



Asia-Pacific Tax Guide 2019/20

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Australia

Corporate Income Tax

Corporate Tax Rate

- The standard corporate income tax rate is 30%.
- Certain companies with an aggregated group turnover of less than AUD \$50 million, subject to satisfying a number of conditions, may be taxed at 27.5%.

Tax Year

1 July to 30 June. Companies in foreign owned groups that balance on other than 30 June can apply for a substituted period.

Basis of Taxation

Residency Basis:

1. Residents (for tax purposes) are taxed on their worldwide income from all sources.
2. Non-residents (for tax purposes) are generally only taxed on their Australian-sourced income.

Tax Treatment of Unutilized Tax Losses

A company can carry forward unabsorbed tax losses to offset against a company's future taxable profits, provided the continuity of majority ownership test is satisfied or, failing that, the same/similar business test is satisfied.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends paid by an Australian resident company:

1. to a resident shareholder are taxable but subject to imputation (i.e. Australian shareholders are entitled to a credit for the tax paid by the company);
2. to a non-resident shareholder:
 - to the extent franked, are exempted from Australian income and withholding taxes;
 - to the extent unfranked, subject to Australian dividend withholding tax.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Dividends received from foreign subsidiaries or associated companies are not taxable to the Australian company recipient provided it has a 10% or greater interest in the foreign company.

Other dividends received will be taxable.

Group Tax Relief

Australia has a tax consolidation regime that allows wholly-owned groups to operate as a single entity for income tax purposes.

Controlled Foreign Corporation (CFC) Rules

Australia has a CFC regime that taxes Australian resident shareholders of Australian controlled companies located overseas (generally in low tax jurisdictions) on certain profits that have not yet been remitted to Australia.

Thin Capitalization Rules

Australia has a thin capitalization regime, with interest deductions for excessive debt denied if the entity's debt-to-equity ratios exceed certain limits.

Tax Filing Deadlines

The standard filing date for companies is day 15 of month 7 after year-end (i.e. For 30 June filers, the company tax return is due for filing by 15 January). Tax agent filed returns may be filed later depending on the size of the company.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Australia's tax treaties with other countries.

Interest

10%.

Management Fees

None.

Unfranked Dividends

30%.

Rental

None.

Royalties

30%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

Capital gains are subject to tax in Australia.

Some taxpayers can qualify for a CGT discount of 50% (e.g. individuals and trusts) or 33.33% (e.g. complying superannuation funds) provided they have held the shares for at least 12 months before disposal.

Non-resident taxpayers will only be subject to CGT on the disposal of land rich assets and an individual that is a non-resident after 8 May 2012 may not qualify for the full 50% CGT discount on the ultimate sale of a land rich asset.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

Normally assessable to Australian taxpayers, but concessionary tax treatment / exemptions may apply for disposals of certain non-portfolio shares (i.e. where a 10% or greater interest is held in the foreign company).

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses can only be deducted from capital gains to determine a net capital gain in the year of the capital loss or a subsequent year.

The amount of net capital gain is taxable.

China

Corporate Income Tax

Corporate Tax Rate

The corporate income tax rate is 25%.

Tax Year

Calendar year (1 January to 31 December).

Basis of Taxation

Resident companies are taxed on their worldwide income. Non-residents are taxed only on income derived from sources in China.

Tax Treatment of Unutilized Tax Losses

The unutilized losses can be carried forward to offset against the future taxable profits for five (5) years.

Losses cannot be carried back to offset against prior years' profits.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends of a domestic listed enterprise can be exempt from Corporate Income Tax (CIT) only after it has been acquired for 12 months, or it shall pay CIT at a rate of 25%. Dividends of a domestic non-listed enterprise can be exempt from CIT.

Non-resident enterprises shall pay withholding CIT at a rate of 10% for China-sourced dividends.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Foreign tax credit is allowed in relation to foreign income tax already paid overseas in respect of income derived from sources outside China. However, the creditable amount may not exceed the amount of income tax otherwise payable in China in respect of the foreign-sourced income. In addition, there is a five-year carry forward period for any unutilized foreign tax.

Group Tax Relief

Not permitted under the CIT law unless otherwise prescribed by the State Council.

Controlled Foreign Corporation (CFC) Rules

An enterprise controlled by resident enterprises and/or individual residents of China and established in a country (region) where the effective tax rate is lower than 12.5% (excluding countries on white list), and which either does not distribute profits or distributes profits lesser than it should, not because of reasonable operational needs, the portion of the abovementioned profits attributed to the resident enterprises shall be included when computing the taxable income of the resident enterprise in the current period.

Thin Capitalization Rules

The safe harbor debt to equity ratio is 5:1 for financial enterprises, and 2:1 for other enterprises. However, if sufficient supporting documents including thin capitalization special item file could prove the loan arrangement is consistent with arm's length principle, the interest expense exceeding the stipulated ratios could still be tax deductible.

Tax Filing Deadlines

Enterprises are required to file their annual income tax return together with annual related party transactions disclosure form within five (5) months after the end of the tax year.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to China's tax treaties with other countries.

Interest

10%.

Management Fees

0% if wholly rendered offshore or 25% on deemed profit (Generally 10% in practice).

Dividends

10%.

Rental

10%.

Royalties

10%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

For resident companies:

Income from the disposal of the shares of a domestic enterprise shall be subject to Corporate Income Tax.

For non-resident companies:

Income from share transfers of a domestic non-listed companies shall be subject to Corporate Income Tax at a rate of 10% or according to the tax treaties.

Qualified share transfers of domestic enterprises are eligible for a special tax treatment for both resident companies and non-resident companies (practically it is hard for cross-border transaction to be applied with the special tax treatment).

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

For resident companies:

Income from the disposal of the shares of a foreign company shall be subject to Corporate Income Tax.

For non-resident companies:

Generally the income from the disposal of the shares of a foreign company is tax-exempt. However, if the transaction is deemed to dispose the Chinese entities without commercial business reason, 10% Corporate Income Tax will be imposed unless treaty benefits could be achieved.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

A deduction can be claimed in the annual corporate income tax return for capital losses with sufficient supporting documents, and the documents should be maintained for any future inspection.

