



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 09 June 2016



Asia Pacific Tax Developments

Australia

Australia: CbyC final local files released by the ATO

The Australian Taxation Office (ATO) intends to release the final Local File High Level Design (HLD) as part of Australia's implementation of Country-by-Country (CbyC) reporting. The ATO will also release a compendium explaining how it has considered comments received during consultation.

KPMG Australia shares some observations on the final HLD document including the format, minimising duplication and differences to the OECD Local File.

[More details](#)

Australia: Changes to the Reportable Tax Position Schedule

The Reportable Taxation Position (RTP) Schedule pilot was introduced in 2011. Since then, all Q1 and Q2 taxpayers under the Risk Differentiation Framework as notified by the ATO, and that do not have an Annual Compliance Arrangement for income tax in place, have lodged an RTP as part of the pilot.

The ATO has carried out targeted consultation, including a workshop with key tax advisors including KPMG and KPMG Law, as it plans for formalising the RTP schedule as business as usual and two tranches of changes to the RTP schedule.

KPMG Australia explains the proposed changes to the ATO's RTP schedule.

[More details](#)

Australia: Have a say on data availability and IP arrangements

KPMG Australia draws attention to two current Productivity Commission inquiries affecting technology and innovation. These inquiries are significant to the National Innovation and Science Agenda; identifying data availability and use will inform priorities and foster a collaborative culture to stimulate investment and generate valuable IP rights for Australia.

[More details](#)

Australia: Knock, knock – It's a tax raid!

French authorities recently knocked on the door of Google's Paris headquarters to conduct a tax raid of the multinational giant. Google has been subject to review in relation to activities performed by it in France, including whether its staff were finalising contracts with local clients.

KPMG Australia examines whether the recent raid by French tax authorities could mark the beginning of an increasing willingness by tax authorities to use their access powers more frequently.

[More details](#)

Australia: Observations from the 2016 KPMG Asia Pacific Tax Summit in Beijing

KPMG Australia shares some insights from the 2016 KPMG Asia Pacific Tax Summit in Beijing, and highlights on China's 15 Action Plan.

A short summary of key insights and observations from the Tax Summit is also available for download.

[More details](#)

Australia: Stamp Duty - Good news for developers, but for how long?

KPMG Australia outlines the complexities in stamp duty case in Victoria on 'economic entitlements' and the Commissioner's view on development agreements.

[More details](#)

Australia: Trends in tax transparency: the story so far

KPMG Australia recently presented a paper at the Tax Institute's NSW Annual Tax Forum, in which it considered some of the key corporate tax transparency developments in Australia and around the world.

[More details](#)

Australia: Trust reform – What? We're no longer public?

Royal Assent has been granted to long anticipated trust tax law amendments which have the potential to fundamentally change the status of unit trusts with complying superannuation fund or some life insurance company investors. The amendments will apply to new and existing trust estates from 1 July 2016 and will mean some trusts currently taxed as companies (public trading trusts) will now become 'flow-through' vehicles with income taxed in the hands of investors.

[More details](#)

Australia: Tasmanian Budget: State taxation changes

The Tasmanian Budget was handed down on 26 May 2016 and with it came some important changes to the Tasmanian stamp duty regime.

KPMG Australia discusses the State taxation changes.

[More details](#)

India

India: Equalisation Levy Rules, 2016

The Central Board of Direct Taxes issued the Equalisation Levy Rules, 2016, to establish the compliance procedure to be followed for such levy, effective 1 June 2016.

[More details](#)

India: Foreign exchange fluctuation loss on outstanding foreign currency loans

The Pune Bench of the Income-tax Appellate Tribunal held that loss recognised with respect to foreign exchange fluctuation is an accrued and subsisting liability, and not merely a contingent or a hypothetical liability. Further this loss has no nexus or relation to the acquisition of the assets and is to be allowed as a deduction.

