operators has been announced by the state of Rajasthan.

- The amount of SGST paid by applicants during the period 1 April to 30 June 2020 would be available as reimbursements. Guidelines on the procedural aspects are to be notified separately.
- A special incentive package has been announced for promoting the manufacture of COVID-19 related medical equipment and drugs. Capital subsidy, stamp duty waivers are available to eligible units making investments in fixed assets. Detailed procedural guidelines are to be issued separately.

Extension of timelines under Customs, GST, Excise and Service Tax laws

- Any time limit, falling between 20 March and 29 June 2020, for completion of any proceedings or issuance of any order, notice, intimation, notification or sanction or approval, by any authority, commission or tribunal has been extended to 30 June 2020 or any later date to be notified by the Government in this regard.
- Any time limit, falling between 20 March and 29 June 2020, for filing of appeal, reply or application or furnishing of any report, document, return or statement has been extended to 30 June 2020 or any later date to be notified by the Government in this regard.
- Pending refunds under GST are to be processed on a fast track basis.

Special relaxations for Special Economic Zones

There have been directions for no punitive action against developers/co-developers/units in the case of delayed compliances, such as:

- The requirement to file a Quarterly Progress Report (QPR) attested by independent chartered engineers by developers/co-developers.
- The SOFTEX form to be filed by Information Technology (IT)/Information Technology Enabled Service (ITES) units.
- The filing of Annual Performance Reports (APR) by Special Economic Zone units and the extension of Letter of Approvals (LoA).

There is an ad-hoc interim extension up to 30 June 2020 in the case of expiring LoAs and other compliances during the period of disruption.

Special measures relation to Foreign Trade Policy (FTP)

- FTP 2015-2020 and underlying procedures (Handbook of Procedures) have been extended by one year until 31 March 2021.
- Conditions in respect of the export of certain APIs and formulations have been relaxed; whereas the export of diagnostic kits has been restricted.
- The export obligations period under relevant schemes has been extended for six months.

- There are extensions to the due dates for filing rebate claims under relevant schemes (such as Service Exports from India Scheme, Merchandise Exports from India Scheme, etc.).

Certificate of Origin (CoO) requirements

There has been relaxation of the requirement to submit the original copy of CoO. A 'digitally signed' or 'unsigned copy' of CoO would be accepted for provisional clearance of goods subject to final assessment to be made on the final submission of the original copy at a subsequent date.

The retrospective issuance of CoO under India's trade agreements with other countries will be made after the offices are open in India. In the interim period, the Government has urged its trading partner countries with which India has Free Trade Agreements (FTA) to allow eligible imports under preference on a retrospective basis subject to subsequent production of CoO by Indian exporters.

Temporary export prohibition on personal protective equipment and certain medical goods

The exportation of personal protective equipment and certain medical products, such as medicines, sanitizers, and ventilators is restricted.

Indonesia

Tax relief

On 21 March 2020, the Indonesia Minister of Finance issued Regulation Number 23/PMK.03/2020 (PMK-23), introducing a number of tax reliefs designed to support businesses and individuals. The tax reliefs include preliminary refund of VAT overpayments to certain selected sectors.

- Preliminary VAT refund following low-risk VAT entrepreneur (PKP) procedures (i.e., one-month refund process) where the PKP fulfils the following criteria:
 - The Business Classification (*Klasifikasi Lapangan Usaha* [KLU]) is included in the list provided in Attachment F of PMK-23; or
 - A KITE company (i.e., a company who is entitled to relaxation of conditions for import of goods for export purposes).
- The maximum amount of VAT overpayment stated in the VAT return for which preliminary VAT refund may be made is IDR 5 billion.
- The refund request must be submitted by 31 October 2020 at the latest.

Circular Letter Number 19/PJ/2020 (SE-19) provides [additional guidance](#) for the tax-related incentives stipulated in PMK-23.

Laboratory testing of certain imports

Any importation and/or movement of mammals and pets from Hong Kong or China must be accompanied by a laboratory test result for COVID-19.

Japan

Customs duty and import consumption tax exemption

- Customs duty and import consumption tax exemption for the goods to be donated due to COVID-19.

Malaysia

Delayed filing/payment

The deadline for filing/payment of SST-02/02A returns which are due by 31 March 2020 or 30 April 2020 has been extended to 12 May 2020. Remission can be applied for penalties imposed (if any) on filings/payments made after the default due dates but not later than 12 May 2020.

Service tax exemption for hotels

Operators of accommodation premises are exempted from levying service tax on the provision of accommodation services and other services within the accommodation premises, for a period of six months from 1 March 2020 to 31 August 2020.

Effective: 1 March 2020 to 31 August 2020.

Import duty and sales tax exemption on equipment and machinery for port operators

Port operators whose ASPs incentive period have ended will be given import duty and sales tax exemption on imported or locally purchased equipment and machinery used directly in port operations subject to the following criteria: (a) basic equipment and machinery used directly in port operations and (b) this import duty and sales tax exemption is not applicable to the import or purchase of spare parts and consumables including those used for maintenance purposes.

Effective: Application for exemption submitted to Ministry of Finance (MOF) between 1 April 2020 and 31 March 2023.