Hong Kong

Corporate Income Tax

Corporate Tax Rate

The corporate income tax rate is 16.5%.

A two-tiered profits tax rate has been introduced from year of assessment 2018/19 as follows:

The first HK\$2 million of assessable profits: 8.25%.
Assessable profits above HK\$2 million: 16.5%.

For two or more connected entities, only one of them is eligible for the two-tiered profits tax rates.

Businesses engaged in captive insurance, corporate treasury activities, aircraft leasing and aircraft management services are taxed at a preferential rate of 8.25% in respect of their qualifying profits.

Tax Year

A year of assessment starts from 1 April and ends on 31 March of next year. In general, the financial year ending in the year of assessment will be the basis period for taxation.

Basis of Taxation

Hong Kong adopts a territorial source principle of taxation. Only income derived from sources in Hong Kong is taxable.

Tax Treatment of Unutilized Tax Losses

Losses attributable to a business that earns profits subject to profits tax may be carried forward indefinitely to set off against future taxable profits of the company but cannot be carried backward. Specific anti-avoidance rules exist in preventing the purchase of a loss company for the sole or dominant purpose of using the company's losses.

Tax Treatment of Dividends Received from Domestic Shareholdings

Exempted.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Exempted.

Group Tax Relief

None.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalization Rules

None.

Tax Filing Deadlines

Tax returns are issued annually on the first working day of April and should be filed within one (1) month from the date of issue. First returns are normally granted an extended period to three (3) months from the date of issue.

Companies whose financial years end between 1 December and 31 March normally are granted an extended period within which to file their tax returns as follows:

15 August – for companies with accounting date between 1 to 31 December.

15 November – for companies with accounting date between 1 January to 31 March.

31 January of next year – for companies with accounting date between 1 January to 31 March and current year loss.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Hong Kong's tax treaties/arrangements with other jurisdictions. So far, Hong Kong has concluded 41 double tax treaties/arrangements.

Interest

None.

Management Fees

None. However, the management fee is subject to Hong Kong profits tax if it is derived by non-resident's business activities in Hong Kong (i.e. sourced from Hong Kong).

Dividends

None.

Rental

None. However, the rental is subject to Hong Kong profits tax if it is sourced in Hong Kong.

Royalties

Royalties paid to non-resident companies are deemed to be taxable in Hong Kong, if made for the use of, or the right to use, intangibles in Hong Kong, or outside Hong Kong where the royalties paid are deductible for profits tax purposes.

The amount deemed taxable is 30% of the gross amount of the royalties paid, or 100% if the royalties are paid to an associated non-resident for the use of intangibles that were previously owned by a person carrying on a business in Hong Kong.

The effective profits tax rates are as follow:

- 4.95% (30% x 16.5%)
- 16.5% (100% x 16.5%)

Non-resident persons are also eligible for two-tiered profits tax rates.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic and Foreign Shareholdings

Capital gains are not subject to Hong Kong tax. However, gains on the disposal of shareholdings may be subject to profits tax if the transaction is trade in nature and Hong Kong sourced.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are not deductible.

India

Corporate Income Tax

Corporate Tax Rate

The tax rate for domestic companies which are not opting to claim any special tax concessional deductions, including tax holiday exemptions, is 22% with effect from 1 October 2019.

The tax rate for domestic manufacturing companies incorporated after 1 October 2019 is 15%.

Companies which are opting for the new tax rate, cannot carry forward the losses and claim the Minimum Alternate Tax (MAT) credit available till date. The tax rate for domestic companies which are continuing to claim special deductions or tax holiday exemptions, is 25% and 30% respectively.

The tax rate for foreign companies is 40%.

Domestic Companies – The surcharge and Health and Education Cess are as follows:

- Health and Education Cess at 4% and no surcharge if total income does not exceed Rs. 10 million.
- Health and Education Cess at 4% and surcharge of 7% of tax if total income exceeds Rs. 10 million but does not exceed Rs. 100 million.
- Health and Education Cess at 4% and surcharge of 12% of tax if total income exceeds Rs. 100 million.

Foreign companies - The surcharge and Health and Education Cess are as follows:

- Health and Education Cess at 4% and no surcharge if total income does not exceed Rs. 10 million.
- Health and Education Cess at 4% and surcharge of 2% of tax if total income exceeds Rs. 10 million but does not exceed Rs. 100 million.
- Health and Education Cess at 4% and surcharge of 5% of tax if total income exceeds Rs. 100 million.

Effective Tax Rate

Companies Not Opting to Claim any Exemptions/Incentives		
Taxable Income	Domestic Company	Foreign Company
Less than 10 million	22.88%	41.60%
More than 10 million but less than 100 million	24.48%	42.43%
Above 100 million	25.63%	43.68%

Companies Opting to Claim any Exemptions/Incentives			
Taxable Income	Domestic Company - Turnover up to 4,000 Million	Domestic Company - Turnover exceeding 4,000 Million	Foreign Company
Less than 10 million	26.00%	31.20%	41.60%
More than 10 million but less than 100 million	27.82%	33.38%	42.43%
Above 100 million	29.12%	34.94%	43.68%

Effective Tax Rate for New Manufacturing Companies Incorporated after 1 October 2019

Companies Not Opting to Claim any Exemptions/Incentives		
Taxable Income	Domestic Company	Foreign Company
Less than 10 million	15.60%	41.60%
More than 10 million but less than 100 million	16.68%	42.43%
Above 100 million	17.47%	43.68%

Tax rate on book profit (MAT) for manufacturing companies (as above) is nil.

Effective MAT Rate

Taxable Income	Domestic Company	Foreign Company
Companies Not Opting to Claim any Exemptions/Incentives		
Less than 10 million	NIL	19.24%
More than 10 million but less than 100 million	NIL	19.62%
Above 100 million	NIL	20.20%
Companies Opting to Claim any Exemptions/Incentives		
Less than 10 million	15.60%	19.24%
More than 10 million but less than 100 million	16.69%	19.62%
Above 100 million	17.47%	20.20%

Tax Year

The tax year is from 1 April to 31 March.

