

Content to 3 September 2015



## Asia Pacific Tax Developments

### Australia

#### Australia: Taxation of financial arrangements (TOFA)

Given the focus on commercial and economic substance, there may be fact patterns when two (or more) sequential contracts must be aggregated into a single arrangement—notwithstanding that the earlier contract may have terminated and ceased to exist upon the inception of the second contract. Taxpayers need to evaluate that all factors have been considered for existing and new financial arrangements, especially given that an incorrectly bifurcated arrangement could even lead to TOFA gains being prematurely brought to account.

[More details](#)

#### Australia: Unclaimed superannuation, a tax risk management issue

Superannuation providers are required to transfer certain amounts of “unclaimed superannuation money” (USM) (except for defined benefit interests) to the Australian Taxation Office including small accounts with balances below a threshold belonging to “lost members.” A proposal to increase the account balance threshold for USM may have implications and risk management issues for providers.

[More details](#)

#### Australia: Tax Reform: beyond vested interests to the greater good

The National Reform Summit discussed a range of issues associated with the matter of tax reform. All parties acknowledged that we needed significant tax reform and there was substantial common ground between the parties.

[More details](#)

### Cambodia

#### Cambodia: Tax collection on transportation means and all kinds of vehicles for year 2015

According to the Notification and Circular, the General Department of Taxation advised that from 1 July to 30 November 2015, owners of transportation means and all kind of vehicles shall lodge the tax return and make Transportation Tax payment either at the GDT or the Tax Branch or any branch of Canadia Bank Plc or ACLEDA Bank Plc.

[More details](#)

### China

#### China: Customs Policy Update - for the period from July 2015 to August 2015

The KPMG member firm in China has prepared a summary of customs developments for the period from July 2015 to August 2015. Among the developments for the third quarter 2015 are the following:

- Nationwide rolling out of consolidated customs duty collection
- The World Customs Organization (WCO) HS Nomenclature, for 2017
- Pilot program for electronic automatic import license (AIL), further expanded
- Nationwide implementation of “double-random” mechanism
- Various updates on local customs regulations

[More details](#)

## China: Tax treaty signed with Taiwan

Representatives of the People's Republic of China and Taiwan on 25 August 2015 concluded six years of negotiations and signed, for the first time, an income tax treaty. Assuming the remaining approval and ratification procedures are completed by both countries during 2015, the new China-Taiwan income tax treaty and the accompanying "appendix" could be effective beginning as early as 1 January 2016—thereby applying to 2016 and subsequent tax years.

[More details](#)

## India

### India: FATCA reporting deadline extended to 10 September

India's Ministry of Finance on 25 August 2015 issued an order announcing that the deadline for FATCA reporting by Indian financial institutions has been extended to 10 September 2015 (from the previously established deadline of 31 August 2015).

[More details](#)

### India: No minimum alternative tax, foreign institutional or portfolio investors

India's government announced it has accepted recommendations from a committee to clarify that the minimum alternative tax does not apply to foreign institutional investors or foreign portfolio investors, and that an amendment will be made to the Income-tax Act to reflect this position.

[More details](#)

### India: Payment for capturing and delivering of live coverage of cricket matches is neither FTS nor royalty under the India-UK treaty

The Mumbai Tribunal held that the payment for capturing and delivering of live audio and visual coverage of cricket matches cannot be considered as fees for technical service (FTS) under the India – U.K. tax treaty since the tax payer delivered the final product in the form of program content produced by it by using its technical expertise and in that process the taxpayer did not 'make available' any technology/know-how.

[More details](#)

### India: Voice-call centers; not all IT-enabled services are comparable

The Delhi High Court held that the selection of two "comparables" by the Transfer Pricing Officer was possibly flawed because the selected comparables provided "knowledge process outsourcing" services—i.e., services involving advance skills representing the "higher end" of IT-enabled services—that were not comparable with the taxpayer's voice-call services—found to be at the "lower end" of IT-enabled services (such as customer support and processing of routine data). The High Court therefore concluded that a knowledge process outsourcing service provider cannot be considered a comparable for benchmarking of international transactions entered into by an entity rendering voice-call services.

[More details](#)

## Japan

### Japan: Delaware limited partnership, treated as corporation

A decision of the Japanese Supreme Court concludes that a limited partnership formed under the laws of the U.S. state of Delaware is to be treated as a corporation for Japanese tax purposes. The long-awaited Supreme Court decision resolves a split among the district courts and high courts in Tokyo, Osaka, and Nagoya.