Import duty and sales tax exemption for port operators whose period of approved service project has ended

The exemption is granted on importation and domestic purchase of machines and equipment that are fundamental and used directly in port operations. The exemption is not applicable for spare parts and consumables, including those used for maintenance. Applications are to be made from 1 April 2020 to 31 March 2023.

Import duty and sales tax exemption on the acquisition of face masks

Sales tax and import duty exemption for medical, lab, and personal protective equipment as well as consumables used in tackling COVID-19, which are donated to the Ministry of Health. Applications may need to be made to specific prescribed governmental agencies according to the description/tariff codes of the item.

Import duty, excise duty and sales tax exemption provided for the acquisition of undenatured ethyl alcohol and denatured ethyl alcohol used for the manufacture of hand sanitizers:

Applications will need to be made to the Ministry of Finance complete with documents/information that include:

- The manufacturing license issued by the Malaysian Investment Development Authority.
- Information on the finished goods.
- The maximum quantity of the factory's output in a year.

- The input/output ratio.
- Manufacturing flow.
- The manufacturing license issued by the Ministry of Health.

Mauritius

Import ban on certain products

Temporary restriction on imports of live animals, including fish from the People's Republic of China, Italy, Iran, South Korea, Switzerland, Reunion Island, and European Union countries.

New Zealand

No measures at this stage, but discussions are on-going with Inland Revenue to increase the speed in which GST refunds will be paid out in cash to taxpayers, potentially involving a pre-review by Tax Agents.

Philippines

The due date for the monthly VAT return and quarterly VAT declaration remains.

However, amendment of the monthly VAT declaration (for non-eFPS filers only) and quarterly VAT return, including additional tax on the amendment, can be paid without penalties, provided the said amendment is submitted on or before 30 days from the due date of the monthly VAT declaration or quarterly VAT return.

Singapore

- The due date for GST returns for Q1-20 period, originally 30 April 2020, has been extended to 11 May 2020.
- GST rate will remain at 7 percent in 2021, but will increase to 9 percent by 2025.

South Korea

VAT

- The filing and payment due date for VAT return has been extended (up to nine months) for small & medium sized companies.
- Individual taxpayers with revenues of less than KRW 40 million per taxable period can apply a simplified VAT method.
- Small-sized VAT taxpayers with revenues of less than KRW 48 million per year will be exempt from VAT until the end of 2020.

Customs relief measures/simplifications

- Payment due date of customs duties will be extended up to 12 months for companies in designated area (not automatically granted—taxpayer shall apply for such extension).
- Suspension of customs audits and filing paperless duty drawback.

Taiwan

Deferred payment for VAT due for affected taxpayers

- January-February VAT return due on 31 March 2020 (previously 15 March 2020).
- March-April VAT return due on 1 June 2020 (previously 15 May 2020).

Thailand

- Imports of surgical masks (HS Code: 6307.90.40) and anti-pollution masks (HS Code 6307.90.90) as well as imported raw materials to be used for the production of masks, will be duty exempt upon importation. The exemption took effect on 24 March 2020 and will expire on 20 September 2020.
- Since imports of masks are subject to an import license by the Food and Drug Administration (FDA), the FDA also introduced a dedicated electronic channel to accelerate the license process for these items.
- Importers utilising duty privileges under the ASEAN-China Free Trade Agreement (ACFTA) can temporarily use a photocopy of Form E as replacement of the original form. Under normal practice, to utilize ACFTA tariff preferential rates, the importers are required to provide an original Form E to Customs upon importation. Customs will temporarily accept a photocopy of Form E for customs clearance purposes. The temporary facilitation started on 4 March 2020 and will last until 31 May 2020.
- The Department of Foreign Trade (DFT) announced that exporters who obtained the pre-verification approval to issue a preferential certificate of origin (C/O) for their products, which is due to expire between 20 March 2020 and 30 September 2020, will automatically have their validity extended for six months.

Exporters that have pending applications to obtain pre-verification approval to issue the preferential C/O will receive the result of the Rules of Origin

verification via an electronic channel instead of having to present themselves at the DFT.

- Renewal requests for identification of importer/exporter and new applications can be submitted by post, the result of which will be notified via DFT's Registration Database.
- Companies with 'Good Exporter' status will receive their VAT refund faster by 15 days for e-filing; and 45 days for paper-filing at the area branch.
- On export side, export restrictions are imposed on respiratory masks including N95 and disposable dust masks. Exporters can only export these items upon obtaining approval from Internal Trade Department. Such approvals will generally not be granted unless for exceptional cases.
- The Excise Department has abolished excise duty on alcohol above 80 percent that is used for sanitary gel/other products with a similar purpose.
- The excise form submission and payment for petroleum product producers in Thailand has been extended for any excise liability between 1 April and 30 June 2020. The producers can submit the excise form/payment within 15th of the next month of the date when petroleum products move out of the plant. Moreover, the monthly balance sheet submission of March – May, can be submitted within 15 July 2020.
- Service Place owners may submit excise form/payment for the excise duty that occurred from 1 March to 31 May 2020; within 15 July 2020.

Contacts

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