



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 30 June 2016



Asia Pacific Tax Developments

Australia

Australia: ATO's increasing interest in R&D tax incentive program

The Australian Tax Office (ATO) is taking an increasing interest in the R&D Tax Incentive program. The ATO has recently initiated a new compliance assurance process termed a 'Request for Information' (RFI).

[More details](#)

Australia: Implications of "Brexit" for Australian GDP

KPMG Australia analyses the potential economic consequences for Australia and the UK of the 'Leave' result from the UK EU referendum.

[More details](#)

Australia: Tax proposals in 2016 state budget, New South Wales

KPMG Australia provides an analysis of the tax measures contained in the 2016 New South Wales State Budget. The Budget confirms a number of already announced tax measures to take effect for the 2016/17 year.

[More details](#)

Australia: Job opportunities exist despite changes in NSW Budget

The NSW Budget handed down last week proposed some changes to the NSW Jobs Action Plan.

KPMG Australia provides insight into the opportunities that are still available following the NSW Budget changes.

[More details](#)

Australia: Unpaid tax liabilities – How far is the ATO prepared to go?

KPMG Australia talks about the Federal Court case highlighting the lengths to which the ATO is prepared to go in seeking to recover alleged unpaid tax liabilities when it has suspicions of fraud or evasion.

[More details](#)

China

China: China tax weekly update

KPMG China has issued a newsletter that provides various tax updates on:

- New China-Germany DTA takes effect (SAT Announcement [2016] No. 37)
- China and Poland sign air transport tax agreement
- CSRC plans new rules for restructuring listed companies
- Further VAT implementation rules by MOF and SAT
- SAT “names and shames” a further 10 tax fraud cases.

[More details](#)

Hong Kong SAR

Hong Kong: CRS/AEOI Hong Kong legislation gazette

After the passage of the Inland Revenue (Amendment) Bill 2016 in the Legislative Council on 22 June 2016, Common Reporting Standard (CRS) will be effective in Hong Kong beginning 1 January 2017. Over 100 jurisdictions have committed to CRS to-date. Reporting financial institutions which are headquartered or have operations in these jurisdictions will need to have processes and procedures in place to meet their CRS obligations.

[More details](#)

India

India: Customs draft guidance, AEO regime

India's Central Board of Excise and Customs (CBEC) issued draft guidance for comments concerning an Authorised Economic Operator (AEO) regime.

Among the benefits under the AEO programme would be a higher facilitation level; the facility of direct port delivery or entry; reduced bank guarantees; expedited investigations and dispute resolutions; paperless declarations with no supporting document in a physical form; and trade facilitation by foreign customs authorities with which India has mutual recognition agreements.

[More details](#)

India: Draft revised Authorised Economic Operator Scheme guidelines notified

As a trade facilitation measure, the Central Board of Excise and Customs (CBEC) has notified Accredited Client Programme (ACP) and Authorised Economic Operator Scheme (AEO).

CBEC with the focus on 'Ease of Doing Business' has now decided to merge these measures into a combined three tier AEO programme with enhanced scope and benefits.

[More details](#)

India: Expenditure relating to exempt income

The Central Board of Direct Taxes (CBDT) issued a notice of amendments to Rule 8D of the Income-tax Rules, 1962. The rule concerns the disallowance of a claim for an expenditure relating to tax-exempt income.

[More details](#)

India: General Anti-Avoidance Rules

The CBDT amended the general anti-avoidance rules (GAAR), to reflect an effective date 1 April 2017.

[More details](#)

India: Guidance for FATCA, CRS requirements

India's CBDT issued guidance concerning FATCA and common reporting standard (CRS) requirements.

[More details](#)

India: Levy and collection

The Ministry of Finance issued guidance concerning the Krishi Kalyan Cess and an exemption from the cess for invoices issued on or before 31 May 2016.

[More details](#)

India: Prior MAP not justification for proposed transfer pricing adjustment

The Delhi Bench of the Income-tax Appellate Tribunal held that when, in an earlier year, the taxpayer accepted the tax department's position pursuant to mutual agreement procedure (MAP) proceedings, the taxpayer's acceptance was not to be considered to be a basis for the taxpayer's consent for a transfer pricing adjustment proposed by the tax authorities for a later year.

[More details](#)

India: Payments made in kind, provisions dealing with deduction of tax at source not applicable

The Mumbai Bench of the Income-tax Appellate Tribunal held that since the payment made by the taxpayer is in kind, the provisions of section 194J of the Income-tax Act, 1961 (the Act), dealing with deduction of tax at source on fees for professional or technical services, are not applicable.

