Asia-Pacific Tax Guide

2025

Audit / Tax / Advisory

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Australia

Australia

Corporate Income Tax

Corporate Tax Rate

The standard company 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 25%.

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 Unutilised 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 business continuity test is satisfied. In limited circumstances, companies can also carry back their tax losses to offset against taxable income of prior years.

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.

Australia

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 Capitalisation Rules

Australia has a thin capitalisation regime, with interest deductions for excessive debt denied if the entity's debt-to-equity ratios exceed certain limits. Recently, changes have been made to Australia's thin capitalisation rules and the new rules will apply for companies with income years beginning on or after 1 July 2023. Broadly, the new rules limit an entity's interest deductions to a percentage of the entity's EBITDA. Other methods may also be available.

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 later dates depending on the size of the company.

Significant Global Entity (SGE) and Failure-to-lodge (FTL) Penalty

Broadly, an entity is an SGE if it is either a global parent entity with annual global turnover of over A$1 billion or it is a member of a group of entities that has consolidated for accounting purposes and the global parent entity of this group has an annual global turnover of over A$1 billion.

The FTL penalty for an SGE is significant. The SGE FTL penalty amount starts from A$165,000 (where a document is up to 4 weeks late) and is capped at A$825,000. FTL penalties apply when an SGE failed to lodge any returns or reports by its due date, including the income tax returns, activity statements, Goods and Services tax annual returns, Fringe Benefits tax returns and country-by-country reporting statements.

Australia

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 Capital Gains Tax (CGT) discount of 50% (e.g., individuals and trusts) or 33.33% (e.g., complying superannuation funds) provided they 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 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.

Australia

International Tax

Hybrid mismatch rules

The application of the Australian hybrid mismatch rules is very broad, and the rules are aimed to eliminate benefits obtained arising from different tax treatments among international related parties' arrangements in two or more countries.

The common hybrid mismatch arrangements broadly include a deduction/non-inclusion outcome (e.g., a payment is deductible in one country but not treated as assessable income in the country that received the payment) and a double deduction outcome (e.g., more than one country has allowed the same payment as a deduction). Other arrangements may also be captured.

Pillar Two

The Australian government has announced the implementation of the OECD Pillar Two plan and will introduce a 15% global minimum tax and Australian domestic minimum tax on companies with annual global turnover of more than EUR $750 million.

A set of new rules have been introduced, including a global and domestic minimum tax in Australia. The new rules include the Australian Domestic Minimum (DMT) Tax, the Australian Income Inclusion Rule (IIR) tax and the Australian Undertaxed Profits Rules (UTPR) tax.

The Australian DMT tax and Australian IIR tax will apply for income years starting on or after 1 January 2024. The Australian UTPR tax will apply for income years starting on or after 1 January 2025.

Australia

Transfer Pricing

Australian Transfer Pricing Documentation

All taxpayers with international related party dealings are expected to have in place Australian compliance transfer pricing documentation in accordance with Subdivision 284-E of the Taxation Administration Act 1953.

The transfer pricing documentation must be Australian compliant and completed prior to the lodgement of the taxpayer's income tax return annually. The transfer pricing documentation itself is not required to be lodged.

Failure to maintain compliant transfer pricing documentation could result in penalties in the event of review and adjustment by the Australian Taxation Office.

Certain taxpayers may be eligible for simplified measures to meet transfer pricing compliance obligations.

Country-by-Country Reporting

If an Australian taxpayer is regarded as a Significant Global Entity (SGE), it may also be classified as a Country-by-Country Reporting Entity (CbCRE) to which additional transfer pricing compliance requirements apply. This includes the following:

- Australian Local File - Preparation and lodgement of Australian Local File Form annually. Please note that the Australian Local File Form is separate to Australian Transfer Pricing Documentation mentioned above.
- Master File - Lodgement of the global group's transfer pricing Master File annually.
- CbC Report – Where an automatic exchange is available, annual notification of the group entity and tax jurisdiction of where the CbC Report will be lodged. If no automatic exchange is available, direct lodgement of the CbC Report in Australia is required.

All of the above obligations must be met within 12 months of the relevant financial year end date. Failure to lodge penalties apply if the lodgement due date is not met.

China

China

Corporate Income Tax

Corporate Tax Rate

The corporate income 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 Unutilised Tax Losses

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

From 1 January 2018, an enterprise becoming qualified as a high-tech enterprise or a technology-oriented small or medium-sized enterprise in the current year, may carry forward the losses incurred in preceding 5 years before it gains such qualification, to the extent of the portion that has not been offset yet, for up to 10 years in the future, compared with the previous 5 years at longest.

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

Tax Treatment of Dividends Received from Domestic Shareholdings

For resident enterprises, 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 if the tax treaties have not offered a more favourable condition on dividend income.

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 5-year carry forward period for any unutilised foreign tax.

China

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 Capitalisation Rules

The safe harbour debt to equity ratio is 5:1 for financial enterprises, and 2:1 for other enterprises. However, if sufficient supporting documents including thin capitalisation 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 their annual related party transactions disclosure form within 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 maybe 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 as effective tax rate).

Dividends: 10%.

Rental: 10%.

Royalties: 10%.

China

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 CIT.

For non-resident companies: Income from share transfers of a domestic non-listed company shall be subject to CIT 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 difficult 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 CIT.

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% CIT 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 CIT return for capital losses with sufficient supporting documents. These documents should be maintained for any future inspections.