Basis of Taxation

Domestic companies are taxed on their worldwide income. Foreign companies are taxed only on income derived from sources in India.

Tax Treatment of Unutilized Tax Losses

Any unabsorbed tax losses may be carried forward to offset against a company's future taxable profits, provided certain conditions are met. Unabsorbed depreciation can be carried forward to unlimited period and unabsorbed business loss is allowed carry forward up to eight (8) assessment years immediately succeeding the assessment year for which the loss was first computed. In the case of any change in shareholding pattern above 51%, the earlier year carried forward business loss is not allowed to be carried forward for future years set-off.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividend distributed by the domestic companies are subject to dividend distribution tax. Hence, the dividend received by the shareholders are exempt from tax. However, in case of dividend received exceeds Rs.1 million, in the hands of individuals, HUF and firms resident in India, the amount of dividend in excess of Rs.1 million will be taxed at concessional rate of 10% in the hands of the shareholder as per section 115 BBDA.

A listed company in India offering to buy-back its shares attract additional income tax at 20% plus applicable surcharge and Health and Education Cess at 4% (Effective tax rate 23.296%). Accordingly, it is proposed to extend exemption under Section 10(34A) to shareholders of the listed company on account of buy-back of shares exempting their income accrued due to buy back by the company as the additional income tax has been paid by the company.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

A dividend received in India by the domestic company from its foreign subsidiary is taxable at a concessional rate of 15% in the hands of domestic companies subject to section 115 BBD.

Group Tax Relief

Not permitted.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalization Rules

Interest payment to be restricted to 30% of the earnings before any interests, taxes, depreciation and amortization or interests paid (EBITDA) or actual interest payment to an associated enterprise whichever is less. A period of eight (8) years is permitted to carry the disallowed portion forward. The provisions offered by the section would be applicable if an interest payment exceeds Rs. 10 Million.

Tax Filing Deadlines

Companies should follow the financial year starting from 1 April to 31 March for preparing the tax accounts for which the due date of filing tax returns within six (6) months from the end of the financial year, which is on or before 30 September.

In the case that the company enters into any international transactions or specified domestic transactions, the return has to be submitted on or before 30 November.

Withholding Tax

The following are domestic withholding tax rates on payments made to foreign companies. The rates may be reduced according to tax treaties between India and the respective country.

Interest

40% plus surcharge applicable and cess at 4%. There will be no surcharge if total income does not exceed Rs. 10 million (Effective rate 41.6%). However, there is a surcharge of 2% if total income exceeds Rs. 10 million, not exceeding Rs.100 million (Effective tax rate 42.43%). 5% of tax if total income exceeds Rs.100 million (Effective tax rate 43.68%).

Management Fees

10%, plus applicable surcharge and Health and Education Cess at 4%.

Dividends

None.

Rental

40%, plus applicable surcharge and Health and Education Cess at 4%.

Royalties

10%, plus applicable surcharge as applicable and Health and Education Cess at 4%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

Tax of 20% to be paid on long-term capital gains, if the shares are not listed in any stock exchange. In case of listed shares, tax rate will be 10% in the case of long-term capital gains exceeding Rs.0.1 Million and 15% for short-term capital gains.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

Capital gains arising from the disposal of foreign shareholdings is subject to tax at applicable rates i.e. tax of 20% to be paid on long-term capital gains, if the shares are not listed in any stock exchange. In case of listed shares, tax rate will be 10% in the case of long-term capital gains exceeding Rs.0.1 Million and 15% for short-term capital gains on equity shares.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Losses can be carried forward up to eight (8) years. Long-term capital loss can be set off against long-term capital gains only.

Indonesia

Corporate Income Tax

Corporate Tax Rate

Generally, the current corporate income tax rate is 25%. There is also a special tax rate at 20% for public companies which traded at least 40% of their total shares at stock exchanges in Indonesia and complying with other conditions.

Resident corporate taxpayers with an annual turnover of not more than IDR 50 billion obtain a 50% reduction (imposed proportionally on taxable income of the part of gross turnover up to IDR 4.8 billion).

Certain taxpayers with gross turnover not exceeding IDR 4.8 billion are subject to Final Tax at 0.5% of turnover. Moreover, there are final tax rates for certain business activities (e.g. companies that received income from rental of land and/or building, airline/ shipping and construction services).

Tax Year

Tax is assessed on a calendar year basis. However, accounting period ending on a date other than 31 December is acceptable.

Basis of Taxation

Resident companies are taxed on their worldwide income. Non-residents are taxed only on income derived from sources in Indonesia.

Tax Treatment of Unused Tax Losses

Tax losses may be compensated with income from the next fiscal year, up to five (5) consecutive years.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends received by a resident company from another resident company, provide that the dividends are paid out from retained earnings and recipient owns 25% or more of the investee company. If those conditions are not met, the dividends will be treated as company's income and subject to tax at the normal rate of 25%.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Dividends received from foreign subsidiaries will be treated as income. Tax paid in foreign countries on such income received by a resident taxpayer may be credited against tax payable in Indonesia in the same fiscal year.

The amount of tax credit is the same amount as income tax paid or payable abroad, but shall not exceed tax payable calculated according to the Indonesian tax law.

Group Tax Relief

None.

Controlled Foreign Corporation (CFC) Rules

The ownership threshold of 50% is applicable for both directly and indirectly owned CFC. The deemed dividend is calculated based on the effective ownership multiplied by the commercial profit after tax for types of income such as dividend, interest, rental, royalty and capital gains for sale/transfer assets. In case the direct CFC paid an actual dividend, the amount can be offset against previously reported deemed dividends but only within the past five consecutive years. Furthermore, the resident taxpayers may credit the income tax paid or withheld for dividends received from a direct CFC in the fiscal year provided that certain limitations and documentation requirements are fulfilled.

Thin Capitalization Rules

Companies have to maintain a debt-to-equity ratio (DER) of 4:1. Borrowing costs in relation to debts in excess of this ratio are not deductible.

