



## Asia Pacific Tax Developments

### Australia

#### **Australia: Is “investment entity” excluded from the “Group” for CbyC reporting?**

A question being considered in Australia—concerning country-by-country (CbyC) reporting—is whether an investment entity is to be excluded from the “group” for CbyC reporting purposes. A preliminary position being advanced is when an entity is not required to prepare consolidated financial statements for financial reporting purposes, then it would be excluded from the definition of “group.”

[More details](#)

#### **Australia: LIFO method guidance for funds**

Given 45-day holding period reports are being used to determine the denial of franking credits for a taxpayer, fund managers and superannuation funds need to keep in mind guidance on the application of the last-in-first-out (LIFO) method released late last year by the ATO.

It is expected that the ATO’s approach would result in a greater denial of franking credits.

[More details](#)

#### **Australia: Negative Control**

The ATO has recently released its interpretative decision (ID) ATO ID 2011/11 regarding the concept of 'Negative Control'.

KPMG in Australia provides insight into the ATO ID 2011/11 and its purposes.

[More details](#)

#### **Australia: Foreign Exchange exposure**

One aspect of the decision in the Chevron case concerned the appropriate currency for the borrowing. Differences in interest rates between jurisdictions are to be offset by foreign exchange (FX) rate differences.

In recent discussions the ATO indicated a focus on certain FX borrowing and hedging activities. In particular, the ATO appears to be concerned that certain low interest rate foreign currency loans are being used as a withholding tax avoidance mechanism when the amount borrowed is then converted into Australian dollar.

[More details](#)

#### **Australia: Are Australia’s fiscal terms for oil & gas projects competitive?**

Recently, KPMG conducted a global survey comparing the oil and gas taxation regimes across selected countries. According to the survey, with regard to comparative corporate tax and depreciation rates, Australia lags behind much of the rest of the world. This may make investment in future Australian petroleum projects, which would drive long term economic growth, a less attractive proposition.

[More details](#)

## China

### China: Expanded VAT zero-rating for exported services

On 30 October 2015, China's tax authorities issued a circular—Caishui [2015] 118 - that expands the existing value added tax (VAT) "zero-rating" for certain exported services. The circular replaces the existing VAT-exemption treatment, and the provisions are effective 1 December 2015.

[More details](#)

### China: R&D Super Deduction regulation update

Further to the State Council's announcement on 21 October regarding the R&D Super Deduction, the Authorities issued an important Notice on Policy Improvement of Research and Development Expenses Super Deduction, Cai Shui [2015] No. 119.

KPMG in China has released a report summarising the key enhancements and their implications for taxpayers.

[More details](#)

## India

### India: Jurisdiction of the "Additional Commissioner"

The Delhi Bench of the Income-tax Appellate Tribunal in the recent case of a taxpayer held that in the absence of an order for transfer of jurisdiction, the Additional Commissioner of Income Tax cannot exercise the duties or functions of the Assessing Officer.

[More details](#)

### India: Payment to Hong Kong Company for services of seconded employees taxable as "fees for technical services"

The Bangalore Bench of the Income-tax Appellate Tribunal held that payment made to a foreign company for the services of "deputed personnel" under the secondment agreement is taxable as fees for technical services under the Income-tax Act, 1961.

[More details](#)

### India: Swachh Bharat Cess is to be levied at the rate of 0.5 per cent on the value of taxable services with effect from 15 November 2015

The central government, vide Notification No. 21/2015-ST dated 6 November 2015, prescribed 15 November 2015 as the effective date for levy of Swachh Bharat Cess (SBC).

The effective rate for levy will be 0.5 per cent of the value of taxable services (vide Notification No. 22/2015-ST dated 6 November 2015).

[More details](#)

### India: The Assessing Officer to apply his/her mind and form a belief on the Transfer Pricing report filed by the taxpayer

The Mumbai Bench of the Income-tax Appellate Tribunal in the case of a taxpayer held that the Assessing Officer (AO) cannot mechanically refer the international transactions of the taxpayer to the Transfer Pricing Officer (TPO) for determination of the Arm's Length Price (ALP). He/she has to mandatorily apply his/her mind on the Transfer Pricing report or any other document filed by the taxpayer and come to a conclusion that the taxpayer has not

determined the ALP or maintained documents based on the provision of the Income-tax Act.

[More details](#)

### India: Treaty's LOB clause not applicable when taxpayer has bona fide business activities in UAE

The Rajkot Bench of the Income-tax Appellate Tribunal held that the India-UAE income tax treaty benefits cannot be denied a foreign shipping company that has bona fide business activities in the UAE by applying the treaty's limitation of benefit (LOB) provisions.

The tribunal found that the LOB provisions are applicable only when the main purpose (or one of the main purposes) of the creation of an entity was to obtain benefits of the tax treaty that otherwise would not be available.

[More details](#)

### India: Validation of tax returns through an Electronic Verification Code

Taxpayers not required to use a digital signature certificate for uploading their India tax returns are eligible for "e-verifying" their returns. The Central Board of Direct Taxes issued an order permitting an e-verification.

