



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 14 April 2016



## Asia Pacific Tax Developments

### Australia

#### **Australia: Employee share scheme (ESS) reporting changes**

For FY16, the Australian Taxation Office (ATO) has changed the way employers are required to lodge ESS information. The ATO's objective is to be able to further automate its processes of reviewing the ESS disclosures that taxpayers make in their returns.

In addition, and in line with the general trend towards greater transparency in relation to cross-border taxation, additional reporting requirements are likely to apply to internationally mobile ESS participants.

[More details](#)

#### **Australia: Further certainty for charities**

After an extended consultation period the Government announced in March 2016 that it would retain the Australian Charities and Not-for-profits Commission (ACNC) and that it will operate with a renewed focus on improving effectiveness and governance in the sector as well as reducing red tape.

KPMG in Australia welcomes the Government's decision to keep the ACNC, and the certainty this provides for Charities and Not-for-profits.

[More details](#)

## Australia: Taxpayers to safely swim between the ATO's new guidance flags

The ATO has issued draft Practical Compliance Guideline PCG 2016/D1. The draft Guideline outlines the nature and role of Practical Compliance Guidelines (PCGs) within the framework of public guidance already provided by the ATO.

KPMG in Australia discusses the ATO's draft Guideline.

[More details](#)

## Australia: What's happening to Parliament at the moment?

Some of you might also be wondering what's happening in Parliament at the moment. With this being an election year, the Budget and the politics it's not surprising it's not 'business as usual.

KPMG in Australia elucidates the current interesting times in Australian Parliament, ahead of a looming budget and a possible double dissolution election.

[More details](#)

## Australia: Terminal illness benefits are not death benefits

A number of super funds have noted with interest that it is now possible to pay out terminal illness benefits (TIBs) to members who obtain medical certification that their life expectancy is less than 2 years.

KPMG in Australia outlines the new rules.

[More details](#)

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## China

### China: Import tax policies, cross-border e-commerce involving retail goods

To foster a "fair market" environment and to facilitate the development of cross-border e-commerce for retail imports, two circulars were issued by the authorities in March 2016 to address the tax policy for cross-border e-commerce – that is, business-to-customer or "B2C" imports of retail goods. The new measures are effective 8 April 2016.

[More details](#)

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## India

### India: FATCA, CRS registration procedures

India's Central Board of Direct Taxes (CBDT) issued guidance outlining the registration procedures under the FATCA and common reporting standard (CRS) regimes. The CBDT guidance – Notification 4/2016 (6 April 2016) – updates prior instructions issued in August 2015 and September 2015.

[More details](#)

## India: Factors to be used in selecting comparables

The Bangalore Bench of the Income-tax Appellate Tribunal examined what factors – such as functional comparability – that are to be used and described related-party transaction filters that are to be considered in the selection of comparable companies. The Tribunal also applied the benefit of the +/- 5% allowance in the subject case.

[More details](#)

## India: No refund of Bombay stamp tax (duty) paid by company in Maharashtra

The Bombay High Court held that a company located in the Indian state of Maharashtra is not entitled to refund (“rebate”) of Bombay stamp tax (duty) paid with respect to an amalgamation order from another high court.

[More details](#)

## India: Payments for virtual voice network not taxable, UK tax treaty

The Mumbai Bench of the Income-tax Appellate Tribunal held that payments for the use of virtual voice network are not taxable as “fees for technical services” under the India-United Kingdom income tax treaty because no services were made available. Also, the payments are not taxable as royalties because they were not paid for scientific work or the use of a patent, trademark, design, plan, secret formula or process.

[More details](#)

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## Indonesia

### Indonesia: Corporate governance guideline

A corporate governance guideline – issued by the regulatory authority in Indonesia (OJK) responsible for the financial and capital market sector – requires public companies to disclose their adherence to the guidelines (or to explain the reasons for non-compliance) beginning with the 31 December 2016 annual reports.