Tax Filing Deadlines

Companies have to pay monthly corporate tax installment (Art. 25) in a current year at the latest by the 15th of the following month and the payment receipt from state treasury will be considered as receipt acknowledgment for monthly corporate tax filing (Art. 25). Late filing will be subject to an administration penalty amounting to IDR 100,000.

The annual corporate income tax return must be filed by the end of the 4th month after the tax year ends. Late filing will be subject to an administration penalty amounting to IDR 1,000,000.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Indonesia's tax treaties with other countries.

Interest

20%.

Management Fees

20%.

Dividends

20%.

Rental

20%.

Royalties

20%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

There are no specific capital gains tax regulation. Capital gains are subject to corporate income tax of 25%.

However, the sale of shares listed on Indonesia stock exchange is subject to a tax of 0.1% of the transaction value. Founder shares are also subject to an additional final tax of 0.5% on the share value at the time of an Initial Public Offering (IPO), regardless the shares are held or sold following the IPO.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

There are no specific capital gains tax regulation. Capital gains are subject to corporate income tax of 25%.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are deductible in corporate income tax calculation.

Japan

Corporate Income Tax

Corporate Tax Rate

The taxes levied in Japan on income generated by the activities of a corporation include corporate tax (national tax), local corporate tax (national tax), corporate inhabitant tax (local tax), enterprise tax (local tax), and special local corporate tax (a national tax, although filings and payments are made to local governments along with enterprise tax, hereinafter collectively referred to as “corporate taxes”). Except in instances requiring exceptional treatment, the scope of income subject to corporate inhabitant tax and enterprise tax is (including special local corporate tax; the same applies below) determined and the taxable income is calculated in accordance with the provisions for corporate tax. Corporate inhabitant taxes are levied not only on income but also on a per capita basis using the corporation’s capital and the number of its employees as the tax base. Corporations having paid-in capital of more than 100 million yen are subject to enterprise tax on a pro forma basis.

Brackets of Taxable Income	Up to 4 million Yen	4 million Yen to 8 million Yen	Over 8 million Yen
Corporate Tax	15.00%	15.00%	23.20%
Local Corporate Tax	0.66%	0.66%	1.02%
Corporate Inhabitant taxes 1. Prefectural	0.48%	0.48%	0.74%
Corporate Inhabitant taxes 2. Municipal	1.46%	1.46%	2.25%
Enterprise Tax	3.40%	5.10%	6.70%
Special Local Corporate Tax	1.47%	2.20%	2.89%
Total Tax Rate	22.46%	24.90%	36.81%

The table on the left shows the tax burden on corporate income (applicable only to small and medium-sized enterprises).

The rates for corporate inhabitant tax and enterprise tax are shown using Tokyo as an example.

They assume the conditions of small and medium-sized enterprises meet all three conditions below:

- Paid-in capital is 100 million yen or less. This does not apply to wholly-owned subsidiaries of large corporations with paid-in capital of 500 million yen or more.
- Corporate tax amount is 10 million yen or less per annum and taxable income is 25 million yen or less per annum.
- Offices or factories located in up to two prefectures.

Tax Year

The business year for tax purposes usually means the accounting period provided for in the statute of a corporation.

Basis of Taxation

Resident companies are taxed on their worldwide income. Non-resident companies are taxed only on Japanese-sourced income.

Tax Treatment of Unutilized Tax Losses

Net losses under income in each business year are carried forward for the next nine (9) years (or ten years in the case of losses arising during the business years beginning on or after 1 April 2018). Note that if a corporation has paid-in capital in excess of 100 million yen or is a wholly owned subsidiary of a large corporation with paid-in capital of at least 500 million yen (including foreign corporations), the amount of loss that may be deducted from income cannot exceed 50% of income (For business year commencing between 1 April 2015 to 31 March 2018, the 55% to 65% is applied on income).

Tax Treatment of Dividends Received from Domestic Shareholdings.

Payments made in Japan of dividends income to residents or domestic corporations are subject to withholding at source.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

A Foreign Dividend Exclusion has been introduced to avoid international double taxation. This allows domestic corporations to exclude from their taxable income 95% of dividend income from qualifying foreign subsidiaries (i.e. corporations that meet shareholding requirements on or more than 25% and other conditions).

Group Tax Relief

Capital gain from transfer of certain assets within 100% group is taxable by a seller when the assets are sold to outside of the group.

Donation within 100% group is not treated as expense at donor, nor income at donee.

Controlled Foreign Corporation (CFC) Rules

In order to prevent domestic corporations from evading taxes by retaining income through a foreign subsidiary established in a so-called tax haven or other foreign subsidiaries, a domestic corporation is taxed by, including in its taxable income, an amount corresponding to its interest in the retained earnings of that foreign subsidiary.

Thin Capitalization Rules

If a corporation's borrowing from an overseas controlling shareholder exceeds three times its equity (or an alternative reasonable ratio), interest on borrowing corresponding to the excess cannot be deducted from taxable income.

Tax Filing Deadlines

Corporations must file a final tax return for corporate tax, local corporate tax, corporate inhabitant tax, enterprise tax, and special local corporate tax on their income within two months from the day following the last day of each taxable year. However a one (1) month extension of the deadline for filing a final tax return can be available upon approval of the director of the taxation office.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Japan's tax treaties with other countries.

Interest

15.315%.

Management Fees

20.42%.

Dividends

15.315% (Listed Company), 20.42% (Others).

Rental

20.42% (Real Estate).

Royalties

20.42%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic and Foreign Shareholdings

There is no separate tax rate for capital gains. Capital gains are subject to tax at the ordinary corporate tax rate.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are deductible.

Korea (the Republic of)

Corporate Income Tax

Corporate Tax Rate

Taxable Income	Tax Rates Including Local Income Tax
Up to KRW 200 Million	11.0%
Over KRW 200 Million But Less than KRW 20 Billion	22.0%
Over KRW 20 Billion But Less than KRW 30 Billion	24.2%
Over KRW 300 Billion	27.5%

Tax Year

1 January to 31 December. Accounting period ending on a date other than 31 December is also acceptable.

Basis of Taxation

A corporation shall be subject to income taxation on its global income whereas a Korea branch of a foreign corporation shall be subject to income taxation on its Korea source income.