Hong Kong

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, ship leasing, ship leasing management services, 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 Unutilised 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, Interests, Intellectual Property Income and Disposal Gains of Property Received from Overseas

Taxable if the recipient in Hong Kong is a member of a multinational entity and does not fulfil either economic substance requirement, participation requirement or nexus requirement.

Hong Kong

Tax Treatment of Family-owned Investment Holding Vehicles

Family-owned Investment Holding Vehicles set up and managed by a single-family office in Hong Kong and meeting the exemption criteria are exempt from Profits Tax in respect of gains from qualifying transactions in assets and investments in private companies. Among others, the minimum asset threshold must not be less than HK$240 million.

Group Tax Relief

None.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalisation 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 which are represented normally are granted an extended period within which to file their tax returns as follows:

- 15 August – For companies with accounting date between 1 and 31 December.
- 15 November – For companies with accounting date between 1 January and 31 March.
- 31 January of next year – For companies with accounting date between 1 January and 31 March and current year loss.

Both manual and electronic filings of profits tax returns are acceptable. A further extension of 1 month will be granted upon application if the returns are filed electronically.

Hong Kong

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 with other countries.

Hong Kong has concluded 51 double tax treaties or double tax 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 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 Shareholdings

Capital losses are not deductible.

India

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, applicable from the Financial Year (FY) 2024-25 onwards u/s 115BAA.

The tax rate for domestic manufacturing companies registered on or after 1 October 2019 and has started manufacturing on or before 31 March 2023 is 15%, applicable from the FY 24-25 onwards u/s115 BAB.

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.
- Health and Education Cess at 4% and surcharge of 10% of tax irrespective of total income if new concessional tax rates are opted.

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.

India

Effective Tax Rate

- Domestic Companies (other than manufacturing companies) opting to avail concessional rate would have effective tax rate of 25.17%.
- Domestic Manufacturing Companies which have been incorporated after 1 October 2019 opting to claim concessional rate would have effective tax rate of 17.16%.

Companies Opting to Claim any Exemptions/Incentives			
Particulars	**Domestic Company with Turnover up to Rs. 4000 Million**	**Domestic Company with Turnover up to Rs. 4000 Million**	**Foreign Companies**
Income below Rs. 10 million	26.0%	31.2%	41.6%
Income exceeding Rs. 10 million but below Rs. 100 million	27.82%	33.38%	42.43%
Income exceeding Rs. 100 million	29.12%	34.94%	43.68%

India

Effective MAT Rate

If the company opts to avail concessional rate MAT and MAT Credit, provisions are not applicable to the entity.

Particulars	Domestic Company	Foreign Company
Income below Rs. 10 million	15.6%	15.6%
Income exceeding Rs. 10 million but below Rs. 100 million	16.69%	15.912%
Income exceeding Rs. 100 million	17.47%	16.38%

(Effective Rate includes Surcharge and Cess)

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 Unutilised Tax Losses

Any unabsorbed tax losses can 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 to be carried forward up to eight (8) assessment years immediately succeeding the assessment year in 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.

India

Tax Treatment of Dividends Received from Domestic Shareholdings

With effect from 1 April 2020, Dividend Distribution Tax is withdrawn and hence dividend income received from domestic company on or after 1 April 2020 is taxable in the hands of shareholders at applicable rates.

If a domestic company receives dividends from another domestic company and distributes them to its shareholders, it is eligible to claim deduction to the extent of dividends received from the other domestic company from its total income, to prevent the cascading tax effect.

Dividends received by foreign companies is taxable under the Indian Income Tax Act at the rate of 20%. Generally, Double Tax Avoidance Agreement rates are between 10 to 15%. Withholding tax provisions are also applicable.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Dividends received in India by a domestic company from its foreign subsidiary, is taxable by 30%. However, if the Indian company holds more than 26% of nominal value of equity share capital of foreign company then the company is taxed at 15% in the hands of the domestic company, subject to Section 115 BBD of the Income Tax Act.

Group Tax Relief

Not permitted.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalisation Rules

Interest payment to be restricted to 30% of the revenue before any interests, taxes, depreciation and amortisation or interests paid to an associated enterprise whichever is less. A period of eight (8) years is permitted to carry forward and claim the deduction to the portion disallowed subject to the 30% limit. This provision is 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 is on or before 31 October.

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

India

Withholding Tax

The following are domestic withholding tax rates on payments made to foreign companies. The rates may be reduced according to India's tax treaties with other countries, subject to the conditions specified in the Multilateral Instrument (MLI).

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: 20%, plus applicable surcharge and Health and Education Cess at 4%.

Dividends: Withholding tax of 20% plus applicable surcharge and Health & Education Cess.

Rental: 30%, plus applicable surcharge and Health and Education Cess at 4%.

Royalties: 20%, plus applicable surcharge and Health and Education Cess at 4%.

Capital Gains Tax

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

Tax of 12.5% with effect from 23 July 2024, to be paid on long-term capital gains, if the shares are not listed in any stock exchange. On the other hand, the indexation benefit that previously was available on the sale of long-term assets has now been eliminated.

For listed shares, the tax rate will be 12.5% in the case of long-term capital gains exceeding Rs. 0.125 million and 20% for short-term capital gains with effect from 23 July 2024.

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 12.5% to be paid on long-term capital gains, if the shares are not listed in any stock exchange. In case of listed shares in foreign, tax rate will be 12.5% in the case of long-term capital gains and 20% 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 8 years. Long-term capital loss can be setoff against long-term capital gains only.

