



# International Tax Asia Pacific and MENASA June 2016

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG firms in the Asia Pacific & MENASA regions between **1 June and 30 June 2016**.

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To contact the International Tax Team email [internationaltax@kpmg.com](mailto:internationaltax@kpmg.com).

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	Tax area concerned	Relevant date/Case reference	Description of measures and publication link ( <i>Considerations in italic where necessary</i> )
<b>Australia</b>			
Proposed legislation	Various tax areas	2016	KPMG in Australia provides an analysis of the tax measures contained in the 2016 The New South Wales State Budget. <a href="#">Read more</a>
		14 June 2016	The Queensland Treasurer delivered the 2016–17 Queensland State Budget. The Budget focuses on innovation, investment and infrastructure. <a href="#">Read more</a>
Other	Brexit	June 2016	KPMG Australia's Chief Economist, analyses the potential economic consequences for Australia and the UK of the 'Leave' result from the UK EU referendum. <a href="#">Read more</a>
	Tax consolidation	June 2016	KPMG in Australia discusses the proposed change to the consolidation regime's treatment of deferred tax liabilities. <a href="#">Read more</a>

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Cambodia			
Treaties	Double tax treaties	20 May 2016	Representatives of the governments of Cambodia and Singapore signed an agreement for the avoidance of double taxation. This is the first income tax treaty signed by Cambodia. <a href="#">Read more</a>

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China			
Tax legislation adopted and regulatory update	VAT	June 2016	China's tax authorities issued guidance concerning the VAT treatment of reinsurance arrangements. <a href="#">Read more</a>

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Hong Kong			
Tax legislation adopted and regulatory update	Tax residency	June 2016	Hong Kong's Inland Revenue Department released guidance addressing its interpretation of measures enacted last year that sought to extend the tax exemption for offshore funds to private equity firms. The guidance has implications for funds operating in Hong Kong, as well as the tax treatment of carried interest distributions and the ability of a Hong Kong entity to obtain a tax residency certificate. <a href="#">Read more</a>

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India			
Proposed legislation	Customs	June 2016	India's Central Board of Excise and Customs issued draft guidance for comments concerning an Authorized Economic Operator regime. <a href="#">Read more</a>
	GST	June 2016	The government has released a "model" goods and services tax law. <a href="#">Read more</a>
Tax legislation adopted and regulatory update	Various tax areas	June 2016	KPMG in India has prepared reports about the following developments: <ul style="list-style-type: none"><li>— payments for crude oil "single point mooring" (offshore) installation not taxable as royalty</li><li>— net global profits attributed to Indian permanent establishment. The case is: <i>ZTE Corporation</i>.</li></ul>

		<ul style="list-style-type: none"> <li>— FAQs on newly introduced tax withholding provisions</li> <li>— levy and collection of cess.</li> </ul> <p><a href="#">Read more</a></p>	
		<p>KPMG in India has prepared reports about the following developments:</p> <ul style="list-style-type: none"> <li>— Indian subsidiary of U.S. company held not a permanent establishment (PE). The case is: <i>Adobe Systems Incorporated</i>.</li> <li>— no withholding on reasonable per diem allowances paid to employees for overseas trips. The case is: <i>Symphony Marketing Solutions India Private Limited</i>.</li> <li>— home loan interest double deduction. The case is: <i>Captain B L Lingaraju</i>.</li> <li>— foreign exchange fluctuation loss on outstanding foreign currency loans. The case is: <i>Cooper Corporation Pvt. Ltd.</i></li> </ul> <p><a href="#">Read more</a></p>	
		<p>KPMG in India has prepared reports about the following developments:</p> <ul style="list-style-type: none"> <li>— valuation of concessional loans made by bank to employees. The case is: <i>All India Union Bank Officers Federation</i>.</li> <li>— equalisation Levy Rules, 2016</li> <li>— transfer of shares on deferred basis.</li> </ul> <p><a href="#">Read more</a></p>	
		<p>KPMG in India has prepared reports about the following developments:</p> <ul style="list-style-type: none"> <li>— expenditure relating to exempt income</li> <li>— treaty provisions, no override. The case is: <i>Pricol Ltd.</i></li> <li>— scientific research deduction. The case is: <i>B.A. Research India Ltd.</i></li> <li>— general anti-avoidance rules</li> <li>— levy and collection.</li> </ul> <p><a href="#">Read more</a></p>	
	WHT	June 2016	The Vishakhapatnam Bench of the Income-tax Appellate Tribunal held that tax must be withheld (deducted) from the amount of payment made to toll-collecting agencies. <a href="#">Read more</a>

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Japan			
Tax legislation adopted and regulatory update	Corporate income tax	15 June 2016	Measures establishing the rates for local taxes—business tax and “inhabitant” tax—in Tokyo were passed. The effective corporate tax rates for a company subject to “size-based business taxes” will be as follows: — from 1 April 2016 to 31 March 2017—30.86 percent — from 1 April 2017 to 31 March 2018—30.86 percent — from 1 April 2018—30.62 percent <a href="#">Read more</a>
	Consumption tax	1 October 2019	The prime minister announced that a scheduled increase in the rate of the consumption tax will be postponed until 1 October 2019. <a href="#">Read more</a>
Treaties	Double tax treaties	13 June 2016	A tax agreement between Japan and Taiwan entered into force on 13 June 2016. <a href="#">Read more</a>

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Myanmar			
Other	Tax compliance	2016	KPMG in Myanmar prepared a tax alert on companies’ regular filing obligations. <a href="#">Read more</a>

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New Zealand			
Other	Anti-tax avoidance	June 2016	The New Zealand government released three reports that take a position that—for tax and anti-money laundering—a global approach is best. <a href="#">Read more</a>

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Pakistan			
Tax legislation adopted and regulatory update	Various tax areas	1 July 2016	Pakistan’s finance bill 2016 includes tax provisions that generally have an effective date of 1 July 2016. <a href="#">Read more</a>

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## Singapore

Tax legislation adopted and regulatory update	GST	June 2016	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. <a href="#">Read more</a>
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Thailand			
Tax legislation adopted and regulatory update	Corporate income tax	June 2016	The Thai Revenue Department issued guidance concerning the tax treatment of profits and losses from multiple Board of Investment privileges. <a href="#">Read more</a>
	Tax incentives	June 2016	In Thailand, guidance was issued providing additional deductions with respect to investments and capital investment spending for certain assets. To be eligible for the tax incentive, the expenditure must be made with respect to assets during the period 3 November 2015 - 31 December 2016. <a href="#">Read more</a>

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