



International Tax Asia Pacific and MENASA November 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 November and 30 November 2016**.

Australia	Malaysia	Sri Lanka
China	Myanmar	Thailand
India	New Zealand	UAE
Japan	Papua New Guinea	Vietnam

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To contact the International Tax Team email internationaltax@kpmg.com.

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	Tax area concerned	Relevant date	Description of measures and publication link
Australia			
Proposed legislation	DPT	29 Nov 2016	Australian Treasury released Exposure Draft (ED) legislation and an accompanying Explanatory Memorandum (EM) in relation to the proposed Australian Diverted Profits Tax (DPT). Read more
Proposed legislation	WHT	7 Nov 2016	The current rate and complexity of withholding tax applied to distributions made by Australian funds has a significant impact on the ability of Australian funds to compete internationally. The government released a much anticipated consultation paper seeking industry views on policy options for withholding tax reform. Read more
Administrative and case law	Transfer pricing	21 Nov 2016	The new Attribution Managed Investment Trust (MIT) regime has effectively resulted in a domestic transfer

			pricing regime with respect to income derived by MITs. The pricing of transactions between stapled entities can be difficult, especially in an infrastructure context. Read more
KPMG publication	Capital gains/rollover relief	16 Nov 2016	This article discusses the government's inconsistent super fund policy settings in regards to capital gains tax rollover relief. Read more
KPMG publication	WHT	14 Nov 2016	This article highlights the importance of knowing what constitutes an 'associate' for the purpose of determining a Section 128F interest withholding tax exemption. Read more

[Back to top](#)

China			
Administrative and case law	Employment permits	17 Nov 2016	China's State Administration of Foreign Expert Affairs launched a pilot program to simplify the application of foreigners for an employment permit in the PRC. Read more
Administrative and case law	AEOI	15 Nov 2016	China's tax authorities issued draft guidance measures setting forth the principles and procedures for Chinese financial institutions to apply in identifying and collecting the financial accounts of non-residents for purposes of the automatic exchange of financial information in tax matters (AEOI) standard. Read more
Administrative and case law	Self-declarations	7 Nov 2016	China's customs authority issued guidance that amends the existing customs clearance procedure for imported goods, and that will allow for customs self-declarations and tax and customs duty payments. Read more
Treaties	BEPS	28 Nov 2016	OECD published a 'multilateral instrument' to be used to implement tax treaty-related measures set out under the BEPS project. For purposes of China's network of income tax treaties, the changes that will be made are expected to profoundly affect the tax treatment of businesses operating and investing cross-border into and out of China. Read more
KPMG publications	Various tax areas	16 Nov 2016	China issued a market update that includes a discussion of: China's commitment to the Common Reporting Standard; preferential import tax policy for fracking equipment; and, raises in the export tax

			refund rate for certain electromechanical products and petroleum products. Read more
KPMG publications	Various	8 Nov 2016	China issued a market update that includes a discussion of: Market access in certain internet relevant sectors for foreign investors in China; customs duty administrative modernization advances as well as new customs inspection regulations; and, exchange of notes for the China-Malaysia tax treaty. Read more

[Back to top](#)

India			
Administrative and case law	Offshore accounts	29 Nov 2016	The Central Board of Direct Taxes issued guidance (a notification) amending the rules concerning the business connection of offshore funds. Read more
Administrative and case law	Capital gains	29 Nov 2016	The Mumbai Income Tax Appellate Tribunal held that no capital gain tax is to be levied (absent any consideration received/accrued to the taxpayer) for transfers of undertakings under a plan of demerger. Read more
Administrative and case law	Customs	16 Nov 2016	India's Central Board of Excise and Customs (CBEC) issued guidelines and procedures for the deferred payment of customs duty. The deferral rules will be effective 16 November 2016 and will apply to importers registered as an Authorized Economic Operator (Tier 2 or 3). Read more
Administrative and case law	Transfer pricing	18 Nov 2016	The Delhi High Court held that the transfer of computer software by the Indian branch to the foreign head office could be considered to be a 'sale' to a party located outside India; therefore, the taxpayer can claim application of the tax benefit under section 10A of India's tax law. Read more
Administrative and case law	Permanent establishment	11 Nov 2016	The Chennai Bench of the Income-tax Appellate Tribunal found that because the taxpayer's subsidiary in India, as represented by its managing director, constituted a fixed place of business and thus a permanent establishment in India, the amount received by the taxpayer for a project was taxable in India. Read more

