Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 15 September 2016

Asia Pacific Tax Developments

Australia

Australia: Exploration Development Incentive – are you eligible?

KPMG Australia reminds investors in Australian greenfields mining projects that they may be eligible for the Exploration Development Incentive (EDI), a tax incentive aimed at junior explorers. The EDI is currently operating as a three year trial with EDI credits capped at $100 million.

More details

Australia: Arrangement called debt equity swaps

There is always a focus by corporates on capital management strategies. With the recent reduction in the safe harbour limit under the thin capitalisation rules, we have seen a marked increase in a broad group of transactions termed debt/equity swaps.

KPMG Australia outlines some important issues for taxpayers considering a debt equity swap.

More details

Australia: Corporate reconstruction and consolidation exemptions in Tasmania

The Duties Act 2001 (Tas) does not provide an exemption for corporate restructures. At present, any relief from stamp duty is only granted on an ex gratia basis by the Treasurer and there is no certainty in this. The new statutory provisions replace the current administrative process and aim to provide greater certainty and transparency.

The Tasmanian Government will introduce statutory exemptions for corporate reconstruction and corporate consolidation transactions.

More details

Australia: It might be time to hurry your acquisitions in Tasmania

KPMG Australia advises taxpayers on Tasmania's plan to broaden its current model for duty charges on transfers of land. The most significant change is moving away from the 60 percent land to property ratio for determining whether duty will be triggered. More details

Hong Kong SAR

Hong Kong: AEoI reference materials, guidance

The Hong Kong Inland Revenue Department (IRD) has uploaded on its website additional reference materials concerning the “automatic exchange of information” (AEoI) rules.

More details

Hong Kong: Guidance on tax benefits for corporate treasury centres

The IRD issued a practice note providing guidance on recent amendments made to the Inland Revenue Ordinance with respect to “qualifying corporate treasury centres” (QCTC).

More details

India

India: Arm’s length principle

The Delhi Bench of the Income-tax Appellate Tribunal while dealing with the applicability of Transfer Pricing (TP) provisions, observed that the application of Arm’s Length Price (ALP) adjustment to Intra-Group Services (IGS) would lead to the corresponding reduction in the revenue from rendition of services. Thus, the adjustment in respect of IGS was deleted in view of the restrictions placed by Section 92(3) of the Income-tax Act, 1961 (the Act).

More details

India: FAQs on tax dispute resolution

India’s tax authorities (CBDT) issued a set of “frequently asked questions” (FAQs) aimed at clarifying certain direct tax dispute resolution measures.

More details

India: AAR application

The Delhi High Court held that the Authority for Advance Rulings (AAR) cannot reject an AAR application notice because the “scrutiny notice” issued by the Assessing Officer did not address any specific question and did not disclose items identified on the income tax return.

More details

India: Model framework for guidelines on direct selling

The Direct Selling Guidelines 2016 offer guiding principles for state governments to consider regulating the businesses of direct selling and multi-level marketing. The guidelines aim to strengthen the existing regulatory rules.

More details

India: Capital gain tax treatment, 150-year call option

The Mumbai Bench of the Income-tax Appellate issued a decision in a case involving a Singapore resident that entered into a “call option” agreement with a Mauritian company.

The call option was granted for a period of 150 years to the Mauritian company, allowing it to sell the entire shareholding in an Indian company. The tribunal held that there was no alienation of shares under the call option agreement, but that a valuable and substantive right in the shares of the Indian company was given to a non-resident company and that this valuable right (or interest) in the shares constituted a capital asset. Thus, this transfer would be considered to be the transfer of an asset and assessable as “capital gain.”

However, the capital gain was not taxable in India under provisions of the India-Singapore income tax treaty because the taxing right was assigned to the resident state (Singapore).

More details

Mauritius

Mauritius: Finance Bill 2016

The Finance (Miscellaneous Provisions) Bill 2016 (“the Bill”) has been released for consultation and introduced in the Parliament. This draft legislation incorporates the measures announced by the Honourable Minister of Finance in his budget Speech on 29 July 2016.

More details

Mauritius: Final version, CRS guidance notes published

The Mauritius Revenue Authority released the final version of guidance notes for the implementation of the common reporting standard (CRS) in Mauritius.

More details

New Zealand

New Zealand: Proposal, implementing BEPS Action 2 hybrid mismatch recommendations

A New Zealand government discussion document, "Addressing hybrid mismatch arrangements", outlines the case for implementing the OECD’s base erosion and profit shifting (BEPS) Action 2 recommendations and raises matters of technical detail to “New Zealand-ise” them.

More details

Pakistan

Pakistan: Automatic exchange of country-by-country reports

The OECD announced that Pakistan has signed an agreement (convention) for mutual administrative assistance in tax matters.

More details

Singapore

Singapore: Impact of Indonesian tax amnesty on Singapore property prices

A tax amnesty program in Indonesia offers wealthy individuals (and companies) an opportunity to disclose and repatriate their undeclared assets by paying what is described as a modest clearance levy on the declared assets. Indonesians have up to 30 September 2016 to enjoy the lowest tax bracket.

More details

Vietnam

Vietnam: Transfer of right to use trademark, subject to VAT

Guidance (an "official letter") from Vietnam's Ministry of Finance advises that when a foreign party allows another party to use a trademark for purposes of selling the trademarked goods, the activity is considered to be the transfer of a right to use a trademark, distinguishable from the transfer of intellectual property, and this trademark transfer is subject to value added tax (VAT).

More details

Calendar of Events

Date	Event	Location
23 September 2016	US Real Estate Tax Seminar More details	InterContinental Hotel, 80 Middle Road, Singapore 188966
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

Beyond Asia Pacific

Ireland: Changes to Section 110 Regime in respect of Irish Property Assets

Read analysis of the 6 September 2016 Department of Finance announcement which refers to new application of tax rules to Section 110 companies.

More details

United Kingdom: Finance Bill 2016 – an update

The Bill has completed its Commons stages, and the date of the next Autumn Statement has been announced.

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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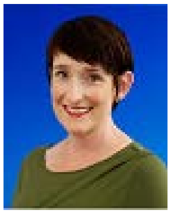
Dispute Resolution and Controversy



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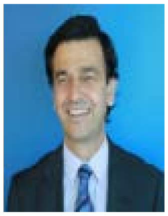
Energy & Natural Resources



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