



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 19 May 2016



Asia Pacific Tax Developments

Australia

Australia: Don't get stuck with someone else's tax debt

Forming a tax consolidated group (Group) brings many benefits, but it also means that each entity in the Group is jointly and severally liable for the Group's tax liability if the head company defaults. This means that even where an entity has made a payment to the head company, its liability for the entire Group liability is not reduced.

KPMG Australia's legal and tax specialists explain how a tax sharing agreement (TSA) may overcome this issue.

[More details](#)

Australia: Federal election race begins... Tax is a key battleground

On 9 May 2016, the Prime Minister made his way to the Governor General again and requested a double dissolution election to be held on 2 July 2016.

So far, tax has been a key battleground for the major parties going into this election. KPMG Australia reviews the key differences in tax policies of the two major parties at the start of the Federal Election race.

[More details](#)

Australia: New GST measures may affect foreign businesses

The goods and services tax (GST) rules in Australia have been fairly consistent since July 2000. However, new GST measures may affect foreign entities doing business in Australia and their business deals.

KPMG Australia looks at how the proposed new GST measures may impact business deals.

[More details](#)

China

China: Updates and reports of customs developments

KPMG China has prepared a report that describes various customs developments, such as:

- An announcement by the General Administration of Customs concerning the tariff classification of certain energy drinks.
- An announcement addresses the export of dual-use goods and technologies to Iran.
- Customs implemented temporary anti-dumping measures on importing acrylic fibres originally produced in Japan, South Korea, and Turkey.
- Guidance and regulatory items concerning cross-border e-commerce retail imports, etc.

[More details](#)

India

India: Income accrues only when the taxpayer has a vested right to receive

The Supreme Court of India held that income can accrue or arise only when the taxpayer has a vested right to receive the amount. In the present case, the right to receive rent had not accrued to the taxpayer at any point of time during assessment year 1989-1990 because the retroactive rent enhancement was not made until 1994.

[More details](#)

India: Non-withholding of tax on fees paid to foreign company

The Delhi High Court held that a payment of administrative fees to a foreign company is not subject to disallowance under section 40 (a)(i) of the Income-tax Act, 1961 for the non-withholding (deduction) of tax at source in view of non-discrimination clause under the India-United States income tax treaty.

[More details](#)

India: Taxation of stock appreciation rights

The Chennai Bench of the Income-tax Appellate Tribunal held that the value of stock appreciation rights received by the taxpayers (as employees of an Indian company having a U.S. parent) was taxable either as benefit in lieu of salary or as a perquisite under Section 17 of the Income-tax Act 1961.

The tribunal rejected the taxpayers' claim that stock appreciation rights were a capital asset, and held that because the taxpayers were residents of India at the time of the rights were exercised, they are liable to tax even though they were non-residents during the vesting period.

[More details](#)

New Zealand

New Zealand: Proposed tax changes for employee share plans, benefits

There are proposals for changes to the taxation of employee share scheme (plan) benefits in New Zealand.

The focus is on conditional and “option-like” arrangements. There are government concerns that under current rules, these employee share schemes allow what otherwise would be taxable income, to be treated as tax-free capital gains. The proposal is to calculate the taxable benefit when the employee holds the shares free from any substantive conditions, rather than simply when the shares are acquired. Because this proposed calculation would be made at a later time, the shares could have potentially increased in value, with a larger taxable benefit.

[More details](#)

Singapore

Singapore: Implications of new India-Mauritius tax treaty for Singapore investors

Because the capital gains exemption under the India-Singapore income tax treaty is co-terminus with the India-Mauritius tax treaty, the recently signed income tax treaty between India and Mauritius may have implications for Singapore investors in India – in particular, given the treaty’s shift from a resident-based taxation to a source-based taxation.

[More details](#)

Singapore: Further refinements to the work pass application process

On 8 April 2016, it was announced in Parliament that the Ministry of Manpower (MOM) will introduce new measures aimed at further strengthening the Singapore workforce.

Companies who are assessed as “Triple Weak”, i.e. have a weak Singapore Core, weak commitment to develop the Singapore Core and weak economic link and social impact to Singapore will be placed on a watchlist and may have their work pass privileges curtailed.

[More details](#)

Calendar of Events

| Date | Event | Location |
|-----------------|---|--|
| 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 |

Significant International Tax Developments



OECD: Canada, Iceland, India, Israel, New Zealand, China advance country-by-country reporting

The Organisation for Economic Cooperation and Development (OECD) has announced that representatives of the governments of Canada, Iceland, India, Israel, New Zealand, and China signed an agreement for the automatic exchange of country-by-country (CbC) reports.

[More details](#)

OECD: Heads of tax administrations meet, discuss BEPS project implementation

The OECD has issued a release at the conclusion of a meeting of the heads of 49 tax administrations.

[More details](#)

Beyond Asia Pacific

Jamaica: Tax provisions in 2016-2017 budget

The Minister of Finance on 12 May 2016 presented the 2016-2017 budget which includes various tax proposals.

[More details](#)

Peru: Customs valuation for imports

Guidance in Peru concerns the customs valuation assigned to imported goods and merchandise.

[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

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

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

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

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

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

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

Trade & Customs



Angelia Chew - KPMG in Singapore
Asia Pacific Regional Leader,
Trade & Customs Services
T: +65 6213 3768
E: 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

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

International Tax



Christopher Xing - KPMG in China
Asia Pacific Regional Leader,
International Tax
T: +852 2978 8965
E: 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

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

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

Legal Services



David Morris - KPMG in Australia
Asia Pacific Regional Leader,
Legal Services
T: +61 2 9455 9999
E: 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

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

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

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

Insurance



John Salvaris - KPMG in Australia
Asia Pacific Regional Leader, Insurance Sector
T: +61 3 9288 5744
E: 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

kpmg.com/socialmedia



kpmg.com/app



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.

© 2016 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.

