



Asia Pacific Tax Developments

Australia

Australia: Exploration Development Incentive: are you eligible?

Register by 30 September

A timely reminder to check whether your organisation is eligible for the Exploration Development Incentive (EDI).

The EDI allows companies that choose to participate in the scheme to convert tax losses into EDI credits, which may be passed through to Australian resident shareholders either as a refundable tax offset or franking credit depending on the investor profile. The EDI is limited to companies that are greenfields minerals explorers and have incurred greenfields minerals expenditure.

[More details](#)

Australia: R&D Incentive – some lateral thinking on precedent

The R&D incentive has a tighter definition of R&D than its predecessor, the R&D tax concession. Specifically, the new measure not only requires that there be an intention to generate new knowledge, but the outcome of experiments being claimed must be uncertain. As yet, there have been no cases to authoritatively determine key definitions on R&D eligibility under the incentive.

[More details](#)

Australia: Restructuring? Scrip for scrip amendments

To address integrity concerns that arose under the scrip for scrip provisions, Tax and Superannuation Laws Amendment (2015 Measures No. 4) Bill 2015 was introduced into Parliament.

The most significant amendment in this Bill will ensure the 'significant stakeholder' test cannot be circumvented, preventing indefinite capital gains tax deferral opportunities where in substance

there is a significant level of influence over the acquiring entity under a scrip for scrip arrangement.

[More details](#)

Australia: Social media — the tax morality battleground

Much of the recent debate around Tax Morality – as opposed to Tax Legality – has been driven and prolonged by Social Media commentary. This Social Media and also the political focus on tax has firmly moved it into the public eye. Even the most highly technical of tax terms can now be found being publically debated.

[More details](#)

India

India: CBDT issues further clarifications on tax compliance for undisclosed foreign income and assets under Black Money Act

The government, upon receiving various queries relating to the one-time compliance scheme, has come out with a next set of clarifications.

The fresh set of clarifications deal with various practical issues faced by the taxpayer under the provisions of the Black Money Act and the Rules. These clarifications may provide some respite to the taxpayers grappling with the issues arising out of the Black Money Act.

[More details](#)

India: Extended deadline for filing certain tax returns

India's Central Board of Direct Taxes on 2 September 2015 issued an order extending the income tax return filing deadline to 7 September 2015, for individuals, Hindu undivided families,

partnerships, and certain other taxpayers that are not required to have their books of accounts audited.

[More details](#)

India: Government accepts the recommendation of the A.P. Shah Committee to clarify the inapplicability of MAT to FIIs/FPIs

The recommendation of the Committee for amendment of Section 115JB of the Act or issuance of a circular to provide for complete inapplicability of MAT provisions to Foreign Portfolio Investors has come as a big sigh of relief to them who otherwise may have required to litigate the matter for years to attain certainty on the issue.

[More details](#)

India: No related-party relationship, despite substantial single-party purchases

The Pune Tribunal upheld findings of the Dispute Resolution Panel that because a taxpayer merely had substantial single-party purchases, this factor alone did not demonstrate an influence on pricing or other conditions that would be present in an associated enterprise or related-party relationship under the transfer pricing rules.

The tribunal observed that the clauses of the distribution agreement showed that both the taxpayer and the supplier were independent parties. As such, the transfer pricing provisions were not applicable to the taxpayer.

[More details](#)

India: Profit split method upheld, activities were "inextricably linked"

The Delhi Tribunal upheld application of the profit split method when different activities performed by the taxpayer and its related parties were inextricably linked, and the entities contributed significantly to the value chain of provision of software services to the end-user customer.

