



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 15 December 2016



Asia Pacific Tax Developments

Australia

Australia: \$20,000 cash grant for youth employment in QLD

In order to address youth unemployment in Queensland, a “Youth Boost” grant of up to \$20,000 will be paid to employers for hiring workers aged between 15 and 24 in regional Queensland.

[More details](#)

Australia: Australian Taxation Office (ATO) releases corporate tax transparency report for 2014-15

KPMG Australia provides a summary of the latest ATO corporate tax transparency report for 2014-15.

This year’s report includes:

- 1579 Australian public and foreign-owned companies with an income of \$100 million or more, and
- 325 Australian-owned resident private companies with an income of \$200 million or more.

[More details](#)

Australia: Back to the Future to support company residency

KPMG Australia provides a historical perspective on the recent Bywater/Hua Wang Bank case.

The High Court held that companies incorporated overseas had their ‘central management and control’ in Australia and were therefore Australian tax residents and liable to tax in Australia.

[More details](#)

Australia: Country-by-country reporting Q&As

The ATO has issued a list of question and answers (Q&As) regarding country-by-country (CbC) reporting and transfer pricing documentation.

[More details](#)

Australia: 'Tis the season to claim FBT

As we move into the full swing of the silly season it serves as a timely reminder that there are still opportunities to provide rewarding Christmas parties and gifts to your staff without the tax hangover... where structured effectively.

KPMG Australia highlights some considerations for employers in relation to Fringe Benefits Tax (FBT) and the festive season.

[More details](#)

China

China: VAT treatment of prepaid cards

On 18 August 2016 China's State Administration of Taxation (SAT) released Announcement 53 which sets out new Value Added Tax (VAT) rules applicable to prepaid cards. The new rules took effect on 1 September 2016 and apply to sales of prepaid cards on or after 1 September 2016.

In very simple terms, the new VAT rules provide that the sale of prepaid cards is subject to VAT at the time of their redemption, not at the time of their issuance.

[More details](#)

China: Customs Policy Update, November 2016

KPMG China provides various customs policy updates such as:

- Announcement on Adjusting Consumption Tax for Cars
- Announcement on Increasing Export Tax Rebate Rate of Mechanical and Electrical Products and Refined oil
- Announcement for Promulgating Annotations (Newly Added or Adjusted in 2016 II) on Domestic Subheadings of Customs Import and Export Tariff of the People's Republic of China
- Announcement on Pilot Usage of "Auxiliary Goods Classification Query System"
- Announcement of GAC on Regulating Administration of Consumable Materials Imported Under Processing Trade
- Announcement on Issues Relating to Commissioned Processing Business in Special Supervision Areas of Customs
- Announcement on Issues Relating to Overseas Processing Business
- Announcement on Issues Relating to the Implementation of "Registering One Time, Using Many Times" Regarding Account Books in Special Supervision Areas of the Customs
- Announcement on Issues Relating to Supervision of "Spot Bonded Trading of Commodities" in Special Supervision Areas of Customs
- Announcement on Issues Relating to "Supervisions on Warehouse Goods by Their Status" in Special Supervision Areas of Customs
- Announcement on Expanding Pilot Reform of Tax Collection and Administration Approach

[More details](#)

India

India: Determination of consideration for sale of immovable property for stamp duty purpose; exemption from capital gains tax

Vishakapatnam Bench of the Income-tax Appellate Tribunal (the Tribunal) held that in case of sale of house property under an unpossessory sale-cum-General Power of Attorney (GPA) for a value less than that considered for stamp duty and registration, the full value of consideration shall be the value as adopted for the purpose of stamp duty and registration of the property. Further, for computation of tax exemption as per the Act, net consideration received would be applicable and not the value adopted for stamp duty/registration of the property.

[More details](#)

India: Key highlights of the revised tax treaty between India and Cyprus

Recently, the Central Board of Direct Taxes has issued a press release stating that India has signed a revised tax treaty with Cyprus along with its Protocol.

KPMG in India summarises the key aspects of the revised tax treaty between India and Cyprus.

[More details](#)

India: Provisions amending Companies Act, 2013 are effective

Key provisions relating to the reduction of capital, variations of shareholders' right and compromises, arrangements and amalgamations, and the list of pending proceedings to be transferred to National Company Law Tribunal.

[More details](#)

India: Rules and forms for furnishing of statement regarding income distribution by securitisation trust

The Central Board of Direct Taxes issued guidance prescribing rules and forms in respect of income distributed to investors by securitisation trust. The effective date of the rules is 1 June 2016.

[More details](#)

India: Tax rate in slump sale

The Delhi High Court held that a transaction was a genuine "slump sale" that qualified for specific tax treatment. In this case, the sale involved a "going concern" that also included ongoing service contracts, employment contracts, and other tangible and intangible assets such as technical know-how.

[More details](#)

Japan

Japan: Outline of the 2017 Tax Reform Proposals

Japan's ruling coalition (the Liberal Democratic Party and New Komeito) agreed on an outline for tax reform proposals for 2017.

Among the proposals that would affect corporate taxation are measures concerning:

- Directors' compensation and retirement allowances
- Timing of deductions of costs for restricted shares and stock options
- Extension of the due date for filing final tax returns
- Reorganizations including spin-offs and consolidation-related matters
- Tax credits for research and development (R&D) costs
- The promotion of investment in facilities for regional core companies
- Tax credits for salary growth
- Taxable income of non-permanent individual residents

[More details](#)

Japan: Anti-tax haven (CFC) proposals in 2017 tax reform

Under the proposed 2017 tax reform, the Japanese CFC regime would be extensively amended in light of the final report and recommendations made under the base erosion and profit shifting (BEPS) Action 3.

[More details](#)

Singapore

Singapore: CRS implementation and related guidance issued

KPMG in Singapore alerts businesses to the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016. The Regulations 2016 was enacted on 8 December 2016 and incorporates the requirements of the CRS into Singapore's domestic legislative framework and direct financial institutions to put in place the necessary processes and systems to collect financial account information from 1 January 2017.

[More details](#)

Taiwan

Taiwan: VAT to include foreign e-commerce businesses

Taiwan's Legislative Yuan on 9 December 2016 completed its third readings of amendments proposed by the Taiwan Ministry of Finance to the VAT provisions and to make foreign e-commerce enterprises outside Taiwan but selling e-commerce services to individuals in Taiwan subject to VAT.

[More details](#)

Vietnam

Vietnam: Capital gains tax, offshore transfers of shares or capital

The tax authorities in Vietnam have sought to impose tax on income or gains derived from indirect or offshore transfers of shares or capital by foreign businesses.

The tax authorities in addition have imposed the "foreign contractor tax" on the right to use a trademark. The foreign contractor tax is imposed at the deemed rate of corporate income tax (10%) and a deemed VAT rate of 5%.

[More details](#)

Calendar of Events

Date	Event	Location
10 January 2017	Forms IR8A/IR21 remuneration reporting workshop Contact person: Surani Hanna More details	Singapore

Beyond Asia Pacific

Zimbabwe: Tax provisions in 2017 budget

The 2017 budget in Zimbabwe was presented on 8 December 2016. As proposed, a definition of "permanent establishment" would be added to the income tax law, so as to capture taxation of attributable profits earned by non-residents when they are not already captured by an income tax treaty or agreement. Also, there is a proposed reduction in withholding taxes on fees paid to non-resident directors, which up to now have been subject to double taxation at an effective rate of 35%. These would only be subject to the 20% withholding tax rate.

[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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