Asia Pacific Holding Company Analysis

2020

Dear Nexia member,

Following the success of the 2019 Asia Pacific Holding Company Analysis, we are pleased to present the Asia Pacific Holding Company Analysis, as at June 2020.

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Every effort has been taken to ensure that the information provided in this Asia Pacific Holding Company Analysis is up to date.

Please note, this analysis is meant as a practical tool for an initial comparison of relevant tax aspects of some holding company regimes. It should not be used as a substitute for obtaining professional tax advice.

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3July 2020

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Country (notes code)	Singapore (SG)	Myanmar (MM)	Cambodia(KH)	Malaysia (MY)	Thailand (TH)	Taiwan (TW)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either						
(a) exempt from tax under a "participation exemption" or	(a) Local-sourced dividend is not taxable.	Myanmar operates a one-tier corporate tax system, under which dividends received from a Company or other association of persons are exempt from income tax in the hands of shareholders.	(a) Local-sourced dividend is not taxable[1].	Foreign-sourced dividend income received in Malaysia is not taxable.	(a) Local-sourced Dividend is exempted from tax under certain conditions[1] Foreign-sourced dividend income received in Thailand is not taxable under certain circumstances[2]	(a) Local-sourced dividend is taxable at 21% tax rate
(b) taxable with credit for foreign tax credits	(b) Foreign-sourced dividend income received in Singapore is not taxable under certain circumstances [1]		(b) Foreign-sourced dividend income received in Cambodia is subject to tax on profit. Foreign tax credit is allowed for deduction from the tax on profit.		(b) Foreign tax credit is allowed under the tax treaty or is allowed for deduction from the tax on profit as the case will be.	(b) Foreign sourced dividend income received is subject to tax on profit. Foreign tax credit is allowed for deduction from the tax on profits.

Country (notes code)	Singapore (SG)	Myanmar (MM)	Cambodia(KH)	Malaysia (MY)	Thailand (TH)	Taiwan (TW)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	N/A	N/A	N/A	N/A	25%	N/A
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or	Gains derived from disposal of ordinary shares made during the period 1 June 2012 to 31 May 2022 are not taxable if the company has held at least 20% of the ordinary shares for at least 24 months continuously just prior to the disposal. All other gains are to be subjected to determination of whether such	Capital gains are taxable at 10% for both resident and non-resident tax payers. Capital gains for tax payers in certain specifi industries may be subject to capital gains tax at higher rates. No capital gains tax will be levied if the total value of the sale, exchange or transfer of capital assets within a year does not exceed 10 million MMK.	There is no separate capital gains tax. Any gain on the sale of fixed assets/shares is subject to the tax on profits at a rate of 20% on the higher of the contract price or the market value. The proceeds also are subject to alternative minimum tax of 1% of total turnover.	Capital Gains from disposal of share is not subject to tax except gains from disposal of property or shares in real property companies will be subject to Real Property Gains Tax ("RPGT") based on specific rates and tenure of property ownership.	Gains derived from disposal of of both resident and non-resident taxpayers shall be subject to corporate income tax in Thailand. . However, such gains may be exempted under the tax treaty. Foreign tax credit is allowed for deduction from the tax on profit	Income derived from transactions of futures and securities: tax exempted. Income derived from transaction of real estate: 35% or 45% Other kinds of capital gains: 20%

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	gains are of a capital or income nature. Gains determined to be of an income nature are taxable.					
(b) taxable with credit for foreign tax credits	Where foreign taxes are suffered, foreign tax credits may be available under a tax treaty.	Where foreign taxes are suffered, foreign tax credits may be available under a tax treaty.	Foreign tax credit may be claimed if supporting documents are available.			Foreign tax credit may be claimed if supporting documents are available.
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	N/A	N/A	N/A	N/A	N/A	N/A
5 Minimum "ownership" period requirements What are the minimum "ownership" period Requirements in respect of: (a) Dividend income (b) Capital gains derived from the participating holding?	For certainty of non-taxation of capital gains to be applicable, the minimum 20% ordinary shareholdings must be held for at least 24 months continuously just prior to the disposal.	(a) N/A (b) N/A	(a) N/A (b) N/A	(a) N/A (b) Refer to Note MY1 for RPGT rates.	(a) Refer to Notes of item 1 above (b) N/A	(a) N/A (b) N/A