[More details](#)

India: The Bombay High Court stays demand of tax till the CIT(A) disposes of the appeal

The Bombay High Court in the present case held that the CIT did not give the taxpayer any opportunity to explain the nature of receipt and utilisation of the funds before disposal of the application for stay of demand of tax. Due consideration had not been given while rejecting the stay application. The High Court directed the tax department not to adopt any coercive proceedings as the CIT(A) disposes of the tax payer's appeal. However, as the hearing had already commenced, the CIT(A) was directed to dispose of the appeal as expeditiously as possible. Further, it was observed that where a strong *prima facie* case has been made out by the taxpayer, the requirement of pre-deposit of tax demand would by itself be a matter of hardship.

[More details](#)

India: FATCA guidance notes

India's Ministry of Finance, Department of Revenue (Foreign Tax and Tax Research Division) on 31 August 2015 released guidance notes

with respect to implementation of the reporting requirements under rules 114F to 114H of the Income tax rules. Rules 114F to 114H implement the intergovernmental agreement between India and the United States pursuant to the FATCA regime.

[More details](#)

New Zealand

New Zealand: Shareholder debt is forgiven, or converted to equity

New Zealand's Cabinet has approved a proposal that there would be no adverse tax consequences when shareholder debt is forgiven or converted to equity (i.e., debt remissions and capitalisations). The rule would apply within the same wholly owned group or when there is a pro-rata remission or debt capitalisation or when the lender is a non-resident.

[More details](#)

New Zealand: Update on R&D tax bill

The Finance and Expenditure Select Committee of Parliament has reported back a tax bill that would allow:

- research and development (R&D) tax losses for qualifying businesses
- tax deductions for certain currently non-deductible and non-depreciable ("black hole") R&D expenditures.

The bill also include provisions to clarify the goods and services tax (GST) treatment of "bodies corporate" and certain miscellaneous international tax and other remedial amendments.

[More details](#)

Singapore

Singapore: Keeping pace with Asia's competitive innovation

The ways in which products and brands in Asia are relentlessly reinventing themselves and entering uncharted markets is opening the floodgates for innovation.

With the merging of physical and digital spheres, SMEs will see their processes fast becoming instrumented and measure their digital presence to see if it makes or breaks their growth.

[More details](#)

Thailand

Thailand: Tax relief for international headquarters

The Thai Board of Investment introduced a new program to encourage the location of headquarters in Thailand. Among the incentives are provisions providing relief from corporate income tax (0% on non-Thai source income from services, royalties, and dividends, and 10% on certain Thai source income) for a period of 15 years.

[More details](#)

Calendar of Events

Date	Event	Location
17-18 September 2015	Banking Tax Workshop <u>More details</u>	Singapore
18 September 2015	LogTech Forum <u>More details</u>	Hong Kong
22-23 September 2015	AFR Tax Reform Summit – an opportunity to influence the future <u>More details</u>	Sydney
2 October 2015	Managing Global Mobility to Malaysia For more details email <u>Carmen Yong</u>	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 <u>More details</u>	Lisbon, Portugal
28 October 2015	KPMG Malaysia Tax Summit 2015 For more details email <u>Karen Lee</u>	Malaysia
21-22 November 2015	Global Service Outsourcing Summit 2015 <u>More details</u>	New District Jinhua, China
9 December 2015	Managing Employer's Tax Obligations For more details email <u>Carmen Yong</u>	Petaling Jaya, Malaysia

Beyond Asia Pacific

Angola: Tax incentives under new investment law

A new law in Angola revises the rules and government-backed incentives—including tax relief from certain taxes, as available over a period of years—for investments made in Angola.

[More details](#)

Belgium: Tax havens, implications for payments to Luxembourg and Cyprus

The Belgian tax authorities on 3 September 2015 issued guidance concerning tax deductions with respect to payments made into “tax haven” jurisdictions, specifically payments made into Luxembourg and Cyprus and whether there is a reporting obligation imposed on the taxpayer.

[More details](#)

Nigeria: Companies pay 30% tax on “interim dividends” declared

The acting chairman of Nigeria’s Federal Inland Revenue Service (FIRS), during a 3 September 2015 meeting with tax consultants, addressed steps for improving the administrative and revenue collection efforts of the tax agency.

[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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