



International Asia Pacific and MENASA February 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 February and 29 February 2016**.

Australia	Azerbaijan	Cambodia	China
Hong Kong	India	Indonesia	Myanmar
New Zealand	Singapore	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	Stamp duty	February 2016	KPMG in Australia has prepared a report on the stamp duty developments across Australia in recent months that may affect business taxpayers. Read more
	Tax compliance	22 February 2016	Australia's Treasurer on announced new tax compliance requirements are being imposed with respect to foreign investment applications. Read more
Proposed legislation	Investment trusts	February 2016	KPMG in Australia has prepared a report on the Attribution Managed Investment Trusts regime. If the enacted, managed investment trusts would need to decide whether to elect to become AMITs and, if so, when to make such an election. Read more

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Azerbaijan

Tax legislation adopted and regulatory update	Tax incentives	February 2016	Changes to the tax law in Azerbaijan include corporate income tax, VAT, property tax and land tax exemptions for those that have obtained an "investment promotion certificate." Read more
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Cambodia			
Tax legislation adopted and regulatory update	Corporate income tax / Tax compliance	2015	Guidance was issued in Cambodia that: <ul style="list-style-type: none"> — further suspends the "prepayment of corporate income tax" for certain eligible garment and footwear production enterprises until the end of 2017 — requires the online registration of all companies. Read more

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China			
Tax legislation adopted and regulatory update	Customs duty	February 2016	China's General Administration of Customs issued guidance concerning the collection of tax (customs duty) and price verification with respect to imported aviation supplies and aircraft operating leases. Read more
	Tax incentives	February 2016	Guidance issued by authorities in China concerns the "high and new technology enterprise" incentive. Read more

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Hong Kong			
Proposed legislation	Tax incentives	February 2016	Several initiatives to increase Hong Kong's competitiveness in key industries were announced, including a proposal to reduce the corporate income tax by 50 percent for certain corporate treasury centers and specified treasury activities. The bill is to be introduced in the 2015-16 legislative session. Read more
Treaties	Double tax treaties	January 2016	Representatives of the governments of Hong Kong and Russia signed a new income tax treaty. The treaty will enter into force after the completion of the ratification procedures in both jurisdictions. If the ratification process is completed in 2016, the income tax treaty will be effective 1 April 2017 in Hong Kong, and 1 January 2017 in Russia. Read more

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India			
Administrative and case law	PE	February 2016	<p>The Delhi High Court held that a project office for installation of petroleum platforms and submarine pipelines does not constitute a permanent establishment in India, under the India – UAE double tax treaty. The case is: <i>National Petroleum Construction Co.</i></p> <p>Read more</p>
	Various tax areas	February 2016	<p>KPMG in India has prepared reports describing the following developments:</p> <ul style="list-style-type: none">— balance of additional depreciation, to claim in year immediately following year when machinery is installed. The case is: <i>Rittal India Pvt. Ltd.</i>— interest paid on partners' capital is an expenditure, not statutory allowance. The case is: <i>Pahilajrai Jaikishin.</i>— procedures for e-communications between taxpayers and tax department. <p>Read more</p>
			<p>KPMG in India has prepared reports describing the following developments:</p> <ul style="list-style-type: none">— taxpayer "permanent account number" reporting; list of transactions is updated— failure to provide PAN on salary. The case is: <i>Rashtriya Ispat Nigam Ltd.</i>— preference shares not yielding exempt income. The case is: <i>West Bengal Infrastructure Development.</i> <p>Read more</p>
			<p>KPMG in India has prepared reports describing the following developments:</p> <ul style="list-style-type: none">— fees for supply management services not taxable as fees for technical services or as royalty under India-UK tax treaty. The case is: <i>Cummins Ltd.</i>— settlement amount received by foreign institutional investors giving up "right to sue". The case is: <i>Aberdeen Claims Administration Inc.</i>— consolidated guidelines, compliance for overseas assignments. <p>Read more</p>

KPMG in India has prepared reports describing the following developments:

- provident fund withdrawals
- tax officer lacks authority to recomputed book profit for minimum alternate tax provisions. The case is: *Sri Hariram Hotels (P.) Ltd.*
- consultancy charges relating to construction activities, not taxable “fees for technical services”. The case is *MSV International Inc.*
- tax on share buybacks prior to 1 June 2013.

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KPMG in India has prepared reports describing the following developments:

- no tax withheld when interest not paid; no income accrued to the payee. The case is: *Karnataka Power Transmission Corporation Ltd.*
- six months for rectification order
- Authority for Advance Ruling applications in different situations. The case is: *Hyosung Corporation.*
- defining “startup” and tax benefits
- clarifying “initial assessment year”
- buyback of shares not a colourable device and not treated as deemed dividend for tax purposes.

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KPMG in India has prepared reports describing the following developments:

- payment for data transmission services, via transponder, not “royalty” under income tax treaties. The case is: *Shin Satellite Public Co. Ltd.*
- treatment of tax withholdings, advance tax payment in demerger. The case is: *Adani Gas Ltd*
- sale of group shares to related parties treated as “sham transaction,” thus, loss disallowed. The case is: *AAA Portfolios Pvt. Ltd.*

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Indonesia			
Tax legislation adopted and	Tax incentives	February 2016	A regulation issued by Indonesia’s Ministry of Finance provides a tax incentive—the “fixed asset

regulatory update			revaluation” tax incentive—that is available until 31 December 2016. Additional guidance has been issued concerning this incentive. Read more
	WHT	February 2016	The rate of withholding tax with respect to interest income from deposits or savings in Indonesian banks has been reduced provided certain conditions are met. Read more

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Myanmar

Tax legislation adopted and regulatory update	Stamp duty	February 2016	The Myanmar Stamp Act has been gradually updated over the last few years. With these updates, investors need to verify that their contracts or leases comply with the updated stamp tax rules. Read more
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New Zealand

Other	GST	February 2016	Australia has introduced legislation to implement its version of the goods and services tax (GST) remote services rule. Under the proposal, effective 1 July 2017, sales of digital content and other services to Australian consumers by non-resident suppliers—including New Zealand businesses—would be subject to Australian GST. Read more
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Singapore

Proposed legislation	Corporate income tax	February 2016	KPMG in Singapore has prepared a report on the income tax implications arising from the adoption of FRS 115 Revenue from contracts with customers. Read more
Other	Company law	February 2016	Liberalization of the construction sector rules in India may afford opportunities for Singapore builders. Under the new rules, businesses can establish wholly owned companies without any conditions relating to minimum capitalization and minimum area development provisions prior to entering India’s construction market. Read more

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Thailand

Tax legislation adopted and regulatory update	Tax audits	2016	The government issued a decree providing a “tax audit exemption program” that is effective and available to taxpayers beginning in 2016. The program basically provides incentives for taxpayers to regularize their tax affairs on a forward-looking basis, by providing protection from tax audits. Read more
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Vietnam			
Tax legislation adopted and regulatory update	Representative offices	10 March 2016	Changes have been made to the rules governing representative offices and branches of foreign entities doing business in Vietnam. The new rules are effective 10 March 2016 and seem to reflect a narrowed scope of operations for representative offices of foreign businesses in Vietnam. Read more
Treaties	Free trade agreement	1 February 2016	The European Commission 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. Read more

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