

International Tax Newsletter



This e-newsletter gives you an overview of international tax developments being reported globally by KPMG firms in the Asia Pacific region between **1 January and 31 January 2014**.

Australia	Hong Kong	Malaysia	Vietnam
Myanmar/Burma	India	Thailand	
China	Kazakhstan	Turkey	

To contact the International Tax Group in Russia and the CIS go to the [Contacts section](#).

	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	Various tax issues	January 2014	<p>KPMG in Australia prepared reports on the following developments:</p> <ul style="list-style-type: none"> • superannuation • tax policy in Australia • getting cross-border reporting for employees right • What could s258F share capital reductions mean for dividends? • non-cash consideration in mining exploration transactions • Division 40: prime cost methodology – depreciating second element costs. <p>Read more</p>
	FATCA	10 January 2014	<p>The Australian Department of Parliamentary Services on 10 January 2014 released a report providing an overview, requirements, and intergovernmental agreements under the U.S. legislation known as FATCA.</p> <p>Read more</p>
Proposed legislation	R&D/dividend taxation	January 2014	<p>KPMG in Australia prepared reports on the following developments:</p> <ul style="list-style-type: none"> • The federal government is going ahead with a measure that will prevent companies with

			<p>Australian revenue exceeding AUS\$20 billion from accessing the R&D tax incentive. Its impact is likely to prevent less than 20 larger company groups from receiving any benefits from the R&D tax incentive.</p> <ul style="list-style-type: none"> The Australian Taxation Office released a draft taxation determination that addresses the treatment of “dividend washing” schemes. When finalized, the guidance will apply to arrangements entered into both before and after its date of issue. <p>Read more</p>
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Myanmar/Burma			
Tax legislation adopted and regulatory update	Banking and financial services sector	2013-2014	<p>Changes over the past 18 months to the laws governing the banking and financial services sector in Myanmar (Burma) include a reduction in the quantum of sovereign debt, measures streamlining the micro-finance sector, and measures affecting the independence and expansion of the banking sector.</p> <p>Read more</p>

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China			
Tax legislation adopted and regulatory update	Tax incentives	January 2014	<p>There are various tax incentives available for the auto industry in China, provided certain requirements are met.</p> <p>Read more</p>
Treaties	DTT	Beginning 2014	<p>An income tax treaty between China and the United Kingdom entered into force on 13 December 2013, and is effective beginning 2014. The new tax treaty replaces the 1984 income tax treaty between China and the United Kingdom.</p> <p>Read more</p>
	Economic partnership agreement	Beginning 2014	<p>Beginning in 2014, a greater number of goods manufactured in Hong Kong and Macau qualify for duty-free entry into China under the China-Hong Kong and China-Macau closer economic partnership agreements.</p> <p>Read more</p>
Other	E-commerce	January 2014	<p>China's e-commerce industry has grown within the business-to-consumer and consumer-to-consumer sectors via “homegrown” platforms, social media, and mobile devices.</p> <p>Read more</p>

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Hong Kong			
Tax legislation adopted and regulatory update	Profits tax/ Captive insurance companies	2013-2014	Legislation in Hong Kong was introduced into the Legislative Council on 8 January 2014 to provide a profits tax concession to captive insurance companies for profits from their business of insurance of offshore risks. These profits are to be chargeable to profits tax at one-half of the normal rate, that is, 8.25 percent. Read more

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India			
Tax legislation adopted and regulatory update	Tax compliance	3 February 2014	The Central Board of Direct Taxes revised the process of allotment of the permanent account number (PAN) with effect from 3 February 2014. Read more
	Industrial incentives	31 March 2017	A package of industrial incentives for the states of Himachal Pradesh and Uttarakhand has been extended to 31 March 2017. New industrial units and existing units with "substantial expansion" are eligible for a central capital investment subsidy at the rate of 15 percent of investment in plant and machinery, subject to a ceiling of INR 3 million. Read more
	Transfer/ issuance of securities	January 2014	The Reserve Bank of India amended the regulations that apply concerning the transfer or issuance of a security by persons outside India. The new changes allow the issuance of non-convertible/redeemable bonus preference shares or debentures (bonus instrument) to non-resident shareholders under certain circumstances. Read more
	Various tax issues	January 2014	KPMG in India prepared reports on the following developments: <ul style="list-style-type: none">• developments in special economic zone, export oriented unit "schemes"• Central Board of Direct Taxes directives on safe harbor rules. Read more
Administrative and case law	Various tax issues	January 2014	Case law has been published in India with respect to the following subjects: <ul style="list-style-type: none">• payment for "transfer of right to purchase flat" is "capital gain" income

