Asia Pacific Tax Developments

Australia: Updated guidance on the application of the general anti-avoidance rules

After much anticipation, the Australian Taxation Office (ATO) has released a revised practice statement on the application of the general anti-avoidance rules (Law Administration Practice Statement (PSLA) 2005/24). The updated PSLA provides additional guidance in relation to the amendments to Part IVA introduced in 2013.

More details

Australia: MCA Tax Forum - Transparency and Governance

Last Friday KPMG Australia hosted the Minerals Council of Australia's (MCA) tax forum discussion group on the topic of 'Tax Transparency' and 'Tax Governance'.

KPMG Australia summarises key focuses of the tax forum discussion and highlights key areas that boards and audit committee members will have at the top of their agenda as they take steps to respond to the ATO’s new approach to tax risk management and governance.

More details

Australia: R&D rate reduction passes into law

The Senate on 15 September passed the Budget Savings (Omnibus) Bill 2016. Schedule 22 of the Bill amends the Income Tax Assessment Act 1997 to reduce the rates of the tax offset available under the R&D Tax Incentive for the first $100 million of eligible expenditure.

KPMG Australia explains the implications of the Government's reduction of the R&D Tax Incentive tax offset rate.

More details
Australia: Superannuation tax certainty and improvement in tax concession sustainability

KPMG Australia welcomes the Government's latest changes to its superannuation policies which will provide much needed certainty to the superannuation tax system while still improving the tax equity and sustainability of the system.

The reduction in the current annual non-concessional cap from $180,000 to $100,000, a compromise between competing views, does still improve the integrity of the superannuation system from a tax equity perspective.

More details

Australia: US concern with EU state aid ruling

KPMG Australia explains why the US is concerned about the European Commission's recent state aid investigations.

The investigations involved certain transfer pricing rulings given by Member States to particular taxpayers that may have violated the EU’s restriction on state aid.

More details

China: China Tax weekly update – Issue 36

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

- OECD: Status report on BEPS, CRS for G20 leaders
- New rules for restructuring listed companies (CSRC Order No. 127)
- New Protocol to China-Estonia DTA takes effect (SAT Announcement [2016] No. 60)
- Further VAT implementation rules from SAT
- New VAT refund policies for foreign embassies (consulates) in China consuming goods and services (MOF & MFA Announcement [2016] No. 58)

More details

Hong Kong: CRS: Hong Kong guidance published

To facilitate compliance with the Common Reporting Standard (CRS) requirements, the IRD has recently published guidance for financial institutions to assist them in complying with the CRS obligations.

More details
India: Foreign travel expenses as business expenditure
The Mumbai Bench of the Income-tax Appellate Tribunal held that foreign travel expenditures incurred to reward medical doctors for “patient-referrals” are not allowable as a deduction.

More details

India: Review of India-South Korea income tax treaty
An income tax treaty between India and South Korea (signed in May 2015) is pending ratification and notification procedures for the treaty's provisions to enter into force.

More details

India: Service fees paid to subsidiary for product promotion under treaty with Russia
The Authority for Advance Ruling (AAR) determined that payments of service fees for product promotion services cannot be categorized as “fees for technical services” under the India-Russia income tax treaty or under the provisions India’s tax law. Accordingly, the payments are not subject to tax withholding.

More details

India: Transfer of shares of an Indian company under treaty with Mauritius
The AAR determined that capital gains realized on the transfer of shares are not taxable in India under provisions of the India-Mauritius income tax treaty. The AAR found that the control and management of the company was not wholly in India.

More details

Japan: Automatic exchange of information guidance under CRS
The Japan’s National Tax Agency released English-language versions of booklets on the automatic exchange of information based on the common reporting standard (CRS).

More details

Singapore: Agreement with UK for AEOI
Representatives of the governments of Singapore and the United Kingdom have signed a competent authority agreement for the automatic exchange of financial account information (AEOI) based on the common reporting standard (CRS).

More details
Thailand: Regulation allowing foreigners to conduct certain businesses without foreign business license

The Council of State has approved a draft Ministerial Regulation. The Regulation will allow foreigners to conduct certain businesses without being required to obtain a foreign business license (“FBL”) under the Foreign Business Act (“the FBA”). This change to the FBA is expected to be effective before the end of 2016.

More details

Vietnam: Offshore assignment of capital & interest deriving from Vietnam

According to a newly issued Circular providing guidance on the tax policies for oil and gas exploration and exploitation activities, a company incorporated overseas assigns its capital or shares, or other similar interest in another foreign-based company who directly or indirectly holds the assets or the rights to participate in oil and gas projects in Vietnam, will be considered as deriving income from the transfer of the right to participate in oil and gas agreements in Vietnam. Therefore, the company is subject to Vietnamese Capital Assignment Tax (“CAT”). The above is seen as a new development in tax collection of Vietnamese tax authorities toward offshore capital transfer.

More details

Calendar of Events

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 October 2016</td>
<td>2017 Budget Announcement</td>
<td>Parliament House, Kuala Lumpur, Malaysia</td>
</tr>
<tr>
<td></td>
<td>Contact person: Karen Lee</td>
<td></td>
</tr>
<tr>
<td>26 October 2016</td>
<td>KPMG in Malaysia Tax Summit 2016</td>
<td>One World Hotel, Petaling Jaya, Malaysia</td>
</tr>
<tr>
<td></td>
<td>Contact person: Karen Lee</td>
<td></td>
</tr>
</tbody>
</table>
Significant International Tax Developments

OECD: Comments, interest from banking and insurance under BEPS Action 4

The Organisation for Economic Cooperation and Development (OECD) released comments received with respect to approaches to address base erosion and profit shifting (BEPS) involving interest in the banking and insurance sectors under Action 4 (Interest deductions and other financial payments) of the BEPS project.

More details

Beyond Asia Pacific

Luxembourg: Descriptions of various investment vehicles, legal and tax requirements

KPMG in Luxembourg prepared a report that provides a general overview of the different fund vehicles that can be established in Luxembourg, across all asset classes and investment strategies.

More details

Norway: New VAT return, beginning 1 January 2017

The value added tax (VAT) return in Norway will be replaced with a new and more detailed version of the form, effective from the first VAT reporting period of 2017. The new version of the VAT return applies to transactions conducted as of 1 January 2017.

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

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

www.kpmg.com/tax

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International, a Swiss entity.