



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 13 October 2016



Asia Pacific Tax Developments

Australia

Australia: Am I significant?

A number of recently legislated and upcoming international tax laws (such as Country by Country Reporting, Multinational Anti-Avoidance Law and the Diverted Profits Tax) apply only to “significant global entities”. So, when considering the impact of the changing tax landscape on your business, a key question to ask is “am I significant?”

KPMG Australia unravels the concept of significant global entity, in the context of recent changes to international tax laws.

[More details](#)

Australia: Guidelines on foreign stamp duty surcharge

The Queensland Commissioner of State Revenue has recently released three Guidelines to assist taxpayers in determining when the new Additional Foreign Acquirer Duty (AFAD) rules under the Queensland Duties Act will apply. Under the rules, from 1 October 2016, an additional 3 percent stamp duty surcharge will apply to certain dutiable transactions that involve both “foreign persons” and “AFAD residential land”.

[More details](#)

Australia: Royalty or Business Profits? Australia/India Treaty

KPMG Australia analyses a recent Federal Court decision. The case concerns the Australia and India Treaty and whether Australia had the right to tax payments for services rendered in India as royalties (at a capped rate on the gross amount) or as business profits (net basis taxation).

[More details](#)

Australia: To lodge or not to lodge GPFS?

KPMG Australia explores some uncertainties regarding the proposed new general purpose financial statements (GPFS) legislation that an insurance branch of an offshore entity needs to consider.

[More details](#)

China

China: China Tax Weekly Update - Issue 38

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

- China's forex administration
- Lower rate of consumption tax on cosmetics
- Clarification on tax collection for new rules on stock incentive and capital contribution with rights in technology (SAT Announcement [2016] No. 62)
- Implementation measures on customs inspection introduced (GAC Order No. 230)
- SAT's further facilitation of foreign trade enterprises (SAT Announcement [2016] No. 61)
- Logistics costs cut (Guo Ban Fa [2016] No. 69)
- Standardization of the accounting treatment to facilitate the supply-side reform (Cai Kuai [2016] No. 17)
- Case sharing: the first cost sharing agreement (CSA) for intra-group services in Nanjing

[More details](#)

China: Measures in Guangdong to attract foreign personnel, talent

The Public Security department in Guangdong implemented sixteen policies and measures which came into effect on 1 August 2016 to support the establishment of the Free Trade Zone and to foster innovation in Guangdong province.

[More details](#)

India

India: Arm's length interest rate on related-party borrowings

The Chennai Bench of the Income-tax Appellate Tribunal (1) allowed an adjustment to an import price to reflect an extra period of credit availed by the taxpayer on credit offered by a related party, and (2) accepted LIBOR plus 200 basis points as an arm's length interest rate for the "external commercial borrowing" of the taxpayer.

[More details](#)

India: Effects of customs duty, air freight, currency fluctuation adjustments

The Chennai Bench of the Income-tax Appellate Tribunal returned a case to the Transfer Pricing Officer with instructions that, in determining the arm's length price, various adjustments for customs duty, air freight, and foreign exchange fluctuations are to be taken into account.

[More details](#)

India: Revised income computation and disclosure standards (ICDS)

The Ministry of Finance issued a revised ICDS, as a new framework for computation of taxable income in relation to income under the headings "Profit and gains of business or profession" and "Income from other sources." Application of the new ICDS has been deferred by one year, and will be applicable from 1 April 2016 (for AY 2017-18).

[More details](#)

India: Share issue expenditure and bonus eventually paid to employees

The Supreme Court allowed a company a share issue expenditure under section 35D, and also allowed a bonus expenditure, even though the bonus amount was deposited in a trust and, at the end of a dispute with employees, was paid over to them.

[More details](#)

India: Treatment of interest paid on partner's capital

The Pune Bench of the Income-tax Appellate Tribunal held that interest paid with respect to a partner's capital is not an "expenditure" but is an amount in the nature of a deduction under section 40(b) of the Income-tax Act, 1961. The case also involved an investment in mutual funds generating tax-free income and the treatment of the related interest paid to partners.

[More details](#)

New Zealand

New Zealand: Revised Inland Revenue position, feasibility expenditure deductions

The Inland Revenue Department released a new draft "Interpretation Statement" (IS) that reflects a revised position concerning the income tax deductibility of a feasibility expenditure. Consultation on the draft IS closes 9 November 2016.

[More details](#)

Taiwan

Taiwan: VAT on foreign e-commerce, online transactions

The Ministry of Finance announced a plan for changes to the value added tax (VAT) rules regarding foreign e-commerce providers. The aim will be to bring these e-commerce providers within the "VAT net."

[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: Progress report on transparency, exchange of information

The Secretary-General of the Organisation for Economic Cooperation and Development (OECD) presented a report to the G20 finance ministers and central bank governors at a meeting in Washington, D.C.

[More details](#)

Beyond Asia Pacific

Nigeria: Tax amnesty; tax office where returns are filed

The Federal Inland Revenue Service (FIRS) issued guidance announcing a waiver of penalties and interest on certain tax arrears for the periods between 2013 and 2015.

[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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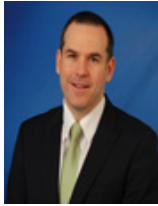
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