



International Tax Asia Pacific and MENASA April 2016

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG firms in the Asia Pacific & MENASA regions between **1 April and 30 April 2016**.

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|---------------------------|-------------------------|-----------------------------|-------------------------|---------------------------|
| Australia | China | Hong Kong | India | Indonesia |
| Japan | Myanmar | New Zealand | Vietnam | |

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To contact the International Tax Team email internationaltax@kpmg.com.

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| | Tax area concerned | Relevant date/Case reference | Description of measures and publication link (<i>Considerations in italic where necessary</i>) |
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| Australia | | | |
| Proposed legislation | Stamp duties | April 2016 | Less than a year after the introduction of a range of stamp duty tax surcharges on non-residents, the Victorian Government has announced plans to drastically increase the rates. Read more |
| | Tax compliance | April 2016 | The Australian Taxation Office (ATO) has issued draft Practical Compliance Guideline. Read more |
| | Various tax areas | 3 May 2016 | On May 2016, the Commonwealth Treasurer, The Honourable Scott Morrison MP delivered Australia's 2016–2017 Federal Budget. KPMG provides insights and analysis on the Budget's major implications for Australian business, industries and sectors. Read more |
| Other | Tax compliance | 2016 | KPMG in Australia prepared a report on how employee share scheme reporting obligations have changed for FY16, and how you can ensure you |

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| | | | comply with the new requirements. Read more |
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[Back to top](#)

| China | | | |
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| Tax legislation adopted and regulatory update | Customs | April 2016 | The standards to be used in completing and filling in China's customs declaration forms have been revised. Read more |
| | Trade | 8 April 2016 | To foster a "fair market" environment and to facilitate the development of cross-border e-commerce for retail imports, two circulars were issued by the authorities in March 2016 to address the tax policy for cross-border e-commerce—that is, business-to-customer or "B2C" imports of retail goods. The new measures become effective in 8 April 2016. Read more |
| Proposed legislation | Trade | April 2016 | Various Chinese governmental departments in April 2016 issued guidance and a list of cross-border e-commerce retail imported articles in an effort to facilitate implementation of March 2016 notices and to clarify certain issues concerning actual operations involving imports and exports of goods. Read more |

[Back to top](#)

| Hong Kong | | | |
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| Treaties | Double tax treaties | 13 April 2016 | Representatives of the governments of Hong Kong and Latvia on 13 April 2016 concluded an income tax treaty. <ul style="list-style-type: none"> — the treaty provides for reduced rates of withholding tax on dividends (either 0 percent or 10 percent), interest (either 0 percent or 10 percent), and royalties (3 percent) — it also includes provisions concerning the taxation of active income and passive income — the treaty effectively removes Hong Kong from Latvia's list of "low tax" jurisdictions. <p>The treaty will enter into force once it is ratified by each jurisdiction. Read more</p> |

[Back to top](#)

| India | | | |
|---|-------------------|------------|--|
| Tax legislation adopted and regulatory update | Various tax areas | April 2016 | <p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none">— draft rules concerning foreign tax credit— VAT rules in Maharashtra— withdrawn restrictions on provident fund early withdrawals. <p>Read more</p> |
| Administrative and case law | Various tax areas | April 2016 | <p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none">— payments for web-hosting services not taxable as royalty. The case is: <i>DDIT v. Savvis Communication Corporation</i>.— no withholding on 99-year leasehold rights of real property. The case is: <i>Foxconn India Developer (P) Ltd. v. ITO</i>.— technical error in income tax return does not defeat tax treaty benefit. The case is: <i>Pramerica ASPF II Cyprus Holding Limited v. DCIT</i>.— constitutionality of Cyprus as “notified” jurisdiction. The case is: <i>T. Rajkumar, K. Dhanakumar and T.K. Dhanashekar v. UOI, Central Board of Direct Taxes, ITO</i>.— new income-tax return forms. <p>Read more</p> |
| | | | <p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none">— payments for virtual voice network not taxable, UK tax treaty. The case is: <i>Interroute Communications Ltd</i>.— no refund of Bombay stamp tax (duty) paid by company in Maharashtra. The case is: <i>Reliance Industries Ltd. and Reliance Petroleum Ltd</i>. <p>Read more</p> |
| | | | <p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none">— interest on refund of “excess tax” withheld at source— tips collected by hotel and remitted to employees, not taxable salary. The case is: <i>ITC Ltd</i>. |

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| | | | <p>— conversion of firm into company not a transfer subject to capital gains. The case is: <i>R. L. Kalathia & Co.</i></p> <p>Read more</p> |
|--|--|--|---|

[Back to top](#)

| Indonesia | | | |
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| Tax legislation adopted and regulatory update | Tax compliance | 2016 / 2017 | <p>A corporate governance guideline—issued by the regulatory authority in Indonesia responsible for the financial and capital market sector—requires public companies to disclose their adherence to the guidelines (or to explain the reasons for non-compliance) beginning with the 31 December 2016 annual reports.</p> <p>Read more</p> |

[Back to top](#)

| Japan | | | |
|----------------------|--------------|---------------|--|
| Proposed legislation | Business tax | 31 March 2016 | <p>An ordinance relating to Tokyo metropolitan taxes, issued 31 March 2016, will amend the Tokyo business tax rates for taxpayer companies that are subject to “size-based” business taxes (broadly, companies with stated capital exceeding JPY100 million).</p> <p>Read more</p> |

[Back to top](#)

| Myanmar | | | |
|---|--------------------|------------|--|
| Tax legislation adopted and regulatory update | Foreign investment | April 2016 | <p>New guidance—notification 26/2016—issued by the Myanmar Investment Commission updates the rules concerning economic activities with respect to foreign investment. The activities range from those that are prohibited, to those that are allowed under specific conditions (such as activities allowed only in the form of a joint venture with citizens of Myanmar).</p> <p>Read more</p> |

[Back to top](#)

New Zealand

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|----------------------|-------------------|------------|---|
| Proposed legislation | Various tax areas | April 2016 | <p>The next phase of Inland Revenue’s “business transformation changes”—this time, aimed at business taxation—has been announced. The business tax proposals include measures that would provide for:</p> <ul style="list-style-type: none"> — changes to the “use of money” interest and penalties rules — a new accounting-based method to calculate and pay provisional tax — changes to the tax regime for contractors and extending these rules to labor-hire firms — allowing Inland Revenue to report tax debt to credit rating agencies and to share information with the Companies Office about “serious offences <p>Read more</p> |
|----------------------|-------------------|------------|---|

[Back to top](#)

| Vietnam | | | |
|---|-------------------|--------------|--|
| Tax legislation adopted and regulatory update | Various tax areas | 6 April 2016 | The National Assembly approved tax law amendments that affect the VAT, special consumption tax, and tax administration laws. Read more |
| | | April 2016 | <p>Guidance issued in April 2016 by the tax authority in Vietnam concerns the following topics:</p> <ul style="list-style-type: none"> — for purposes of corporate income tax incentives, the requirements for determining “regular investment activities” — “in kind” trade discounts require VAT invoices to be issued (as would be required for regular trading activities) — no credit or refund of input VAT if the relevant contract and invoice are signed after the actual date of the export and customs declaration — for foreign contractor tax purposes, a bonded warehouse is a physical location within the Vietnamese territory; thus, if a foreign party contracts to sell goods at a bonded warehouse, that foreign party is subject to Vietnamese foreign contractor tax. <p>Read more</p> |

[Back to top](#)

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