



International Asia Pacific and MENASA January 2016

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG firms in the Asia Pacific & MENASA regions between **1 January and 31 January 2016**.

Australia	China	Hong Kong	India	Indonesia
Korea	Oman	Philippines	Thailand	Vietnam

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To contact the International Tax Team email internationaltax@kpmg.com.

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	Tax area concerned	Relevant date/Case reference	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Australia			
Tax legislation adopted and regulatory update	Anti-Avoidance	January 2016	The Australian Taxation Office (ATO) issued a final version of guidelines concerning taxpayer engagements with the ATO in relation to the "Multinational Anti-Avoidance Law" (MAAL) provisions, pursuant to the MAAL "client experience roadmap." Read more
Other	Country-by-country reporting	January 2016	Australian headquartered organizations with a December year-end are subject to new country-by-country reporting rules. Therefore, these taxpayers need to consider what steps to take now, given that the reporting period has commenced. The first report will not need to be filed until 31 December 2017. Read more

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China

Tax legislation adopted and regulatory update	Customs	1 January 2016	A number of government agencies jointly issued guidance that is intended to adjust the import customs duty policies for “major technical equipment.” The new guidelines are effective 1 January 2016, but provide a six-month transition period for projects approved under the prior regulations. Read more
	R&D	January 2016	China’s tax administration issued guidance concerning implementation of the 150 percent “super deduction” available under the research and development regime. Read more
	VAT	January 2016	China’s State Administration of Taxation issued guidance concerning VAT issues of finance leasing activities. The guidance was issued in light of the transition from the business tax regime to the VAT system in China. Read more
Administrative and case-law	Individual income tax	January 2016	A local tax bureau issued opinions concerning the individual income tax treatment—including the taxation point, share valuation method, and tax calculation formula—relating to shares and options granted to employees of unlisted companies. This is the first guidance issued by tax authorities in China after prior guidance became invalid in 2011. Read more

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Hong Kong

Proposed legislation	Tax incentives	January 2016	Proposed legislation includes tax incentives that are intended to encourage companies to establish corporate treasury centers in Hong Kong. Read more
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India

Administrative and case-law	Capital gains	January 2016	India’s Authority for Advance Rulings concluded that a proposed transfer of shares of an Indian company by a Mauritius based company to a Singapore based company, under a group reorganization, is not taxable under the India-Mauritius income tax treaty. The proposed transfer of shares did not amount to a plan to avoid payment of taxes in India, and India’s transfer pricing rules were not triggered because the transaction was not taxable in India. Read more
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Various tax areas	January 2016	<p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none"> — capital gains from transfer of shares are taxable under India-Netherlands tax treaty. The case is: <i>Accordis Beheer B V</i>. — action plan on “Startup India” <p>Read more</p>
		<p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none"> — amendments to “combination regulations” under the Competition Act, 2002 — no five-day grace period for remitting of monthly provident fund contributions — land on which building is under construction is subject to wealth tax. The case is: <i>Giridhar G. Yadalam</i>. — interest income on application money in a separate bank account is taxable in year of share allotment. The case is: <i>Henkel Spic India Ltd</i>. <p>Read more</p>
		<p>KPMG in India has prepared reports about the following tax developments:</p> <ul style="list-style-type: none"> — income attributable to taxpayer’s foreign branches not taxable in India. The case is: <i>Bank of India</i>. — development charges paid by lessee on long-term lease for acquiring an industrial plot not rent and not subject to tax withholding. The case is: <i>Gupta Fabex Pvt. Ltd</i>. <p>Read more</p>

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Indonesia			
Tax legislation adopted and regulatory update	Tax compliance	30 June 2016	<p>Tax payments in Indonesia—made after 30 June 2016—must be made using a new electronic tax payment system.</p> <p>Read more</p>
	Tax incentives	January 2016	<p>The Indonesian government has renewed “tax holiday” incentives for entities in “pioneer industries.” The incentives include corporate income tax reductions for a period between five years and 15 years.</p> <p>Read more</p>

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Korea			
Tax legislation adopted and regulatory update	Transfer pricing	January 2016	Rules requiring master file and local file reporting—"full" transfer pricing reporting—are advancing in Korea. The rules require all Korean domestic corporations and all foreign corporations with a domestic place of business in Korea that are engaged in certain cross-border related-party transactions to file both master file and local file reports. Read more
Administrative and case-law	WHT	January 2016	An official public tax ruling from the South Korea Ministry of Strategy and Finance allows for a reduced rate of withholding tax on dividends distributed from South Korean real estate fund trusts. Read more

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Oman			
Other	Various tax areas	January 2016	Oman's ninth five-year plan, covering 2016 to 2020, is the final component of "Vision 2020"—the government's long term development strategy for 1996 to 2020. Vision 2020 focuses on sustainable development of the Omani economy with particular emphasis on social and regional development and economic diversification. Read more

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Philippines			
Other	Tax compliance	2016	KPMG in the Philippines has prepared a tax calendar for 2016. The tax calendar sets out, by month, the due dates for returns and/or payments of tax. Read more

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Thailand			
Tax legislation adopted and regulatory update	Customs	January 2016	Thailand's Customs Department launched a new voluntary audit program that allows a company to approach the customs authorities and voluntarily disclose any import duty that was paid incorrectly in the past. Read more
Treaties	Double tax treaties	January 2017	The income tax treaty between Thailand and India has been renegotiated, and a new treaty was agreed to on 1

			December 2015. It is anticipated that the new income tax treaty would enter into force in Thailand in January 2017, but this is not official. Read more
Other	Tax compliance	2016	The KPMG member firm in Thailand has prepared a “tax calendar” for 2016. The tax calendar provides the due dates for filing tax returns and for remitting tax payments. Read more

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Vietnam			
Tax legislation adopted and regulatory update	Tax incentives	January 2016	Vietnam offers certain preferential treatment or incentives to foster the development of “supporting industries.” Specifically, with respect to certain products of supporting industries, the corporate income tax incentives include: <ul style="list-style-type: none"> — a preferential tax rate of 10 percent is available for a 15-year period. — a tax exemption applies for four years, and a 50 percent tax reduction for the subsequent 9 years. Read more
Administrative and case-law	Corporate income tax	January 2016	Guidance in an official letter states that if a company directly pays tuition and fees for children of employees according to company policies and properly documented, these payments are considered to be deductible expenses for corporate income tax calculation purposes, subject to a cap. Read more

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