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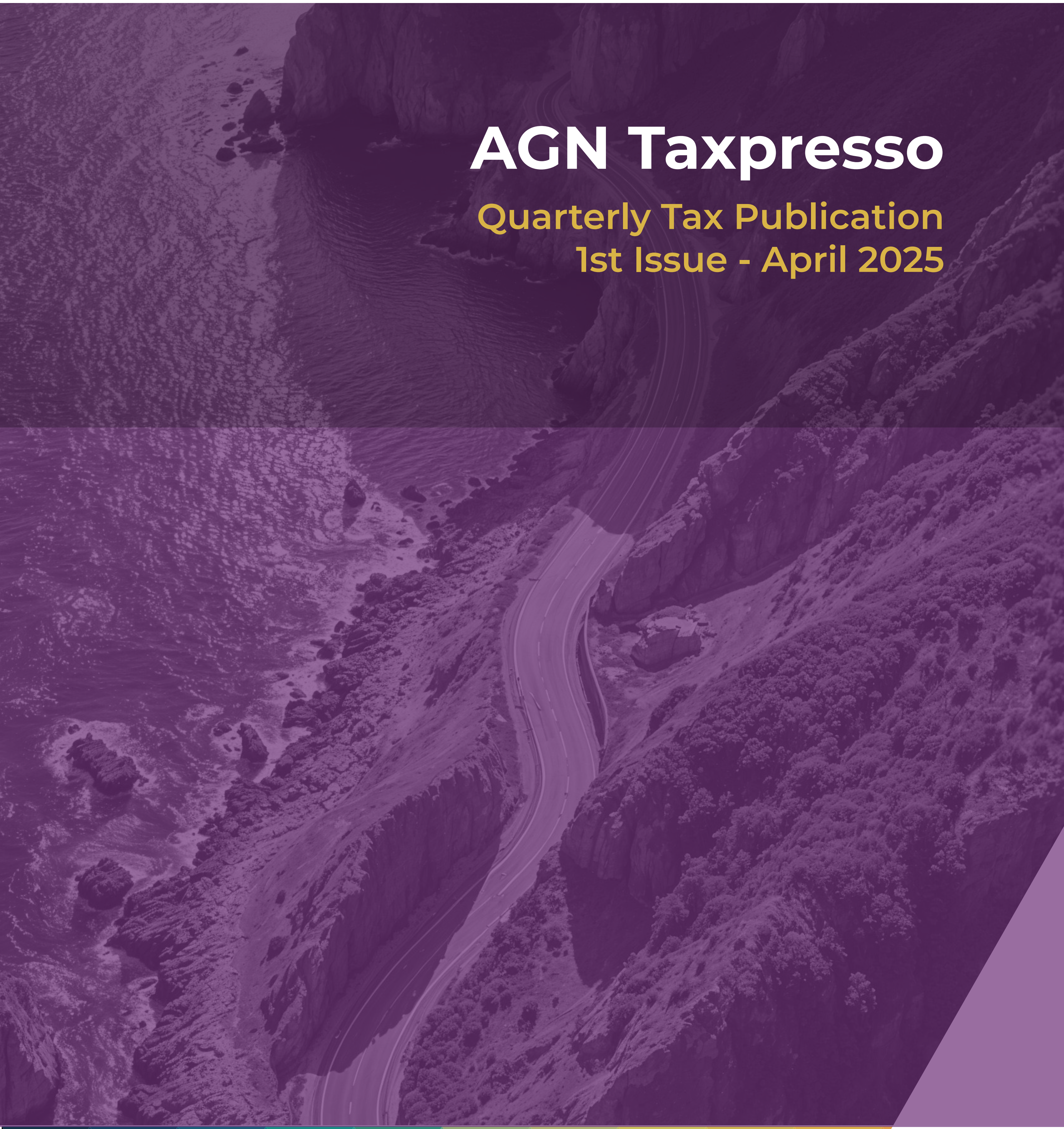

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MESSAGE FROM CHAIRMAN

Dear Members and Readers,

Welcome to our first issue of the 2025 AGN AP Taxpresso, a quarterly publication composed of articles drafted by members of our AGN Asia Pacific Tax Committee, which we hope will be of interest to you.