[More details](#)

## Myanmar

### Myanmar: Special economic zone trading activities, guidance issued

Trading in Myanmar is largely off limits for foreign entities, but in late May 2015, the Thilawa special economic zone management committee issued guidance on trading activities that will now be considered. Free-zone business entities will be able to "wholesale" products, up to 25% of total sales, to promotion-zone businesses or to businesses outside the economic zone. Free-zone businesses, however, will still not be able to participate in retail business.

[More details](#)

## New Zealand

### New Zealand: Withholding tax on foreign property sellers

The third part of the Government's Budget 2015 property tax package, a residential land withholding tax on offshore sellers, has been released.

The withholding tax will apply where settlement occurs on or after 1 July 2016.

Submissions are requested by 2 October.

[More details](#)

## Philippines

### Philippines: Advance VAT exemption, sugar cooperatives

The Bureau of Internal Revenue released guidance concerning the process for obtaining a taxpayer identification number (TIN) for a "local employee" and clarifying the exemption from advance VAT (value added tax) for certain agricultural cooperatives that are producers of sugar.

[More details](#)

## Singapore

### Singapore: Enhanced support for Singaporean PMEs

To strengthen the Singaporean core of Professionals, Managers and Executives (PMEs), the Ministry of Manpower has introduced stricter requirements for firms hiring highly-skilled foreigners.

[More details](#)

## Singapore: The Need for More Effective Tax Compliance Strategies

Multinational companies in Singapore currently gathering information and preparing their tax returns to meet the filing deadline of 30 November 2015 need to pay attention to the accurate collation of information and appropriateness of tax adjustments, keeping in mind new rules or requirements both in Singapore and in other jurisdictions. Compliance continues to be a focus of the Inland Revenue Authority of Singapore.

[More details](#)

## Vietnam

### Vietnam: Oil exploration, PE status, VAT and customs guidance

KPMG member firm in Vietnam has prepared a report summarising various tax developments on corporate income tax, individual (personal) income tax, value added tax (VAT), and customs duty.

[More details](#)

## Calendar of Events

| Date                 | Event  | Location                |
|----------------------|--|-------------------------|
| 10 September 2015    | Understanding the fundamental principles of Malaysian GST<br><a href="#">More details</a>              | Petaling Jaya, Malaysia |
| 11 September 2015    | Shared Services Round Table Discussion<br><a href="#">More details</a>                                 | Shanghai, China         |
| 14-17 September 2015 | Are You Attending 4th Annual Shared Services & Outsourcing Week China?<br><a href="#">More details</a> | Shanghai, China         |
| 17-18 September 2015 | Banking Tax Workshop<br><a href="#">More details</a>   | Singapore               |
| 18 September 2015    | LogTech Forum<br><a href="#">More details</a>  | Hong Kong               |
| 22-23 September 2015 | AFR Tax Reform Summit – an opportunity to influence the future<br><a href="#">More details</a>         | Sydney                  |
| 2 October 2015       | Managing Global Mobility to Malaysia<br>For more details email <a href="#">Carmen Yong</a>             | Petaling Jaya, Malaysia |
| 23 October 2015      | Malaysian Tax Budget 2016  | Malaysia                |
| 26-28 October 2015   | 2015 KPMG EMA Tax Summit<br><a href="#">More details</a>   | Lisbon, Portugal        |
| 28 October 2015      | KPMG Malaysia Tax Summit 2015<br>For more details email <a href="#">Karen Lee</a>                      | Malaysia                |
| 9 December 2015      | Managing Employer's Tax Obligations<br>For more details email <a href="#">Carmen Yong</a>              | Petaling Jaya, Malaysia |

# Beyond Asia Pacific

## Greece: Update on tonnage tax regime, tax evasion measures

Greece is taking steps to introduce reforms in the areas of tax policy and revenue administration under a “memorandum of understanding” reached with the European Commission.

[More details](#)

## Panama: Applications for rulings on application of treaty benefits

A resolution was published in Panama’s official gazette includes what information must be included in the ruling from the tax authorities as well as the legal basis for the ruling etc.

[More details](#)

## Mexico: Taxpayers challenge monthly tax accounting reporting requirements

A district court issued a judgment—“amparo”—in taxpayer-initiated challenges to the rules requiring taxpayers to provide monthly information accounting statements to the tax authorities.

[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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