



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 11 August 2016



Asia Pacific Tax Developments

Australia

Australia: Amnesty for offshore market hubs: prevention before correction

The Australian Taxation Office (ATO) is offering administrative concessions in relation to administrative penalties and interest on historical positions to certain taxpayers that proactively assess and voluntarily disclose tax risks associated with offshore hubs, and who are prepared to restructure their arrangements.

[More details](#)

Australia: New general purpose financial statements: ATO consultation to start soon

ATO has recently released a notice that they will commence consultation with external stakeholders on the administrative arrangements for the provision of general purpose financial statements (GPFS).

KPMG Australia looks back at some key issues surrounding the new GPFS legislation, ahead of the imminent ATO consultation process.

[More details](#)

Australia: What's in a PE?

KPMG Australia discusses an OECD discussion draft which illustrates how profits could be attributed to a dependent agent permanent establishment (DAPE), created through associated service entities or a fixed place of business.

This discussion draft follows the OECD's work strengthening the PE definition as part of its Base Erosion and Profit Shifting (BEPS) project.

[More details](#)

Australia: What makes an efficient and competitive superannuation system?

KPMG Australia discusses the Productivity Commission's draft report on how to assess an efficient and competitive superannuation system.

This report follows the finding in the Financial System Inquiry that there is a lack of strong price-based competition driving efficiency, and that unless a review by 2020 finds the MySuper reforms have significantly improved competition and efficiency, new measures would be required (including changes to default rules).

[More details](#)

Australia: When it rains it pours: transfer pricing developments

KPMG Australia looks at developments in transfer pricing since 2012 and examines Australia's plans for further changes.

[More details](#)

Cambodia

Cambodia: Business online re-registrations delayed to 30 September

Businesses and entities registered with the Ministry of Commerce are required to re-register via an online (electronic) system.

The original deadline for re-registration was twice extended, and again has been extended, this time to 30 September 2016. Entities that fail to re-register may be referred for legal action.

[More details](#)

Cambodia: Tax department to collect registration, VAT data from enterprises

Beginning in August 2016, Cambodia's tax department and municipal officials in Phnom Penh will begin collecting certain data from enterprises including:

- The most recent patent certificate and value added tax (VAT) certificate
- The most recent tax receipt for annual and monthly tax payments
- The most recent utility invoices (water and electric bills)

[More details](#)

China

China: China Tax weekly update – Issue 30

KPMG China has issued a newsletter that provides various tax updates on:

- New China-Russia DTA takes effect
- China-Poland air transport tax agreement takes effect
- SAT and local authorities to further drive Resource Tax reform
- Further VAT implementation rules from CSRC
- 'Five licenses into one' reform pushed forward (Gong Shang Qi Zhu Zi [2016] No.150)

- MOFCOM responds to Didi-Uber deal
- CA case of a China Service PE

[More details](#)

China: Customs Policy Update – July 2016

KPMG China has issued a newsletter that provides various custom policy updates on:

- Guidance Catalogue of Key Development Domains of Service Outsourcing Industry jointly issued by Ministry of Commerce, Ministry of Finance, GAC
- Announcement on the Declaration Requirements for Implementing Anti-dumping Measures against Acrylic Fibers Products of specific HS Codes
- Special Tariff Threshold Specified by China Customs
- Customs of Pilot Free Trade Zones in Shanghai, Guangdong, Fujian and Tianjin to Achieve Integrated Reform
- The Impact of Brexit on the Supply Chain
- Various local customs regulations

[More details](#)

India

India: GST legislative update

The Union Cabinet approved changes in the bill that would provide a goods and services tax (GST) regime. The GST Constitution Amendment Bill was approved by the Cabinet on 27 July 2016, and then “tabled” (presented) before the Upper House of Parliament on 3 August 2016 which approved the bill by a majority vote.

[More details](#)

India: Managerial services under treaty with France

The Delhi High Court held that payment for managerial services are not to be taxed as “fees for technical services” in view of the “most favoured nation” clause under the India-France income tax treaty. Accordingly, the payments were not subject to tax withholding.

[More details](#)

India: No transfer pricing referral, taxpayer claims no “international transactions”

The Delhi High Court held that when the taxpayer raises an objection regarding the existence of “international transactions” (within the meaning of provisions of India’s tax law), the Assessing Officer must first address the taxpayer’s objection on its merits before referring the case to the Transfer Pricing Officer.