Indonesia

Indonesia

Corporate Income Tax

Corporate Tax Rate

The standard corporate tax rate which applicable in Indonesia has been changed as follows:

Coverage Fiscal Year	Applicable Tax Rate
Before up to Fiscal Year 2019	25%
Fiscal Year 2020 and afterwards	22%

A 3% corporate tax discount can be granted to public companies which satisfy the following conditions:

- At least 40% of their paid-in shares are listed for trading in the Indonesian Stock Exchange (IDX); and
- Shares must be owned by at least 300 parties, each holding less than 5% of the paid-in shares. Public companies who buy back their shares and/or those who have a special relationship as stipulated in Income Tax Law with Public Companies, cannot be counted for this purpose.

These two conditions must be maintained for at least 183 calendar days in a tax year. If in a particular year either or both conditions are not met, the facility is not applicable for that year.

Domestic Taxpayers who receive certain gross income that does not exceed IDR 4.8 billion in a fiscal year, are subject to Final Income Tax at 0.5% within a certain period.

Domestic Taxpayers (with an annual gross income of not more than IDR 50 billion) are entitled to a 50% tax discount of the standard rate, which is imposed proportionally on taxable income on the part of gross income up to IDR 4.8 billion.

Tax Year

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

Indonesia

Basis of Taxation

Resident companies are taxed on worldwide income. Non-resident companies are taxed only on income sourced in Indonesia, including income which attributable to a PE in the country.

Tax Treatment of Fiscal Losses Compensation

Fiscal Losses Compensation may be compensated with fiscal net profit from the following consecutive tax year for up to five (5) years. Subject to approval from the relevant tax authority, this period can be extended for up to 10 years for certain industries and for operations in certain areas.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends received by domestic corporate taxpayer can be exempted without any certain conditions. Therefore, the dividend income will be reported in the Corporate Income Tax Return as nontaxable income.

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Dividends paid by companies abroad received by domestic taxpayers may be exempted if the dividends are reinvested or used for business activities in Indonesia within a certain period. The certain conditions could be explored in the Ministry of Finance Regulation (MoF) No. 18/PMK.03/2021.

Group Tax Relief

None.

Indonesia

Controlled Foreign Corporation (CFC) Rules

Certain income of a CFC is subject to deemed dividend rules in Indonesia. This income includes dividends, interest, rentals, royalties, and gains from sales or transfer of assets, with certain limitations. A CFC is a foreign entity that is at least 50% owned by an Indonesian taxpayer or at least 50% collectively owned by Indonesian taxpayers.

The scope of CFC income also covers income from indirectly owned CFCs with a minimum of 50% ownership by another CFC, collective ownership by an Indonesian taxpayer's CFCs, or collective ownership by a number of CFCs (including under the same or different Indonesian taxpayers).

The ownership threshold which is used to determine the CFC status is the ownership percentage at the end of the Indonesian taxpayer's fiscal year, which is based on either the percentage of paid-up capital or the percentage paid-up capital with voting rights. The only situation in which the rules do not apply is when the CFC's shares are listed on a stock exchange.

Thin Capitalisation Rules

A single ratio of 4:1 is generally applicable, which means the amount of debt allowable in order to obtain full deductibility of the financing cost is limited to four times the equity amount. Exemption applies to certain taxpayers.

Tax Filing Deadlines

The annual corporate income tax return must be filed by the end of the Fourth (4th) month after the tax year ends. Late filing will be subject to an administration penalty of 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%.

*Under the Omnibus Law the imposition of a 20% tariff from gross amount as referred to in Article 26(1)(b) of the Income Tax Law on the payment of interest, including premium, discount, and honourarium in relation to a debt repayment guarantee, may be lowered by a Government Regulation.

Indonesia

Capital Gain Tax

Capital Gain from Transfer of Shares (Non-Listed)

Subject to corporate income tax from capital gains arising from disposal of domestic shareholdings.

Capital Gains Arising from the Disposal of Foreign Shareholdings

Final withholding tax rate (Article 26) of 5% is applicable from the selling price.

Non-resident taxpayers may be protected from tax by the provisions of any applicable tax treaties subject to fulfilment of certain administrative requirements stipulated under Indonesian local regulations.

Deductibility of Capital Loss

Capital loss from sales of company's assets (other than land and building) is deductible only if the assets are used for obtaining, collecting and maintaining income.

Japan

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 enterprise tax (local tax). 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	1.55%	1.55%	2.39%
Corporate Inhabitant Taxes (Prefectural)	0.15%	0.15%	0.23%
Corporate Inhabitant Taxes (Municipal)	0.90%	0.90%	1.39%
Enterprise Tax	3.50%	5.30%	7.00%
Special Enterprise Tax	1.30%	1.96%	2.59%
Total Tax Rate	22.39%	24.86%	36.80%

Japan

The table on the previous page 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 that the conditions of small and medium-sized enterprises meet all three of the following conditions:

- 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.
- The 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 Unutilised Tax Losses

Net losses under income in each business year are carried forward for the next nine (9) years (or 10 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.

Tax Treatment of Dividends Received from Domestic Shareholdings

Payments made in Japan of dividend 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).

Japan

Group Tax Relief

Capital gains 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 Capitalisation 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 (2) 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.

Japan

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.

