



## Asia Pacific Tax Developments

### Australia

**Australia: KPMG Tax Reform submission calls for fundamental change**

KPMG put forward to Treasury more than 60 proposals for change. Underlying our submission is an ardent belief that Australia needs long-term solutions that go to the very root of our tax system.

Highlights include the establishment of a single administrator to collect all taxes, the abolition of the fringe benefits tax and stamp duty, and linking the income tax rate to average full time earnings.

[More details](#)

**Australia: No objection – managing disputes with the ATO**

Certain taxpayers believe they will settle their dispute and think that by objecting they may be seen to be taking an overly aggressive position which may impact negotiations.

In our experience, properly managed, this is not the case. Often, the ATO will agree that the objection will not be determined pending the outcome of discussions.

If you have not lodged an objection and have an unresolved dispute with the Commissioner it is worth reconsidering whether you should.

[More details](#)

**Australia: Tax sharing agreements – ongoing issues**

For groups which have a TSA in place it is important to ensure that it is up to date. There have been a number of amendments which can result in a TSA not covering all tax liabilities. It needs to be ensured that group members which join the group after the TSA has been put in place are parties to the TSA. Members which are not parties to the TSA for a tax period can impact on the validity of the TSA.

[More details](#)

### Hong Kong SAR

**Hong Kong: Hong Kong IRD challenges transfer pricing arrangements on recharges from head office or service companies**

The Hong Kong Inland Revenue Department is ready to challenge taxpayers' transfer pricing arrangements. The level of details and sophistication of the information requested in relation to the allocation recharges from the head office / service companies is elevating transfer pricing to a new level in Hong Kong.

Taxpayers are advised to assess the sustainability of their current TP arrangements to assess areas of potential controversy.

[More details](#)

### India

**India: Disallowance of expenditure due to failure in deducting tax at source**

The Assessing Officer (AO) disallowed the expenditure of a taxpayer under the Section 40(a) (ia) of the Act for non-deduction of taxes under Section 194A of the Act. The order of the AO was upheld by the Commissioner of Income Tax and thereafter by the Income-Tax Appellate Tribunal.

[More details](#)

**India: FATCA and CRS – journey so far and way forward**

India and the U.S. have finally inked the reciprocal version of Model 1 IGA for FATCA.

Under Model 1, the financial Institutions (FIs) report to appropriate local tax authorities. The Local government is responsible for collecting information from FIs and report to the U.S. IRS. In exchange, the U.S. will share information of reportable Indian accounts (Indian tax residents having accounts with U.S. FIs) with the Indian government.

[More details](#)

#### **India: Certified R&D expenditure cannot be examined**

The Karnataka High Court held that when the Department of Scientific and Industrial Research has certified research and development (R&D) expenditures, the Assessing Officer cannot examine whether to disallow the R&D expenditure.

[More details](#)

## Indonesia

#### **Indonesia: Taxation of “cloud computing”**

In Indonesia, there is no specific tax regulation stipulating the tax treatment of cyber businesses including cloud computing. Thus the tax treatment of cloud computing activities requires interpreting the current tax regulations.

For these purposes, “cloud computing” activities include the provision of computation, software applications, data access, data management, and storage resources without regard to the users’ location and other details of computing infrastructure.

[More details](#)

## Japan

#### **Japan: Diplomatic notes concerning application of Article 7 (Business profits) under Japan-UK tax treaty announced**

Japan’s Ministry of Finance announced the exchange of diplomatic notes concerning application of Article 7 (Business profits) under the new income tax treaty between Japan and the United Kingdom.

It is the first tax treaty in Japan’s tax treaty network to include the new type of Article 7 of the OECD Model Tax Convention.

[More details](#)

## Korea

#### **Korea: Tax regulatory developments**

The KPMG member firm has prepared a report of the following developments:

- Real estate fund industry lost the first trial based on KRW 160 million of acquisition tax.
- An announcement that tax incentives for foreign-invested companies will be completely revised in 55 years.
- VAT-exempted business, electronic invoice issuance is required from next month, etc.