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company or can the subsidiary be, itself, a passive holding company?	N/A	N/A	N/A	No	No	N/A
7 "Subject to tax" Test on underlyingparticipation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	N/A	N/A	N/A	No	Yes	N/A
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	17% [2]	25%	20%[2]	Year of Assessment ("YA") 2009 to 2015 – 25%[2] YA 2016 and onwards – 24%[2]	20%[3]	20%
9 Withholding Tax - Dividend (Outgoing) (a) Non-Treaty rate on Dividends	NIL	NIL	14%	Nil	10%	21%

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
(b) Treaty – range of withholding taxes	N/A	N/A	10%	N/A	10%	5% - 15%
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network.	0% -15%	0% -10%	0% -10%	Tax Exempt	10% - 20%	No withholding tax
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	No	No	A 14% withholding tax may be imposed on a dividend distribution or a transfer of shares to a non-resident during liquidation, where the distribution/transfer arises from an equity or a capital conversion from retained earnings, which was not subject to withholding tax on dividend distributions.	No	Generally, no withholding tax for distribution of assets. Withholding tax may be applied to the shareholders of the holding company if there are gains arising from the liquidation.	If the distributed assets amount < Original Investing amount: Tax exempted. If the distributed assets amount > Original Investing amount:Treated as dividend and is subject to witholding tax (refer to Q9)

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
12 Interest Deductions & Thin CapitalisationRules - Debt : Equity Ratios (a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income: capital gains or other income of the holding company?	Such interest expenses are generally deductible against dividend income, as well as against any gains from the disposal of the foreign participation which are determined to be of an income nature and subjected to tax accordingly.	Interest expense is generally deductible if it is incurred in direct relation to the generation of any taxable income. For local sourced loans, interest expense is restricted to maximum interest rate determined by Central Bank of Myanmar. For foreign sourced loans the interest expense is claimable only for loans approved by the Myanmar Investment Commission and Central Bank of Myanmar.	Interest expense is generally deductible. However, it is limited to the amount of interest income plus 50% of the net profits (excuding interest income and expense). Also, the interest rates for loans from third parties and related parties are restricted to 120% and 100% of the market interest rates respectively.	Earning Stripping Rules ("ESR") is introduced with effect from 1 January 2019 to replace Thin Capitalisation Rules that was initially planned to be implemented on 31 December 2017. ESR is subsequently postponed to 1 July 2019. Under ESR, the interest deduction on loans between related companies within the same group will be limited to 20% of the total amount of the Tax-EBITDA ("Earning Before Interest, tax, Depreciation, and Amortisation"). ESR is not	Yes, it can be expended of the company in computation of net profit if it is expense for generating the profit and related to the business of the company in Thailand. There is no thin capitalisation rule applied in Thailand.	No

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
				applicable where the total amount of any interest expense for all financial assistance from all business sources is equal to or less than MYR500,000 in the basis period for a year of assessment		
(b) Debt : Equity Ratios Are there restrictions on the level of non-equity capital financing of the holding company in the form of prescribed Debt: Equity ratios?	No	No	No	No	No	N/A
Debt : Equity ratio:	N/A	N/A	N/A	N/A	N/A	
13 Controlled Foreign Corporation ("CFC") &"anti-abuse" regulations (a) CFC Regulations Are CFC regulations applied? Are the regulations applied only to a prescribed "black list" of jurisdictions or with reference to the effective rate of	No	No	No	No	No	(a) On July 12, 2016, the amendments were passed by the Legislative Yuan, but the effective date

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tax imposed in the overseas jurisdiction?						has not yet been determined.
(b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary	General anti-avoidance rules and arm's length requirement for related party transactions	No	No	General anti-avoidance rules and arm's length requirement for related party transactions	Arm's length requirement for related party transactions	(b) About the General Anti-Avoidance Rules in Taiwan The Taiwan government amended Article 43-3 & 4 of the Income Tax Act at July 12, 2016 that, If a domestic profit-seeking enterprise and its affiliates hold more than 50% of the shares or capital of a CFC (Controlled Foreign Company) which is set up in low tax country (area), or have significant influence on the CFC, the shareholders of the domestic profit-seeking enterprises are required to

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						report CFC profits based on their shareholding percentage & holding period in the CFC as investment income tax in their annual business income tax return. Tax loss can be deducted from its profit within 10 years. A profit-seeking enterprise established under the laws of a foreign country, but having PEM (place of effective management) within the territory of Taiwan, is considered as domestic enterprise.

