



## Asia Pacific Tax Developments

### Australia

#### Australia: Australia's federation is a taxing problem

One of the four themes in next week's National Reform Summit, hosted by KPMG, is 'tax reform in a modern federation'. The federal issue, while not exclusive to Australia, represents a particular challenge here and infuses many aspects of the tax system.

#### [More details](#)

#### Australia: Federal Court puts GST 'purpose test' to bed

The Full Federal Court dismissed an appeal regarding claiming goods and services tax (GST) credits for costs incurred in providing housing to workers in the Pilbara region. The reasons for the decision have yet to be released.

#### [More details](#)

#### Australia: Proposal to impose GST on low-value imports

There is a proposal to align the tax treatment of the supply of goods with recent proposals for digital supplies. As such, the proposal would result in more compliance issues for non-residents supplying online, as well as domestic retailers with offshore distribution centres.

#### [More details](#)

#### Australia: Wine equalisation tax (WET) rebate discussion paper

Winemakers can claim a rebate of up to \$500,000 per year in respect of WET (originally intended as a measure to benefit small wineries operating in regional locations). The discussion paper outlines a number of circumstances in which taxpayers are alleged to be claiming rebates in unintended circumstances.

#### [More details](#)

#### Australia: Varying PAYG instalment rate – how low can you go?

Due to the vulnerability and uncertainty of the current economic environment, cashflow has become arguably the most important consideration to our business.

People need to be aware of the limit of how low the pay as you go instalment rate can be varied to.

#### [More details](#)

#### Australia: "You can't tax what you can't see"

The Senate Inquiry's Interim Report into Corporate Tax Avoidance arrived amidst a media frenzy this week. The Report's key focus was on transparency, including recommendations that the new voluntary tax transparency code be mandated, and Country-by-Country reporting excerpts be published.

#### [More details](#)

### China

#### China: Managing IP tax challenges in BEPS environment

This publication provides an overview of developments in the Chinese taxation of Intellectual Property (IP) and innovative activity. The authors explore in detail how likely changes in Chinese and global tax practice, set to emerge from the G20/OECD Base Erosion and Profit Shifting (BEPS) global tax reform initiative, are likely to stress-test certain existing IP management structures, and prompt reorganizations.

#### [More details](#)

## India

### **India: Exempt capital gains are to be excluded while computing book profits under the provisions of MAT**

The Mumbai Tribunal after considering the special bench's decision, held that the exempt gains on the transfer of capital asset are to be excluded while computing book profits under the provisions of MAT.

[More details](#)

### **India: No disallowance under the Income-tax Act if the taxpayer has not deducted tax at source based on 'nil' withholding certificate**

The Bangalore Tribunal held that no disallowance under Section 40(a)(i) of the Income-tax Act 1961 shall be made in case of non-deduction of tax at source on payment made to a non-resident if the taxpayer has made such a payment on the basis of 'nil' withholding certificate under Section 195(2) of the Act.

[More details](#)

### **India: Levy of interest under Section 234B is automatic if prescribed conditions are met**

Whether the levy of interest under Section 234A, 234B and 234C of the Income-tax Act, 1961 is mandatory and whether the Assessing Officer should give a specific direction in his order to levy such interest, has been a subject matter of debate before the courts.

KPMG member firm has prepared a report enumerating recent debates before the courts.

[More details](#)

### **India: Payment to retailers under the trade discount scheme is treated as sales promotion and not commission**

The Visakhapatnam Tribunal in the present case held that sales promotion discount given to retailer is not a 'commission' in the absence of a principal-agent relationship and hence provisions of Section 194H of the Act are not applicable.

[More details](#)

## Korea

### **Korea: Law to implement BEPS-related transfer pricing requirements**

South Korea's Ministry of Strategy and Finance released draft legislation that would amend existing provisions of Korean law to

implement certain OECD base erosion and profit shifting (BEPS) initiatives for transfer pricing documentation.

The new legislation in Korea, if enacted, would be effective 1 January 2016. Assuming the legislation is enacted, preparation of the transfer pricing documentation would be mandatory—rather than optional—for subject taxpayers.

[More details](#)

### **Korea: Tax refund opportunities for Luxembourg SICAV entities**

A case is pending before an appellate court in South Korea that could allow refunds of certain amounts of tax withheld on payments distributed to Luxembourg SICAVs. If the appeals are ultimately decided in favor of the SICAVs, they could be entitled to a refund of the difference between the withholding tax paid at a "standard" rate and the treaty-related rate of withholding tax. Because of the statute of limitations, SICAVs may want to consider filing claims for refunds of withholding tax for 2012 and 2013 before 31 December 2015.

[More details](#)

## New Zealand

### **New Zealand: Property bright-line test legislation introduced**

It is disappointing that the draft legislation has not taken into account the various concerns about the bright-line test raised by KPMG and others during consultation in June.

Unwelcome feature such as loss quarantining and potential restrictions on deductions remain. The Select Committee process is an opportunity to re-state those concerns.

[More details](#)

# Calendar of Events

Date	Event	Location
10 September 2015	Understanding the fundamental principles of Malaysian GST <a href="#">More details</a>	Petaling Jaya, Malaysia
11 September 2015	Shared Services Round Table Discussion <a href="#">More details</a>	Shanghai, China
14-17 September 2015	Are You Attending 4th Annual Shared Services & Outsourcing Week China? <a href="#">More details</a>	Shanghai, China
17-18 September 2015	Banking Tax Workshop <a href="#">More details</a>	Singapore
18 September 2015	LogTech Forum <a href="#">More details</a>	Hong Kong
22-23 September 2015	AFR Tax Reform Summit – an opportunity to influence the future <a href="#">More details</a>	Sydney
2 October 2015	Managing Global Mobility to Malaysia For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia
23 October 2015	Malaysian Tax Budget 2016	Malaysia
26-28 October 2015	2015 KPMG EMA Tax Summit <a href="#">More details</a>	Lisbon, Portugal
28 October 2015	KPMG Malaysia Tax Summit 2015 For more details email <a href="#">Karen Lee</a>	Malaysia
9 December 2015	Managing Employer's Tax Obligations For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia

## Beyond Asia Pacific

### Ecuador: Percentages for deducting royalties, other payments to related parties

A resolution establishes the standards relating to transactions between related parties, and specifically for the purpose of determining the threshold for claiming deductions of amounts paid as royalties or paid for technical, administrative, consulting, and similar services.

[More details](#)

### South Africa: Tax treatment of government grants

Proposed legislation includes measures that would change the rules for the tax treatment of government grants, and specifically that would align this tax treatment with the rules provided for public private partnerships.

[More details](#)

### **[UK: Company-owned residential properties inadvertently subject to land tax](#)**

Officials with HM Revenue & Customs are exploring solutions to alleviate instances when businesses inadvertently come within the scope of the annual tax on enveloped dwellings and imposition of the 15% stamp duty land tax.

[More details](#)

## **TaxNewsFlash by Region**

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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