Tax Treatment of Unused Tax Losses

Tax losses shall be carried forward for the next 10-year period to offset against future taxable income. However, it shall be limited to 60% of current taxable income (100% for the qualified small and medium sized corporations).

Tax loss carry back for one (1) year shall be allowed for the qualified small and medium sized corporations.

Tax Treatment of Dividends Received from Domestic Shareholdings

Full or partial exclusion of dividend income from Korean corporations may be allowed in proportion of the ownership ratio, etc.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Foreign tax credit or deduction treatment shall be allowed for dividends received from foreign subsidiaries or associated companies.

Group Tax Relief

Consolidated income tax returns for Korean affiliates may be allowed if certain conditions are met. However, the consolidated returns for cross border affiliates are not allowed.

Controlled Foreign Corporation (CFC) Rules

CFC rules apply where the Korean parent company has controlling shareholding and the effective tax rate in the country where the subsidiary is located is lower than 15%.

Thin Capitalization Rules

Interest relating to certain loans exceeding the debt-to-equity ratio of 2:1 is not tax deductible. With effect from 1 January 2019, additional limits for deduction of related party interest expenses should apply.

Tax Filing Deadlines

Annual corporate income tax return must be filed along with necessary tax payment by 3 months after the end of the fiscal year. In addition, interim corporate income tax return for the first 6 month period along with necessary tax payment should be filed by 2 months after the first half (6 month period) of the year.

Withholding Tax

The following are domestic withholding tax rates (including local income tax) on payments made to non-resident companies. The rates may be reduced according to Korea's tax treaties with other countries.

Interest

22%.

Management Fees

0%.

Dividends

22%.

Rental

2.2%.

Royalties

22%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

It shall be added to taxable income with the normal income tax rates.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

It shall be added to taxable income with the normal income tax rates. Foreign tax credit shall be allowed if certain conditions are met.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are deductible against capital gains from other transactions.

Malaysia

Corporate Income Tax

Corporate Tax Rate

The current corporate income tax rate for resident companies is 24%. Companies with paid-up ordinary share capital of not more than RM2.5 million are taxed at 17% on the chargeable income of the first RM500,000, with the excess being taxed at 24%, but subject to conditions.

Tax Year

Tax is assessed on a calendar year basis. However, accounting period ending on a date other than 31 December is acceptable.

Basis of Taxation

Resident and non-residents are taxed only on income derived from sources in Malaysia.

Tax Treatment of Unutilized Tax Losses

Any unabsorbed tax losses in a year of assessment may be carried forward to offset against future income, up to seven (7) consecutive years, provided the shareholding test is met.

Tax Treatment of Dividends Received from Domestic Shareholdings

Exempted.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Exempted.

Group Tax Relief

Group relief is allowed up to 70% of the current year adjusted loss of the surrendering company and is available only for the first three (3) years of operations, subject to fulfillment of other conditions.

Controlled Foreign Corporation (CFC) Rules

None.

Earning Stripping Rules

Interest expenses on financing arrangement between controlled entities, if exceeded RM500,000 in a year, are restricted to a maximum of 20% of the Tax-EBITDA for deduction against the business income for the relevant year. The interest restricted in a year is allowed to be carried forward for deduction against future income subject to the same 20% Tax-EBITA rule and subject to shareholding test.

Tax Filing Deadlines

Tax returns have to be filed annually within seven (7) months from the last day of a company's financial year.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Malaysia's tax treaties with other countries.

Interest

15%.

Service Fees

10%.

Dividends

None.

Rental of Moveable Properties

10%.

Royalties

10%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

No capital gains tax on disposal of shares unless the subject shares are shares in real property companies, i.e. companies with investments in real properties or shares in other real property companies exceeding 75% of its total tangible assets, in which case the gains shall be chargeable to real property gains tax. The tax rates range from 10% to 30% depending on the holding period.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

No capital gains tax on disposal of shares.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are not deductible.

New Zealand

Corporate Income Tax

Corporate Tax Rate

The corporate income tax rate is 28%. This rate applies to all corporate entities subject to income tax.

Tax Year

1 April to 31 March. An income year (accounting period) ending other than 31 March is allowed with the approval of the Commissioner of Inland Revenue.

Basis of Taxation

A New Zealand resident company is subject to tax on its accrued and derived income regardless of whether that income has a source inside or outside New Zealand.

Tax Treatment of Unutilized Tax Losses

Any unutilized tax losses may be either offset against the net income of another company within the same group of companies, subject to satisfying certain requirements, or carried forward to offset against future taxable income, provided minimum shareholder continuity is maintained.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends received from a New Zealand resident company are taxable income, although imputation tax credits can be attached to the dividend to reduce the tax liability of the recipient.

Dividends received from a company in the same wholly-owned group of companies are exempt.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Dividends received from foreign subsidiaries or associated companies are exempt from tax, subject to some exclusions.

Group Tax Relief

The tax losses of a company can be offset against the net income of another company in the same group of companies as the loss company, subject to satisfying certain requirements.

Controlled Foreign Corporation (CFC) Rules

CFC rules apply when five (5) or fewer New Zealand residents have a controlling interest of more than 50% in a foreign company or a single New Zealand has a control interest of 40% or more and no single non-resident has a greater control interest.

CFC rules require attribution of the net passive income of a non-active CFCs to New Zealand resident shareholders.

Foreign Investment Fund (FIF) rules apply to shareholdings in non-CFC foreign companies.

Thin Capitalization Rules

Inbound thin capitalization rules apply to New Zealand entities controlled by non-residents.

Outbound thin capitalization rules apply to New Zealand entities with interests in CFCs and/or FIFs.

Tax Filing Deadlines

Tax returns are required to be filed by the 7 July following the end of the tax year. Alternative dates will apply when a non-standard balance date has been approved.

Taxpayers with a tax agent can obtain an extension of time until the 31 March following the end of the relevant tax year.