[More details](#)

India: Home loan interest double deduction

The Bangalore Bench of the Income-tax Appellate Tribunal held that interest paid on a home loan would not be eligible for deduction as the cost of acquisition for purposes of computing capital gains.

[More details](#)

India: Indian subsidiary of a U.S. company does not constitute a permanent establishment in India

The Delhi High Court, in deciding whether an Indian subsidiary of a U.S. company represented a PE in India, held that Indian subsidiary did not satisfy any of the tests under PE provisions of the India-United States income tax treaty. Accordingly, while the India entity was a subsidiary of a foreign company, it was not a PE of that foreign company in India.

[More details](#)

India: No withholding on reasonable per diem allowances paid to employees for overseas trips

The Karnataka High Court held that a reasonable per diem allowance paid by an employer to its employees for overseas trips would not be subject to tax withholding (deduction) at source by the employer.

[More details](#)

India: Transfer of shares on deferred basis

Transactions involving the acquisition of shares may include an agreement between the parties to defer the payment of the whole or part of the consideration. Recognising the need to facilitate such market practice, the Reserve Bank of India has permitted transfer of shares between a resident buyer and a non-resident seller or vice-versa on a deferred basis.

[More details](#)

India: Valuation of concessional loans made by bank to employees

The Income-tax Act, 1961 seeks to impose tax on benefits provided to employees, by employers, as salary income and also provides valuation rules. One such specified benefit is a loan granted at a concessional rate of interest, the value of which is computed as the difference between the rate of interest charged by the State Bank of India (SBI) on a specified date for the same purpose and the rate of interest at which the loan was granted by the employer (if lower than the SBI rate). The Madras High Court held that this valuation methodology does not create a "hardship" and that the concessional rate of interest is subject to tax. [More details](#)

Japan

Japan: Consumption tax rate increase - Two and a half year delay

Prime Minister Shinzo Abe announced that the increase in the consumption tax rate from 8 percent to 10 percent will be postponed to 1 October 2019 – by two and a half years.

[More details](#)

Calendar of Events

Date	Event	Location
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

Significant International Tax Developments



Initial analysis of OECD discussion draft: Development of multilateral instrument

The Organisation for Economic Cooperation and Development (OECD) released a discussion draft on BEPS Action 15: “Development of a multilateral instrument to implement the tax treaty-related BEPS measures.” The discussion draft requests comments on technical issues related to the development of the multilateral instrument, which is anticipated to be finalized and open for signature by 31 December 2016.

[More details](#)

OECD: Jamaica, Uruguay sign tax-assistance convention, Brazil completes ratification

The OECD on 1 June 2016 announced that Jamaica and Uruguay have signed the multilateral convention on mutual administrative assistance in tax matters and that Brazil's instrument of ratification of the convention has been deposited with the OECD and will enter into force on 1 October 2016.

[More details](#)

Beyond Asia Pacific

EU: Mandatory automatic exchanges of tax information

On 25 May 2016, the European Council adopted a Directive that amends Directive 2011/16/EU with regard to mandatory automatic exchanges of information in the field of taxation.

[More details](#)

Poland: Proposal for retail sales tax

Proposed legislation in Poland would impose a retail sales tax on the sellers of goods, if a monthly threshold amount of sales revenue is satisfied. It is intended for this tax to have an effective date in the summer of 2016.

[More details](#)

TaxNewsFlash by Region

For the latest tax developments from other regions see the following links:

