



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 04 August 2016



Asia Pacific Tax Developments

Australia

Australia: Asia-Pacific countries are enthusiastically adopting CbCR

The introduction of Country-by-Country Reporting (CbCR) in particular along with the associated Master File and Local File for large MNEs arising out of the OECD/G20 BEPS project, will have significant and ongoing implications for large MNEs headquartered in or operating in Asia Pacific countries as a consequence of ASPAC countries enthusiastically adopting CbCR, irrespective of whether such countries are members of the OECD or G20.

KPMG in Australia looks at the adoption of CbCR in the Asia Pacific region.

[More details](#)

Australia: Foreign resident withholding tax on real estate transactions

New measures for withholding tax with respect to foreign residents and real estate transactions in Australia have been enacted and are now effective. Accordingly, with regards to certain real estate transactions, there may be a requirement to withhold tax at a rate of 10% on the sale of certain Australian real property interests under contracts entered into on or after 1 July 2016.

[More details](#)

Australia: Managing expatriates – considerations for your first time

KPMG Australia highlights non-tax considerations regarding new expatriate programs, which include immigration for both the individual worker and any accompanying family members, employment law requirements, employee selection, mobility policy considerations, health care coverage and emergency evacuation processes, extrication at the end of the assignment.

[More details](#)

Australia: Supreme Court decision confirms 'conscious maladministration' test

KPMG Australia discusses a recent Supreme Court ruling on 'conscious maladministration' in the making of a tax assessment.

The ruling has confirmed that 'conscious maladministration', one of the few exceptions to the general rule that the production of a notice of assessment is conclusive evidence that the assessment was validly made, requires actual bad faith by the Commissioner of Taxation in the making of an assessment, and not in the investigation of material leading up to making that assessment.

[More details](#)

Australia: The times they are a-changin' – Asia Pacific transfer pricing outlook

The increasing participation by non-OECD/non-G20 ASPAC countries in the technical work of the OECD/G20's BEPS project and by their tax administrations in international fora is likely to result in increasing convergence of approaches with respect to the taxation of MNEs, particularly in relation to transfer pricing. The end result is that the transfer pricing landscape in the ASPAC region will continue to change.

KPMG Australia explains the new outlook for transfer pricing in the Asia Pacific region.

[More details](#)

China

China: China Tax weekly update – Issue 29

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

- G20 meeting held in Chengdu
- New development of taxi industry
- China to strengthen administration on Internet Advertising (SAIC Order No. 87)
- Further VAT implementation rules
- New measures to facilitate export enterprises (SAT Announcement [2016] No. 46)
- State Council issues guideline on reorganization of SOEs (Guo Ban Fa [2016] No. 56)
- China set up one new National Independent Innovation Demonstration Zone (NIIDZ) (Guo Han [2016] No. 130)
- SAIC to facilitate trademark registration (Gong Shang Biao Zi [2016] No. 139)

[More details](#)

India

India: Levy of interest, complimentary and not exclusive

The Hyderabad Bench of the Income-tax Appellate Tribunal held that interest under Section 234B(1) of the Income-tax Act, 1961 is to be levied from 1 April of the assessment year following the closure of the financial year till the date of intimation under Section 143(1) of the Act or completion of assessment under Section 143(3) of the Act.

The Act provides for further levy of interest under Sections 234(3) of the Act on the higher amount of tax determined in the reassessment proceedings.

[More details](#)

India: Market value applied to transactions for GST purposes

KPMG in India discusses the issues concerning the applicability of market value to transactions between non-associated enterprises.

[More details](#)

India: Mere delay in filing a declaration, not obligate the seller to collect tax at source

The Gujarat High Court while upholding the order of the Income-tax Appellate Tribunal held that a minor delay in filing a declaration in the prescribed format is a mere procedural lapse and it was in compliance with provisions of filing the declaration. Therefore, the seller was under no obligation to collect tax at source.

[More details](#)

India: The situs of the intangible asset, income accrued from transfer of the intangible asset

The Delhi High Court observed that there is no specific provision in the Income-tax Act, 1961 (the Act) for determining the situs of the intangible asset. Therefore, following the international principle, the situs of the intangible is attached to its owner.

The High Court held that since the situs of trademarks and intellectual property rights (IPR) was not in India, income accruing from transfer of its right title and interest is not taxable in India.

