



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 21 July 2016



## Asia Pacific Tax Developments

### Australia

#### **Australia: R&D Edge – powering your innovations for tomorrow**

KPMG Australia showcases the benefits of KPMG's new end-to-end cloud based software, R&D Edge that KPMG has developed to assist in achieving better R&D outcomes for its clients through the use of technology.

[More details](#)

#### **Australia: “Brexit” implications for imports, exports from the UK of Australian companies**

The departure of the United Kingdom (UK) from the European Union (EU) will have implications for those companies exporting to and importing from the UK.

KPMG Australia discusses Brexit implications for Australian companies importing and exporting from the UK.

[More details](#)

#### **Australia: Common tax compliance issues for Australian companies operating in New Zealand**

Australia is New Zealand's (NZ's) biggest trading partner, while NZ is Australia's sixth biggest. Many Australian business have operations in NZ, and vice versa. It is important that you are aware of the NZ tax landscape, especially if responsibility for NZ tax compliance sits in Australia.

KPMG Australia outlines some common tax traps for the unsuspecting Australian tax manager to be mindful of.

[More details](#)

## Australia: South Australian Budget – key tax measures

The 2016-17 South Australian State Budget was handed down on 7 July and introduced changes to South Australian state taxes.

KPMG Australia highlights the key tax announcements from the Budget.

[More details](#)

## Australia: The objective of super must drive any changes

In the Budget, the Government confirmed that it would legislate the objective of super as “to provide income in retirement to substitute or supplement the age pension”. It is critical that the legislation introducing it should clarify what this actually means.

KPMG Australia highlights the significance of clarification around proposed superannuation legislation changes.

[More details](#)

## Australia: This brave new world requires courage

KPMG Australia examines the huge challenges arising from the new global economic environment, and discusses the importance of reform measures that improve the productivity and set companies on a sound fiscal path for the future.

[More details](#)

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## China

### China: China Tax weekly update – Issue 27

KPMG China has issued a newsletter that provides various tax updates on:

- SAT enhances TP reporting and documentation (SAT Announcement [2016] No. 42)
- OECD announces further BEPS implementation steps
- Incentives for taxpayers with class-A tax credit rating (Fa Gai Cai Jin [2016] No.1467)
- Further rules to promote business system reform
- Further VAT implementation rules
- SAT revises Land Appreciation Tax (LAT) filing forms (Shui Zong Han [2016] No. 309)
- Insurance agency tax collection clarified (SAT Announcement [2016] No. 45)
- Tax administration for taxpayers operating across tax districts (Shui Zong Fa [2016] No. 106)
- Facilitation of tax handling for Beijing taxpayers
- Limitation of discretion for Beijing tax authorities to levy penalties (BSTB and BLTB Announcement [2016] No. 22)
- MOF plans to regulate the accounting treatment of bankruptcy and liquidation(Cai Ban Kuai [2016] No. 28)

[More details](#)

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## Hong Kong SAR

### Hong Kong: Transfer pricing and offshore tax regimes

Hong Kong-based companies with offshore claim arrangements need to anticipate the impact of the enhanced reporting requirement in light of the OECD's base erosion profit shifting (BEPS) initiatives.

Conflicts with transfer pricing ("TP") and possible permanent establishment ("PE") challenges must, more than ever, be carefully managed.

[More details](#)

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## India

### India: Deductions for infrastructure projects

The Madras High Court allowed the taxpayer's claimed deduction under section 80-IA(4)(i), as allowed for infrastructure projects, in a situation when the taxpayer maintained a warehousing complex as a container freight station.

[More details](#)

### India: Demand, recovery under the model GST law

A draft version of a model GST law has been released for public consideration. Included in the draft GST law are provisions dealing with "demand and recovery", for example, situations when the indirect tax has been collected but not deposited with the government.

[More details](#)

### India: Guidelines for selecting returns for "compulsory scrutiny" during 2016-17

The Central Board of Direct Taxes issued guidelines concerning the procedure and criteria for the manual selection of tax returns for "compulsory scrutiny" during the financial year 2016-17.

[More details](#)

### India: Marketing services for overseas expansion of business; not "fees for technical services" under treaties

The Kolkata Tribunal held that payments made for marketing support services and for the expansion of business abroad do not constitute "fees for technical services" under the provisions of the India-United Kingdom income tax treaty or the India-Singapore income tax treaty.

[More details](#)

### India: Tax withholding (deduction) at source

The Calcutta High Court held that the taxpayer was not liable to withhold tax at source on freight charges reimbursed to the supplier because the party responsible for withholding tax at source on freight charges was the supplier in making its payment to the transporter.

[More details](#)

## **India: Taxpayer must have opportunity to cross-examine comparable companies' personnel**

The Delhi High Court held that a taxpayer must be afforded an opportunity to cross-examine personnel of comparable companies that were selected by the Transfer Pricing Officer to determine the arm's length price and ultimately to arrive at a transfer pricing adjustment.

[More details](#)

## **India: Tie-breaker provisions of India-Sri Lanka tax treaty**

The Mumbai Bench of the Income-tax Appellate Tribunal held that the taxpayer was a resident of India based on the tie-breaker provisions of the India-Sri Lanka income tax treaty.