Inactive companies can apply for a waiver from filing income tax returns.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to New Zealand's tax treaties with other countries.

Interest

15%.

Management Fees

Nil, unless the management service is performed in New Zealand by a non-resident.

Dividends

30% / 15% / 0% - The withholding rate depends on the extent of the imputation credits attached to the dividend and the ownership interest of the shareholder.

Rental

Nil, unless the rental relates to a non-resident supplying the right to use personal property in New Zealand.

Royalties

15%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

Capital gains are not subject to tax.

However, gains on the disposal of shareholdings may be subject to income tax if the shares were acquired for disposal, as part of a share dealing business, or profit-making undertaking.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

Capital gains are not subject to tax.

However, gains on the disposal of shareholdings in CFCs may be subject to income tax if the shares were acquired for disposal, as part of a share dealing business or profit-making undertaking.

Gains on the disposal of shareholdings in FIFs will not be subject to tax.

Deductibility of Capital Losses Resulting from the Disposal of Domestic Shareholdings

As capital gains are not subject to tax, capital losses are not deductible.

However, losses on the disposal of shareholdings may be deductible if the shares were acquired for disposal, as part of a share dealing business, or profit-making undertaking.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

As capital gains are not subject to tax, capital losses are not deductible.

However, losses on the disposal of shareholdings in CFCs may be deductible if the shares were acquired for disposal, as part of a share dealing business, or profit-making undertaking.

Losses on the disposal of shareholdings in FIFs will not be deductible.

Philippines

Corporate Income Tax

Corporate Tax Rate

In general, the Regular Corporate Income Tax (RCIT) is 30% of net income from all sources.

However, on the fourth taxable year from the year of commencement of business operations, a 2% Minimum Corporate Income Tax (MCIT) on Gross Income is computed. MCIT will prevail if the 30% RCIT on net income is less than the 2% MCIT on gross income. Excess MCIT paid over the regular income tax is allowed as a tax credit against the regular corporate income tax payable in the succeeding three years.

Due to Tax Reform for Acceleration and Inclusion (TRAIN) Law, the following are the possible reduction in the RCIT (This has not been legislated at the time of print):

Year 2021 – 28%
Year 2023 – 26%
Year 2025 – 24%
Year 2027 – 22%
Year 2029 – 20%

Corporations also have an option either to avail itemized deduction or 40% Optional Standard Deduction (OSD) on gross income to arrive at the net taxable income.

Tax incentives like income tax holiday or preferential tax rates (5% on gross income) are available for enterprises in the Ecozones, the Subic Bay Freeport and Special Economic Zone, and the Clark Special and Economic Zone.

Tax Year

Calendar year - 12 consecutive months beginning 1 January and ending December 31.

Fiscal Year - 12 consecutive months ending on the last day of any month except December.

Both are acceptable.

Basis of Taxation

Domestic Corporations (Corporations incorporated under Philippine Laws) – all income derived within and outside the Philippines are subject to income tax.

Foreign corporations - only Philippine-sourced income is subject to Philippine taxes, subject to exceptions.

Tax Treatment of Unutilized Tax Losses

The net operating loss carry-over or NOLCO refers to the excess of deductible expenses over gross income resulting to net loss in a given taxable year. A corporation having operating losses may carry forward its excess expenses to the three (3) succeeding taxable years and claim it as deduction against gross income to the extent that the excess has not been previously offset against gross income. This means that the net operating losses incurred in prior year/s may be allowed as deduction from the current year's gross income, thus reducing or even wiping out the company's 30% income tax liability for the current year, depending on the amount of expenses to be deducted.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends received by a domestic (Philippine-registered) or resident foreign corporation from another domestic corporation are not subject to tax. These dividends are excluded from the taxable income of the recipient. Dividends received by a non-resident foreign corporation from a domestic corporation are subject to a general final WHT at the rate of 30%. A lower rate of 15% applies if the country in which the corporation is domiciled either does not impose income tax on such dividends or allows a tax deemed paid credit of 15%. Treaty rates ranging from 10% to 25% may also apply if the recipient is a resident of a country with which the Philippines has a tax treaty.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Dividends received by domestic corporations from foreign corporations form part of the income subject to regular corporate tax.

Group Tax Relief

For tax purposes, each company is an independent entity and, as such, must file its own tax return and pay its own taxes. The filing of consolidated tax returns or the relieving of losses within a group of companies is not allowed. Related companies must interact on an arm's-length basis.

The commissioner is authorized to allocate revenues and expenses between related companies to prevent tax evasion or to correctly reflect each entity's income. In 2013 the Philippines issued transfer pricing regulations specifying the methodology to be used to determine the arm's-length price and the documentation required to show compliance with the arm's-length standard in related-party transactions. The documentation shall be submitted to the tax authorities on notification.

Controlled Foreign Corporation (CFC) Rules

The Philippines does not have a specific CFC rule in place.

Thin Capitalization Rules

The Philippines has no formal thin capitalization laws or regulations. However, the tax authority has issued guidelines which identify thin capitalization and earning stripping as among the tax avoidance schemes between related companies.

Tax Filing Deadlines

For companies adopting 'calendar year policy', the deadline of filing of annual income tax return is on April 15 following the taxable year. For those adopting 'fiscal year policy', the deadline of filing of annual tax return is on the 15th day of the 4th month following the end of the taxable year.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. Preferential rates are available under the Philippines' tax treaties with other countries.

General Rule

Generally, non-resident foreign corporations are taxed at 30% of the gross amount of Philippine source income such as dividends, rents, royalties, compensation, and remuneration for technical services. This tax is withheld at source. There are preferential income tax rates for some types of non-resident corporations, as well as those entities that fall within the scope of specific tax treaty rates entered into by the Philippines.

Interest

Interest on foreign loans is taxed at 20% (without treaty). The treaty rates range from 10 to 15%.

Management Fees

The general rule will apply.