[More details](#)

### India: Unabsorbed losses of an amalgamating company set off against income

The Karnataka High Court held that unabsorbed losses of an amalgamating company can be set off against the income of the amalgamated company under provisions of the Income-tax Act, 1961 because the losses pertain to the amalgamating company as a whole, and not of a particular unit or division of that amalgamating company.

[More details](#)

## Japan

### Japan: Income tax deductions for non-resident family members

Under Japan's 2015 tax reform, when an individual resident taxpayer claims income deductions for non-resident family members, the taxpayer must submit or present "documents proving family members" and "documents for money transfers" beginning from 2016.

[More details](#)

## New Zealand

### New Zealand: New PAYE and tax framework proposals – an initial reaction

The Government has released the first two detailed consultation documents for Inland Revenue's "Business Transformation" journey. They cover the tax administration framework and the future operation of PAYE and GST.

The key tax administration proposals are:

- Giving Inland Revenue greater administrative flexibility to get the "right result".

- Narrowing Inland Revenue's secrecy obligations and clarifying its information collection and disclosure powers.
- Putting positive obligations on taxpayers to confirm pre-populated tax returns.

The PAYE proposals aim to integrate PAYE processes with an employer's business processes. Employee information would be submitted electronically when the process is run.

[More details](#)

## Vietnam

### Vietnam: Special Consumption Tax on imports

On 28 October 2015, the Government issued Decree 108/2015/ND-CP providing implementation guidance for some articles under the provision of the Law on Special Consumption Tax (SCT) and the Amended Law on SCT. The new guidance is effective 1 January 2016.

[More details](#)

## Singapore

### Singapore: What's next for SMEs in 2016?

KPMG in Singapore has released a report discussing the key question on the minds of many SME executives, i.e. what lies ahead for 2016 and how to succeed in a challenging environment? [More details](#)

## Significant International Tax Developments



### OECD: BEPS-related meetings

The Organisation for Economic Cooperation and Development (OECD) on 6 November 2015 provided an update of discussions taking place this week concerning the base erosion and profit shifting (BEPS) project. Among this week's meetings were those of a task force on tax and development, an advisory group for cooperation, a global forum on tax treaties, and the inaugural meeting on the BEPS multilateral instrument to incorporate the tax treaty-related BEPS measures into the existing network of bilateral treaties.

[More details](#)

### OECD: International standard, guidelines for VAT on cross-border sales

The OECD on 6 November 2015, announced developments concerning the collection of consumption taxes on cross-border transactions in the jurisdiction where products are consumed.

[More details](#)

# Calendar of Events

Date	Event	Location
24 November 2015	KPMG Goods and Services Tax (GST) Seminar: Zero-rating of Services and Difference Between Reimbursement and Disbursement <a href="#">More details</a>	Singapore
2-3 December 2015	U.S. Tax Training Hosted by TEI Asia Chapter & Sponsored by KPMG <a href="#">More details</a>	Beijing, China
9 December 2015	Managing Employer's Tax Obligations For more details email <a href="#">Carmen Yong</a>	Petaling Jaya, Malaysia
8 January 2016	KPMG Seminar Series: Remuneration Reporting in Forms IR8A/IR21 Workshop 2016 <a href="#">More details</a>	Singapore

## Beyond Asia Pacific

### Canada: Considerations for tax planning, before new government's changes

KPMG in Canada has prepared a checklist and suggested actions that include several limited time opportunities to prepare for upcoming 2016 tax changes expected under Canada's new government.

[More details](#)

### France: Status of transfer pricing documentation, country-by-country reporting

Legislative proposals being considered in France would require the automatic filing of transfer pricing documentation and, as part of this documentation, country-by-country reporting.

[More details](#)

### UK: Autumn Statement predictions for businesses; loans and derivative contracts

The Chancellor will deliver the Autumn Statement on 25 November 2015, and it is anticipated that the Autumn Statement might provide more detail on how the UK plans to implement the OECD's base erosion and profit shifting (BEPS) proposals. The government previously said it will be considering the recommendations set out in the BEPS reports as part of the development of a new "business tax roadmap" expected in spring 2016.

[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](mailto: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](mailto:brahmasharma@kpmg.com.sg)

## Asia Pacific Regional Client Service Team

### Regional Client Partner



**Rick Asquini - KPMG in Singapore**  
**Regional Client Partner**  
T: +65 6213 3300  
E: [rickasquini@kpmg.com.sg](mailto:rickasquini@kpmg.com.sg)

## Asia Pacific Indirect Tax Compliance Centre of Excellence



**Adrienne Mcstocker - KPMG in Singapore**  
**Regional Leader, Asia Pacific Indirect Tax Compliance**  
T: +65 6597 5810  
E: [amcstocker1@kpmg.com.sg](mailto:amcstocker1@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](mailto:tgorgas@kpmg.com.au)

### Financial Services Transfer Pricing



**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](mailto:john.kondos@kpmg.com)

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.

© 2015 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.



## 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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:simonclark1@kpmg.com.sg)

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.

© 2015 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.

## 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](mailto: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](mailto: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](mailto:jsalvaris@kpmg.com.au)

<https://home.kpmg.com/xx/en/home/services/tax/regional-tax-centers/asia-pacific-tax-centre.html>  
[www.kpmg.com/tax](http://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.

© 2015 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.