Republic of Korea

Republic of Korea

Corporate Income Tax

Corporate Tax Rate

Taxable Income	Tax Rates Including Local Income Tax
Up to KRW 200 Million	9.9%
Over KRW 200 Million But Less than KRW 20 Billion	20.9%
Over KRW 20 Billion But Less than KRW 30 Billion	23.1%
Over KRW 300 Billion	26.4%

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 Unutilised Tax Losses

Tax losses shall be carried forward for the next 15-year period to offset against future taxable income. However, it shall be limited to 80% 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.

Republic of Korea

Tax Treatment of Dividends Received from Foreign Subsidiaries or Associated Companies

Foreign tax credit shall be allowed for dividends received from foreign subsidiaries or associated companies and shall be tax deductible if not credited for 10-year period.

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

Republic of Korea

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

Malaysia

Corporate Income Tax

Corporate Tax Rate

The standard corporate tax rate is 24%.

Resident companies with paid-up ordinary share capital of not more than RM2.5 million are taxed at 15% on the first RM150,000 of chargeable income, 17% on the next RM450,000 of chargeable income, with the excess being taxed at 24%.

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 accruing in or derived from sources in Malaysia. Foreign sourced income received in Malaysia by resident companies is generally subject to tax. Foreign-sourced dividend income received by resident companies may potentially be eligible for tax exemption from 1 January 2022 until 31 December 2026 subject to meeting the qualifying conditions.

Tax Treatment of Unutilised Tax Losses

Any unabsorbed tax losses in a year of assessment may be carried forward to offset against future income, up to 10 consecutive years, provided the shareholding test is met.

Tax Treatment of Dividends Received from Domestic Shareholdings

Effective from 1 January 2025, a 2% tax on dividends will be applicable on chargeable dividend income received by both resident and non-resident individual shareholders whose annual dividend income exceeds RM100,000 annually, including individuals who are holding shares through nominees. The 2% tax will be applicable to dividend income distributed by companies in Malaysia.

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.

Malaysia

Controlled Foreign Corporation (CFC) Rules

None.

Earning Stripping Rules

Interest expenses on financing arrangement between controlled entities, if exceeding RM500,000 in a year, are restricted to a maximum of 20% of the Tax-EBITDA allowed 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.

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%.

Management Fees: 10%.

Dividends: None.

Rental: 10%.

Royalties: 10%.

Capital Gains Tax

Categories of Persons Chargeable to Capital Gains Tax:

- A company;
- A limited liability partnership (LLP);
- A trust body; and
- A co-operative society

Malaysia

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

Capital gains arising from the disposal of shares in unlisted companies incorporated in Malaysia or the disposal of shares in a foreign-incorporated company deriving value from real property in Malaysia are subject to tax at the following rates:

Shares acquired before 1 January 2024: 10% on chargeable gain or 2% on gross proceeds at the option of the disposer.

Shares acquired after 1 January 2024: 10% on chargeable gain.

There is a separate real property gains tax on the gains from the disposal of Malaysian real property that ranges from 10% to 30% depending on the holding period and tax residency.

Tax Treatment of Capital Gains Arising from the Disposal of Foreign-Sourced Capital Assets

Capital gains are subject to tax at the prevailing income tax rate of the taxpayer:

- Companies, Limited Liability Partnerships, and trust bodies: **24%.**
- Co-operatives: **0% to 24% (scaled rates)**.

Gains from the disposal of foreign capital assets received in Malaysia may potentially be eligible for tax exemption from 1 January 2024 until 31 December 2026, subject to meeting the economic substance requirements.

Deductibility of Capital Losses

The unabsorbed capital losses are allowed to be carried forward to future years of assessment for set off against the same source of income for up to a period of 10 consecutive years of assessment.

New Zealand

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 on a date 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 Unutilised Tax Losses

Any unutilised 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 or business continuity requirements are met.

Tax Treatment of Dividends Received from Domestic Shareholdings

Dividends received from a New Zealand resident company are taxable, 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.

New Zealand

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 resident 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 CFC to New Zealand resident shareholders.

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

Thin Capitalisation Rules

Inbound thin capitalisation rules apply to New Zealand entities controlled by non-residents. Outbound thin capitalisation rules apply to New Zealand entities with interests in CFCs and/or certain FIFs.

Tax Filing Deadlines

Tax returns are required to be filed by the 7th of 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 31st of 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%.

New Zealand

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 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.

Taiwan

Taiwan

Corporate Income Tax

Corporate Tax Rate

The corporate income tax (CIT) rate for resident companies and Taiwan branches of foreign companies is 20%.

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 non-resident for tax purposes. Such an enterprise is subject to profit-seeking enterprise income tax on its Taiwan-source income only, at the rate applicable to a domestic company.

An alternative minimum tax applies in certain circumstances and a 5% surtax is imposed on undistributed earnings.

Where a foreign enterprise renders electronic supply services to domestic customers (both business to consumer (B2C) and business to business (B2B) transactions), that may be subject to income tax in Taiwan.

Branches are taxed at the same corporate tax rate as subsidiaries but are not subjected to 5% surtax on undistributed earnings.

Tax Treatment of Unutilised 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 utilised. 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 non-resident (regardless of whether the investment has been approved by the Investment Commission), unless the rate is reduced under a tax treaty.

Taiwan

Group Tax Relief

As defined by the Financial Holding Law, consolidated returns may be filed by qualifying financial holding companies that hold at least 90% of the outstanding issued shares of domestic subsidiaries for twelve (12) consecutive months during a tax year.

Under the Mergers and Acquisitions Law, after a qualified merger, acquisition, or spinoff transaction, where a company owns at least 90% of the total issued shares of another company for twelve (12) consecutive months during a tax year, the company may file a consolidated return.