Treaties	Taxable services	1 Nov 2016	The Kolkata Bench of the Income Tax Appellate Tribunal held that no technology, know-how, or skills were made available by the taxpayer while rendering management support and other services to enable the Indian group company to function on its own without the taxpayer. Therefore, such services were not taxable as 'fees for technical services' under a provision of the India-Finland income tax treaty. Read more
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[Back to top](#)

Japan			
Administrative and case law	Customs	15 Nov 2016	The Customs and Tariff Bureau of the Ministry of Finance of Japan has issued guidance regarding certain regulatory changes resulting from the 2016 Tax Reform Act, and setting forth increases in penalties that may be imposed on importers for deficient customs declarations or for non-declarations. The measures in the 2016 Tax Reform Act are effective 1 January 2017. Read more
Other	Tax agreement	30 Nov 2016	Japan's national tax agency released guidance on its tax agreement with Taiwan with respect to withholding taxes and forms for application of the mutual exemption provisions for income of foreign residents. Read more

[Back to top](#)

Malaysia			
Tax legislation adopted and regulatory update	GST	1 Nov 2016	There was no change to the goods and services tax (GST) rate proposed in the budget for 2017. The government, instead, will be relying on the collection of GST to cope with expenses and to reduce the dependence on revenue from the oil and gas industry. Thus, there will be no reduction in GST in the short-term. Read more

[Back to top](#)

Myanmar			
Administrative and case law	WHT	29 Nov 2016	The 'large taxpayer office' of Myanmar's tax authority launched a newsletter in order to provide updates on

			Myanmar-related tax matters. In this first newsletter, the large taxpayer office clarified a few points with a special focus on withholding taxes and their application in Myanmar. Read more
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[Back to top](#)

New Zealand

Proposed legislation	Disclosure and AEOI	29 Nov 2016	The Finance and Expenditure Select Committee has reported back a tax bill with changes related to foreign trust disclosure requirements and automatic exchange of information. Read more
Proposed legislation	Closely held companies	29 Nov 2016	Pending legislation in New Zealand would revise certain tax rules concerning closely held companies including revisions to related party debt rules and intention tests for back-to-back loans. Read more
Administrative and case law	International tax compliance	18 Nov 2016	The Inland Revenue Department formally launched its 2015/16 Multinational Enterprises Compliance Focus guide. The guide includes the Commissioner's view on international tax compliance, tax governance and responses to BEPS developments. Read more

[Back to top](#)

Papua New Guinea

Proposed legislation	Various tax areas	3 Nov 2016	The Papua New Guinea (PNG) Minister for Treasury handed down the budget for 2017. Among the tax measures are items concerning Country-by-Country reporting, interest withholding tax exemption for non-resident lenders and foreign contractor WHT rates. Read more
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[Back to top](#)

Sri Lanka

Tax legislation adopted and regulatory update	VAT	28 Nov 2016	Legislation concerning the value added tax (VAT) in Sri Lanka includes provisions establishing, among other measures, the VAT rate for supplies of goods and services. Read more
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[Back to top](#)

Thailand			
Administrative and case law	Sharing taxpayer databases between authorities	17 Nov 2016	The Thai Customs Department (Customs) and Revenue Department (RD) can now access the other's database in order to obtain taxpayers' tax and duty payments records, primarily for use in tax audits. Read more

[Back to top](#)

UAE			
Tax legislation adopted and regulatory update	New tax authority	2 Nov 2016	New law establishes a new tax authority in the United Arab Emirates to govern taxes (including value added tax (VAT)) in the UAE. This reflects the intention to implement a VAT system in the UAE by January 2018 and to align UAE laws with international tax developments such as tax treaties, tax information exchange agreements, and global tax information exchange programs (such as FATCA and CRS). Read more

[Back to top](#)

Vietnam			
Administrative and case law	Customs	29 Nov 2016	Because of a downturn in the government's collection of revenue in the third quarter of 2016, the General Department of Customs has taken certain actions to increase the collection of customs revenue. Read more
Administrative and case law	Various tax areas	18 Nov 2016	The Ministry of Finance issued an 'official letter' providing that the transfer of a right to use a trademark is subject to value added tax (VAT) and reaffirming the 'foreign contractor tax' rates that apply to a transfer of a right to use a trademark. Read more
Administrative and case law	Various tax areas	1 Nov 2016	Corporate income tax guidance issued by the tax authorities cover several international tax topics including: taxation of branch offices, permanent establishments; customs duty updates. Read more

[Back to top](#)

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