



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 08 September 2016



## Asia Pacific Tax Developments

### Australia

#### **Australia: NSW taxpayers: an extra 10 percent in stamp duty?**

KPMG Australia alerts New South Wales taxpayers to a new requirement to submit valuation instructions for all valuations presented to the Office of State Revenue with effect from 24 August 2016.

The implication for taxpayers is that the Commissioner is expecting to collect an extra 10 percent stamp duty in all but exceptional cases such as GST-free supplies of going concerns and input taxed sales of residential premises.

[More details](#)

#### **Australia: R&D regulation on the rise**

The Australian Taxation Office (ATO) has communicated their support of businesses undertaking genuine Research and Development (R&D) activities. However, the ATO has expressed concerns regarding the merit of some claims, with a focus on the refundable R&D tax offset.

KPMG Australia alerts taxpayers to a recent ATO focus on refundable R&D tax offset claims.

[More details](#)

#### **Australia: Tax treatment of shareholder returns**

Managing shareholder returns in the 'low growth era' burdens Boards, with considerations not confined to a question of sustainability but also the character of returns in the hands of shareholders.

KPMG Australia discusses some important considerations for Boards regarding the tax treatment of shareholder returns.

[More details](#)

## **Australia: When benchmarks pass their use by date**

KPMG Australia explores what happens when external benchmarks enshrined in tax legislation no longer reflect commercial practices.

[More details](#)

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## **China**

### **China: China Tax weekly update – Issue 34**

KPMG China has issued a newsletter that provides various tax updates on:

- EU concluded Ireland granted undue tax benefits of up to €13 billion to Apple
- China moves toward taxation on pollutants
- Further VAT implementation rules
- China to facilitate processing trade business
- China adds 7 new free trade zones

[More details](#)

### **China: Country VAT Essentials Guide 2016**

The 2016 edition of the China Country Value Added Tax (VAT) Essentials Guide provides an overview of the indirect tax system in mainland China. It is intended to assist companies doing business in or with China to navigate the indirect tax system.

[More details](#)

### **China: Updated processing trade operations procedures**

Authorities in China have repealed the examination and approval procedures for processing trade operations, and have implemented a replacement in-process and post-process regulatory mechanism.

[More details](#)

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## **India**

### **India: Capital gain tax treatment**

The Authority for Advance Rulings (AAR) determined that a capital gain tax exemption provided under section 47(vi) of the Income-tax Act, 1961 is available for a non-resident taxpayer involved in an amalgamation of foreign companies by virtue of the non-discrimination clause under Article 25 of the India-Italy income tax treaty. The AAR observed that if the amalgamation results in some special benefits to a domestic company and its shareholders, there is no reason to deny the same treatment to a foreign company and its shareholders in similar cases of amalgamation.

[More details](#)

## India: Disallowance due to non-withholding of tax at source

The Calcutta High Court held that a legislative change that received presidential assent on 10 September 2004, was effective 1 April 2005. Because the taxpayer could not have foreseen prior to 10 September 2004 that any amount paid to a contractor without withholding (deducting) tax at source was likely to become not deductible under section 40(a)(ia) of the Income-tax Act, 1961. But payments made during the previous year (ended 31 March 2005) were not subject to disallowance under section 40(a)(ia) of the Act for non-withholding (non-deduction) of tax at source.

[More details](#)

## India: Effects of arm's length price adjustment on taxable income

The Delhi Bench of the Income-tax Appellate Tribunal found that application of an arm's length price adjustment to the taxpayer's intra-group services would lead to the corresponding reduction in the taxpayer's revenue, and thus deleted a transfer pricing adjustment in respect of the intra-group services.

[More details](#)

## India: Port clearance certificate, voyage return, voyage assessment and issuance of NOC in the case of foreign shipping companies

India's tax authorities (CBDT) issued a circular setting forth guidelines for streamlining the process with respect to the issue of voyage "no objection certificate" (NOC), the filing of voyage return, and voyage assessment for foreign shipping companies.

[More details](#)

## India: Taxability of capital gains, Mauritius investment company

The AAR determined that the capital gains arising from the transfer of shares is not taxable in India pursuant to Article 13(4) of the India-Mauritius income tax treaty.

[More details](#)

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## Indonesia

### Indonesia: Tax Amnesty Indonesia 2016

Following Tax News Flash in July 2016 about Tax Amnesty Indonesia, KPMG Indonesia held a seminar to provide Tax Professionals with an overview of the Tax Amnesty legislation and the relevant regulations.

KPMG in Indonesia has issued a publication highlighting the key overview discussed in the event.

[More details](#)

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## New Zealand

### New Zealand: Proposed tax changes, employee share plans

The Inland Revenue released a report providing updated proposals with respect to the taxation of the benefits under employee share schemes (plans).

The tax agency's report expands on the proposals previously outlined and provides further examples. Submissions on the updated proposals are due 30 September 2016. [More details](#)

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## Calendar of Events

Date	Event	Location
15 -16 September 2016	KPMG Goods and Services Tax (GST) Seminar 2016 <a href="#">More details</a>	Orchard Hotel, Singapore
23 September 2016	US Real Estate Tax Seminar <a href="#">More details</a>	InterContinental Hotel, 80 Middle Road, Singapore 188966
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

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## Significant International Tax Developments



### **OECD: Comments on BEPS discussion drafts – profit splits, profits attributed to permanent establishments**

The Organisation for Economic Cooperation and Development (OECD) in July 2016 released two discussion drafts for comments concerning the following areas under the base erosion and profit shifting (BEPS) project.

- A discussion draft concerning the use of “profit splits” in the context of global value chains as follow-up work in relation to BEPS Actions 8-10
- A discussion draft concerning the attribution of profits to permanent establishments under work in relation to BEPS Action 7.

[More details](#) on KPMG’s comments responding to the OECD’s request for input on the two discussion drafts.

### **OECD: Status report on BEPS, CRS for G20 leaders**

The OECD provided a report to the G20 leaders regarding progress under the BEPS project and on tax transparency and the exchange of information for tax purposes under the common reporting standard (CRS).

[More details](#)

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## Beyond Asia Pacific

### EU: “VAT gap” reflects lost revenue, almost €160 billion

The European Commission (EC) reported that €159.5 billion in value added tax (VAT) revenues were lost across the EU in 2014.

EC release reports that the overall difference between the expected VAT revenue and the amount actually collected – the “VAT gap” – supports an effort to overhaul the EU's VAT system to address fraud and make the VAT system more efficient.

[More details](#)

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### TaxNewsFlash by Region

For the latest tax developments from other regions see the following links:

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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