



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 03 March 2016



Budget Announcements



Hong Kong: Tax relief measures in budget 2015-2016

The Honourable John Tsang Chun-wah, Hong Kong Financial Secretary, delivered his eighth Budget Speech to the Legislative Council. KPMG China's Budget summary outlines the proposed changes and comments on their implications.

[Hong Kong Budget 2015/16 \(Chinese version\)](#) | [More details](#)



India: Tax measures in budget 2016

The Finance Minister Arun Jaitley, presented his third budget on 29 February 2016 with an agenda to transform India.

KPMG India has released a publication summarising tax measures in the Union Budget 2016, and provided a dedicated [webpage](#) for additional information about the Budget.

[Union Budget 2016](#) | [More details](#)

Asia Pacific Tax Developments

Australia

Australia: Get ready now: new super fund financial reporting standards

KPMG in Australia highlights key changes on superannuation fund financial reporting standards that are to come into effect 1 July 2016.

[More details](#)

Australia: Superannuation: Opt-out from compulsion

KPMG Australia discusses whether low-income earners should be able to “opt-out” of the compulsory contribution regime currently in place.

[More details](#)

Australia: The first Australian Infrastructure Plan: more about productivity than projects

Infrastructure Australia has just issued its National Infrastructure Plan. On past experience, state governments and the infrastructure industry will immediately search for the list of big projects. But they would be advised to take a different approach this time. The Plan is much more than just a shopping list.

[More details](#)

Australia: Trust reform – navigating choppy seas

Tax law amendments currently before the Senate remove the potential for certain trust estates, with significant tax exempt complying superannuation fund investors, to be taxed as companies for tax purposes from 1 July 2016.

KPMG in Australia highlights the implications to existing trusts with the potential of tax law amendments on trust reform.

[More details](#)

China

China: Implications of VAT applied to healthcare sector

China has been in the process of transitioning from its previous bifurcated indirect tax system—under which value added tax (VAT) applied to the sale and importation of goods, and business tax applied to the services sector—and moving to a unified VAT system applicable to all goods and services.

[More details](#)

India

India: Surplus on sale of shares and securities

The Central Board of Direct Taxes on 29 February 2016 issued a Circular clarifying on the issue of taxability of surplus on sale of shares and securities.

[More details](#)

India: Consultancy charges relating to construction activities, not taxable “fees for technical services”

The Delhi Bench of the Income-tax Appellate Tribunal held that the payment received for consultancy charges relating to highways, transportation, water supply, and waste management, etc. is not taxable as “fees for technical services” under provisions of the Income-tax Act, 1961.

[More details](#)

India: Japanese nationals to get a visa-on-arrival in India for business, tourism, conference and medical purposes

The e-Tourist visa facility currently allows Japanese nationals to visit India by obtaining an Electronic Travel Authorisation (ETA). The application for ETA needs to be submitted online, at least, four days in advance from the date of arrival in India with a window of 30 days.

To further strengthen the ties between India and Japan, the Government of India has announced a visa-on-arrival facility for Japanese nationals with effect from 1 March 2016.

[More details](#)

India: Provident fund withdrawals

The Ministry of Labour and Employment issued guidance to amend the Employees' Provident Funds Scheme, 1952 with regards to the provisions relating to the early withdrawal of provident fund accumulations on the cessation of employment. The notification's effective date is 10 February 2016.

[More details](#)

India: Tax officer lacks authority to recomputed book profit for minimum alternate tax (MAT) provisions

The Karnataka High Court held that the Assessing Officer is not authorized to recompute the taxpayer's book profit for MAT purposes, but instead, must rely on “authentic statements” of the company as (1) certified by the statutory auditors, (2) approved by the company in a general body meeting, and (3) then filed with the Registrar of Companies.

[More details](#)

India: Tax on share buybacks prior to 1 June 2013

The Central Board of Direct Taxes (CBDT) clarified that consideration received with respect to a buyback of shares—for the period 1 April 2000 to 31 May 2013—is taxable as capital gains to the recipient, and is not a dividend.

[More details](#)

India: Tax treaty, Tax Deduction at Source provisions for computing tax liability

The Bangalore Bench of the Income-tax Appellate Tribunal (the Tribunal) held that Tax Deduction at Source (TDS) provisions of the Income-tax Act, 1961 (the Act) have to be read along with the tax treaty for computing the tax liability on a particular sum. When the recipient is eligible for the benefit of the tax treaty, there is no scope for deduction of tax at source at the rate of 20 per cent under the provisions of Section 206AA of the Act. [More details](#)

Indonesia

Indonesia: VAT exemption for “strategic goods”

The government of Indonesia issued regulations to implement its revised policy concerning the import and/or delivery of certain taxable goods classified as “strategic goods” that are exempt from value added tax (VAT).

[More details](#)

New Zealand

New Zealand: Court determines tax residence of overseas individual

A decision of the Court of Appeal of New Zealand may affect individuals in New Zealand looking to move overseas, current expatriates, and those persons looking to invest or spend time in New Zealand.

[More details](#)

New Zealand: Implications of Australia’s proposed GST for remote services

Australia has introduced legislation to implement its version of the goods and services tax (GST) remote services rule. Under the proposal, effective 1 July 2017, sales of digital content and other services to Australian consumers by non-resident suppliers—including New Zealand businesses—would be subject to Australian GST. The Australian proposal mirrors New Zealand’s rules that will be effective 1 October 2016.

[More details](#)

Vietnam

Vietnam: Corporate tax, VAT, and individual tax updates

A report prepared by KPMG in Vietnam describes the following tax developments:

- Guidance on the use of losses incurred by an acquired company prior to the acquisition date
- An official letter concerning the determination of the amount of deductible management service fees for management services of foreign investment companies for certain sectors including hotel management and apartment rental
- An official letter concluding that a company is not allowed to make provision for impairment of investments in “unlisted securities” when the market value of the securities cannot be determined
- Other topics on Value Added Tax and Individual Income Tax.

[More details](#)

Significant International Tax Developments



OECD: Draft changes to model treaty; residence of pension funds

The Organisation for Economic Cooperation and Development (OECD) issued a release, inviting comments about a discussion draft that includes proposals for changes to the OECD model tax treaty concerning the “treaty residence” of pension funds.

[More details](#)

Calendar of Events

Date	Event	Location
9 March 2016	KPMG keeping abreast with tax regulations in insurance and reinsurance seminar More details	Singapore
16 March 2016	Understanding the fundamental principles of Malaysian GST and latest developments More details Contact person: Ms Pershen Kaur	Petaling Jaya, Malaysia
Week of 9 May 2016	2016 KPMG Asia Pacific Tax Summit More details	Beijing
21 October 2016	2017 Budget Announcement Contact person: Karen Lee	Parliament House, Kuala Lumpur, Malaysia
26 October 2016	KPMG in Malaysia Tax Summit 2016 Contact person: Karen Lee	One World Hotel, Petaling Jaya, Malaysia

Beyond Asia Pacific

Africa: Budget 2016 for Botswana and South Africa

The 2016 Budgets for Botswana and Africa have been released, and each contain measures concerning income taxation of businesses and individuals, international taxation, value added tax (VAT), customs, and other provisions.

[Botswana](#) | [South Africa](#)

Americas: 2016 Americas Indirect Tax Country Guide

KPMG's 2016 Americas Indirect Tax Country Guide is a summary of the indirect tax regimes of 29 countries in the Americas region.

[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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