Dividends

Dividends received by a non-resident foreign corporation from a domestic corporation are subject to a general final WHT at the rate of 30%. A lower rate of 15% applies if the country in which the corporation is domiciled either does not impose income tax on such dividends or allows a tax deemed paid credit of 15%. Treaty rates ranging from 10% to 25% may also apply if the recipient is a resident of a country with which the Philippines has a tax treaty. On the other hand, a Philippine corporation can distribute stock dividends tax-free, proportionately to all shareholders.

Rental

In general, withholding tax on rentals is 5%. Rentals and charter fees payable to non-resident owners of vessels chartered by Philippine nationals are subject to a final tax of 4.5%. Rentals, charters, and other fees derived by non-resident lessors of aircraft, machinery, and other equipment are subject to a final tax of 7.5%.

Royalties

The general rate for royalties without tax treaty is 30%. The treaty rates range from 10 to 25%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic Shareholdings

Subsequent sale of non-listed shares in a domestic corporation by domestic corporations are now subject to 15% capital gains tax under the TRAIN Law. Sale of shares listed in the local stock exchange are subject to 0.60% stock transaction tax based on the gross selling price.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign Shareholdings

Gains realized from the sale of foreign shares by both individual resident citizens and domestic corporations are subject to regular corporate income tax of 30% for domestic corporations.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Losses from sales or exchanges of capital assets shall be allowed only to the extent of the gains from such sales or exchanges. Unrealized capital losses are not deductible.

Singapore

Corporate Income Tax

Corporate Tax Rate

The current corporate income tax rate is 17%.

In addition, 75% of up to the first S\$10,000, and 50% of up to the next S\$290,000 of a company's chargeable income is exempt from corporate tax.

With effect from the year of assessment 2020, the partial tax exemption will be revised as follows:

- 75% exemption on the first S\$10,000 of chargeable income; and
- 50% exemption on the next S\$190,000 of chargeable income.

There are also special tax exemptions for newly incorporated companies.

Tax Year

1 January to 31 December. Accounting period ending on a date other than 31 December is acceptable.

Basis of Taxation

Singapore adopts a territorial basis of taxation in that income accrued in or derived from Singapore or sourced outside Singapore but received or deemed received in Singapore, is taxable in Singapore subject to certain exceptions.

Tax Treatment of Unutilized Tax Losses

Any unabsorbed tax losses may be carried forward to offset against a company's future taxable profits, provided certain conditions are met. Tax losses of up to \$100,000 incurred in a current year may be carried back for one (1) year if certain conditions are met.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends from a Singapore resident company are exempted from tax.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Foreign sourced dividends are taxable only if such dividends are received or deemed received in Singapore. However, foreign sourced dividends received in Singapore can be exempted from tax if the following conditions are met:

- The recipient of the dividends is a tax resident of Singapore
- The dividends have been subject to tax in the foreign jurisdiction from which such dividends are received
- The headline tax rate in the foreign jurisdiction is at least 15%.

Group Tax Relief

Trade losses and unutilised capital allowances of one company may be utilised for tax purposes by another company in the same group, provided certain conditions are met.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalization Rules

None.

Tax Filing Deadlines

Tax returns are required to be filed by 30 November of the year of assessment. Dormant companies can apply for a waiver to file an income tax return.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Singapore's tax treaties with other countries.

Interest

15%.

Management Fees

17%.

Dividends

None.

Rental

15%.

Royalties

10%.

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic and Foreign Shareholdings

Capital gains are not subject tax. However, gains on the disposal of shareholdings may be subject to profits tax if the transaction is trade in nature.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are not deductible.

Taiwan

Corporate Income Tax

Corporate Tax Rate

The corporate income tax rate for resident companies and Taiwan branches of foreign companies is 20%. For enterprises with taxable income not exceeding NTD 500,000 the rate is 19% in 2019 (increased from 18% in 2018) and 20% in 2020. Foreign companies that do not have a branch or Permanent Establishment in Taiwan generally are subject to withholding tax at the rate of 20% on Taiwan source-income. The tax may be reduced or eliminated if approval is obtained under the relevant tax treaty.

Tax Year

The tax year for profit-seeking enterprises is the calendar year (from 1 January to 31 December); approval must be obtained to use a different fiscal year.

Basis of Taxation

Taiwan companies (including Taiwan subsidiaries of foreign companies) are subject to income tax on their worldwide income. A profit-seeking enterprise with its head office outside Taiwan (such as a branch of a foreign company) is considered nonresident for tax purposes. Such an enterprise is subject to profit-seeking enterprise income tax on only its Taiwan-source income, at the rate applicable to a domestic company. An alternative minimum tax applies in certain circumstances and a 5% surtax is levied on undistributed profits. If a profit-seeking enterprise renders e-services from outside Taiwan to a Taiwanese customer, the services are deemed to be provided in Taiwan and income from the services will be Taiwan-source income subject to tax in Taiwan.

Tax Treatment of Unused Tax Losses

Assessed tax losses of business entities (including corporations and branches of a foreign company) may be carried forward for 10 years, provided the entity keeps accounting books and files an annual corporate tax return that has been examined and certified by a local CPA within the prescribed period, both in the year the losses are incurred and the year the losses are utilized. The carryback of losses is not permitted.

Tax Treatment of Dividends Received from Domestic Shareholdings

No withholding tax is imposed on dividends paid to a resident shareholder.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

A 21% withholding tax is imposed on dividends paid to a nonresident (regardless of whether the investment has been approved by the Investment Commission), unless the rate is reduced under a tax treaty.

Group Tax Relief

None.

Controlled Foreign Corporation (CFC) Rules

The Income Tax Act was amended in 2016 to introduce CFC provisions, and the implementation rules were announced in September 2017. However, the legislation has not yet been implemented.

Thin Capitalization Rules

A profit-seeking enterprise, such as a subsidiary or a Taiwan branch of a foreign company, is subject to thin capitalization rules. Interest expense from related party debt exceeding a 3:1 debt-to-equity ratio is not deductible for tax purposes. Companies in the financial industry, such as banks, financial holding companies, insurance companies, securities firms, etc., are not subject to the thin capitalization rules.