[More details](#) | [Korean version](#)

## New Zealand

#### **New Zealand: Proposal for immigrants to settle outside Auckland**

The Government is proposing to make it more attractive for new immigrants to settle in towns and cities outside Auckland by:

- Increasing the number of points new migrants will receive for seeking employment or setting up a business outside Auckland
- Streamlining the ‘labour market’ test for employers to provide greater certainty
- Providing a pathway to residence for a limited number of work visa holders in the South Island, from mid-2016

[More details](#)

## Singapore

#### **Singapore: Expanding Beyond Singapore’s Shores**

The Singapore Government introduced the International Growth Scheme and enhanced the Double Tax Deduction for Internationalisation scheme to provide greater support for businesses expanding overseas as well as create more skilled jobs and opportunities for Singaporeans to work overseas.

KPMG member firm has highlighted tax considerations that businesses should take note of when venturing abroad, and key features of the IGS and the enhanced DTD for Internationalisation scheme.

[More details](#)

## Vietnam

#### **Vietnam: New Circular providing amendments and supplements on Personal Income Tax**

The Ministry of Finance issued new guidance amending and supplementing tax treatments of income received by individuals, and administrative rules for the foreign individuals who are residents of Vietnam.

[More details](#)

#### **Vietnam: Expansion investment projects, foreign contractor tax guidance**

Corporate income tax guidance from the tax authority in Vietnam includes “official letters” providing:

- Guidelines for allocation of taxable income for an “expansion investment project” in the 2009-2013 period.
- Rules for deducting salary payments for overtime in excess of stipulated hours under the labor law.
- Capital assignment tax for indirect assignment transactions.

This KPMG report also includes information about the “foreign contractor tax” on transfer fees for outbound international money transfers and for design services and determinations of permanent establishments in Vietnam.

[More details](#)

## Calendar of Events

Date	Event	Location
06 August 2015	Automatic Exchange of Information – The Common Reporting Standard <a href="#">More details</a>	Hong Kong
17 August 2015	Managing Global Mobility for Outbound Assignment For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia
18 August 2015	Corporate Tax, GST and SFA Regulations Updates for REITs, RBTs and SPVs <a href="#">More details</a>	Singapore
27 August 2015	Costly Mistakes To Avoid in Your GST Return (Run 2) <a href="#">More details</a>	Petaling Jaya, Malaysia
9 September 2015	Managing Global Mobility to Malaysia For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia
11 September 2015	Shared Services Round Table Discussion <a href="#">More details</a>	Shanghai
22-23 September 2015	AFR Tax Reform Summit – an opportunity to influence the future <a href="#">More details</a>	Sydney
23 October 2015	Malaysian Tax Budget 2016	Malaysia
26-28 October 2015	2015 KPMG EMA Tax Summit <a href="#">More details</a>	Lisbon, Portugal
28 October 2015	KPMG Malaysia Tax Summit 2015 For more details email <a href="#">Karen Lee</a>	Malaysia
9 December 2015	Managing Employer’s Tax Obligations For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia

# Beyond Asia Pacific

## **Belgium - Budget agreement reached, includes tax provisions**

The Belgian government this week announced that it reached an agreement on the budget 2015-2016 and on the implementation of the “tax shift”.

[More details](#)

## **EU - Update on new customs code**

The European Commission today announced it has adopted a “delegated act” (a legal action) to simplify, modernize, and integrate the EU customs system, with an aim to support cross-border trade and provide for more EU-wide cooperation in customs matters.

[More details](#)

## **Mauritius - FATCA reporting deadline extended to 31 August**

The Mauritius Revenue Authority has again extended the FATCA reporting deadline. The new deadline is 31 August 2015.

[More details](#)

## **Mexico - Determining 30% ownership, equipment used by maquiladoras**

The Mexican government issued guidance for maquiladoras and other manufacturers to follow in determining the 30% ownership threshold of machinery and equipment used in the maquila operation involving a foreign resident.

[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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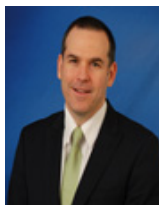
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