Well, it's certainly interesting times at the moment, and I expect that the road ahead may be a little bumpy over the next 9 months to a year. Feedback from committee members during our recent meetings, suggests that the Revenue authorities in a number of taxing jurisdictions are being pressed hard by their Government's to increase the tax-take revenue, which I have certainly experienced with our own Revenue – there has clearly been an attitude change, with the move to a more aggressive stance within the ranks of the customer compliance teams. Now, from the selfish perspective, the more aggressive the Revenue, the more my dispute engagement workload increases, however I do often find that those within the pressure cooker environment, start to generate weird and wonderful interpretations of the various taxing provisions – which can become quite frustrating at times to deal with. However, let's just see where things go over the coming year.

We still have a very active tax committee, with a diverse range of members (many of whom we are lucky to have retained their continued commitment to the group from 2024), from across the Asia Pacific jurisdictions of Australia, China, Hong Kong, India, Indonesia, New Zealand, Pakistan and Singapore.

As always, please do let us know if you have any feedback to our Taxpresso editions, as we do prepare them for the benefit of all AGN members, and we welcome any opportunity to improve the format and content accordingly.

Please also share with us any specific topics of interest which you would like to see included in future editions of Taxpresso. You can send your comments to me or our secretariat at asia-pacific@agn.com.

Finally, if you would also like to attend the committee meetings and share your own insights with respect to your jurisdiction, we would love to have you on board. Just forward your contact details to either myself or the secretariat, and we will ensure you receive the meeting invites.

Richard Ashby
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CHINA

China Cancel or Adjust Export Tax Rebates for various products

China announced a major change on its export tax rebate policy for key industrial commodities, including aluminum, copper, and refined oil products, in a move that sent shockwaves through global markets. The changes announced on November 15 2024 and took effect on **December 1 2024**, are expected to significantly alter trade flows and pricing dynamics, with analysts warning of potential supply chain disruptions and heightened trade tensions.

In a November 15 2024 statement, China's Ministry of Finance announced it would fully eliminate the 13% export tax rebate for aluminum, copper, and biofuel feedstocks—a move that will make Chinese shipments of these materials more expensive for foreign buyers. Meanwhile, rebates for refined oil products, photovoltaic panels, batteries, and non-metallic minerals will be slashed from 13% to 9%, further tightening export conditions.

The decision marks a sharp reversal from China's decades-long strategy of using tax incentives to boost overseas sales. Since their introduction in the 1980s, these rebates have helped keep Chinese exports competitively priced, fueling the country's meteoric rise as the world's manufacturing powerhouse. However, with major economies adopting increasingly protectionist trade policies, Beijing appears to be recalibrating its approach.

The announcement triggered immediate volatility across commodity markets. Aluminum prices surged as traders priced in reduced shipments from China, the world's top producer. Copper futures also climbed, reflecting concerns over tightening supply.

In Europe, biofuel producers raised alarms over potential shortages of waste-based feedstocks, which had previously relied on Chinese supplies. Industry groups warned that the policy shift could exacerbate existing trade tensions, particularly if the U.S. under a potential second Trump administration imposes sweeping tariffs on Chinese goods.

Analysts interpreted the move as a preemptive strike by Beijing to reduce its trade surplus and mitigate the risk of punitive measures from Western economies.

The policy shift underscores China's growing focus on domestic industrial priorities, including energy security and self-sufficiency in critical materials. By discouraging exports of key commodities, China may be aiming to shore up supply for its own green energy and infrastructure projects.

Yet the move risks further fragmenting global supply chains, particularly if other nations retaliate with trade restrictions of their own. With geopolitical tensions rising, markets are bracing for more turbulence ahead.

Compiled by Mandy Liu

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NEW ZEALAND

What's My Exposure to New Zealand GST

Due to a number of recent enquiries from outshore businesses undertaking NZ-based activities, I thought it would be timely to reproduce an article I posted back in 2020.

A common question I am asked by fellow AGN members who have clients looking to undertake business activities within New Zealand's ("NZ") jurisdiction, is "what are my client's exposures to NZ GST registration obligations".

Goods and Services Tax, or GST as it is more commonly referred to, is NZ's value added consumption tax – a charge, presently 15%, on the consumption of goods and services within NZ. It is a cost borne by the ultimate end consumer of the relevant good or service. For those readers in Europe, GST is essentially VAT, and for the US reader, it's akin to your sales taxes.

Presently, your client may register for, or more importantly, be required to register for, GST, via one of four trigger points:

Trigger 1

Your client is going to make a supply of goods and/or services in NZ, where the annual value of those supplies will exceed $NZD60,000.

