



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 06 October 2016



## Asia Pacific Tax Developments

### Australia

#### **Australia: ATO approach to PRRT general expenditure**

The Australian Taxation Office (ATO) recently released Practical Compliance Guidelines PCG 2016/12 and PCG 2016/13.

These guidelines set out the ATO's approach to allocating compliance resources to reviewing the deductibility of general expenditure within Petroleum Resource Rent Tax (PRRT) projects according to its assessment of the related risk.

[More details](#)

#### **Australia: ATO early engagement for small to medium enterprises**

The Australian Taxation Office (ATO) has announced an early engagement service for practitioners with small to medium enterprise (SME) clients.

The new service will mirror the existing arrangement for large business practitioners and is a positive step for SME taxpayers seeking to obtain some certainty around potential tax liabilities of a transaction at an early stage in the process.

[More details](#)

#### **Australia: GST presence for non-residents doing business in Australia**

The new cross border rules commenced on 1 October 2016 and expand the Goods and Services Tax (GST)-free treatment of services supplied to non-residents while also reducing the requirement for non-residents to register for GST.

However, the new rules create some complexities around establishing the relevant presence of the non-resident in Australia.

[More details](#)

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## China

### **China: General Tax Update for Financial Institutions in Asia Pacific**

The publication entitled 'General Tax Update for Financial Institutions in Asia Pacific' summarises the key changes in the tax legislation affecting financial institutions in the Asia Pacific region in the month of September.

[More details](#)

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## India

### **India: Depreciable asset is short-term asset, eligible for exemption**

The Supreme Court of India held that even though a depreciable asset is treated as a short-term asset, it is eligible for an exemption under a special provision for computing capital gains of depreciable assets.

[More details](#)

### **India: Tax treatment, workplace dress code not a uniform**

The Gujarat High Court held that a dress code established by an employer for employees is not to be treated as a uniform, and thus, the uniform allowance paid for the purchase/maintenance of the dress code is not eligible for an exemption from tax as a "uniform allowance," and is subject to tax withholding at source by the employer.

[More details](#)

### **India: Vacancy allowance availability**

The Mumbai Bench of the Income-tax Appellate Tribunal held that a vacancy allowance cannot be asserted when the property was not let out during the year, regardless of the taxpayer's "intention to let" the property.

[More details](#)

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## Japan

### **Japan: New income tax treaty with Germany, entry into force**

Japan's Ministry of Finance on 30 September 2016 announced that mutual notifications necessary for the entry into force of the income tax treaty between Japan and Germany, as signed in December 2015, were completed on 28 September 2016. Therefore, the new Japan-Germany income tax treaty will enter into force on 28 October 2016 (30 days after the date of receipt of the latter notification).

[More details](#)

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## Thailand

### Thailand: Tax News Flash Issue 7

KPMG in Thailand provides various updates on International Headquarters (IHQ) and International Trading Center (ITC), including:

- Recent developments on the IHQ and ITC regulations
- Tax losses carried forward from the IHQ
- Relaxation of criteria for foreign nationals to qualify for the tax benefits under the IHQ and ITC
- Procedural changes to the IHQ and ITC applications to the RD

[More details](#)

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## Calendar of Events

Date	Event	Location
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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## Beyond Asia Pacific

### Canada: Selling a business, preserve lower tax rates now

Owner-managers who are thinking about selling their “Canadian-controlled private corporation” need to consider the effect of new measures that will change the way “eligible capital property” (ECP) is taxed.

Generally, the new rules will tax a sale of ECP as capital gains effective 1 January 2017, subject to certain transitional rules. Currently, gains from the sale of ECP are taxed at half of the active business income tax rate.

[More details](#)

### Luxembourg: Treatment of directors’ fees, management services are subject to VAT

On 30 September 2016, the Luxembourg VAT authorities published a circular clarifying the treatment of directors’ fees for VAT purposes.

Further to this document, it is confirmed that Luxembourg-resident directors are to be considered as taxable persons for VAT purposes and that the management services they supply should, in general, be subject to VAT.

[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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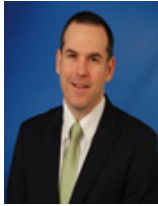
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