



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 11 February 2016



Asia Pacific Tax Developments

Australia

Australia: A New Year stamp duty update

KPMG in Australia summarizes some of the more significant stamp duty developments across Australia which have occurred in recent months and may impact your business.

[More details](#)

Australia: A trading business in a trust

In the recent Full Federal Court case, the Commissioner argued that the trust in question was not taxed under Division 6C but rather taxed under section 99A because the trust was not a "unit trust". The trust was an Electrical Industry Severance Scheme into which employers were required to make contributions to fund payments to workers on termination of their employment due to severance or redundancy.

KPMG in Australia discusses the meaning of the undefined term "unit trust".

[More details](#)

Australia: BEPS Action 6: Treaty abuse and the principal purpose test

One of the issues left outstanding in relation to the question of treaty abuse within the Base Erosion and Profit Shifting (BEPS) discussion is the scope of the principal purpose test (PPT) test in relation to the use of intermediaries.

KPMG in Australia shares some observations related to the PPT and efforts to address BEPS and treaty abuse.

[More details](#)

Australia: Houniantaiji: Swing in and celebrate the year of the fire monkey

KPMG in Australia discusses the opportunities for Australian companies to grow in China's restructuring economy.

[More details](#)

Australia: Private Ancillary Funds: what you might have missed

KPMG in Australia discusses the proposed changes to the Private Ancillary Fund (PAF) Guidelines and advises trustees to review the proposed amendments to determine the impact for existing PAFs.

[More details](#)

China

China: New version of administrative measures for recognition of High and New Technology Enterprise (HNTE) released

Local tax bureaus jointly issued a notice on revising administrative measures for recognition of High and New Technology (Guokefahuo [2016] No.32).

Compared to Guokefahuo [2008] No.172, the broad principles behind of Guokefahuo [2016] No.32 remain the same, but it adjusts the HNTE recognition requirement, as well as the procedures and supervision of the policy. This will help achieve the policy objectives of the HNTE incentive for the benefit of in-charge tax authorities and prospective applicants.

KPMG in China summarises key HNTE changes.

[More details](#)

India

India: Failure to provide permanent account number (PAN) on salary

The Visakhapatnam Bench of the Income-tax Appellate Tribunal held that withholding (deduction) of tax on salary at a rate of 20% is not warranted when there is a failure of the employee to provide the PAN.

[More details](#)

India: FEMA permits residents to acquire immovable property overseas jointly with non-resident relatives

A recent notification of the Foreign Exchange Management issued by the Reserve Bank of India now permits acquisition of immovable property outside India by a person resident in India jointly with a relative who is a resident outside India, on the condition that there is no outflow of funds from India.

[More details](#)

India: Interest paid on partners' capital is liable for disallowance under Section 14A of the Income-tax Act

The Mumbai Bench of the Income-tax Appellate Tribunal held that interest paid on partners' capital is an expenditure under Section 36(1)(iii) of the Income-tax Act, 1961 (the Act). Such interest is not a statutory allowance under Section 40(b) of the Act.

Therefore, such interest expenditure on the partner's capital shall be liable for disallowance under Section 14A of the Act read with Rule 8D of the Income-tax Rules, 1962.

[More details](#)

India: Preference shares not yielding exempt income

The Kolkata Bench of the Income-tax Appellate Tribunal held that "preference shares" (shares the taxpayer is directed to acquire under its government contracts) must be considered in determining the average value of investment even though no tax-free income was earned from these preference shares.

[More details](#)

India: Taxpayer PAN reporting; list of transactions is updated

The PAN is to be provided with respect to certain identified transactions, such as payments made for acquisitions of certain securities or bonds. The Central Board of Direct Taxes amended the rules and forms relating to the PAN reporting measures, and updated the list of transactions requiring PAN reporting.

[More details](#)

India: Procedure for e-communication between a taxpayer and the Income-tax department

On 19 October 2015, the Central Board of Direct Taxes issued an order to initiate, on a pilot basis the concept of using email for correspondence with taxpayers, sending the questionnaires, notice, etc. It has been decided to initially launch a pilot project in five cities.

Recently, the CBDT issued a Notification on the procedure, formats and standards for ensuring secured transmission of the electronic communication.

[More details](#)

India: Grant of additional depreciation, tax deduction

The Karnataka High Court held that if the taxpayer is allowed only 10 per cent of the additional depreciation in the year of acquisition and installation of the new machinery, the balance 10 per cent of additional depreciation shall be allowed as a deduction in the immediately succeeding financial year.

[More details](#)

Indonesia

Indonesia: Additional guidance for "fixed asset revaluation tax" incentive

A regulation issued by Indonesia's Ministry of Finance provides a tax incentive – the "fixed asset revaluation" tax incentive – that is available until 31 December 2016. Additional guidance has been issued concerning the "fixed asset revaluation tax" incentive in Indonesia.

KPMG in Indonesia has released a report summarising the new guidance. [More details](#)

Vietnam

Vietnam: EU Free trade agreement with Vietnam

The European Commission on 1 February 2016 published the text of a free trade agreement between the EU and Vietnam. The free trade agreement is expected to enter into force by the end of 2017 or in early 2018.