Transfer Pricing (TP)

Taiwan has transfer pricing rules requiring transactions between related parties to be conducted on arm's length terms. The rules provide a specific definition of related parties, which includes direct and indirect control, as well as control over a board of directors. Taxpayers are required to prepare contemporaneous documentation for related party transactions. The tax authorities can adjust the income of taxpayers in appropriate cases. Penalties may be imposed for failure to comply with the arm's length principle and the documentation requirements. The transfer pricing rules also apply to business reorganisations, so that the profit allocation under a business restructuring must be in compliance with the arm's length principle. A Taiwan entity of a multinational enterprise group that carries out a business restructuring is required to document in its transfer pricing report information demonstrating the arm's length nature of the restructuring by analyzing certain factors. Advance pricing agreements may be negotiated with the local tax authorities.

Controlled Foreign Companies (CFC) Rules

A foreign company is a CFC if a Taiwan company or individual, together with their related parties

1. control, directly or indirectly, greater than 50% of the foreign company's shares or capital, or
2. significantly influence the foreign company.

If a CFC is

1. located in a low-tax jurisdiction or region with a statutory income tax rate lower than 70% of Taiwan's corporate income tax rate (i.e., 14%, Corporate income tax rate 20%*0.7 = 14%), unless that jurisdiction or region has adopted the Pillar Two rules and a qualified domestic minimum top-up tax rate of at least 15%, or
2. located in a jurisdiction or region only taxing domestic income or only taxing foreign-source income when repatriated, the Taiwan company must recognize its share of the CFC's undistributed income in the year incurred and be subject to corporate income tax accordingly.

An exemption is allowed either if a CFC carries out substantial operating activities in its jurisdiction and its passive income is less than 10% of its total income, or if the CFC's current year earnings are less than NTD 7 million.

Taiwan

Place of Effective Management (PEM) Rules

The Income Tax Act was amended in 2016 to introduce PEM provisions, and the implementation rules were announced in September 2017. The official implementation date will be announced by the Executive Yuan of Taiwan.

Any foreign profit-seeking enterprise established according to foreign law but with a place of effective management in Taiwan shall be deemed as a profit-seeking enterprise having its head office within the territory of Taiwan, and shall be subject to profit-seeking enterprise income tax in accordance with Income Tax Act and other relevant laws. In case of violation, the foreign profit-seeking enterprise shall be subject to the Income Tax Act and other relevant laws.

The term “A foreign profit-seeking enterprise with a place of effective management in Taiwan” means:

1. The decision maker who makes significant decisions in business management, financial management, and personnel management is an individual resident in Taiwan or a profit-seeking enterprise having its head office within the territory of Taiwan, or the place where the significant decisions are made is in Taiwan.
2. Financial statements, records of accounting books, minutes of meetings of the Board of Directors or minutes of meetings of the shareholders prepared or stored in the territory of Taiwan.
3. Major business activities carried out in Taiwan.

Thin Capitalisation Rules/Interest Deduction Limitations

A profit-seeking enterprise, such as a subsidiary or a Taiwan branch of a foreign company, is subject to thin capitalisation rules. Interest expense from related party debt exceeding a three-to-one (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 capitalisation rules.

Taiwan

Global Minimum Tax (GMT)

Although Taiwan is not a member of the Organisation for Economic Cooperation and Development, Taiwan government has announced that it is considering the implementation of rules that generally are in line with the Global Anti-Base Erosion Rules (GloBE or Pillar Two) model rules published OECD and Group of Twenty (G20) Inclusive Framework on Base Erosion and Profit Shifting (BEPS) that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million (equivalent to NTD26 billion). However, there is no concrete timeline as to when the Taiwan government will enact the relevant legislation and regulations to implement the GloBE rules.

Alternative Minimum Tax (AMT)

A profit-seeking enterprise with a fixed place of business or business agent in Taiwan is subject to a separate AMT at 12% on the portion of income above NTD 500,000 if it earns certain income that is tax exempt or enjoys certain tax incentives under the Income Tax Act or relevant tax law, and the enterprise's basic income exceeds NTD 600,000.

The Ministry of Finance announced that the AMT will increase from 12% to 15% starting in fiscal year 2025.

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 9th month of their fiscal year and file the return on or before the last day of the 5th month after the close of the fiscal year.

The enterprise must attach to the annual return a report detailing changes in its retained earnings.

Taiwan

Withholding Tax

Interest:

A 10% withholding tax is imposed on interest paid to a resident.

A 15% withholding tax is imposed on interest paid to a nonresident on short-term bills; interest on securitised certificates; interest on corporate bonds, government bonds, or financial debentures; and interest derived from repurchase transactions for these bonds or certificates. The rate for nonresidents in all other cases is 20%. The rates for interest paid to nonresidents may be reduced under an applicable tax agreement.

Management Fees:

The rate is 20% on management fees paid to a non-resident.

Dividends:

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

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

Rental:

A 10% withholding tax applies on rental payments made to a resident.

The rate is 20% on rental paid to a non-resident. 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 is imposed on royalty payments made to a resident.

A 20% withholding tax is imposed on royalties paid to a nonresident, unless the rate is reduced under an applicable tax agreement. However, royalties paid in respect of qualified intellectual property licensing approved by the relevant authorities may be exempt.