[More details](#)

India: Scientific research deduction

The Gujarat High Court held that once the Department of Scientific and Industrial Research grants approval of the taxpayer's scientific research, the Assessing Officer cannot attempt to verify that conditions were satisfied in order to deny a deduction.

[More details](#)

India: Treaty provisions, no override

The Chennai Bench of the Income-tax Appellate Tribunal held that a provision of the Income-tax Act, 1961 does not override a withholding tax rate prescribed by an income tax treaty.

[More details](#)

Malaysia

Malaysia: Price Control and Anti-Profitteering (Mechanism to Determine Unreasonably High Profit) (Net Profit Margin) (Amendment) Regulations 2016

On 24 June 2016, the Price Control and Anti-Profitteering (Mechanism to Determine Unreasonably High Profit) (Net Profit Margin) (Amendment) Regulations 2016 [the PCAP (Amendment) Regulations 2016] was gazetted.

The PCAP (Amendment) Regulations 2016 was made to extend the period from 30 June 2016 to 31 December 2016 in applying the prescribed mechanism to determine whether profit is unreasonably high.

[More details](#)

Myanmar

Myanmar: Reminder of tax filing obligations, due dates

The authorities have been issuing more notices to corporates that they are more likely to impose penalties for non-compliance.

To help clients keep track of their activities, KPMG in Myanmar tabulates some key areas with regular filing obligations.

[More details](#)

New Zealand

New Zealand: Recommendations for foreign trusts, inbound investment, BEPS proposals

The New Zealand government released three reports that take a position that, for tax and anti-money laundering, a global approach is best. The reports are:

- An independent review of New Zealand's foreign trusts proposes significantly expanded disclosure and reporting requirements.
- The taxation framework for inbound investment (a draft overview) outlines the case for considering the effect on other countries when establishing New Zealand's tax policy settings.
- A Cabinet Paper covering New Zealand's response to base erosion and profit shifting (BEPS) confirms interest and hybrid proposals will be consulted on in the second half of the year.

[More details](#)

Singapore

Singapore: Singapore commits to adopting BEPS measures including Country-by-Country Reporting

The Ministry of Finance announced that Singapore has become the latest participant to the OECD's inclusive framework for the implementation of measures against base erosion and profit shifting (BEPS).

By joining the inclusive framework, Singapore's participation puts a spotlight on transfer pricing with its announcement to implement country-by-country (CbC) reporting.

[More details](#)

Singapore: GST status of suppliers, customers of services

The Inland Revenue Authority of Singapore issued guidance concerning the status of suppliers and customers of services for the purposes of the goods and services tax (GST) and updating a guide with respect to GST partial exemption and input tax recovery.

The guidance sets forth steps for GST-registered businesses to determine whether the customer is outside Singapore and, thus, whether GST is applicable with respect to such services.

[More details](#)

Calendar of Events

Date	Event	Location
24 June – 12 July 2016	Automotive Industry Tax Workshop More details	Shanghai, China
14- 15 July 2016	Corporate Treasury Management Course 2016: Insight for bankers Contact person: Kieran Marnell More details	Singapore Marriott Tang Plaza Hotel, Singapore
20 July 2016	Update on IRAS GST e-Tax Guides and Singapore personal income tax, focusing on taxation of benefits-in-kind Contact person: Shirley Tay More details	Orchard Hotel, 442 Orchard Hotel, Singapore
26 July 2016	Transfer Pricing – Latest Update Contact person: Sharon Leong	Malaysia
16 August 2016	Tax/Immigration Planning for Global Mobility Employees to Malaysia and GST from HR Perspective Contact person: Carmen Yong	Malaysia

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



OECD: Guidance on implementation of country-by-country reporting

The Organisation for Economic Cooperation and Development (OECD) announced the release of guidance on the implementation of country-by-country reporting.

[More details](#)

OECD: Offshore tax evasion convention signed by Dominican Republic, Nauru

The OECD announced that representatives of the governments of the Dominican Republic and Nauru signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, thus becoming the 97th and 98th jurisdictions to join the agreement. The convention will enter into force for Nauru on 1 October 2016.

[More details](#)

Beyond Asia Pacific

EU: Trade and customs, VAT implications of “Brexit”

With the vote in the UK to leave the European Union, businesses need to give consideration to trade and customs and value added tax (VAT) implications of “Brexit.”

[More details](#)

EU: Customs duties eliminated for certain electronic products

Electronic products used by consumers and businesses typically are subject to customs duty when imported into the European Union (EU) and other jurisdictions. A recently signed World Trade Organization (WTO) trade agreement on information technology, known as the “ITA expansion”, is expected to eliminate customs duties on a range of electronic products for import into a number of markets, including the EU.

[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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