[More details](#)

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## **Indonesia**

### **Indonesia: Further increase in non-taxable individual income**

To further boost economic growth, the Minister of Finance has issued two new regulations (No. 101/PMK.010/2016 and No. 102/PMK.010/2016) providing for a 50% increase of the amount of non-taxable income for individuals.

The new non-taxable income amounts are effective retroactively to 1 January 2016.

[More details](#)

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## **Japan**

### **Japan: National Tax Agency - Release of guidance on the new transfer pricing documentation rules**

Under the 2016 tax reform, the Japanese transfer pricing documentation rules were amended in line with the final report of Action 13 - 'Transfer Pricing Documentation and Country-by-Country Reporting' of the Organisation for Economic Co-operation and Development '(OECD) - Base Erosion and Profit Shifting (BEPS) Project.

In this connection, the National Tax Agency released guidance including 'Outline of the Revision of the Transfer Pricing Documentation'.

[More details](#)

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## **Malaysia**

### **Malaysia: Trade and Customs, VAT/ GST Implications of "Brexit"**

KPMG in Malaysia discusses the Value Added Tax ("VAT") or Goods and Services Tax ("GST") implications of "Brexit".

Businesses may be required to review their operation and compliance obligations, particularly for enterprises whose supply chain arrangements are connected with the UK and the EU countries.

[More details](#)

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## New Zealand

### **New Zealand: NZ foreign trust inquiry recommendations accepted**

The Government's response to the independent review of New Zealand's foreign trusts has accepted all of the recommendations to expand disclosure and reporting requirements.

Legislation will be introduced in August to require NZ foreign trusts to comply with enhanced disclosure requirements.

[More details](#)

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## Singapore

### **Singapore: Possible amendment to tax treaty with India, capital gains**

The investment community in Singapore is monitoring the status of developments relating to the India-Cyprus income tax treaty—and specifically amendments that would shift from a resident-based taxation to a source-based taxation with respect to capital gains.

[More details](#)

### **Singapore: FATCA 2015 reporting reminder**

The Inland Revenue Authority of Singapore (IRAS) recently issued a reminder requesting that Singapore reporting financial institutions that have not submitted their FATCA 2015 return to do so immediately. The FATCA reporting deadline for 2015 ended 31 May 2016.

[More details](#)

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## Thailand

### **Thailand: Additional tax deduction for investments made before year-end 2016**

Businesses contemplating increasing their capital asset investments in Thailand need to consider completing the arrangements for the acquisition of (and payment for) the asset before 31 December 2016 so as to take full advantage of an additional tax deduction provided under recent tax law changes.

[More details](#)

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## Vietnam

### **Vietnam: IGA's entry into force; MOU clarifies FATCA provisions**

The intergovernmental agreement (IGA) between Vietnam and the United States for implementing the FATCA regime entered into force on 7 July 2016. Accordingly, financial institutions in Vietnam are officially "reporting financial institutions" as of that date under FATCA Model 1.

A memorandum of understanding (MOU) between the governments of Vietnam and the United States further clarifies certain provisions of the IGA. [More details](#)

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## Calendar of Events

Date	Event	Location
26 July 2016	Transfer Pricing – Latest Update Contact person: <a href="#">Sharon Leong</a>	Malaysia
16 August 2016	Tax/Immigration Planning for Global Mobility Employees to Malaysia and GST from HR Perspective Contact person: <a href="#">Carmen Yong</a>	Malaysia
21 October 2016	2017 Budget Announcement Contact person: <a href="#">Karen Lee</a>	Parliament House, Kuala Lumpur, Malaysia
26 October 2016	KPMG in Malaysia Tax Summit 2016 Contact person: <a href="#">Karen Lee</a>	One World Hotel, Petaling Jaya, Malaysia

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## Significant International Tax Developments



### **OECD: Jamaica joins BEPS framework**

The Organisation for Economic Cooperation and Development (OECD) announced that Jamaica has joined, as the 85th jurisdiction, the base erosion and profit shifting (BEPS) framework.

[More details](#)

### **Panama: Mutual administrative assistance in tax matters, OECD agreement signed**

The OECD announced that Panama has signed the multilateral convention on mutual administrative assistance in tax matters.

[More details](#)

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## Beyond Asia Pacific

### **Brazil: Capital gains tax rate changes apply beginning 2017**

Brazil's tax authority (Receita Federal do Brasil - RFB) issued guidance clarifying that new capital gain tax rates apply as of January 2017, and do not apply retroactively from January 2016.

[More details](#)

### **Canada: Tax incentive measures in Saskatchewan's 2016 budget receive Royal Assent**

The provisions in Bill 22 are considered substantively enacted for purposes of IFRS and Accounting Standards for Private Enterprise (ASPE) as of June 6, 2016, when it received first reading in the Saskatchewan legislature.

Bill 22 includes certain technical amendments that clarify the Manufacturing and Processing Exporter Hiring Incentive.

[More details](#)

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### **TaxNewsFlash by Region**

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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