[More details](#)

India: Changes to the GST Constitution Amendment Bill approved

After the release of the draft model Goods and Services Tax (GST) law by the Empowered Committee of State Finance Ministers on 14 June 2016, all hopes are set on the passage of the GST Constitution Amendment Bill in the monsoon session of the Rajya Sabha.

While the central government continues to make concerted efforts including discussions with key opposition parties to garner their support, there are some key recent developments including the approval of the Union Cabinet to the changes in the GST Constitution Amendment Bill. KPMG in India summarises the key developments.

[More details](#)

Indonesia

Indonesia: Customs value for entries, voluntary declaration

The Ministry of Finance issued a regulation concerning the voluntary declaration of customs value for purposes of calculating customs entries.

Importers who may not be able to accurately determine the final transaction value (for instance, if future additional costs will be incurred) are now allowed to use an estimated transaction value as the basis for their import payable calculation.

[More details](#)

Japan

Japan: Consumption tax rate increase, local taxation for companies

Prime Minister of Japan announced that an increase in the consumption tax rate (from 8% to 10%) would be postponed by two and one-half years, from 1 April 2017 to 1 October 2019.

Consequently, it has been expected that bills to implement the consumption tax postponement would be discussed in an extraordinary session of the Japanese Diet starting in the middle of September 2016.

[More details](#)

Japan: Establishment of 'BREXIT - EU Specialist Reaction Team'

As a reaction to the UK's exit from EU, KPMG Japan has formed 'BREXIT - EU Specialist Reaction Team' in collaboration with Japan, the UK and EU. The Team will provide Japanese companies with up-to-date information about EU's trends and tax advisory services covering custom duties, VAT and direct taxes, as well as supply chain consulting services.

[More details](#)

Korea

Korea: Revised legislation, transfer pricing and country-by-country reporting

South Korea's Ministry of Strategy and Finance released draft legislation that would amend existing provisions of Korean law—specifically, Article 11 of the law known in English as the "Law for the Coordination of International Tax Affairs" (LCITA) and Article 21-2 of the "Presidential Enforcement Decree of the LCITA" (PED of LCITA)—to implement certain OECD base erosion and profit shifting (BEPS) initiatives.

[More details](#)

Mauritius

Mauritius: FATCA reporting deadline extended to 31 August

The Mauritius Revenue Authority (MRA) announced on 27 July 2016 that the due date for the transmission of FATCA information to the MRA for exchange with the U.S. tax authority (IRS) has been extended to 31 August 2016.

[More details](#)

New Zealand

New Zealand: AEOI implementation update

The Inland Revenue Department (IRD) released a fact sheet describing next year's implementation of the automatic exchange of information (AEOI) regime in New Zealand. AEOI implementation is still subject to legislative confirmation, with a tax bill expected to be introduced in August and passed by March 2017.

[More details](#)

Vietnam

Vietnam: Decree on VAT exemptions, VAT refunds

A decree—Decree No. 100/2016/ND-CP—is effective July 2016 and provides details on goods and services that are not subject to value added tax (VAT) and sets forth provisions concerning VAT refunds for investment projects and for certain companies involved in exports.

[More details](#)

Calendar of Events

Date	Event	Location
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



KPMG report: Indirect tax implications of BEPS project

Although the OECD's BEPS project is primarily aimed at corporate income tax, indirect tax implications are not to be overlooked.

KPMG has released a publication discussing the indirect tax implications of the BEPS project.

[More details](#)

OECD: Discussion draft, BEPS in banking and insurance sectors

The OECD has released a discussion draft that concerns approaches to address BEPS involving interest in the banking and insurance sectors under Action 4 (Interest deductions and other financial payments) of the BEPS project.

[More details](#)

Beyond Asia Pacific

Canada: GST changes for pension plans, drop-shipment certificates, financial institutions

Many businesses, including companies that offered registered pension plans to employees or that use drop-shipment certificates for sales of goods to non-residents, will be affected by the Finance Department's proposed changes to the goods and services tax / harmonized sales tax (GST/HST) rules and regulations.

[More details](#)

Luxembourg: Tax reform for 2017, bill submitted to parliament

The Luxembourg government filed draft legislation with the parliament to implement tax reform, as announced earlier this year. There are proposals that would affect corporate taxpayers and individual taxpayers.

[More details](#)

TaxNewsFlash by Region

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

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[Americas](#)

[Europe](#)

[United States](#)

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