



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 25 February 2016



Asia Pacific Tax Developments

Australia

Australia: CRS: moving goal posts, upward costs?

The Bill introducing the Common Reporting Standard (CRS), introduced into the House of Representatives on 3 December 2015, is likely to be passed by Parliament soon. These rules will apply from 1 July 2017 (not 1 January 2017, as originally envisaged by the earlier Exposure Draft).

In addition to the push out of the expected implementation date, there have been some changes to the Bill before Parliament that were not in the original Exposure Draft.

KPMG in Australia provides insight into the changes to the Common Reporting Standard Bill.

[More details](#)

Australia: Spending under the spotlight as tax reform hopes fade

The Treasurer, in his speech at the Press Club in Canberra yesterday, emphasised the need for restraint on public expenditure. The debate now seems to be moving away from necessary tax reform, which we have been building up to for over the past two years.

KPMG in Australia highlights the potential consequences of the delay of tax reforms with the Government's apparent delay of tax reforms.

[More details](#)

Australia: Stronger links between ATO and FIRB announced

The Federal Treasurer announced that new requirements will be imposed on foreign investment applications to ensure compliance with Australian tax laws. This follows the overhaul of the foreign investment laws implemented at the end of last year and the Treasurer has stated that the new requirements will add to the 'already strengthened' framework.

KPMG in Australia sheds some light on the new requirements.

[More details](#)

Australia: Tax incentives for early stage investors

The Government's National Innovation and Science Agenda (NISA) includes an initiative to create a new tax incentive for early stage investors. Ahead of drafting enabling legislation, a consultation paper has been released and a number of consultation roundtables held.

KPMG in Australia provides insights on NISA's initiative.

[More details](#)

Cambodia

Cambodia: Tax developments

KPMG in Cambodia discusses various technical updates regarding:

- Instructions on the use of invoices for taxpayers under the Real Regime
(No. 1127 GDT, dated 26 January 2016)
- Notifications on interest market rate for loans in US Dollar and Khmer Riel in year 2015
(No. 2118 GDT and no. 2119 GDT dated 5 February 2016)

[More details](#)

Cambodia: Sub-decree on the organization and functioning of the Committee of Tax Arbitration

The Royal Government of Cambodia (RGC) has issued a Sub-Decree on the organization and functioning of the Committee of Tax Arbitration (CTA), dated 6 January 2016. The CTA shall review, resolve and make decisions on protests regarding customs, excise and tax disputes arising from final decisions or rulings by the General Department of Customs and Excise (GDCE) and/or the General Department of Taxation (GDT).

[More details](#)

China

China: The Customs of the People's Republic of China issued new rules on tax collection and price verification of imported aircraft

China's General Administration of Customs issued guidance concerning the collection of tax (customs duty) and price verification with respect to imported aviation supplies and aircraft operating leases.

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

India

India: Six months for rectification order

The Central Board of Direct Taxes (CBDT) issued an instruction to Assessing Officers to follow strictly the prescribed time limit of six months for an order under section 154(8) of the Income-tax Act, 1961. All rectification applications must be disposed of after passing an order in writing.

[More details](#)

India: Functional comparability of taxpayer's business segments

The Delhi Bench of the Income-tax Appellate Tribunal—on finding it essential to conduct a detailed functional analysis for purposes of determining comparability—rejected as inappropriate a functional comparability based on broad parameters that failed to explore the actual substance of the taxpayer's business functions.

[More details](#)

India: No tax withheld when interest not paid; no income accrued to the payee

The Karnataka High Court held that when interest has not been paid to the payee, there is no liability to withhold (deduct) tax because no income accrued in the hands of the payee.

[More details](#)

India: AAR application in different situations

The Delhi High Court held that the mere filing of a return by the taxpayer will not be treated as the question raised in the Authority for Advance Ruling (AAR) application being pending before the income tax authority. Further, the question raised in the AAR application do not appear to be forming part of the subject matter of the notice issued under the income-tax Act.

[More details](#)

India: Defining "startup" and tax benefits

India's government launched an initiative—"Startup India"—that is intended to empower startups to grow through innovation and design. A notification defines the term "startup" and prescribing the procedure for its recognition and tax benefits.

[More details](#)

New Zealand

New Zealand: Implementing AEOI regime, exchange of transfer pricing rulings

The Inland Revenue released a discussion document on implementing the automatic exchange of information (AEOI) regime. Once implemented, New Zealand financial institutions would need to report foreign account holders to countries that have also signed up for AEOI (i.e., 97 countries to date).

Inland Revenue also confirmed that it will automatically and retrospectively exchange tax rulings—including details of all private taxpayer rulings and unilateral transfer pricing rulings, in effect as of 2014. The exchange will be with countries that have signed tax agreements with New Zealand (currently, over 50 tax treaties and tax information exchange agreements). Both changes were recommended as part of the OECD's base erosion and profit shifting (BEPS) work.

[More details](#)

Vietnam

Vietnam: Work permit rules and incoming foreign workers

New policies for foreign workers in Vietnam will be effective 1 April 2016. There will be changes concerning exempt categories for "incoming" foreign nationals, specifically changes to the work permit rules. The categories of incoming foreign workers exempt from work permit applications are being expanded.

[More details](#)

Vietnam: Rules for representative offices, branches

Changes have been made to the rules governing representative offices and branches of foreign entities doing business in Vietnam.

The changes were made in a decree issued in late January 2016, and seem to reflect a narrowed scope of operations for representative offices of foreign businesses in Vietnam. The new rules are effective 10 March 2016.

[More details](#)

Significant International Tax Developments



OECD: Non-member countries may join as "BEPS associates"

The Organisation for Economic Cooperation and Development (OECD) today announced a proposal for broadening participation in the base erosion and profit shifting (BEPS) project. The proposal will be presented to the Finance Ministers of the G20 countries at a 26-27 February 2016 meeting.

[More details](#)

Calendar of Events

Date	Event	Location
9 March 2016	KPMG keeping abreast with tax regulations in insurance and reinsurance seminar More details	Singapore
16 March 2016	Understanding the fundamental principles of Malaysian GST and latest developments More details Contact person: Ms Pershen Kaur	Petaling Jaya, Malaysia
Week of 9 May 2016	2016 KPMG Asia Pacific Tax Summit More details	Beijing
21 October 2016	2017 Budget Announcement Contact person: Karen Lee	Parliament House, Kuala Lumpur, Malaysia
26 October 2016	KPMG in Malaysia Tax Summit 2016 Contact person: Karen Lee	One World Hotel, Petaling Jaya, Malaysia

Beyond Asia Pacific

Canada: Increased HST rate in New Brunswick, effective July 2016

Companies that do business in New Brunswick will be affected by the province's upcoming harmonized sales tax (HST) rate increase to 15% (from 13%) effective 1 July 2016.

[More details](#)

Mexico: State and local tax, increases for 2016

Mexican states in 2016 are expected to focus their efforts on increasing their tax revenue stream—either through the imposition of new taxes or by means of increases to the rates of existing taxes.

[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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