



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 22 September 2016



## Asia Pacific Tax Developments

### Australia

#### **Australia: Updated guidance on the application of the general anti-avoidance rules**

After much anticipation, the Australian Taxation Office (ATO) has released a revised practice statement on the application of the general anti-avoidance rules (Law Administration Practice Statement (PSLA) 2005/24). The updated PSLA provides additional guidance in relation to the amendments to Part IVA introduced in 2013.

[More details](#)

#### **Australia: MCA Tax Forum - Transparency and Governance**

Last Friday KPMG Australia hosted the Minerals Council of Australia's (MCA) tax forum discussion group on the topic of 'Tax Transparency' and 'Tax Governance'.

KPMG Australia summarises key focuses of the tax forum discussion and highlights key areas that boards and audit committee members will have at the top of their agenda as they take steps to respond to the ATO's new approach to tax risk management and governance.

[More details](#)

#### **Australia: R&D rate reduction passes into law**

The Senate on 15 September passed the Budget Savings (Omnibus) Bill 2016. Schedule 22 of the Bill amends the Income Tax Assessment Act 1997 to reduce the rates of the tax offset available under the R&D Tax Incentive for the first \$100 million of eligible expenditure.

KPMG Australia explains the implications of the Government's reduction of the R&D Tax Incentive tax offset rate.

[More details](#)

## **Australia: Superannuation tax certainty and improvement in tax concession sustainability**

KPMG Australia welcomes the Government's latest changes to its superannuation policies which will provide much needed certainty to the superannuation tax system while still improving the tax equity and sustainability of the system.

The reduction in the current annual non-concessional cap from \$180,000 to \$100,000, a compromise between competing views, does still improve the integrity of the superannuation system from a tax equity perspective.

[More details](#)

## **Australia: US concern with EU state aid ruling**

KPMG Australia explains why the US is concerned about the European Commission's recent state aid investigations.

The investigations involved certain transfer pricing rulings given by Member States to particular taxpayers that may have violated the EU's restriction on state aid.

[More details](#)

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## **China**

### **China: China Tax weekly update – Issue 36**

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

- OECD: Status report on BEPS, CRS for G20 leaders
- New rules for restructuring listed companies (CSRC Order No. 127)
- New Protocol to China-Estonia DTA takes effect (SAT Announcement [2016] No. 60)
- Further VAT implementation rules from SAT
- New VAT refund policies for foreign embassies (consulates) in China consuming goods and services (MOF & MFA Announcement [2016] No. 58)

[More details](#)

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## **Hong Kong SAR**

### **Hong Kong: CRS: Hong Kong guidance published**

To facilitate compliance with the Common Reporting Standard (CRS) requirements, the IRD has recently published guidance for financial institutions to assist them in complying with the CRS obligations.

[More details](#)

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## India

### India: Foreign travel expenses as business expenditure

The Mumbai Bench of the Income-tax Appellate Tribunal held that foreign travel expenditures incurred to reward medical doctors for “patient-referrals” are not allowable as a deduction.

[More details](#)

### India: Review of India-South Korea income tax treaty

An income tax treaty between India and South Korea (signed in May 2015) is pending ratification and notification procedures for the treaty’s provisions to enter into force.

[More details](#)

### India: Service fees paid to subsidiary for product promotion under treaty with Russia

The Authority for Advance Ruling (AAR) determined that payments of service fees for product promotion services cannot be categorized as “fees for technical services” under the India-Russia income tax treaty or under the provisions India’s tax law. Accordingly, the payments are not subject to tax withholding.

[More details](#)

### India: Transfer of shares of an Indian company under treaty with Mauritius

The AAR determined that capital gains realized on the transfer of shares are not taxable in India under provisions of the India-Mauritius income tax treaty. The AAR found that the control and management of the company was not wholly in India.

[More details](#)

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## Japan

### Japan: Automatic exchange of information guidance under CRS

The Japan’s National Tax Agency released English-language versions of booklets on the automatic exchange of information based on the common reporting standard (CRS).

[More details](#)

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## Singapore

### Singapore: Agreement with UK for AEOI

Representatives of the governments of Singapore and the United Kingdom have signed a competent authority agreement for the automatic exchange of financial account information (AEOI) based on the common reporting standard (CRS).

[More details](#)

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## Thailand

### Thailand: Regulation allowing foreigners to conduct certain businesses without foreign business license

The Council of State has approved a draft Ministerial Regulation.

The Regulation will allow foreigners to conduct certain businesses without being required to obtain a foreign business license (“FBL”) under the Foreign Business Act (“the FBA”). This change to the FBA is expected to be effective before the end of 2016.

[More details](#)

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## Vietnam

### Vietnam: Offshore assignment of capital & interest deriving from Vietnam

According to a newly issued Circular providing guidance on the tax policies for oil and gas exploration and exploitation activities, a company incorporated overseas assigns its capital or shares, or other similar interest in another foreign-based company who directly or indirectly holds the assets or the rights to participate in oil and gas projects in Vietnam, will be considered as deriving income from the transfer of the right to participate in oil and gas agreements in Vietnam. Therefore, the company is subject to Vietnamese Capital Assignment Tax (“CAT”).

The above is seen as a new development in tax collection of Vietnamese tax authorities toward offshore capital transfer.

[More details](#)

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## Calendar of Events

Date	Event	Location
21 October 2016	2017 Budget Announcement Contact person: <a href="#">Karen Lee</a>	Parliament House, Kuala Lumpur, Malaysia
26 October 2016	KPMG in Malaysia Tax Summit 2016 Contact person: <a href="#">Karen Lee</a>	One World Hotel, Petaling Jaya, Malaysia

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# Significant International Tax Developments



## **OECD: Comments, interest from banking and insurance under BEPS Action 4**

The Organisation for Economic Cooperation and Development (OECD) released comments received with respect to approaches to address base erosion and profit shifting (BEPS) involving interest in the banking and insurance sectors under Action 4 (Interest deductions and other financial payments) of the BEPS project.

[More details](#)

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## **Beyond Asia Pacific**

### **Luxembourg: Descriptions of various investment vehicles, legal and tax requirements**

KPMG in Luxembourg prepared a report that provides a general overview of the different fund vehicles that can be established in Luxembourg, across all asset classes and investment strategies.

[More details](#)

### **Norway: New VAT return, beginning 1 January 2017**

The value added tax (VAT) return in Norway will be replaced with a new and more detailed version of the form, effective from the first VAT reporting period of 2017. The new version of the VAT return applies to transactions conducted as of 1 January 2017.

[More details](#)

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## **TaxNewsFlash by Region**

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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