



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 21 April 2016



Asia Pacific Tax Developments

Australia

Australia: Source is a practical hard matter of (but one) fact

The determination of the source of income is a practical, hard matter of fact, having regard to all of the facts and circumstances of a particular case ... or so it would seem, until the release of the latest addendum to Taxation Ruling TR 2014/7.

KPMG in Australia highlights why it is worth embracing the guidance for Taxation Ruling TR 2014/7 on the determination of a source.

[More details](#)

Australia: Superannuation: a central and sacrosanct pillar of retirements

Superannuation is a central pillar in Australia's retirement incomes system. If it wasn't for the deferment of wages into compulsory retirement savings, meeting the challenges facing an ageing population would be almost impossible.

KPMG in Australia recommends some changes to Australia's superannuation system, to make it fairer and stronger.

[More details](#)

Australia: Thin capitalisation ratios to come down?

This week, major newspapers have reported a Federal Budget "advertising 'leak' showing \$16 billion in savings over the next four years". One of the changes reported to be pursued by the Government concerns multinational tax avoidance and, under that umbrella, is a rumoured reduction of the 'safe harbour' thin capitalisation limit from 60 percent to 50 percent of assets.

KPMG in Australia assesses the potential impact of the rumoured reduction to the thin capitalisation limit in the upcoming Federal Budget.

[More details](#)

Hong Kong SAR

Hong Kong: Tax treaty with Latvia

Representatives of the governments of Hong Kong and Latvia on 13 April 2016 concluded an income tax treaty.

The treaty will enter into force once it is ratified by each jurisdiction. If the ratification process is completed in 2016, the treaty provisions will be effective in Hong Kong beginning 1 April 2017 and effective in Latvia beginning 1 January 2017.

[More details](#)

India

India: Benchmarking the arm's length interest rate on related-party debt

The Mumbai Bench of the Income-tax Appellate Tribunal held that: (1) the selection of a "tested party" is to be made with reference to the entity that has undertaken the transaction; and (2) the rate of interest on related-party debt instruments or other borrowings must be market-determined and at arm's length and must be reported in the currency in which the loan was made / repaid.

[More details](#)

India: Constitutionality of Cyprus as "notified" jurisdiction

The Madras High Court held that section 94A of the Income-tax Act that lists Cyprus as a "notified" jurisdiction is constitutionally valid.

[More details](#)

India: New income-tax return forms

The Central Board of Direct Taxes (CBDT) released Notification No. 24/2016, announcing the revised income tax return forms for Assessment Year 2016-17.

[More details](#)

India: No withholding on 99-year leasehold rights of real property

The Madras High Court held that an upfront payment for the acquisition of leasehold rights over immovable property for a period of 99 years is not rental income and as such is not subject to withholding (deduction) of tax at source.

[More details](#)

India: Payments for web-hosting services not taxable as royalty

The Mumbai Bench of the Income-tax Appellate Tribunal held that web-hosting services provided by a foreign company are not taxable in India. Payment for providing web-hosting service, even with the help of sophisticated scientific equipment, is not the use of scientific equipment when the person making the payment does not have an independent right to use that equipment or have physical access to it.

[More details](#)

India: Technical error in income tax return does not defeat tax treaty benefit

The Mumbai Bench of the Income-tax Appellate Tribunal held that a mere technical error in the taxpayers income tax return filed does not defeat the taxpayer's claim for entitlement to tax treaty benefits.

[More details](#)

Significant International Tax Developments



International organizations announce plans to cooperate on tax issues

The International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), the United Nations (UN), and the World Bank Group (WBG) have announced details of a joint effort to intensify cooperation on tax issues – the “Platform for Collaboration on Tax.”

[More details](#)

OECD: Report to G20, additional steps under tax transparency standards

The OECD has delivered a report to the finance ministers of the G20 countries advocating that all jurisdictions need to implement tax transparency standards, and proposing that the G20 take additional steps to urge that all countries and jurisdictions immediately endorse and implement the global tax transparency standards.

[More details](#)

Calendar of Events

Date	Event	Location
26 April 2016	Chinese Outbound Real Estate Investment Seminar: New Waves, New Destinations (Beijing) More details	Beijing
28 April 2016	Chinese Outbound Real Estate Investment Seminar: New Waves, New Destinations (Shanghai) More details	Shanghai
9 – 12 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

Canada: Legislation to implement tax measures in 2015, 2016 budgets

Canada's Finance Department on 18 April 2016 released draft legislation to implement certain measures that were proposed in the 2015 and 2016 federal budgets. The measures are set out in 91 pages of draft legislation and 96 pages of explanatory notes.

[More details](#)

Czech Republic: Proposed VAT law changes

A draft amendment to the value added tax (VAT) law in the Czech Republic would make changes to the VAT rules. If enacted, the measures would be effective beginning 1 January 2017.

[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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