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## Welcome

**Greetings from Sydney, Australia**

Welcome to the December 2016 quarter BKR International, Asia Pacific region E-Update.

This seeks to keep you informed and to encourage you to even greater participation in BKR International, whether within your country, at a sub regional, regional, or worldwide level.

Since our last edition in September we have had a busy three months; Our Australasia sub regional group ran a successful practice management meeting in November.

The Worldwide meeting in Chile allowed us to meet more fellow members from around the globe.

A big thank you must go to our Chilean member firm, Ossandón Auditores Consultores for hosting such a successful event. Finally together with Stephen Roger and the Executive Director of the EMEA Region, Tim Morris, we attended Singapore to commence the planning for our joint meeting to be held in May 2017.

Our upgraded, mobile friendly, Asia Pacific website went live this week. I hope you like the new format and I welcome any feedback you have on it. Read all about it in Julia Fawcett's article below. A note that you will be required to re-register for this new website.

The BKR International 'paper' Directory will be re-issued in 2017. The information used will be taken from the Members Information System on the BKR International website. Please make sure yours is up to date.

I hope all of you who celebrated Christmas had a festive and enjoyable time, and to all else I send you best wishes for a happy, healthy, prosperous and peaceful New Year.

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**New Asia Pacific Website Now Live**

We are delighted to announce that our new website is now live and can be viewed at [www.bkrasiapac.com](http://www.bkrasiapac.com).

We developed this website in order to improve functionality, specifically make it mobile friendly, update the branding to reflect the evolution of our association and create a members' area that is more user friendly and engaging for members. The main website contains information on BKR, its member firms and news from around the world. The Find a Firm map is a handy way to locate firms, and we are going to develop this at the beginning of 2017 so that it has the global directory, rather than just the Asia Pacific firms.

The members' area will be launched in January and contains details of past and

future events alongside resources for BKR members and event photo galleries.

The EMEA region has also developed a new site alongside Asia Pacific and they launched their site in December.

As ever, we welcome your feedback and will use this to continually improve our online presence.

If you are not already, please do follow BKR Asia Pacific on [Twitter](#) and [LinkedIn](#), and please continue to send Grant articles which we will publicise via the website.

If you would like any more information on the website, please do get in touch. [julia@j-fawcett.com](mailto:julia@j-fawcett.com)

## Collaboration between BKR Asia Pacific firms drives development at Indonesian member firm

Two firms within BKR International's Asia Pacific region are working together in order to develop Caseware technology and audit methodology within a third BKR member firm in Indonesia, Doli. Bambang, Sulistiyanto, Dadang & Ali (DBSDA).

Walker Wayland Sydney is working on an ambitious project to train all staff at Jakarta headquartered DBSD&A on Caseware technology and convert 200 of their audit clients to Caseware by mid-November 2016. Walker Wayland Sydney is working with staff from fellow BKR member firm Alas Oplas & Co. in the Philippines to complete this project.

Grant Allsopp, Co-Executive Director of BKR Asia Pacific comments "we are very proud to see BKR member firms working together in this way to develop their capabilities. BKR International prides itself on being an association that works together to not only service mutual clients, but also to utilise the complementary skills and experiences of members firms to drive business forward".

The project commenced with a seminar in Jakarta at the end of September 2016 where representatives from Walker Wayland Australia introduced the aims of the project and the benefits for DBSDA (see attached photograph). This was followed up with Andrya Chan from Walker Wayland Sydney and Loraine San Del Pedro from Alas Oplas & Co attending all the offices of Doli. Bambang, Sulistiyanto, Dadang & Ali during late October and early November to facilitate the transition of the firms audit files so that they were ready to complete their 31 December 2016 audits.

This collaborative effort will continue into 2017.



## Recent changes to Double Taxation Agreement between India and Cyprus and removal of Cyprus from Blacklist

On the 8th November, 2016 a new DTA was entered into between India and Cyprus which will be effective in respect of income derived in fiscal years beginning on or after 1 April, 2017. The main features of this revised /DTA are;

### 1. Source Based Taxation of Capital Gains on alienation of shares:

Capital gains arising in India on selling of shares will be taxed in India. However, a grandfathering clause has been provided for investments made prior to 1 April 2017 that is, capital gains in respect of investments made prior to 1 April 2017 would continue to be taxed in the country of which taxpayer is the resident.

### 2. Withholding tax rates decreased on Royalties and Fees for Included Services :

Withholding tax rates slashed from 15% to 10% on Royalties and Fees for Included Services.

### 3. Expands the scope of 'Permanent Establishment' and Exchange of Information:

Newly introduced provisions to facilitate exchange of banking information and allow the use of such information for purposes other than taxation with the prior approval of the Competent Authorities of the country providing information.

It was also announced on 14th December 2016 Notification No. 114/2016 issued by the Central Board of Direct Taxes, Cyprus has been declared as to be no more on India's Tax blacklist. This is post signing of the revised Double Taxation Avoidance Agreement with Cyprus which, with effect from 1st April 2017, allows India to tax capital gains arising from the sale of shares on investments made in companies based in Cyprus.