[More details](#)

India: Warehousing requirements for export-oriented units

As a trade facilitation measure, the Central Board of Excise and Customs removed a requirement for export oriented units, including software technology park, electronic hardware technology park units and bio technology park units, to operate under customs bond, effective 13 August 2016.

[More details](#)

India: Taxpayer allowed to change from TNMM to CUP during proceedings

The Delhi Bench of the Income-tax Appellate Tribunal upheld the use of the Comparable Uncontrolled Price (CUP) method as the most appropriate method.

The tribunal further held that merely because the taxpayer had used the Transactional Net Margin Method (TNMM) in its transfer pricing report did not bar the taxpayer from change to use the CUP method during the transfer pricing proceedings, provided that reasonable data was available for comparability purposes.

[More details](#)

Malaysia

Malaysia: Asia Pacific Transfer Pricing – in conjunction with International Tax Review

KPMG member firms across Asia Pacific partnered with International Tax Review (ITR) to release an extensive publication on the current state of transfer pricing in the region. ITR's *Asia Pacific Transfer Pricing Supplement* is made up of 15 transfer pricing country updates and an Asia Pacific overview regarding CbyC adoption in the region.

[More details](#)

New Zealand

New Zealand: Business tax, AEOI and foreign trust legislation introduced

A second omnibus Tax Bill for 2016 has been introduced. It contains:

- A new Accounting Income Method (AIM) for calculating provisional tax, limit the application of use-of-money interest (UOMI), and proposes a series of other business tax changes to enhance compliance;
- A requirement for NZ financial institutions to review and report non-resident account holders (and their financial account information) to Inland Revenue, who will automatically exchange this information with other participating countries under the OECD's Automatic Exchange of Information (AEOI) initiative; and
- Enhanced disclosure requirements for NZ foreign trusts, following the independent review's recommendations earlier this year.

[More details](#)

Pakistan

Pakistan: Capital gains tax changes, immovable property

An "amendment ordinance" revises the tax treatment on dispositions of immovable property.

With the amendment, the Federal Board of Revenue now has the authority to determine the fair market value of immovable property. The amended rules also concern withholding tax.

[More details](#)

Thailand

Thailand: VAT on digital transactions, possible extension of reduced rate

The government of Thailand has issued a statement describing its desire to extend for at least one more year the reduced rate (7%, instead of the statutory rate of 10%) of value added tax (VAT).

The reduced VAT rate of 7% is set to end in September 2016. Whether the reduced rate of VAT would be extended may depend on enhanced collection of VAT on cross-border digital transactions.

[More details](#)

Vietnam

Vietnam: Free trade agreements, preferential tariff rates

Vietnam has entered into 10 bilateral and multilateral free trade agreements (FTAs).

The free trade agreements have a common goal of reducing or eliminating tariffs in accordance with the roadmap agreed in each FTA for a majority of the 9,578 tariff lines in the import tariff table so as to reach a common tariff between 0% and 5%.

[More details](#)

Calendar of Events

Date	Event	Location
16 August 2016	Tax/Immigration Planning for Global Mobility Employees to Malaysia and GST from HR Perspective Contact person: Carmen Yong	Malaysia
21 October 2016	2017 Budget Announcement Contact person: Karen Lee	Parliament House, Kuala Lumpur, Malaysia
26 October 2016	KPMG in Malaysia Tax Summit 2016 Contact person: Karen Lee	One World Hotel, Petaling Jaya, Malaysia

Beyond Asia Pacific

Canada: Draft legislative proposals, certain measures announced in the 2016 federal budget

Finance has released draft legislative proposals to implement certain outstanding measures that were originally announced in the 2016 federal budget.

[More details](#)

Ireland: Requirements for claiming R&D tax credit

The research and development (R&D) tax credit is open to companies in Ireland that undertake qualifying research and development activities in Ireland or within the EEA.

The R&D tax credit can be a significant source of tax saving / cash because the available relief is 25% of the qualifying expenditure incurred in carrying out qualifying R&D activities.

[More details](#)

TaxNewsFlash by Region

For the latest tax developments from other regions see the following links:

[Africa](#)

[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

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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