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
14 Binding Advance Tax Rulings (pre-transaction) Are Advance Tax Rulings available pre-transaction?	Yes	There are no specific provisions relating to advance tax rulings.	There are no specific provisions relating to advance tax rulings.	Yes, the company may apply for Advance Tax Rulings to the Inland Revenue Board of Malaysia.	Yes	Yes
Are these rulings granted only in respect of specific situations?	Yes			Yes	Yes	Yes
15 Other taxes (a) Capital Duty	(a) 0%	(a) 0%	(a) 0%	(a) MYR1,000 – MYR70,000[3]	(a) No	(a) N/A
(b) Transfer Tax on shares	(b) 0.2%	(b) 0.1%	(b) 0.1%	(b) MYR1 or MYR3 for every MYR1,000 or fraction part of MYR1,000[4]	(b) Stamp duty at 0.1% of sale value or paid up capital whichever is the greater	(b) 0.003

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(c) Annual Net Worth / Patrimonial Tax (d) Trade Tax	(c) 0% (d) 7% [3]	(c) 0% (d) 5%[1]	(c) 0% (d) 10%[3]	(c) N/A (d) 5% or 10% or 6%[5]	(c) No (d) No VAT for transfer of shares	(c) Extra 5% tax on undistributed surplus earnings (d) 5% VAT
16 Double Tax Treaty Network (a) Number of treaties in operation (b) Is the holding company type excluded from any of the treaties? (c) Do any of the treaties include "anti-treaty shopping" provisions and/or detailed "beneficial ownership" tests?	(a) 85 (Comprehensive), 8 (Limited) & 6 (Signed, not ratified) (b) Generally no (c) Yes	(a) 6 (Comprehensive),& 3 (Signed, not ratified) (a) No (b) No	(a) 6 (Comprehensive)& 3 (Signed, not ratified) (b) No (c) No	(a) 72 signed Double Taxation Agreement, 2 limited agreements, 1 Income Tax Exemption Order. (b) Generally No (c) There are no specific anti-treaty shopping provisions. However, the general anti-	(a) 61 countries (b) Generally no (c) Yes (some countries e.g. USA –Thailand Tax Treaty)	(a) 32 Comprehensive & 13 Limited till end of 2019 (b) No (c) No

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
				avoidance provisions can be used.		
17 Exchange Controls Are Exchange Controls restrictions applied in respect of the holding company type?	No	Citizens, foreigners and companies in Myanmar must obtain permission from the Foreign Exchange Management Department in all of their practical dealings with foreign exchange in connection with borrowing foreign exchange from abroad and repaying the principal and interest thereof, making any payment to persons abroad, opening accounts in foreign banks abroad and the remittance of profits.	Payments for commercial transactions may be made freely between residents and non-residents, provided they are made through an authorized bank. Funds transfer exceeding USD 10,000 must be declared to the National Nank of Cambodia before the transfer.	Generally no – a resident is freely permitted to make payments to a non-resident for the settlement of domestic and international trade in goods and services.	Exchange control is applied in general pursuant to the Exchange Control Act	No