			<ul style="list-style-type: none"> • income of liaison office providing promotion and product sales services in India is taxable • interest expense not disallowed under section 14A because the taxpayer had sufficient funds available for investment • interest income and import entitlement sale consideration eligible for tax benefit (deduction) under section 10B • employee contributions deposited after due date but before return's filing date. Read more
		January 2014	<p>Case law has been published in India with respect to the following subjects:</p> <ul style="list-style-type: none"> • payment for transfer of copyright in a feature film for 99 years is "sale" and not royalty • no tax liability attributable to foreign company without establishing that income is attributable to PE in India • clarification of Supreme Court decision on excise tax. Read more
	Transfer pricing	<i>CIT v. Global Vantage Pvt. Ltd.</i> (ITA No. 1828/2010)	<p>India's Supreme Court dismissed the tax authority's "special leave petition" that effectively leaves in place a decision of the Delhi High Court that the arm's length value of international transactions cannot exceed the total revenue earned by the taxpayer and related party from third-party contracts.</p> Read more
KPMG publications	Various taxes	2013	<p>KPMG in India has prepared a 39-page report summarizing key direct and indirect tax-related developments for 2013.</p> Read more
			<p>KPMG in India has prepared a report that collects and provides hyperlinks, in table format, of tax developments in India occurring during 2013.</p> Read more

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Kazakhstan			
Treaties	DTT	December 2013	<p>An income tax treaty between Kazakhstan and Luxembourg entered into force in December 2013.</p> Read more

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Malaysia			
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Tax legislation adopted and regulatory update	Transfer pricing	1 April 2013	Malaysia's tax authority, the Inland Revenue Board, released the framework for transfer pricing audits (effective 1 April 2013). Read more
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Thailand			
KPMG publications	Tax compliance	2014	KPMG in Thailand prepared a "tax calendar" that provides, in table format, the filing requirements and deadlines for tax returns and payments for the 2014 year. Read more

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Turkey			
Tax legislation adopted and regulatory update	Transfer pricing	2014	New guidance issued by Turkey's Capital Markets Board (Sermaye Piyasasi Kurulu) requires additional information reporting about controlled transactions of listed companies and, thus, may affect the transfer pricing disclosures by these companies. Read more
	Consumption tax	1 January 2014	Changes to Turkey's special consumption tax rates are effective beginning 1 January 2014. Read more

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Vietnam			
Tax legislation adopted and regulatory update	Various taxes	2014	Recent tax developments in Vietnam include the following items: <ul style="list-style-type: none"> • New tax forms are to be used by organizations and entities in Vietnam beginning 1 January 2014 (Decree No. 156/2013/TT-BTC). • Enterprises are to pay trade union dues at a rate of 2 percent of total salary amounts used to compute for social insurance contributions (Decree No. 191/2013/ND-CP). • Regional minimum wage amounts are established for individuals working in those areas (Circular No. 33/2013/TT-BLDTBXH). • Enterprises must apply the VAT method in 2014 if they satisfy certain conditions (Official letter No. 17557/BTC-TCT). Read more
	Corporate income tax	15 February 2014	New guidelines in Vietnam concerning the determination of corporate income tax are effective

		15 February 2014, and apply for 2014 and subsequent tax periods. Read more
	Transfer pricing	5 February 2014 Vietnam's Ministry of Finance has issued guidance establishing the application procedures, approval process, and governing rules for Vietnam's APA regime. Read more

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