



Asia Pacific Tax Developments

Australia

Australia: Exploration guidance: draft taxation ruling TR2015/D4

The long-awaited draft Taxation Ruling TR 2015/D4 on Deductions for Mining and Petroleum Exploration Expenditure has finally been released.

The ruling is a welcome and refreshing example of how through proper consultation between industry and the Australian Taxation Office (ATO), an appropriate, commercial and fair outcome can be achieved.

KPMG in Australia highlights the key themes coming out of the draft ruling.

[More details](#)

Australia: How OECD Action 4 Interest Deductions proposes to tackle BEPS

When the final Base Erosion and Profit Shifting (BEPS) recommendations were released on October 5, commentary in the press conference suggested that Action Item 4 was critical to address BEPS by limiting interest deductions to 10-30 percent of earnings before interest, taxes, depreciation and amortisation.

KPMG in Australia reviews the recommendations of the Organisation for Economic Co-operation and Development (OECD) Action Item 4 interest deductions and how this will tackle BEPS.

[More details](#)

Australia: IHF: putting taxpayers in box seats down the final straight

KPMG in Australia discusses the In-House Facilitation, which is a relatively new and free Australian Taxation Office mediation process available to all taxpayers at any point in the dispute. The discussion aims at assisting with better understanding of issues in dispute.

[More details](#)

India

India: Action 6 – Preventing the granting of treaty benefits in inappropriate circumstance

The OECD's final report on Action 6 identifies treaty abuse, and in particular treaty shopping, as one of the most important sources of BEPS concerns.

OECD states that *"Taxpayers engaged in treaty shopping, and other treaty abuse strategies undermine tax sovereignty by claiming treaty benefits in situations where these benefits were not intended to be granted, thereby depriving countries of tax revenues".*

KPMG in India provides an analysis of the Action 6.

[More details](#)

India: Carry forward and set-off of business losses for previous years

The Karnataka High Court upheld the decision of the Bangalore Bench of the Income-tax Appellate Tribunal that the benefit to carry forward and set-off business losses for previous years shall be available if 51 per cent of the control and voting power of the company remains unchanged.

[More details](#)

India: Clarifications on taxation of income from off-shore rupee denominated bonds

Recently, the Reserve Bank of India issued a Circular whereby it has permitted Indian companies to issue rupee denominated bonds outside India. There was no clarity on the issue of taxation of the income arising from such bonds.

On 29 October 2015, the Central Board of Direct Taxes issued a press release providing clarifications on taxability of interest and capital gains on the off-shore rupee denominated bonds.

[More details](#)

India: OECD BEPS Action 7 – Preventing the Artificial Avoidance of Permanent Establishment Status

On 5 October 2015, the OECD released the final report on Action 7 which includes changes to be made to the definition of permanent establishment in Article 5 of the OECD Model Tax Convention, which is widely used as the basis for negotiating tax treaties.

KPMG in India has released a report analysing the changes suggested in Action 7.

[More details](#)

India: Outstanding receivables from the services rendered are not 'Capital financing' warranting levy of hypothetical and notional interest

The Hyderabad Bench of the Income-tax Appellate Tribunal rejected a transfer pricing assessment made with respect to "notional interest" on outstanding receivables between the taxpayer and its foreign related party, and excluded five comparable companies selected by the Transfer Pricing Officer on functionality grounds.

[More details](#)

India: Utilisation of cenvat credit of education cess and secondary and higher education cess against output service tax liability

Manufactures are allowed to utilise cenvat credit of cess for payment of output excise duty liability availed on or after 1 March 2015. However, no such provision was made for a service provider.

To extend the similar benefit to service providers, the central government has now issued a Notification No. 22/2015-CE (N.T.) dated 29 October 2015 to enable service providers to utilise cenvat credit of cess for payment of output services tax liability.

[More details](#)

India: The taxpayer is entitled to TDS credit of its sister concern appearing in its Form 26AS due to an inadvertent error of a deductor

The Delhi High Court held that the taxpayer is entitled to the credit of the Tax Deducted at Source (TDS) of its sister concern due to an inadvertent error made by vendor mentioning the taxpayer's Permanent Account Number (PAN) in the TDS certificate due to which TDS credit was reflected in the taxpayer's Form 26AS instead of Form 26AS of the sister concern.

[More details](#)

Malaysia

Malaysia: Tax incentives in 2016 budget

The 2016 budget, presented 23 October 2015, includes a broad range of tax incentives for individuals and businesses. For example, the budget proposes a "double deduction" with respect to research and development projects undertaken by small and medium size enterprises.

[More details](#)

Singapore

Singapore: Long journey ahead for OECD's tax plan

KPMG in Singapore has prepared a report explaining why there is a long journey ahead for the OECD's new tax proposals under its BEPS Action Plan. This report also highlights some of the issues which could arise as countries consider the adoption of the new tax proposals.

[More details](#)

Singapore: New Tax Treatment – Non-resident Employees on Business Trips to Singapore

Effective 1 January 2016, the Inland Revenue Authority of Singapore (IRAS) will implement a new tax treatment for non-resident employees who are based outside Singapore and travel to Singapore for business.

The new tax treatment will mean that employers do not need to report the non-taxable subsistence allowance (inclusive of acceptable rate for per diem and accommodation provided) for non-resident employees on business trips. Also, there is no longer a withholding tax obligation for subsistence allowance for non-resident directors

[More details](#)

Singapore: Technology and innovation key to growth and profit

KPMG in Singapore has prepared a report discussing the adoption of social media and cloud computing, which are among ways that can help SMEs become a disruptive force.

[More details](#)

Singapore: What the AEC 2015 target means for businesses in ASEAN?

KPMG in Singapore provides insight into the status of the AEC, including the "free flow of goods" initiative, and what the AEC 2015 target could mean for businesses in ASEAN.

[More details](#)

Calendar of Events

Date	Event	Location
12 November 2015	KPMG Banking Risk & Regulations Conference 2015 More details	Singapore
24 November 2015	KPMG Goods and Services Tax (GST) Seminar: Zero-rating of Services and Difference Between Reimbursement and Disbursement More details	Singapore
2-3 December 2015	U.S. Tax Training Hosted by TEI Asia Chapter & Sponsored by KPMG More details	Beijing, China
09 December 2015	Managing Employer's Tax Obligations For more details email Carmen Yong	Petaling Jaya, Malaysia
08 January 2016	KPMG Seminar Series: Remuneration Reporting in Forms IR8A/IR21 Workshop 2016 More details	Singapore

Beyond Asia Pacific

Canada: Estate and trust tax changes effective 1 January 2016

New tax changes concerning estates and trusts rules will be effective 1 January 2016. These changes may require additional tax compliance measures and the forecasting of cash flows for new tax instalment payments starting in 2016.

[More details](#)

Romania: Waiver of late-payment penalties, interest

Romania's government in October 2015 issued an "emergency ordinance" that allows for the "cancellation" of penalties and interest imposed for the late payment of taxes.

[More details](#)

Uganda: Mutual assistance in tax matters agreement is signed

The Organisation for Economic Cooperation and Development (OECD) today announced that Uganda signed the OECD multilateral convention on mutual administrative assistance in tax matters.

[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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