



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

<a href="#">Australia</a>	<a href="#">Indonesia</a>	<a href="#">Thailand</a>
<a href="#">China</a>	<a href="#">Japan</a>	<a href="#">Vietnam</a>
<a href="#">Hong Kong</a>	<a href="#">Malaysia</a>	
<a href="#">India</a>	<a href="#">Taiwan</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).

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	Tax area concerned	Relevant date	Description of measures and publication link
<b>Australia</b>			
Administrative and case law	Residency	13 Dec 2016	KPMG Australia provides a historical perspective on the recent Bywater/Hua Wang Bank case including a discussion of how the focus on Base Erosion Profit Shifting (BEPS) world has created a renewed focus on the issue of residency. <a href="#">Read more</a>
Administrative and case law	Tariffs	6 Dec 2016	KPMG Australia explains the changes to tariff rules that will commence in 2017. Most importers outsource their customs duty compliance obligations to third parties and may not have considered the impact of these changes on their business. <a href="#">Read more</a>

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<b>China</b>			
Administrative and case law	VAT	22 Dec 2016	Significant retrospective changes introduced to clarify VAT reform policies including the rules applicable to

			those sectors which recently transitioned from Business Tax (BT) to VAT, being financial services, real estate and construction services, and lifestyle services. <a href="#">Read more</a>
KPMG publication	Various	2 Dec 2016	KPMG China prepared a report that covers the OECD release of a multilateral instrument (MLI) to update more than 2,000 tax treaties worldwide, information on China's new international tax service hotline and President Xi's speech at 2016 APEC CEO summit <a href="#">Read more</a>

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### Hong Kong

Other	Stock trades	7 Dec 2016	The Shenzhen-Hong Kong Stock Connect allows Mainland Chinese and Hong Kong investors to trade stocks on each other's market. Hong Kong investors will be temporarily exempt from tax on capital gains derived from the trading of PRC shares. Capital gains derived from the trading of Hong Kong shares by Mainland Chinese individual investors will be exempt from Individual Income Tax for 3 years. <a href="#">Read more</a>
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### India

Administrative and case law	Corporate tax	19 Dec 2016	Foreign exchange gains realized as capital receipt: The Calcutta High Court held that the amount of foreign exchange gains realized had the characteristics of a capital receipt being return, when arising out of blocked funds. <a href="#">Read more</a>
Treaties	Corporate tax	19 Dec 2016	Scope of 'fees for technical services' under treaty with Switzerland: The Ahmedabad Bench of the Income-tax Appellate Tribunal considered the scope of 'fees for technical services' under a Protocol to the India-Switzerland income tax treaty. In this proceeding, the tribunal held that payments made to a Swiss-based company for technical and consultancy services constituted 'fees for technical services' under the income tax treaty. <a href="#">Read more</a>
Treaties	Cyprus	8 Dec 2016	Income tax treaty with Cyprus: The Central Board of Direct Taxes issued a press release reporting the governments of India and Cyprus signed a new income tax treaty and Protocol. <a href="#">Read more</a>

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Indonesia			
Administrative and case law	VAT	1 Dec 2016	The Ministry of Finance issued a decree amending the Procedures for VAT Reimbursements to Production Sharing Contractors under the upstream oil and gas activities. <a href="#">Read more</a>

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Japan			
Proposed legislations	Various	14 Dec 2016	Japan's ruling coalition agreed on an outline for tax reform proposals for 2017. Relevant measures include directors' compensation, reorganizations, including spin-offs and consolidation related matters, R&D credits and more. <a href="#">Read more</a>
Proposed legislation	CFCs	12 Dec 2016	Japan's ruling coalition agreed on an outline for tax reform proposals for 2017. Under the proposed 2017 tax reform, the Japanese CFC regime would be extensively amended in light of the final report and recommendations made under the base erosion and profit shifting (BEPS) Action 3 (Designing effective controlled foreign company rules). <a href="#">Read more</a>
KPMG publication	Various	1 Dec 2016	KPMG in Japan prepared a booklet that provides a general overview of the taxation system in Japan. The information is current as of 18 November 2016. <a href="#">Read more</a>

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Malaysia			
Proposed legislation	WHT	20 Dec 2016	The Finance Bill 2016 was passed and includes significant changes to the Malaysian withholding tax treatment of royalty and service fee payments made to non-residents. <a href="#">Read more</a>

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Taiwan			
Proposed legislation	VAT	14 Dec 2016	Taiwan completed its third readings of amendments proposed by the Taiwan Ministry of Finance to the value-added tax (VAT) provisions and to make foreign

			e-commerce enterprises outside Taiwan but selling e-commerce services to individuals in Taiwan subject to VAT. <a href="#">Read more</a>
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Thailand			
Administrative and case law	Foreign business license	16 Dec 2016	Failure to meet a tax deadline usually results in the imposition of penalties and surcharges. KPMG in Thailand prepared a calendar to assist, keep track of and meet the filing requirements of tax returns and payments under numerous laws. <a href="#">Read more</a>

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Vietnam			
Administrative and case law		12 Dec 2016	The tax authorities in Vietnam have sought to impose tax on certain offshore capital transactions including tax on income or gains derived from indirect or offshore transfers of shares, or capital by foreign businesses. The tax authorities in addition have imposed the 'foreign contractor tax' on the right to use a trademark. <a href="#">Read more</a>
Administrative and case law	Various tax areas	1 Dec 2016 2016	Guidance from Vietnam's tax authorities addresses certain corporate income tax, value added tax (VAT), labor compliance and customs duty issues. <a href="#">Read more</a>

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