



# International Tax Asia Pacific and MENASA October 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 October and 31 October 2016**.

<a href="#">Australia</a>	<a href="#">Japan</a>	<a href="#">Taiwan</a>
<a href="#">China</a>	<a href="#">Malaysia</a>	<a href="#">Thailand</a>
<a href="#">India</a>	<a href="#">Myanmar</a>	<a href="#">UAE</a>
<a href="#">Indonesia</a>	<a href="#">New Zealand</a>	

For a full summary of global tax developments, visit [kpmg.com/TaxNewsFlash](http://kpmg.com/TaxNewsFlash).

To contact the International Tax Team email [internationaltax@kpmg.com](mailto:internationaltax@kpmg.com).

To register for the International Tax webcasts, click [here](#).

	Tax area concerned	Relevant date	Description of measures and publication link
<b>Australia</b>			
Tax legislation adopted and regulatory update	Import rules	25 Oct 2016	The Tax and Superannuation Laws Amendment (2016 Measures No. 1) Act 2016 (the Act) implemented a range of changes, including providing an alternate method for the calculation of overseas freight and insurance where those amounts are unknown at the time of importation. <a href="#">Read more</a>
	GST	4 Oct 2016	The new cross-border rules commenced on 1 October 2016 and expand the Goods and Services Tax (GST)-free treatment of services supplied to non-residents while also reducing the requirement for non-residents to register for GST. <a href="#">Read more</a>

Proposed legislation	Exemptions on foreign dividends	19 Oct 2016	The Australian Taxation Office (ATO) recently issued draft ruling TR 2016/D2 addressing an interpretive issue that goes to the heart of whether a taxpayer can get an exemption for a dividend it receives from a foreign company. <a href="#">Read more</a>
Administrative and case law	Stamp duty	12 Oct 2016	The Queensland Commissioner of State Revenue (the Commissioner) has recently released three Guidelines to assist taxpayers in determining when the new Additional Foreign Acquirer Duty (AFAD) rules under the Queensland Duties Act will apply. <a href="#">Read more</a>

[Back to top](#)

China			
Tax legislation adopted and regulatory update	Customs	24 Oct 2016	New customs audit rules, issued by China's General Administration of Customs, are effective 1 November 2016. The new measures provide guidelines in implementing customs audit regulations and specify and refine various items in the operation and implementation of the customs audit regulations. <a href="#">Read more</a>
KPMG publications	Private equity	19 Oct 2016	Pending PRC implementation of the OECD's Common Reporting Standard will likely affect Chinese private equity funds and their managers. <a href="#">Read more</a>
Other	Free trade zone	10 Oct 2016	In Guangdong, 16 policies and measures have been implemented to support the establishment of a free trade zone and to foster innovation in Guangdong province. <a href="#">Read more</a>

[Back to top](#)

India			
Administrative and case law	Partnership tax	26 Oct 2016	The Supreme Court held that the taxpayer, a partner, was liable for capital gains tax on the sale of the partnership because the partnership's assets were "capital assets" as defined by a provision of India's tax law. <a href="#">Read more</a>
	Goodwill	18 Oct 2016	The Bangalore Bench of the Income-tax Tribunal held that the taxpayer cannot claim depreciation on assets acquired through an amalgamation, including

			goodwill, more than the depreciation that would be allowable to the amalgamating company. <a href="#">Read more</a>
Administrative and case law	Corporate tax	18 Oct 2016	The Central Board of Direct Taxes (CBDT) issued final rules with respect to buy-back of shares. <a href="#">Read more</a>
	Partnership tax	6 Oct 2016	The Pune Bench of the Income-tax Appellate Tribunal held that interest paid with respect to a partner's capital is not an "expenditure" but is an amount in the nature of a deduction under section 40(b) of the Income-tax Act, 1961. The case also involved an investment in mutual funds generating tax-free income and the treatment of the related interest paid to partners. <a href="#">Read more</a>

[Back to top](#)

