



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 07 January 2016



Asia Pacific Tax Developments

China

China: Announcement on regulatory issues related to Bonded Repair and Maintenance Business in Special Customs Supervision Zones

China's General Administration of Customs released guidelines intended to standardize the regulation of bonded repair and maintenance business in special customs supervision zones.

From KPMG China's observation, processing, trading and manufacturing enterprises, bonded logistics-related enterprises, and others interested in the bonded repair and maintenance business need to consider the effects of the new guidelines and consult the relevant competent customs and professional bodies.

[More details | Chinese version](#)

China: Notice on Tariff Adjustment Plan 2016

The Ministry of Finance (MOF) recently issued the "Notice on Tariff Adjustment Plan 2016" (Shui Wei Hui [2015] No. 23), and decided to adjust some of the import and export tariffs from 1 January 2016.

The tariff reduction applies to the following products: advanced equipment urgently needed by China, key components and energy raw materials; some of the daily consumer goods; some of the environmental products, and products under the jurisdiction of each FTA.

[More details | Chinese version](#)

China: Measures to promote foreign trade, import-export activities

Import and export statistics released by the General Administration of Customs reveal a decline in imports and exports for the period January to October 2015. To address this trend, the customs administration introduced measures to promote the growth of foreign trade.

In view of the fact that there are many aspects involved in the measures, enterprises should conduct targeted assessment of the policies and take actions accordingly.

[More details | Chinese version](#)

India

India: Tax treatment for Ex-gratia payment made voluntarily by an employer

The Gujarat High Court held that a voluntary payment made by the employer without there being an obligation on the part of the employer to pay any further amount, would not amount to compensation in terms of Section 17(3) of the Act, i.e. a section brings certain payments such as profits in lieu of salary within the ambit of 'income from salaries'.

[More details](#)

India: Income attributable to the taxpayer's foreign branches having a PE outside India

The Bombay High Court held that income attributable to the taxpayer's foreign branches having Permanent Establishment (PE) outside India is not taxable in India. If the taxpayer has a PE abroad, then, the taxpayer would be required to produce evidence regarding payment of taxes pertaining to the income of these establishments abroad. On production of such evidence, the taxpayer would be entitled to the tax treaty benefit.

[More details](#)

India: Draft guidelines, determining a company's place of effective management

India's Central Board of Direct Taxes issued draft guiding principles for determining if a company is a resident in India or has its place of effective management in India.

KPMG in India has released a report summarizing the draft guiding principles.

[More details](#)

Japan

Japan: Amended Japan-Germany Tax Treaty

Representatives of the governments of Japan and Germany on 17 December 2015 signed an income tax treaty.

The new Japan-Germany income tax treaty will replace the existing treaty, concluded in 1967 and amended in 1980 and again in 1984. With the new treaty, there would be changes to treatment of

business profits, an expanded reduction in taxes at source for investment income, new anti-abuse provisions, provisions for arbitration proceedings in mutual agreement procedures (MAPs), and measures for the assistance in the collection of taxes.

[More details](#)

Korea

Korea: Master file and local file; “full” transfer pricing reporting

Korea’s parliament on 2 December 2015 approved legislation to implement the OECD’s base erosion and profit shifting (BEPS) recommendations.

The rules require all Korean domestic corporations and all foreign corporations with a domestic place of business in Korea that are engaged in certain cross-border related-party transactions to file both master file and local file reports. The filing dates for the master and local files are related to the date for filing tax returns (i.e., for fiscal or tax years ending 31 December, the deadline would be 31 March of the following year).

[More details](#)

Calendar of Events

Date	Event	Location
15 January, 19 January, 27 January	Automotive Industry Tax Workshop - R&D Bonus Deduction and High and New Technology Enterprise (“HNTE”) regulation changes, BEPS action plan and common customs issues, etc. ✓ Shanghai ✓ Guangzhou ✓ Beijing	Shanghai, Guangzhou, Beijing
Week of 9 May 2016	2016 KPMG Asia Pacific Tax Summit	Beijing

Beyond Asia Pacific

Brazil: São Paulo, ICMS-related credits

The State of São Paulo issued guidance that provides an opportunity for taxpayers to "monetize" a credit balance of the ICMS for later use.

[More details](#)

Canada: Ontario's second budget bill enacted

Ontario Bill 144 received Royal Assent on 10 December 2015; thus, certain tax changes from the province's 2015 budget are enacted.

[More details](#)

Luxembourg: Year-end provisions enacted, affecting corporate and individual taxpayers

The Luxembourg Parliament in December 2015 approved tax measures affecting both corporate and individual taxpayers. These provisions generally are effective beginning 2016, with a few measures applying retroactively as from 2015.

[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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