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



Warrick Cleine

Partner & CEO, KPMG in Vietnam

T: +84 8 3821 9266

E: warrickcleine@kpmg.com.vn

Asia Pacific Tax Centre Leader, Regional Tax Partner



**Brahma Sharma - KPMG Asia
Pacific Limited**

**Asia Pacific Tax Centre Leader,
Regional Tax Partner**

T: +65 8186 7369

E: brahmasharma@kpmg.com.sg

Asia Pacific Regional Client Service Team

Regional Client Partner



**Rick Asquini - KPMG in
Singapore**

Regional Client Partner

T: +65 6213 3300

E: rickasquini@kpmg.com.sg

Asia Pacific Indirect Tax Compliance Centre of Excellence



Adrienne McStocker - KPMG in

Singapore

**Regional Leader, Asia Pacific
Indirect Tax Compliance**

T: +65 6597 5810

E: amcstocker1@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



**Tony Gorgas - KPMG in Australia
Asia Pacific Regional Leader,
Transfer Pricing Services**

T: +61 2 9335 8851

E: tgorgas@kpmg.com.au

Financial Services Transfer Pricing



**John Kondos - KPMG in China
Asia Pacific Regional Leader,
Transfer Pricing Services in the
Financial Services Sector**

T: +852 2685 7457

E: john.kondos@kpmg.com

Indirect Tax Services



Lachlan Wolfers - KPMG in China
Asia Pacific Regional Leader,
Indirect Tax Services
T: +852 22 685 7791

E: lachlan.wolfers@kpmg.com

Trade & Customs



Angelia Chew - KPMG in Singapore
Asia Pacific Regional Leader,
Trade & Customs Services
T: +65 6213 3768

E: angelia.chew@kpmg.com.sg

Global Compliance Management Services



Oi Leng Mak - KPMG in Singapore
Asia Pacific Regional Leader,
Global Compliance Management Services
T: +65 6213 7319

E: omak@kpmg.com.sg

Global Mobility Services



Andy Hutt - KPMG in Australia
Asia Pacific Regional Leader,
Global Mobility Services
T: +61 2 9335 8655

E: ahutt@kpmg.com.au

International Tax



Christopher Xing - KPMG in China
Asia Pacific Regional Leader,
International Tax
T: +852 2978 8965

E: christopher.xing@kpmg.com

Deal Advisory M&A Tax



Angus Wilson - KPMG in Australia
Asia Pacific Regional Leader,
Deal Advisory M&A Tax
T: +61 2 9335 8288

E: arwilson@kpmg.com.au

Research & Development (R&D) Tax Incentives



Alan Garcia - KPMG in China
Asia Pacific Regional Leader,
R&D Tax Incentives
T: +86 21 2212 3509

E: alan.garcia@kpmg.com

Dispute Resolution and Controversy



Angela Wood - KPMG in Australia
Asia Pacific Regional Leader,
Dispute Resolution and Controversy
T: +61 3 9288 6408

E: angelawood@kpmg.com.au

Legal Services



David Morris - KPMG in Australia
Asia Pacific Regional Leader,
Legal Services
T: +61 2 9455 9999

E: davidpmorris@kpmg.com.au

Market Sector Specialists

Financial Services



Christopher Abbiss - KPMG in China

**Asia Pacific Regional Tax Leader,
Financial Services and Banking Sector**

T: +852 2826 7226

E: chris.abbiss@kpmg.com

Alternative Investments & Private Equity



Simon Clark - KPMG in Singapore

Asia Pacific Regional Tax Leader, Alternative Investments and Private Equity sector

T: +65 6213 2152

E: simonclark1@kpmg.com.sg

Sovereign Wealth and Pension Funds



Angus Wilson - KPMG in Australia

**Asia Pacific Regional Leader,
Sovereign Wealth and Pension Funds Sector**

T: +61 2 9335 8288

E: arwilson@kpmg.com.au

Energy & Natural Resources



Carlo Franchina - KPMG in Australia

**Asia Pacific Regional Tax Leader,
Energy & Natural Resources Sector**

T: +61 8 9263 7239

E: cfranchina@kpmg.com.au

Insurance



John Salvaris – KPMG in Australia

**Asia Pacific Regional Leader,
Insurance Sector**

T: +61 3 9288 5744

E: jsalvaris@kpmg.com.au

<https://home.kpmg.com/xx/en/home/services/tax/regional-tax-centers/asia-pacific-tax-centre.html>

www.kpmg.com/tax

kpmg.com/socialmedia



kpmg.com/app

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International, a Swiss entity.