Tax Filing Deadlines

A calendar-year company must pay provisional income tax, in an amount equal to 50% of the preceding year's tax liability in September of the current fiscal year. However, if the company's income tax return is examined and certified by a CPA, the company can opt to pay the provisional tax at an amount calculated on the basis of its operating income for the first six (6) months of the current tax year. The final return must be filed before 31 May following the end of the fiscal year and must include the payment of any tax liability. Enterprises with a fiscal year other than the calendar year must make the provisional tax payment in the ninth month of their fiscal year and file the return on or before the last day of the fifth month after the close of fiscal year. The enterprise must attach to the annual return a report detailing changes in its retained earnings.

Withholding Tax

The following are domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Taiwan's tax treaties with other countries.

Interest

A 10% withholding tax applies on interest paid to a resident. A 15% withholding tax applies to interest paid to a nonresident on short-term bills; interest on securitized certificates; interest on corporate bonds, government bonds or financial debentures; and interest derived from repurchase transactions for these bonds or certificates. The rate in all other cases is 20%.

Management Fees

The rate is 20% on management fees paid to a nonresident.

Dividends

No withholding tax is imposed on dividends paid to a resident shareholder. A 21% withholding tax is imposed on dividends paid to a nonresident (regardless of whether the investment has been approved by the Investment Commission).

Rental

A 10% withholding tax applies on rental payments to a resident. The rate is 20% on rental paid to a nonresident. However, rental paid in respect of qualified intellectual property licensing approved by the relevant authorities may be exempt from income tax.

Royalties

A 10% withholding tax applies on royalty payments to a resident. The rate is 20% on royalties paid to a nonresident. However, royalties paid in respect of qualified intellectual property licensing approved by the relevant authorities may be exempt from income tax.

Technical Service

Payments made to an offshore company for technical services provided to a Taiwan entity are subject to a 20% withholding tax if the payments are considered Taiwan-sourced income. Alternatively, if the costs associated with the provision of the services are difficult to calculate, the service provider can request a deemed profit of 15% of total business turnover for services provided (10% for certain transport industries), which will be taxed at the 20% rate, resulting in an effective tax rate of 3% or 2%, respectively. Approval of the National Taxation Bureau is required in both cases.

Capital Gains Tax

Capital gains are treated as ordinary income and taxed at the standard profit-seeking enterprise rate. Gains derived by a profit-seeking enterprise from the sale of land acquired on or before 1 January 2016 and the sale of shares of a domestic company are exempt from income tax but are subject to Land Value Incremental Tax ("LVIT") and Alternative Minimum Tax ("AMT"), respectively.

Under the tax regime that applies to the sale of real estate (including land and buildings) acquired after 1 January 2016, resident companies are subject to corporate income tax at 20% on capital gains from the sale of real estate. Nonresidents (including companies and individuals) will be subject to a 45% income tax on capital gains from the sale of real estate that has been held for up to one year, or 35% if the property has been held for more than one year. The incremental net value of the land sold still is subject to LVIT, but the incremental net value of the land can be deducted from the taxable capital gains when calculating the income tax.

Profit-seeking enterprise with a fixed place of business or business agent in Taiwan is subject to a separate AMT calculation if it earns certain income that is tax exempt or enjoys certain tax incentives under the Income Tax Act or other laws, and the enterprise's basic income exceeds NTD 500,000. The AMT rate is 12%.

Vietnam

Corporate Income Tax

Corporate Tax Rate

- The current standard corporate income tax rate is 20%.
- In the oil and gas industry: 32% - 50% depending on the location and other specific conditions.
- Tax incentives are applied for investments in encouraged sectors and/or areas; or large - scale projects. There are two types of tax incentives:
 - Preferential tax rates are 10% or 17% for the whole project life or number of years;
 - Tax exemption and tax reduction could be up to four (4) and nine (9) years respectively.

Tax Year

- Calendar year or fiscal year;
- The first tax year (in case of newly establishment) or the last tax year (in case of bankruptcy, dissolution, etc.) could be added up to the subsequent/prior tax year but the total duration must not exceed 15 months.

Basis of Taxation

- Vietnamese enterprises shall be taxed on taxable income generated in and outside Vietnam;
- Foreign enterprises with Vietnam-based permanent establishments shall be taxed on:
 - taxable income generated in and outside Vietnam, which are related to the operation of such establishments; and
 - taxable income generated in Vietnam, which are not related to the operation of such establishments.
- Foreign enterprises without Vietnam-based permanent establishments shall be taxed on taxable incomes generated in Vietnam.

Tax Treatment of Unutilized Tax Losses

Tax loss may be carried forward fully and consecutively for the maximum of five (5) years. Loss carried backward is not allowed.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends received from a domestic enterprise after such enterprise has paid corporate tax are exempted from tax.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Tax treatment of foreign sourced dividends received after paying corporate tax overseas:

- In case of investments to a country having a Double Taxation Agreement with Vietnam: the provisions of such agreement shall be applied;
- In case of investments to a country not having a Double Taxation Agreement with Vietnam: collecting the positive difference between corporate tax under the Law of Vietnam and the foreign country.

Group Tax Relief

None.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalization Rules

For taxpayers who incur related party transactions, the interest expenses exceeding 20% of EBITDA are non-deductible.

Tax Filing Deadlines

- Corporate Income Tax returns are required to be filed within 90 days from the end of the calendar year or fiscal year;
- From July 1st, 2020, the deadline shall be the last day of the third month from the end of the calendar year or fiscal year.

Withholding Tax

The following are normal domestic withholding tax rates on payments made to non-resident companies. The rates may be reduced according to Vietnam's tax treaties with other countries.

Income	Value - Added Tax	Corporate Tax
Interest	None	5%
Management Fees	5%	5%
Dividends	None	None
Rental (Except the rental of aircrafts and vessels)	5%	5%
Royalties	None	10%

Capital Gains Tax

Tax Treatment of Capital Gains Arising from the Disposal of Domestic and Foreign Shareholdings

Capital gains are subject to income tax.

Deductibility of Capital Losses Resulting from the Disposal of Domestic and Foreign Shareholdings

Capital losses are not deductible.

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