



## Asia Pacific Tax Developments

### Australia

#### **Australia: AFR Tax Reform Summit 2015: building a consensus for change**

The Australian Financial Review Tax Reform Summit is taking forward some of the tax issues which came up at last month's National Reform Summit, which KPMG hosted.

There is an impressive list of business and community groups, looking to build upon the consensus established at the previous event on the principles which can underpin successful tax reform.

Opening address at the AFR Tax Reform Summit by David Linke, KPMG National Managing Partner – Tax focuses on:

- “Insularity trap”, wherein our policy settings focus inwards rather than out towards the rest of the world.
- “Inaction trap”. Hard decisions are difficult in a partisan world with minimal public trust.

[More details](#)

#### **Australia: CRS exposure draft**

The Australian Treasury on 17 September 2015 released an exposure draft of legislation for Australia to implement the Organisation for Economic Co-operation and Development's (OECD) Common Reporting Standard (CRS) for the automatic exchange of financial account information. The CRS exposure draft has been designed to establish the legislative requirements for Australian financial institutions.

[More details](#)

#### **Australia: First big BEPS tax crack-down**

On 16 September 2015, we saw a revised version of the new multinational anti-avoidance law (MAAL) provisions first announced in the 2015 Budget.

The MAAL is the first tranche of a number of expected Base Erosion Profit-Shifting (BEPS) related measures designed to address the perceived or actual avoidance of Australian tax by foreign multinationals.

[More details](#)

#### **Australia: How tax reform could jump start Australia's innovation sector**

KPMG put forward the idea of an Innovation Company. This is one specific idea KPMG would like the new Prime Minister and his team to consider as they take the tax reform process forward.

The beauty of the Innovation Company is it's a specific tax concession for companies, which are designated as innovation start-ups where you can utilise the tax loss if you are an investor.

[More details](#)

### China

#### **China: New China administrative guidance improves access to tax treaties**

Chinese State Administration of Taxation on 27 August 2015 issued Announcement 60 [2015] to introduce a new administrative system for granting benefits to non-residents under China's DTAs and international transport treaties, as well as new forms for filing with

the PRC tax authorities. The announcement will take effect as from 1 November 2015.

[More details](#)

**China: SAT solicits public comments on new China transfer pricing and special tax adjustments guidance discussion draft**

On 17 September 2015 the State Administration of Taxation (SAT) released the long-awaited public discussion draft of its guidance concerning the implementation of 'Special Tax Adjustments' for public consultation.

This document focuses on the changes that we consider will be, in practice, of most significant impact for multinational enterprises.

[More details | Chinese Version](#)

**China: Updates on health insurance products qualified for preferential IIT treatment**

The China Insurance Regulatory Commission (CIRC) issued Bao Jian Fa [2015] No. 82, introducing pilot administrative measures for health insurance products which will qualify for preferential individual income tax treatment as prescribed in the Notice on Individual Income Tax Treatment on Commercial Health Insurance (Cai Shui [2015] No.56). Employers should keep a close watch on the list of qualified insurance companies to be announced by the CIRC, and make informed decisions on selecting appropriate commercial health insurance products for their employees in order to utilise the preferential tax treatment and optimise the remuneration package.

[More details | Chinese Version](#)

**China: New policy on PRC IIT on dividends of listed companies was promulgated to encourage long-term investments**

The Ministry of Finance, State Administration of Taxation, and China Securities Regulatory Commission jointly issued "Notice on Issues Relating to Differentiated IIT Policies for Dividends Derived from Listed Companies" (Cai Shui [2015] No.101) to suspend IIT on dividends for long-term individual investors who obtained shares of listed companies via public offerings and market transfer and held for more than one year. Individual investors are recommended to understand thoroughly the new differentiated IIT policy for dividends and ensure that the amounts of incomes and IIT liabilities are correctly captured in the annual IIT returns. In addition, despite the role of China Securities Depository and Clearing Corporation Limited (CSDCC) in computing the tax payable, listed companies, as the withholding agent that is responsible for tax withholding and reporting, still need to check the amount of tax payable based on the relevant documents and data provided by the CSDCC to ensure full compliance.

[More details](#)

## India

**India: Ponds specially designed for breeding of prawns are treated as plant which are eligible for depreciation under the Income-tax Act**

The Supreme Court held that ponds which are specially designed for rearing/breeding of prawns are treated as tools of the business of the taxpayer. Therefore such ponds are plant which are eligible for depreciation under the provisions of Section 32 of the Income-Tax Act, 1961.

[More details](#)

## Korea

**Korea: Related-party marketing fees not subject to customs duty**

The high court in Seoul held that a Korean entity was not liable for additional customs duty on international marketing fees paid to its corporate international headquarters. The high court, thus, overturned a decision of a South Korean administrative court, and instead agreed with the taxpayer that the international marketing fees differed from a "standard" brand royalty payment.

[More details](#)

## Mauritius

**Mauritius: FATCA reporting, available to 30 September**

The Mauritius Revenue Authority is accepting late FATCA reporting, up to 30 September 2015, with no penalties to apply. However, late FATCA reporting will be accepted on a case-by-case basis. A notification needs to be sent to the tax authority, providing the reason for the late reporting.

[More details](#)

## New Zealand

**New Zealand: GST – something for everyone**

Officials have released proposals to change the GST rules for a number of commercial activities. The key changes include:

- Allowing GST input claims on capital raising costs, to the extent of a business's taxable supplies. Generally this will move the amount able to be claimed from 0% to potentially 100%.
- Clarifying the zero rating rules in relation to commercial leases and services provided to non-residents in connection with New Zealand land purchases.
- Broadening the circumstances in which the GST refund period can be extended.

[More details](#)

## Calendar of Events

Date	Event	Location
2 October 2015	Managing Global Mobility to Malaysia For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia
6-8 October 2015	2015 Global Mobility Services Forum	Rome, Italy
23 October 2015	Malaysian Tax Budget 2016	Malaysia
26-28 October 2015	2015 KPMG EMA Tax Summit <a href="#">More details</a>	Lisbon, Portugal
28 October 2015	KPMG Malaysia Tax Summit 2015 For more details email <a href="#">Karen Lee</a>	Malaysia
9 December 2015	Managing Employer's Tax Obligations For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia

## Beyond Asia Pacific

### Canada: Quebec corporations must file continuance, dissolution

Revenue Quebec has reminded certain corporations that they must either file articles of continuance or apply for dissolution by 14 February 2016.

[More details](#)

### Netherlands: R&D remittance reduction; Box 3 taxation of foreign taxpayers

On "budget day", the Dutch Cabinet presented the 2016 Tax Plan to the Lower House. Among the changes proposed are measures that would affect payroll tax and social security contributions, the R&D remittance reduction, and the Box 3 taxation of foreign taxpayers.

[More details](#)

### South Africa: Recommendations for changes to mining taxation

The "Davis Tax Commission" released its first interim report on mining taxation, and comments are due by 31 October 2015.

[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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