[More details](#)

Calendar of Events

Date	Event	Location
23 February 2016	150% Super Deduction: Tax savings for the building/architectural, technology and multi-media design industries More details	Shanghai, China
26 February 2016	KPMG Webinar: R&D 150% Super Deduction and High and New Technology Enterprise - ("HNTE") regulation changes for Automotive Industry (China) More details	Webinar
26 February 2016	KPMG China Tax Update Seminar More details	Singapore
9 March 2016	KPMG keeping abreast with tax regulations in insurance and reinsurance seminar More details	Singapore
16 March 2016	Understanding the fundamental principles of Malaysian GST and latest developments More details Contact person: Ms Pershen Kaur	Petaling Jaya, Malaysia
Week of 9 May 2016	2016 KPMG Asia Pacific Tax Summit More details	Beijing

Beyond Asia Pacific

Canada: Canada: Petroleum, mining companies to register, report tax payments

Oil and gas companies and mining companies operating in Canada soon must register for an "ESTMA ID" under a new regime requiring them to report tax and other payments made to Canadian and foreign governments each year.

[More details](#)

France: VAT implications of holding company “recharging” of costs

A judgment of the Versailles Administrative Court of Appeals concerns the ability of holding companies to deduct, for value added tax (VAT) purposes, the “recharging” of acquisition costs—specifically in this case, consultancy fees paid on the acquisition of shareholdings held by its subsidiaries.

[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](#)

KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



Warrick Cleine
Partner & CEO, KPMG in Vietnam
T: +84 8 3821 9266
E: warrickcleine@kpmg.com.vn

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma Sharma - KPMG Asia Pacific Limited
Asia Pacific Tax Centre Leader, Regional Tax Partner
T: +65 8186 7369
E: brahmasharma@kpmg.com.sg

Asia Pacific Regional Client Service Team

Regional Client Partner



Rick Asquini - KPMG in Singapore
Regional Client Partner
T: +65 6213 3300
E: rickasquini@kpmg.com.sg

Asia Pacific Indirect Tax Compliance Centre of Excellence



Adrienne Mcstocker - KPMG in Singapore
Regional Leader, Asia Pacific Indirect Tax Compliance
T: +65 6597 5810
E: amcstocker1@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



Tony Gorgas - KPMG in Australia
Asia Pacific Regional Leader, Transfer Pricing Services
T: +61 2 9335 8851
E: tgorgas@kpmg.com.au

Financial Services Transfer Pricing



John Kondos - KPMG in China
Asia Pacific Regional Leader, Transfer Pricing Services in the Financial Services Sector
T: +852 2685 7457
E: john.kondos@kpmg.com

Indirect Tax Services



Lachlan Wolfers - KPMG in China
Asia Pacific Regional Leader,
Indirect Tax Services
T: +85 22 685 7791
E: lachlan.wolfers@kpmg.com

Trade & Customs



Angelia Chew - KPMG in Singapore
Asia Pacific Regional Leader,
Trade & Customs Services
T: +65 6213 3768
E: angeliachew@kpmg.com.sg

Global Compliance Management Services



Oi Leng Mak - KPMG in Singapore
Asia Pacific Regional Leader,
Global Compliance Management
Services
T: +65 6213 7319
E: omak@kpmg.com.sg

Global Mobility Services



Andy Hutt - KPMG in Australia
Asia Pacific Regional Leader,
Global Mobility Services
T: +61 2 9335 8655
E: ahutt@kpmg.com.au

International Tax



Christopher Xing - KPMG in China
Asia Pacific Regional Leader,
International Tax
T: +852 2978 8965
E: christopher.xing@kpmg.com

Deal Advisory M&A Tax



Angus Wilson - KPMG in Australia
Asia Pacific Regional Leader,
Deal Advisory M&A Tax
T: +61 2 9335 8288
E: arwilson@kpmg.com.au

Research & Development (R&D) Tax Incentives



Alan Garcia - KPMG in China
Asia Pacific Regional Leader,
R&D Tax Incentives
T: +86 21 2212 3509
E: alan.garcia@kpmg.com

Dispute Resolution and Controversy



Angela Wood - KPMG in Australia
Asia Pacific Regional Leader,
Dispute Resolution and
Controversy
T: +61 3 9288 6408
E: angelawood@kpmg.com.au

Legal Services



David Morris - KPMG in Australia
Asia Pacific Regional Leader,
Legal Services
T: +61 2 9455 9999
E: davidpmorris@kpmg.com.au

Market Sector Specialists

Financial Services



Christopher Abbiss - KPMG in China

**Asia Pacific Regional Tax Leader,
Financial Services and Banking Sector**

T: +852 2826 7226

E: chris.abbiss@kpmg.com

Alternative Investments & Private Equity



Simon Clark - KPMG in Singapore

Asia Pacific Regional Tax Leader, Alternative Investments and Private Equity sector

T: +65 6213 2152

E: simonclark1@kpmg.com.sg

Sovereign Wealth and Pension Funds



Angus Wilson - KPMG in Australia

**Asia Pacific Regional Leader,
Sovereign Wealth and Pension Funds Sector**

T: +61 2 9335 8288

E: arwilson@kpmg.com.au

Energy & Natural Resources



Carlo Franchina - KPMG in Australia

**Asia Pacific Regional Tax Leader,
Energy & Natural Resources Sector**

T: +61 8 9263 7239

E: cfranchina@kpmg.com.au

Insurance



John Salvaris - KPMG in Australia

**Asia Pacific Regional Leader,
Insurance Sector**

T: +61 3 9288 5744

E: jsalvaris@kpmg.com.au

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