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## Recent changes to Double Taxation Agreement between India and Republic of Korea

On the 26th October, 2016 , after entering into revised Double Taxation Agreements (DTA's) with Mauritius and Cyprus, India has also revised the DTA with Republic of Korea which will be effective in respect of income derived in fiscal years beginning on or after 1 April, 2017. The main features of this revised /DTA are;

### 1. Source Based Taxation of Capital Gains on alienation of shares comprising more than 5% of Share Capital:

Capital gains arising in India on selling of shares up to 5% of the paid-up capital will be taxed in Republic of Korea. If more than this, then it would be taxed in India (i.e. to be taxed at source).

### 2. Boost to increased flow of Investments and Technology & Rationalisation of tax rates:

Withholding tax rates slashed from 15% to 10% on Royalties or fees for technical services and Interest income.

### 3. Residence Based Taxation of Shipping Income from international traffic:

To facilitate movement of goods through shipping between the two countries and in accordance with international principle of taxation of shipping income, taxes on income from shipping would be levied in the country where the shipping companies are located.

### 4. Recourse to apply for Mutual Agreement Procedure (MAP) and bilateral Advance Pricing Agreements (APA):

Newly inserted Article 9(2) enables taxpayers of both the countries to apply for MAP in transfer pricing disputes as well as bilateral APA. Further, a Memorandum of Understanding (MoU) signed between the two countries in December 2015, provides for suspension of collection of taxes during the pendency of MAP proceedings for 2 years, extendable to maximum of 3 years on providing demand security and bank guarantee.

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## Recent changes to Double Taxation Agreement between India and Republic of Korea (continued)

### 5. Expands the scope of Exchange of Information:

Information requested for cannot be denied on the ground of domestic tax interest. Further, express provisions introduced to facilitate exchange of information held by banks.

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## Australian Superannuation reform bills passed by both houses of Parliament

Two superannuation bills, which include the proposed introduction of the \$1.6 million transfer balance cap and changes to concessional contributions, have been passed by both houses of Parliament.

The Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill 2016 amends five separate acts including:

- the introduction of a \$1.6 million cap on the amount of capital that can be transferred to the tax-free earnings retirement phase of superannuation; and
- the proposed reduction to \$250,000 (from \$300,000) of the threshold at which high-income earners pay division 293 tax on their concessional taxed contribution to superannuation

The Superannuation (Excess Transfer Balance Tax) Imposition Bill 2016 imposes an excess transfer balance tax on the notional earnings of capital moved into a retirement phase superannuation account that is in excess of \$1.6 million.

The passing of the bills should provide clarity and much needed certainty of what the new rules, thereby enabling advisors to fully assess the impact on their clients over the next seven months before the changes come into effect from 1 July 2017.

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## Next Edition of the E-Update

Any contributions to the next edition of the BKR Asia Pacific E-Update should be sent to the executive office (grant.allsope@bkrasiapac.com) by **1st March, 2017**.

## Submit your Member Information

As required by the BKR by-laws, be sure to submit your current member information using the Member Information System. To access the system, log on to [www.bkr.com](http://www.bkr.com) with your user name and password, and click on the "Member Information" link in the left menu.

## Upcoming Events

\*\*\* EMEA/Asia Pacific Joint Annual meeting 2017 \*\*\*

### Singapore: 6-8 May 2017

The joint BKR EMEA/AsiaPac Regional Meeting 2017 will be held in the Mandarin Orchard from Saturday 6th May to

Monday 8th May 2017. Registration will be open in the New Year.

[www.bkrasiapac.com](http://www.bkrasiapac.com)

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## Interesting items on the EMEA website...

### Case Studies page on EMEA website

[www.bkrema.com/bkr-international/case-studies/](http://www.bkrema.com/bkr-international/case-studies/)

Please continue to send me articles and/or simply details of situations where BKR members have worked, and are working, together on joint clients, helping us promote BKR and the benefits in establishing relationships throughout the association.

### All Latest News can be viewed online:

[www.bkrema.com/news-events/latest-news/](http://www.bkrema.com/news-events/latest-news/)

### Tax Specialist database

I remind you that the updated November 2106 Tax Specialist database is now available in the Members Area of the EMEA website, where you will find details of specialists in the 5 main tax areas of Corporate International Tax, VAT/Sales Tax, Transfer Pricing, Personal International Tax and Expatriate Tax:

[www.bkrema.com/resource/tax-specialists-database/](http://www.bkrema.com/resource/tax-specialists-database/)

### EGIAN

Please visit the EMEA website for the presentations from the recent EGIAN meeting held in Brussels on 12-13 December 2016.

If anyone would like any further information on EGIAN, please contact me.

## Membership status

We are seeking Member Firm's Representation in these countries:

- ◆ Bangladesh
- ◆ Cambodia
- ◆ Japan (Audit firm)
- ◆ Laos
- ◆ Myanmar
- ◆ Sri Lanka
- ◆ Thailand

This is not a comprehensive list and we are looking at additional locations. If you know of anyone potentially suitable, or have contacts in any of these countries, or elsewhere, please pass that information to:  
[grant.allsope@bkrasiapac.com](mailto:grant.allsope@bkrasiapac.com)

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