[More details](#)

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## New Zealand

### New Zealand: Holiday pay calculations; avoid errors

There are numerous stories in the media about employers making holiday pay calculation errors. It appears tens of thousands of employees may be affected.

The calculation of holiday pay is based on a formula in the Holidays Act 2003, that employers (and their payroll providers) may not be applying correctly – in particular, employers with employees who have irregular work patterns (e.g., part time, casual or shift workers). It is also necessary to consider whether discretionary payments to employees, public holidays and sick and bereavement leave have been appropriately accounted for in the holiday pay calculation.

[More details](#)

## **New Zealand: Business tax proposals announced**

The Government has announced the next phase of Inland Revenue's Business Transformation changes, this time aimed at business taxation.

The business tax proposals being consulted on include:

- Changes to the use of money interest and penalties rules.
- A new accounting-based method to calculate and pay provisional tax.
- Changes to the tax regime for contractors and extending these rules to labour-hire firms.
- Allowing Inland Revenue to report tax debt to credit rating agencies and to share information with the Companies Office about serious offences.

Submissions on the issues paper are due by 30 May.

[More details](#)

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## **Singapore**

### **Singapore: A value creation focus**

Laying the foundation in Singapore's continued push for economic transformation, this year's Budget stayed on the steady course of steering the country towards value creation. Much was given to help businesses as well as small and medium-sized enterprises (SMEs) through initiatives such as the SME Working Capital Loan scheme, where the government will co-share 50 per cent of the default risk.

KPMG in Singapore has released a report discussing major themes of value creation in this year's Budget.

[More details](#)

### **Singapore: There's still value in broad-based approach**

In his Budget 2016 statement, Finance Minister Heng Swee Keat said that a targeted approach to supporting businesses will be the preferred way going forward. At the same time, Mr Heng also announced that the broad-based Productivity and Innovation Credit (PIC) scheme will be discontinued after the year of assessment 2018.

Some have claimed that productivity has not really improved despite the heavy investments in PIC.

However, an interesting trend has shown up in KPMG's annual pre-Budget survey of businesses. In the early years of the PIC, not many companies knew about it. But in the past few years, businesses said they were finally using the PIC scheme to implement productivity initiatives.

[More details](#)

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## Vietnam

### Vietnam: VAT, consumption tax changes in new law

The National Assembly on 6 April 2016 approved tax law amendments that affect the value added tax (VAT), special consumption tax, and tax administration laws. The new law includes provisions providing that certain services are not subject to VAT, or that certain imports are not subject to VAT.

[More details](#)

## Significant International Tax Developments



### OECD: Tax administrations meet on “Panama papers”

Senior tax administration officials from member countries of the Organisation for Economic Cooperation and Development (OECD) has convened to discuss opportunities for obtaining data, co-operation and information-sharing in light of the “Panama papers” revelations.

[More details](#)

## Calendar of Events

Date	Event	Location
26 April 2016	Chinese Outbound Real Estate Investment Seminar: New Waves, New Destinations (Beijing) <a href="#">More details</a>	Beijing
28 April 2016	Chinese Outbound Real Estate Investment Seminar: New Waves, New Destinations (Shanghai) <a href="#">More details</a>	Shanghai
9 – 12 May 2016	2016 KPMG Asia Pacific Tax Summit <a href="#">More details</a>	Beijing
21 October 2016	2017 Budget Announcement Contact person: <a href="#">Karen Lee</a>	Parliament House, Kuala Lumpur, Malaysia
26 October 2016	KPMG in Malaysia Tax Summit 2016 Contact person: <a href="#">Karen Lee</a>	One World Hotel, Petaling Jaya, Malaysia

# Beyond Asia Pacific

## **Brazil: Tax voluntary disclosure program, repatriation of assets**

There is a newly enacted voluntary disclosure program in Brazil that provides a pathway for the repatriation of previously undeclared or underreported assets held abroad.

[More details](#)

## **EU: Updated AEO guidelines released**

The European Commission today released updated Authorised Economic Operator (AEO) guidelines.

[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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