Taiwan

Capital Gains Tax

Capital gains derived by domestic companies from the disposal of Taiwan companies or other securities are not subject to corporate income tax but are subject to AMT at 12% (6% where the holding period is greater than three (3) years). Capital gains derived by foreign investors from the disposal of Taiwan companies or other securities are exempt from corporate income tax

Capital gains derived by a profit-seeking enterprise from the sale of land acquired before 1 January 2016 are subject to land value incremental tax (LVIT) at rates ranging from 20% to 40%.

Resident companies are subject to corporate income tax at rates ranging from 20% to 45% on capital gains derived from the sale of real estate (including land and buildings) acquired as from 1 January 2016. Nonresidents (related to a Taiwan branch of a foreign company) are subject to corporate income tax at 45% on capital gains from the sale of real estate that has been held for up to two years, or 35% where the property has been held for more than two years. In addition, the transfer of any shares representing (directly or indirectly) more than 50% of the interest in a domestic or foreign company where more than 50% of the share value or investment of the company is attributed to real estate also will trigger 20% to 45% corporate income tax. The incremental net value of the land sold is subject to LVIT but may be deducted from taxable capital gains when calculating the corporate income tax payable.

Capital gains from properties other than securities and real estate mentioned above are subject to corporate income tax at 20%.

Philippines

Philippines

Corporate Income Tax

Corporate Tax Rate

Domestic corporations are subject to Regular Corporate Income Tax (RCIT) based on taxable income or to a Minimum Corporate Income Tax (MCIT) based on gross income, whichever is higher.

Generally, the income tax rate for the RCIT is 25% effective July 1, 2020. However, corporations with net taxable income not exceeding Five Million pesos (P5,000,000) and with total assets not exceeding One Hundred Million pesos (P100,000,000), excluding land on which the particular business entity's office, plant and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at t20% [Sec. 27A].

The rate for the MCIT is two percent (2%). However, for the period beginning 1 July 2020 until 30 June 2023, the rate shall be one (1%) percent. MCIT is imposed beginning after the fourth taxable year [Sec. 27E].

Resident foreign corporations shall be subject to the higher amount between the RCIT based on the taxable income or to a Minimum Corporate Income Tax (MCIT) based on gross income.

The RCIT is equivalent to 25% of the taxable income derived from sources within the Philippines effective 1 July 2020 [Sec. 28A(1)].

The MCIT is computed by multiplying the rate of two percent (2%) by the gross income: Provided, that effective 1 July 2020 until 30 June 2023, the rate shall be one (1%) percent. MCIT is imposed beginning after the fourth taxable year [Sec. 28A(2)].

Non-resident foreign corporations shall pay a tax equal to 25% of the gross income received from all sources within the Philippines (except for certain items of passive income that may be taxable at a different tax rate) [Sec. 28B(1)].

Domestic corporations and resident foreign corporations also have an option either to avail the itemised deductions or 40% Optional Standard Deduction (OSD) on their gross income to arrive at net taxable income [Sec. 34L].

Tax incentives like income tax holiday or preferential tax rates (5% on gross income) are available for enterprises in the Ecozones, such as the Subic Bay Freeport and Special Economic Zone and the Clark Special and Economic Zone [Republic Act (RA) 7916].

Tax Year

Calendar Year – 12 consecutive months beginning 1 January and ending 31 December.

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

Both are acceptable. [Sec. 43]

Philippines

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 (Corporation organised, authorised or existing under the laws of any foreign country) – Only Philippine-sourced income is subject to Philippine taxes. [Sec. 23]

Tax Treatment of Unutilised 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 [Sec. 34(D)(3)]. However, NOLCO incurred in taxable year 2020 and 2021 can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years [Revenue Regulation (RR) 25-2020 pursuant to RA 11494].

This means that the net operating losses incurred may be allowed as deduction from the current year's gross income, thus reducing or even wiping out the company's 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 25% [Sec. 28B(1)]. 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 allow a tax deemed paid credit of 10% [Sec. 28B(5)(b)]. 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 will form part of the income subject to regular corporate tax.

For foreign-sourced dividends to be exempt, the funds from such dividends actually received or remitted into the Philippines must be reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received and shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure projects. Provided, further, that the domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of two (2) years at the time of the dividend distribution [Sec. 27D(4)].

Philippines

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 authorised to allocate revenues and expenses between related companies to prevent tax evasion or to correctly reflect each entity's income [Sec. 50]. In 2013, the Philippines through the Bureau of Internal Revenue (BIR), 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. [RR 2-2013]

Controlled Foreign Corporation (CFC) Rules

The Philippines does not have a specific CFC rule in place. As a rule, Philippine tax law does not tax a local parent company on the CFC's taxable income unless the CFC distributes dividends to the parent company which can be exempted from income tax under Section 27D(4) of the Tax Code, as amended.

Thin Capitalisation Rules

The Philippines has no formal thin capitalisation laws or regulations. However, the tax authority has issued guidelines (RR 2-2013) which identify thin capitalisation 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 15 April 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 [Sec. 77B].

Philippines

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 25% of the gross amount of Philippine source income such as dividends, rents, royalties, compensation, and remuneration for technical services [Sec. 28B(1)]. This tax is withheld at source [Sec. 57A]. 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) [Sec. 27B(5)(a)]. The treaty ranges from 10% to 15%.

Management Fees: In general, management fees paid to non-resident companies are subject to 25% final withholding tax rate.

It may be considered as tax exempt under applicable tax treaty. For management fees or service fees, the Non-Resident Foreign Corporation (NRFC) must not carry on transacting business in the Philippines through a permanent establishment. The most common risk of creating a permanent establishment is the length of period that the service is performed in the host country. Most Philippine tax treaties provide a 180-day threshold for the duration of the services.

