



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 05 May 2016



Budget Announcement



Australia: Federal budget 2016 announcement

With the release of the Federal Budget announcement on 3 May, KPMG leaders share their reactions and provide insights into the major implications for Australian business, industries and sectors.

[Tax provisions in federal budget 2016](#) | [Federal Budget 2016 – Rolling coverage](#) | [Federal Budget 2016 – Review](#)

Asia Pacific Tax Developments

Australia

Australia: ATTP to include customs duty deferral from FY 2017-18

KPMG Australia welcomes the Government's announcement that the Australian Trusted Trader Programme (ATTP) will include customs duty deferral.

The Minister for Immigration and Border Protection, Peter Dutton also announced pre-budget funding of \$69.9 million over four years to implement the ATTP and confirmed Mutual Recognition Arrangements with key trading partners.

[More details](#)

China

China: More cross-border e-commerce guidance, retail imports

Various Chinese governmental departments in April 2016 issued guidance and a list of cross-border e-commerce retail imported articles in an effort to facilitate implementation of March 2016 notices and to clarify certain issues concerning actual operations involving imports and exports of goods.

[More details](#)

India

India: Conversion of firm into company not a transfer subject to capital gains

The Gujarat High Court held that the sale of the business of a firm as a going concern to a company, for consideration of paid-up share capital, was not a transfer and was not taxable as capital gains.

To invoke the capital gains tax measures, there must be a distribution of capital assets – which was totally missing in the taxpayer's case because there is no distribution of capital assets either by way of dissolution of the firm or otherwise. Therefore, the transfer cannot be treated as a transfer of capital asset and is not subject to capital gains tax.

[More details](#)

India: Interest on refund of “excess tax” withheld at source

India's Central Board of Direct Taxes (CBDT) issued guidance clarifying instances when interest is paid on a refund of “excess tax” that was withheld (deducted) at source.

[More details](#)

India: Tips collected by hotel and remitted to employees, not taxable salary:

India's Supreme Court held that tips collected by a hotel from customers and remitted to hotel employees is not taxable as salary. Rather, the tips are received by the employer (hotel) from customers in a fiduciary capacity, and then are disbursed to employees for services they rendered to the customers.

There was no reference to these amounts in the employment contracts; the employees did not have a vested right to claim tip amounts from the employer; and the tips were purely voluntary amounts paid by customers for services rendered to them. The Supreme Court concluded the tip income would be chargeable in the hands of the employees as income from other sources.

[More details](#)

Korea

Korea: Tax relief for certain corporate restructurings

New measures in Korea aim to simplify certain restructuring procedures for companies in certain industrial sectors deemed to be burdened with “overcapacity.” Specific tax support measures are provided for those eligible companies involved in a voluntary restructuring. The measures are expected to be effective 1 August 2016.

[More details](#)

Thailand

Thailand: Reduced rates of individual income tax continue in 2016

A temporary reduction in the rates of individual (personal) income tax in Thailand continues for the 2016 tax year.

The Thai government issued Royal Decree to continue the rate reductions in the individual income tax for 2016. Accordingly, for the 2016 tax year—as was the case for the 2013-2015 tax years—the temporary reduction in the individual income tax rates will range from 0% to 35% with seven income tax brackets. Without this extension, the individual income tax rates would range from 0% to 37%.

[More details](#)

Vietnam

Vietnam: Corporate tax incentives, VAT on trade discounts, bonded warehouses

Guidance (“official letters”) issued in April 2016 by the tax authority in Vietnam concerns Corporate tax incentives, Value Added Tax on trade discounts and Foreign Contractor Tax on goods sold at bonded warehouses.

[More details](#)

Calendar of Events

Date	Event	Location
9 – 12 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

Italy: VAT reverse-charge mechanism for game consoles, tablets, laptops

New measures in Italy extend the reverse-charge mechanism under the value added tax (VAT) regime to the supply of game consoles, tablets, and laptops.

[More details](#)

Netherlands: Refund opportunity, dividend withholding tax for non-resident shareholders

A policy statement from the Ministry of Finance clarifies how the Dutch tax authorities will deal with requests by non-resident shareholders for a refund of Dutch dividend withholding tax. In addition, non-resident individuals who own real estate in the Netherlands may also benefit from this treatment because they will now be entitled to the tax-free amount.

[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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