#### Indonesia

Tax legislation adopted and regulatory update	Income tax	20 Oct 2016	A government regulation in Indonesia reduces the rate of tax on income realized on transfers of land or building rights to 2.5 percent. <a href="#">Read more</a>
---	------------	-------------	--

[Back to top](#)

#### Japan

Treaties	Income tax treaty	12 Oct 2016	Representatives of the governments of Japan and Belgium on 12 October 2016 signed a new income tax treaty. Once ratified and with its entry into force, the new treaty would replace the existing income tax treaty (1970 and amended in 1990 and 2013). Among the provisions in the new income tax treaty are measures providing for: <ul style="list-style-type: none"> <li>— a reduction in tax rates on investment income in the source country, including the withholding tax rates on dividends, interest, and royalties</li> <li>— an "anti-treaty shopping" provision</li> <li>— new clauses or provisions concerning the tax treatment of hybrid entities, corresponding adjustments for associated enterprises, the Japanese "silent partnership" or Tokumei Kumiai, a Mutual Agreement Procedure, and a provision for assistance in the collection of taxes.</li> </ul> <a href="#">Read more</a>
----------	-------------------	-------------	--

Other	Customs	17 Oct 2016	The Japanese Commerce office in October 2016 published a notice directed towards the Japanese manufacturing and export community, and emphasizing the importance of accurately qualifying products under “economic partnership agreements” and of obtaining certificates of origin. In Japan, exporters and producers must formally request a determination of originating goods and then submit an application for issuance of a certificate of origin from the Commerce office (unless a company is approved for self-certification under certain economic partnership agreements). <a href="#">Read more</a>
-------	---------	-------------	--

[Back to top](#)

#### Malaysia

Proposed legislation	Various tax areas	21 Oct 2016	The Prime Minister introduced the 2017 budget. There are tax proposals in the 2017 budget including measures corporate tax rate reductions, an expansion of tax incentives and GST relief. <a href="#">Read more</a>
----------------------	-------------------	-------------	---

[Back to top](#)

#### Myanmar

Other	US sanctions	19 Oct 2016	With the removal of sanctions, US investors should have less reporting obligations as well as concerns when investing into Myanmar. This is expected to alleviate some concerns of US companies that are evaluating potential investments into Myanmar. <a href="#">Read more</a>
-------	--------------	-------------	--

[Back to top](#)

#### New Zealand

Proposed legislation	Income tax	6 Oct 2016	The Inland Revenue Department released a new draft “Interpretation Statement” (IS) that reflects a revised position concerning the income tax deductibility of a feasibility expenditure. Consultation on the draft IS closes 9 November 2016. <a href="#">Read more</a>
----------------------	------------	------------	---

[Back to top](#)

Taiwan			
Proposed legislation	VAT	11 Oct 2016	The Ministry of Finance announced a plan for changes to the value added tax (VAT) rules regarding foreign e-commerce providers. The aim will be to bring these e-commerce providers within the "VAT net." <a href="#">Read more</a>

[Back to top](#)

Thailand			
Tax legislation adopted and regulatory update	Income tax	4 Oct 2016	The Revenue Department issued two Director-General Notifications amending the existing regulations on the International Headquarters (IHQ) and International Trading Center (ITC) schemes. The amendments seek to clarify the treatment of tax losses carried forward from the IHQ and relax the criteria for foreign national employees. <a href="#">Read more</a>
Administrative and case law	Tax audits	28 Oct 2016	Thailand's Customs Department and Revenue Department have started sharing their taxpayer databases. Each department can now access the other's database in order to obtain taxpayers' tax and duty payments records, primarily for use in tax audits. <a href="#">Read more</a>

[Back to top](#)

UAE			
Administrative and case law	VAT	9 Oct 2016	The government has previously issued FAQs on VAT to assist businesses with understanding VAT. On 5 October 2016, additional FAQs were released. <a href="#">Read more</a>

[Back to top](#)

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



[kpmg.com/app](http://kpmg.com/app)



© 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.

Designed by Evaluesserve.

Publication Number: 134120A-G