Dividends: Dividends received by a non-resident foreign corporation from a domestic corporation are subject to a general final WHT at the rate of 25% [Sec. 28B(1)]. 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 allow a tax deemed paid credit of 10% [Sec. 28B(5) (b)]. 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 share dividends tax-free, proportionately to all shareholders.

In the case of a Philippine branch, remittance of a Philippine branch to its parent company or head office is subject to 15% Branch Profits Remittance Tax (BPRT). A lower rate may apply under certain tax treaties. However, Philippine branches whose activities are registered with Philippine Economic Zone Authority (PEZA) are not subject to BPRT [Sec. 28A(5)].

Branch Profit: In the case of a Philippine branch, remittance of Philippine branch to its parent company or head office is subject to 15% Branch Profits Remittance Tax (BPRT). A lower rate may apply under certain tax treaties. However, Philippine branches whose activities are registered with Philippine Economic Zone Authority (PEZA) are not subject to BPRT [Sec. 28A(5)].

Royalties: The general rate for royalties without tax treaty is 25% [Sec. 28B(1)]. The treaty rates range from 10 to 25%.

Philippines

Capital Gains Tax

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

For all types of corporations, subsequent sale of non-listed shares in a domestic corporation are subject to 15% capital gains tax [Sec. 27(D)(2), Sec. 28(A)(6)(c) & Sec. 28(B)(5)(c)].

For all types of corporations, sale of shares listed in the local stock exchange are subject to a tax at a rate of six-tenths of one percent (6/10 of 1% or 0.60%) stock transaction tax based on the gross selling price or gross value of money sold, bartered, exchanged or otherwise disposed [Sec. 127(A)].

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

Gains realised from the sale of foreign shares by individual resident citizens are subject to the graduated tax rates prescribed under Section 24 (A)(2) while that of a domestic corporation is subject to regular income tax of 25% or 20% (whichever is applicable) under Section 27(A).

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 [Sec. 39(A)(C)]. Unrealised capital losses are not deductible.

For individual taxpayers (except those earning compensation income arising from personal services and non-resident aliens not engaged in trade or business in the Philippines), 100% of the loss recognised upon the sale or exchange of the capital asset shall be taken into account in the computing the net capital loss/gain and net income if the related capital asset is held for not more than 12)months. If held for more than 12 months, only half (50%) of the capital loss is deductible [Sec. 39(A)(B)]. On the other hand, for domestic and resident foreign corporations, 100% of the capital loss shall be taken into account in the computation of net capital gain/loss and net income [Sec. 39(A)(B)].

Singapore

Singapore

Corporate Income Tax

Corporate Tax Rate

The current corporate income tax rate is 17%.

All companies, including companies limited by guarantee, are eligible for a partial tax exemption, which exempt 75% of the first S$10,000 of chargeable income and 50% of the next S$190,000 from corporate tax.

Additionally, qualifying startup companies are eligible for a three-year startup tax exemption, granting a 75% exemption on the first S$100,000 of chargeable income and a 50% exemption on the next S$100,000. This exemption does not apply to property development or investment holding companies.

Tax Basis Period

The tax basis period for a year of assessment (YA) is the financial year ending in the preceding year.

Basis of Taxation

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

Carry Forward of Unutilised Items

Unutilised capital allowances and trade losses can be carried forward indefinitely to offset against a company's future taxable profits, subject to qualifying conditions. Unutilised donations can be carried forward up to five years of assessment, subject to qualifying conditions.

Carry Back of Unutilised Items

Unutilised capital allowances and trade losses, capped at S$100,000, arising in a year of assessment may be carried back for one year, subject to qualifying conditions.

Tax Treatment of Dividends Received from Domestic Shareholdings

Singapore adopts a one-tier taxation system, under which dividends distributed by a Singapore tax-resident company are exempt from tax.

Tax Treatment of Dividends Received from Foreign Shareholdings

Singapore has a foreign-sourced income exemption scheme that provides tax exemptions on foreign-sourced dividend income received in Singapore, subject to qualifying conditions.

Singapore

Group Relief

Current-year trade losses, capital allowances, and donations can be transferred to another company within the same group for utilisation, subject to qualifying conditions.

Controlled Foreign Corporation (CFC) Rules

None.

Thin Capitalisation Rules

None.

Tax Filing Deadlines

An estimate of a company's chargeable income must be filed within three months after the end of its financial year. Tax returns are required to be submitted by 30 November for each year of assessment. Dormant companies may apply for a waiver from the requirement to file an income tax return.

Statue of Limitations

The limitation period is four years from the year of assessment, but this does not apply in instances of fraud or intentional default by the taxpayer.

General Anti-Avoidance Provisions

The general anti-avoidance provision is found in section 33 of the Income Tax Act 1947, which was enacted to curb the proliferation of blatant tax avoidance arrangements in Singapore. Section 33 empowers the Comptroller of Income Tax (CIT) to disregard and make relevant adjustments to arrangements which are carried out with tax avoidance as one of their main purposes and not for bona fide commercial reasons. The CIT can impose a surcharge under section 33A if an arrangement falls within the provisions of section 33 and CIT makes an adjustment to counteract the tax advantage resulting in any tax or additional tax being assessed on the taxpayer.

Singapore

Withholding Tax

The following are the domestic withholding tax rates applicable to payments made to non-residents. These rates may be reduced under Singapore's tax treaties with other countries.

