



International Tax Asia Pacific and MENASA

May 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 May and 31 May 2016**.

Asia Pacific	China	Japan	New Zealand	Thailand
Australia	India	Korea	Singapore	Vietnam

For a full summary of global tax developments, visit kpmg.com/TaxNewsFlash.

To contact the International Tax Team email 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>)
Asia Pacific			
Other	Various tax areas	May 2016	Major VAT reform is being implemented in China and many jurisdictions in the Asia Pacific region are in the process of implementing the automatic exchange of information measures. KPMG prepared a report titled "General tax update for financial institutions in Asia Pacific". Read more

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Australia			
Tax legislation adopted and	Customs duties	May 2016	Australia's Department of Immigration and Border Protection (Customs) released draft notices that outline its opinion on Incoterms 2010 Delivered Duty

regulatory update			<p>Paid transactions and the liability for customs duty, revenue recovery and duty demands.</p> <p>Read more</p>
Proposed legislation	Diverted profits tax	1 July 2017	<p>Australia's government announced as part of the 2016 federal budget an intention to introduce a diverted profits tax (DPT) with effect for income years beginning from 1 July 2017. No grandfathering of existing arrangements is proposed. The DPT would target multinational entities.</p> <p>Read more</p>
	GST	May 2016	<p>The goods and services tax (GST) rules in Australia have been fairly consistent since July 2000. However, new GST measures may affect foreign entities doing business in Australia and their business deals.</p> <p>Read more</p>
	Tax compliance	3 May 2016	<p>The government, as part of the federal budget measures focused on stronger compliance, announced that it was committed to a new voluntary Tax Transparency Code for large businesses.</p> <p>Read more</p>
	Various tax areas	3 May 2016	<p>Australia's federal budget for 2016 was presented. Among the tax provisions are measures for:</p> <ul style="list-style-type: none"> — a proposed reduction in the corporate tax rate to 25 percent, to be phased in over an 11-year period — new anti-avoidance measure, anti-hybrid rules, and a new transparency regime — changes to the individual (personal) tax bracket rule, to address "bracket creep" for certain individuals — changes to superannuation measures, to allow those persons with "broken" work records to make top-up payments — continuation of the research and development (R&D) tax incentive. <p>Read more</p>
Other	Immigration	May 2016	<p>KPMG Australia's tax professionals discuss commercial considerations for mining employees moving to Mongolia.</p> <p>Read more</p>
	Tax consolidation	May 2016	<p>KPMG Australia's tax professionals explain the benefits of a tax sharing agreement for tax consolidated groups.</p> <p>Read more</p>

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China			
Tax legislation adopted and regulatory update	Customs	May 2016	KPMG in China has prepared a report that describes the following customs-related developments. Read more
Other	Various tax areas	May 2016	Against the backdrop of the May 2016 meeting of the OECD Forum on Tax Administration in Beijing, the China's State Tax Administration intended to showcase its efforts to adhere to global initiatives—such country-by-country reporting pursuant to the base erosion and profit shifting (BEPS) project and the automatic exchange of information under common reporting standard (CRS). Read more

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India			
Proposed legislation	Various tax areas	May 2016	Amendments to the Finance Bill, 2016—as introduced in the Lok Sabha in February 2016—were tabled in May. Read more
Administrative and case law	Capital gains tax	May 2016	The Delhi High Court held that “partial consideration” for a business transfer, received directly by the transferor company's shareholders pursuant to an arrangement, would form part of the total consideration accruing to the transferor company for the purposes of computing capital gain tax. Read more
	Various tax areas	May 2016	KPMG in India has prepared reports discussing the following developments: — income accrues only when the taxpayer has a vested right to receive. The case is: <i>P.G. & W. Sawoo Pvt. Ltd & Anr</i> — taxation of stock appreciation rights. The case is: <i>Shri Soundarrajan Parthasarathy and Shri Kummathi Rameswar Reddy</i> Read more
			KPMG in India has prepared reports discussing the following developments:

			<ul style="list-style-type: none"> — revised rules, forms for scientific research expenditures — revised rules for tax deducted (withheld) and collected at source — waiver of loan taken out for acquiring capital asset is taxable as business income. The case is: <i>Ramaniyam Homes (P.) Ltd.</i> — new age limit for making contributions to pension plans — taxpayer, as beneficial owner of royalty and interest income, is eligible for beneficial tax rate under the India-Singapore tax treaty. The case is: <i>Imerys Asia Pacific Pvt. Ltd.</i> — tax treatment of income from the transfer of unlisted shares. <p>Read more</p>
			<p>KPMG in India has prepared reports discussing the following developments:</p> <ul style="list-style-type: none"> — draft rules on computing fair market value and reporting requirement for indirect transfers — payment received by UK company, under the management and administration services agreement, taxable as royalty. The case is: <i>TNT Express Worldwide (U.K.) Ltd.</i> <p>Read more</p>
	Withholding tax	May 2016	<p>The Delhi High Court held that a payment of administrative fees to a foreign company is not subject to disallowance under section 40 (a)(i) of the Income-tax Act, 1961 for the non-withholding (deduction) of tax at source in view of non-discrimination clause under the India-United States income tax treaty. The case is: <i>CIT v. Herbalife International India Pvt. Ltd.</i></p> <p>Read more</p>
Treaties	Double tax treaties	10 May 2016	<p>Representatives of the governments of India and Mauritius today signed a Protocol to amend the income tax treaty between the two countries. The Protocol is pending the ratification procedures of each country before it can enter into force.</p> <p>Read more</p>

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Proposed legislation	Local taxes	1 April 2017	Tokyo's metropolitan government released its proposal for the local tax rates—including business tax rates and inhabitant tax rates—for fiscal years beginning after 1 April 2017. Read more
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Korea

Proposed legislation	Tax relief	May 2016	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. Read more
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New Zealand

Proposed legislation	Corporate income tax / WHT	May 2016	The New Zealand government released a 150-page omnibus tax bill that includes measures to revise the tax rules for closely held companies, broaden the application of the non-resident withholding tax rules, and implement the recent related-party debt remission (and capitalization) announcement. Read more
	Customs duties	May 2016	New Zealand's Minister of Customs confirmed that a number of “business friendly” customs-related changes are to proceed to the legislative stage. The changes were consulted on last year. There will be further opportunities for businesses to provide feedback once draft legislation is introduced later this year. Read more
	Individual income tax	May 2016	There are proposals for changes to the taxation of employee share scheme (plan) benefits in New Zealand, the focus being on conditional and “option-like” arrangements. Read more

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Singapore

Proposed legislation	Employment law	May 2016	New measures are planned to strengthen the workforce in Singapore, and these plans may affect companies that are identified as being “weak” with respect to the compliance with certain core values (such as how relevant is the company to Singapore’s economy and society). The measures are being viewed as further refinements to the work-pass application process. Read more
Treaties	Double tax treaty	May 2016	A recently signed income tax treaty between India and Mauritius may have implications for Singapore investors in India—in particular, given the treaty’s shift from a resident-based taxation to a source-based taxation. Read more

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Thailand

Tax legislation adopted and regulatory update		2016	A temporary reduction in the rates of individual (personal) income tax in Thailand continues for the 2016 tax year. Read more
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Vietnam

Administrative and case law	Tax incentives	May 2016	Vietnam’s government has issued guidance concerning tax incentives available for the development of the information technology sector in Vietnam. The guidance concerns tax incentives for developing the information technology industry in Vietnam. Read more
	Various tax areas	May 2016	The KPMG member firm in Vietnam has prepared a report that examines corporate income tax, individual (personal) income tax, and indirect tax developments. Read more

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