



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 28 January 2016



Significant International Tax Developments



OECD: Agreement signed for exchange of country-by-country reporting information

Representatives of 31 countries on 27 January 2016 signed an agreement—the Multilateral Competent Authority Agreement (MCAA)—for the automatic exchange of country-by-country reports.

The MCAA is intended to allow for consistent and swift implementation of new transfer pricing reporting standards developed under Action 13 of the OECD's base erosion and profit shifting (BEPS) project, and to allow tax administrations to understand how multinational enterprises structure their operations and to protect confidential information.

[More details](#)

Asia Pacific Tax Developments

Australia

Australia: Balance sheet recognition of lease assets and liabilities: tax implications

The International Accounting Standards Board issued International Financial Reporting Standard 16, Leases (IFRS 16). IFRS 16 will require lessees to recognise assets and liabilities on balance sheet for all leases except certain short-term or low-value arrangements. This is a significant change from the previous standard, International Accounting Standard 17.

KPMG in Australia discusses IASB IFRS16 - Leases and the tax consequences of this new reporting standard.

[More details](#)

Australia: NISA Consultations: have your say on Innovation and Science

In early December the Government released the National Innovation and Science Agenda (NISA). Most of the 24 initiatives contained in the NISA are proposed for 1 July 2016 onwards and many lacked specifics.

KPMG in Australia provides examples of specific areas the Government is consulting on in relation to the National Innovation and Science Agenda.

[More details](#)

Australia: The AAT give guidance on the purpose of R&D activities

In *JLSP v Innovation Australia [2016] AATA 23* (JLSP), the Administrative Appeals Tribunal (AAT) considered two primary questions in relation to the section 355-25(1)(b) requirement that a core research and development (R&D) activity must be conducted for the purpose of generating new knowledge.

KPMG in Australia analyses what can be learnt from the Administrative Appeals Tribunal's recent decision regarding the purpose of R&D activities.

[More details](#)

Australia: US opens the gates for qualified foreign pension fund investment

In December, President Obama signed into law the Protecting Americans from Tax Hikes Act (the PATH Act) which in a significant departure from former policy, introduced an exemption from Foreign Investment in Real Property Act for "Qualified Foreign Pension Funds" and their wholly owned entities.

KPMG in Australia examines whether Australian super funds might be Qualified Foreign Pension Funds under the new US PATH Act.

[More details](#)

China

China: Guidance clarifying the R&D “super deduction”

China’s tax administration issued guidance concerning implementation of the 150% “super deduction” available under the research and development (R&D) regime.

[More details](#) | [Chinese version](#)

China: Treatment of shares, options granted employees of unlisted companies

The Hainan Local Tax Bureau recently released its opinions relating to Individual Income Tax treatment including the taxation point, share valuation method, and tax calculation formula relating to shares and options granted to employees of unlisted companies.

The opinions issued by the Hainan local tax bureau provide operational guidelines on individual income tax issues for equity incentive income derived from unlisted companies.

[More details](#) | [Chinese version](#)

India

India: Capital gains from transfer of shares are taxable under India-Netherlands tax treaty

The Mumbai Bench of the Income-tax Appellate Tribunal held that capital gains arising to a foreign company on transfer of shares held in an Indian company, under a court-approved buy-back plan, are taxable under the India-Netherlands tax treaty.

The Tribunal found that the arrangement entered by the taxpayer in selling part of its shareholding to the company pursuant to the buy-back does not fall under the definition of “reorganization.” Still, the taxpayer was found to be entitled to a concessional rate of 10% on the capital gains.

[More details](#)

India: Cross-border share reorganization, transfer pricing rules not triggered

India’s Authority for Advance Rulings concluded that a proposed transfer of shares of an Indian company by a Mauritius based company to a Singapore based company, under a group reorganisation, is not taxable under the India-Mauritius income tax treaty. The proposed transfer of shares did not amount to a plan to avoid payment of taxes in India, and India’s transfer pricing rules were not triggered because the transaction was not taxable in India.

[More details](#)

India: Easwar Committee report on the simplification of various provisions of the Income-tax Act

Recently, the Easwar Committee issued its report containing recommendations on simplifications of various provisions of the Act. The Committee has dealt with recommendations on issues which are simple and need immediate attention.

The Committee has divided its recommendations broadly into two parts: 1) those requiring amendments to the Act and 2) those which can be implemented through the issue of circulars/administrative instruction, etc.

KPMG in India summarises the recommendations of the Committee.

[More details](#)

Thailand

Thailand: New income tax treaty with India

The income tax treaty between Thailand and India has been renegotiated, and a new treaty was agreed to on 1 December 2015. It is anticipated that the new income tax treaty would enter into force in Thailand in January 2017, but this is not official.

[More details](#)

Thailand: Voluntary disclosure, incorrect customs import duties

Thailand's Customs Department launched a new voluntary audit program that allows a company to approach the customs authorities and voluntarily disclose any import duty that was paid incorrectly in the past.

[More details](#)

Vietnam

Vietnam: Tuition paid by employers considered staff welfare; VAT updates

Guidance in an official letter states that if a company directly pays tuition and fees for children of employees according to company policies and properly documented, these payments are considered to be deductible expenses for corporate income tax calculation purposes, subject to a cap.

[More details](#)

Calendar of Events

Date	Event	Location
Week of 9 May 2016	2016 KPMG Asia Pacific Tax Summit	Beijing

Beyond Asia Pacific

Canada: New estate and trust tax regime

Canada's Department of Finance released draft legislation that would provide relief for trusts and estates affected by the "graduated rate estate" rules.

[More details](#)

Poland: Guidelines for "standard" tax audit file of large companies

The Ministry of Finance on 23 December 2015 announced draft guidelines of the structure and format of electronic tax records and accounting documents that will constitute the "standard" tax audit file.

[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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