Interest: 15%.

Management Fees: A 17% withholding tax applies if the services are attributable to work performed in Singapore. However, if the services are carried out outside Singapore, withholding tax is not applicable to the work done overseas.

Dividends: Nil.

Rental: 15%.

Royalties: 10%.

Capital Gains Tax

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

Singapore does not impose tax on capital gains unless the gains fall within the scope of Section 10L of the Income Tax Act 1947 ("ITA") (as explained below). Gains from the disposal of equity investments may be taxable if such gains are construed by the Inland Revenue Authority of Singapore as income from the carrying on of a trade or business in Singapore.

Section 13W of the ITA provides certainty regarding the non-taxation of gains from the disposal of ordinary shares in an investee company made between 1 June 2012 and 31 December 2027 (both dates inclusive), subject to qualifying conditions.

Under Section 10L of the ITA, gains from the sale or disposal of foreign assets (excluding intellectual property rights ("IPR"))[1] received in Singapore on or after 1 January 2024 by a Covered Entity[2] that has inadequate economic substance in Singapore will be taxed (unless specific exclusions apply) even if such gains are capital in nature or such gains are exempted from tax pursuant to the tax exemption under section 13W.

Note 1: The sale or disposal of a foreign IPR is subject to tax, with certain exclusions, regardless of the level of economic substance in Singapore.

Note 2: The term "Covered Entity" is defined in the IRAS e-Tax Guide on Income Tax: Tax Treatment of Gains or Losses from the Sale of Foreign Assets, first published on 8 December 2023.

Vietnam

Vietnam

Corporate Income Tax

Corporate Tax Rate

The current 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 Unutilised Tax Losses

Tax loss may be carried forward fully and consecutively for a 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.

Vietnam

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 Capitalisation Rules

For taxpayers who incur related party transactions, the interest expenses exceeding 30% of EBITDA are non-deductible. (EBITDA is calculated using net interest expense, which equals to interest expense minus interest income).

Global Minimum Tax

Constituent units of multinational corporations that have generated revenue of €750 million or more in the consolidated financial statements of their ultimate parent company for at least two of the four preceding fiscal years are subject to a minimum tax rate of 15% in Vietnam (except for some cases).

Tax Filing Deadlines

The last day of the third month from the end of the tax year.

Vietnam

Value Added Tax

Tax Rate

Goods and services subject to valued added tax ("VAT") (hereinafter referred to as taxable goods and services) are those used in production, trading, and consumption in Vietnam (including those purchased from overseas organisations and individuals):

- Tax rate of 0%: applied to exported goods and services and similar activities;
- Tax rate of 5%: usually applied to industries and sectors of the economy related to the supply of essential goods and services;
- Tax rate of 10%: applicable to subjects who are not subject to the VAT rate of 0% and subject to the VAT rate of 5%.

For example, non-taxable objects include:

- Products from farming (including agroforestry products), breeding, and aquaculture that are produced, caught, sold, or imported and are not processed into other products (hereinafter referred to as unprocessed) or have only been preprocessed;
- Salt produced from seawater, rock salt, pure salt, refined salt, iodised salt composed primarily of sodium chloride (NaCl);
- Irrigation services, plowing services, dredging channels, dredging in-field trenches serving agricultural production; harvesting services;

Tax Period

VAT returns are normally filed monthly and are due by the 20th day of the month that immediately following the end of the relevant tax period. The default tax period for VAT purposes is therefore one calendar month.

However, businesses whose annual turnover does not exceed VND50bn and businesses manufacturing supporting products that are included in the list of prioritised supporting industries file quarterly VAT returns by the 30th day following the end of the relevant reporting period.

Vietnam

Personal Income Tax

Residency status

The residency status of an individual will be determined based on the following criteria:

- residing in Vietnam for 183 days or more in a tax year; or
- having a permanent residence in Vietnam (including a registered residence which is recorded on the permanent/temporary residence card, or a rented house in Vietnam with a lease term of 183 days or more in a tax year) and unable to prove tax residence in another country.

An individual who meets one of the above criteria will be considered a Vietnamese resident.

Tax residents are subject to Vietnamese personal income tax ("PIT") on their worldwide taxable income, wherever it is paid or received. Individuals not meeting the conditions for being tax resident are considered non-residents.

Tax Rate

The employment income of resident individuals is subject to progressive rates of tax, ranging from 5% to 35%.

Non-resident individuals earning employment income in or from Vietnam are taxed at a flat rate of 20%.

Non-employment income received by individuals is subject to various tax rates based on the type of income.

Tax Declaration

Deadlines for submission of tax declaration dossiers are on monthly or quarterly basis or upon incurrence.

At the end of the calendar year, personal income tax finalisation should be made to determine the overpaid or underpaid PIT compared to the total PIT (for salary, wages) temporarily paid in that year, then carry out the procedures for tax refund (if desired) or pay the corresponding tax to ensure compliance. Some things to note when finalizing personal income tax:

- Personal income tax finalisation does not apply to non-resident individuals/non-employment income;
- Overpaid taxes that are not finalised will not be refunded or offset in the next period;
- The deadline for additional personal income tax payments, if applicable, aligns with the tax finalisation dossier submission deadline. This is typically the last day of the third month of each year or, for foreign individuals leaving Vietnam, within 45 days of their departure date.

Vietnam

Withholding Tax

The following are 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 aircraft and vessels)	5%	5%
Royalties	N/A or 5%	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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