One critical element here, will be whether the supply will be deemed to be **made in NZ** by your client, and there are some specific rules in this regard.

In the first instance, if your client triggers a NZ tax residency status, then any supply of their goods or services, will be a supply **made in NZ**, with the associated GST registration exposures.

However, if your client will remain a non-resident at all times, then the rules do become a little more complicated. In this regard, the starting point is that a non-resident supplier is deemed to make all supplies **outside of NZ**, unless either the goods themselves are physically in NZ at the **time of supply**, or the services are to be physically performed in NZ by the non-resident, by a person who will be present in NZ at the time the services are performed.

For NZ GST purposes, the time of supply is the **earlier of** either any payment being received by the supplier in respect of their supply, or an invoice being issued in respect of the supply. So for example, if the client's goods are sitting in a NZ warehouse at the time the NZ customer is invoiced for the goods (no payment having yet been made), then that supply would be deemed to be **made in NZ**.

This deemed place of supply rule is further complicated however, to recognize that NZ GST is in essence a cost to be borne by the end-user consumer. Consequently, where a supply that would otherwise be deemed to be **made in NZ**, is a supply occurring between the non-resident supplier and a NZ GST registered business (so B2B), the supply is now deemed to be **made outside of NZ**, unless the supplier elects otherwise (most likely an election to ensure that NZ GST costs incurred by the non-resident supplier are able to be recovered). This final deeming place of supply rule is in essence a compliance cost reduction mechanism, Inland Revenue taking the view that there is no point requiring a non-resident to register for and then charge GST on their supplies, if all their NZ customers are then simply going to recover that GST cost from Inland Revenue, via the filing of their own GST returns.

Trigger 2

Affectionately referred to as our "Netflix" tax, is the "remote services" regime that was introduced into NZ GST legislation from 1st October 2016. A remote service is usually defined as one where the supplier of the service and the customer are not required to be in the same place at the time the service is provided (in this case located in separate jurisdictions).

Where the supplier of the remote services (along with any standard supplies they are already making to NZ customers) will make annual supplies to NZ based customers (there is guidance to determine this aspect) exceeding $NZD60,000, then the non-resident supplier will have an obligation to register for NZ GST.

Once again this special regime is targeted towards the end-user consumer, so any B2B supplies are to be ignored when determining the value of annual supplies. In other words, only supplies to NZ non-GST registered customers (B2C) should be included in the $NZD60,000 threshold calculation.

Trigger 3

The most recently introduced special GST regime and given the pet name of the "Amazon" tax, 1st December 2019 saw the commencement of the "distantly taxable goods" regime.

Focused again on B2C supplies only, by a non-resident supplier to a NZ based customer, this regime targets "low value" goods being imported into NZ by the NZ customer from a non-resident supplier. A low value good is one which has a customs value of $NZD1,000 or less. Where the non-resident supplier is shipping low value goods in excess of $NZD60,000 per annum to NZ end-user customers, they now have an obligation to register for NZ GST, and to charge 15% GST on the supply.

Trigger 4

The final special GST regime is not so much one where the non-resident will be compelled to register for NZ GST, but instead provides them with an opportunity to do so, in order to recover any NZ GST costs they have incurred.

The regime was introduced to in essence remove the NZ GST cost factor from a non-resident's buying decision. It enables a non-resident business that is not entitled to register for NZ GST under the standard regime (because the non-resident is not making any supplies of goods or services in NZ), to register instead under the special non-resident business claimant's regime, when specific criteria are satisfied.

A common example would be a non-resident business that sends its staff to NZ to attend a particular event. Since GST is a consumption tax, and those employees of the non-resident business will be consuming goods and services in NZ, NZ suppliers of those goods and services (hotels, restaurants, transport operators etc) are required to charge the non-resident business NZ GST on their supplies. This additional 15% cost for the non-resident business, could have the undesired consequence of the non-resident choosing to send its employees to an alternative jurisdiction instead, where such taxes may not be imposed (or are at a lesser rate than 15%).

Provided therefore that the non-resident business has a refund claim for their first GST return that will exceed $NZD500 (and subject to satisfying certain other criteria), the non-resident business will be able to register under the regime, and recover the NZ GST costs charged from Inland Revenue.

If in doubt, sing out

The above narrative is a very basic overview of the potential triggers that may require/entitle your client to register for NZ GST. Please do not hesitate to contact the writer, however should you wish to seek clarification as to your specific client's NZ GST compliance obligations.

Compiled by Richard Ashby

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