

International Tax - Asia Pacific & MESA Newsletter

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG firms in the Asia Pacific & MESA regions between **1 August and 31 August 2014**.

Australia	India	Lebanon	United Arab Emirates
Burma/Myanmar	Japan	Oman	Vietnam
China	Jordan	Pakistan	
Hong Kong	Kuwait	Sri Lanka	

To contact the International Tax Group in Russia and the CIS go to the [Contacts section](#).

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	Tax area concerned	Relevant date/case reference	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Australia			
Tax legislation adopted and regulatory update	Transfer pricing	August 2014	Public officers responsible for signing Australian corporate tax returns are now required—on a self-assessment basis—to sign off on their company's transfer pricing arrangements. Read more
	Various tax areas	August 2014	KPMG in Australia prepared reports on the following developments: <ul style="list-style-type: none"> • Project pool provisions • What are “services” and “work”? • Bitcoin guidance • Payroll tax audit activity • Cloud computing tax issues • Offshore banking unit reforms • Tax treatment of trading stock • R&D records Read more

			<p>KPMG in Australia prepared reports on the following developments:</p> <ul style="list-style-type: none"> • Tax uncertainty • Intercompany debt pricing and reconstruction • Income tax assessments • R&D • Superannuation • Developing tax relationships in new markets <p>Read more</p>
			<p>KPMG in Australia prepared reports on the following developments:</p> <ul style="list-style-type: none"> • When is a deductible liability not deductible? • Fixed asset register “health check” <p>Read more</p>
	Trusted trader program	August 2014	<p>The Australian Customs & Border Protection Service announced the introduction of a “trusted trader program”.</p> <p>Read more</p>

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Burma/Myanmar			
Tax legislation adopted and regulatory update	Corporate income tax	April 2014	<p>The tax provisions under the Union Tax Law of Myanmar / Burma continue the rate of income tax on resident and non-resident companies.</p> <p>Read more</p>

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China			
Tax legislation adopted and regulatory update	Reporting requirements for cross-border investments	1 September 2014	<p>The cross-border transactions of Chinese entities that are expanding their outbound investment in both scale and numbers have posed challenges for China's tax administration.</p> <p>Read more</p>
	Equity transfers	8 July 2014	<p>China's State Administration of Taxation issued guidance intended to enhance and strengthen corporate income tax collection and the tax administration of equity transfers.</p> <p>Read more</p>
	Transfer pricing	2004-2013	<p>China's tax authorities are surveying taxpayers that made service fees and royalty payments to their foreign related parties during years 2004-2013. As a result of these surveys, transfer pricing audits may potentially be triggered with respect to these related-party transactions.</p> <p>Read more</p>

	Free trade zone	1 August 2014	A regulation providing guidance for the Shanghai pilot free trade zone is effective 1 August 2014. Read more
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Hong Kong			
KPMG publications	Automatic exchange of information	August 2014	What could be the effects, for Hong Kong, of the OECD's "common reporting standard" with respect to the automatic exchange of tax information? Read more

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India			
Tax legislation adopted and regulatory update	VAT	August 2014	The government of the northern state of Haryana has provided guidance for real estate developers, providing that VAT on the sale of residential and commercial properties may be discharged at the rate of 1 percent of the total contract value. Read more
			KPMG in India prepared reports on the following developments: <ul style="list-style-type: none"> • Tax audit report requirements • Amendment is "curative" and therefore applies retrospectively, despite legislative intent of prospective application • Social Security Agreements with Finland, Sweden Read more
Administrative and case law	Various tax areas	July 2014	Case law has been published in India with respect to the following subjects: <ul style="list-style-type: none"> • Investment not resulting in income cannot be considered for "disallowance" Read more
			Case law has been published in India with respect to the following subjects: <ul style="list-style-type: none"> • Services not providing technical know-how or transferring any knowledge, experience, or skills not taxed as royalty • Gains of Mauritian company from sale of equity shares and convertible debentures of Indian company are not taxable as interest income in India • Share transaction / sale between joint venture partners, resulting in loss, is not "colourable device"

			Read more Case law has been published in India with respect to the following subjects: <ul style="list-style-type: none"> • Bombay High Court warns tax authorities that costs can be imposed for raising repeated appeals on settled issues • Payments to use licensed software, system to access information on the foreign company's portal constitutes royalty under the India-UK tax treaty Read more
	Transfer pricing	<i>CIT v. Li & Fung India Pvt. Ltd.</i> SLP No(s) 11346/2014	The Supreme Court of India has granted the tax authorities' special leave petition against an order of the Delhi High Court, that had rejected an arm's length price determination based on the FOB value of goods exported from India by third-party vendors to customers. Read more
		August 2014	The Hyderabad Bench of the Income-tax Appellate Tribunal rejected comparables selected by the Transfer Pricing Officer in three cases concerning the profit level indicator of taxpayers involved in providing information technology enabled services to related entities. Read more

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Japan			
KPMG publications	Doing business and investing in Japan	2014	KPMG in Japan has prepared a guide which provides information for foreign companies interest in doing business and investing in Japan. Read more

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Jordan			
Tax legislation adopted and regulatory update	Customs duties	August 2014	A new customs charge applies in Jordan on previously exempt imported goods. Read more

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Kuwait			
Tax legislation adopted and regulatory update	Various tax areas	August 2014	A report summarizing recent tax developments in Kuwait addresses: <ul style="list-style-type: none"> • Tax retention regulations—enhanced and strengthened

			<ul style="list-style-type: none"> • New format for Kuwait corporate income tax declarations • Tax clearance certificates for Kuwait/ Gulf Cooperation Council entities • Zakat on Gulf Cooperation Council entities • Zakat on Kuwait government shareholdings Read more
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Lebanon			
Tax legislation adopted and regulatory update	Various tax areas	August 2014	KPMG in Lebanon reports on: <ul style="list-style-type: none"> • Recent tax changes affecting the oil and gas sector • Tax rulings and laws during 2014 (to date) Read more

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Oman			
Treaties	DTT	August 2014	Representatives of the government of Oman and Spain signed an income tax treaty that, once ratified, would lower certain withholding tax rates as well as provide a limitation on benefits clause to prevent treaty shopping. Read more

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Pakistan			
Tax legislation adopted and regulatory update	Tax compliance / Broadening of tax base	2014-2015	Provisions in Pakistan's Finance Act for 2014-15, as approved by Parliament in June 2014, aim to increase tax compliance, document the economy, and broaden the tax base. Read more

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Sri Lanka			
Tax legislation adopted and regulatory update	Foreign exchange control rules	August 2014	The Exchange Control Department of the Central Bank of Sri Lanka set out measures to relax the foreign exchange control rules. Read more

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United Arab Emirates			
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Treaties	DTT	1 January 2015	An income tax treaty between the UAE and Mexico has an effective date of 1 January 2015, following the treaty's entry into force. Read more
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Vietnam			
Tax legislation adopted and regulatory update	VAT	1 January 2014	Vietnam's tax authorities issued guidance to the local tax offices concerning how to determine the VAT declaration for companies and branches established from 1 January 2014. Read more
	Foreign contractor withholding tax regime	6 August 2014	Vietnam's Ministry of Finance issued Circular 103/2014/TT-BTC (6 August 2014) as guidance concerning the foreign contractor withholding tax regime. Read more
	Foreign exchange control rules	22 September 2014	Guidance issued by the State Bank of Vietnam establishes foreign exchange control rules with respect to foreign direct investments made in Vietnam. Read more

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Designed by Evalueserve.
Publication Number: 131702