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18 Base Erosion Profit Shifting What kinds of tests have been introduced as a result of BEPS?	Introduction of : (a)Contemporaneous transfer pricing documentation requirements for related party transactions exceeding specified thresholds; (b) Prescribed reporting requirements for such transactions which exceed the threshold; and (c) Country by Country Reporting (CbCR) for certain Singapore-based multinationals meeting certain conditions. (d) Introduction of a hybrid limitation of benefit and	There are no specific provisions relating to BEPS.	There are no specific provisions relating to BEPS.	(a) Income Tax (Transfer Pricing) Rules 2012, Section 140A and Section 140C of the Income Tax Act 1967 are applicable on controlled transactions. (b) Income Tax (Country-by-Country Reporting) Rules 2016 came into operation on 1 January 2017. The Rules apply to a multinational corporation group which meet with certain conditions.	According to the new tax law which is effective for the accounting period commencement on or after January 1, 2019 onwards, the related party transactions exceeding specified threshold require the followings documentation (i) Country by Country report (CbCR), (ii) Master file and (iii) Local file.	1.Transfer Pricing 2. Country by Country report 3. Master File

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	principal purpose article in tax treaties (first introduced in the tax treaty concluded with Brazil).					

Country (notes code)	Australia (AUS)	Indonesia (ID)	Hong Kong (HK)	Japan (JN)	China (CN)	Sri Lanka (SL)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under a "participation exemption" or	Foreign-sourced dividend income received in Australia is not taxable under certain circumstances[1]	(a) Local-sourced Dividend income received in Indonesia is taxable under the following circumstance: - Individual : 10% final tax from gross amount - Corporate : 1. Ownership of less than 25%, subject to corporate tax; 2. Ownership of at least 25% is not subject to tax;	Exempt from Tax	95% of foreign-sourced dividend income, which is not a deductible dividend at the paying corporation, shall be excluded from taxable income in Japan	Foreign or domestic-sourced dividend income received in China is included as company revenue and is subject to EIT at 25%. Foreign paid tax credit is allowed.	The Dividend paid by a resident company to a resident person shall be a final withholding payment. A resident person shall withhold tax at 14% when a dividend is paid.
(b) taxable with credit for foreign tax credits		(b) Foreign-sourced Dividend income received in Indonesia is taxable. If the dividend suffers foreign witholding tax, then foreign tax tax credits are available.			Foreign tax credit eligible for is up to 5 tiers of holding: 1) Tier 1: a domestic enterprise directly holds at least 20% of a foreign enterprise; or	

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
					2) Tier 2 to Tier 5: the tier 2 to 5 foreign enterprise directly holds at least 20% of next tier subsidiary, and the domestic enterprise indericly holds at least 20% of the foreign subsidiary.	
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	10%	N/A	No such Regulation	At least 25%, but can be reduced to lower % with a tax treaty.	20% if applying for foreign tax credit.	N/A
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a “participation	A gain derived from the disposal of shares in a foreign company is reduced where that foreign company has underlying active business assets. To qualify for the reduction the	Capital gains are generally assessable together with ordinary income and subject to tax at the standard corporate tax rate. Where foreign taxes are suffered, foreign tax credits are available.	Exempt from Tax	Capital gains derived from disposal of any type of shares are taxable regardless of participation %, but a foreign tax on the capital gains shall be allowed as a credit	Capital gains in China are treated as company revenue subject to EIT of 25%. If holding at least 20% of a foreign company, foreign tax credit may	Capital gains are taxable at 10% for resident persons capital gains are taxable on realization of assets held worldwide. For non-resident persons capital gains are taxable on

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
exemption" or (b) taxable with credit for foreign tax credits	Australian company must have held a voting interest of 10% or more in the foreign company for a continuous period of 12 months or more. The gain is reduced by the % of active business assets to the total assets held by the foreign company.[2]	Proceeds from disposal of shares listed on the Indonesian stock exchange are not subject to normal corporate income tax but subject to a final witholding tax of 0.1% from the gross sales proceeds. An additional tax of 0.5% applied to the share value of founder shares at the time an initial public offering takes place.		against Japanese corporation taxes, to the extent of those appropriate to the gains.	apply. Foreign tax credit eligible for up to 3 tiers of holding.	realization of assets held in Sri Lanka. Gains derived from a disposal of shares listed in a recognized stock exchange are exempt from capital gains tax. However private company shares are liable to capital gains tax.
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	Refer to item 3 above	N/A	No such Requirement	N/A	N/A	N/A
5 Minimum "ownership" period requirements What are the minimum "ownership" period Requirements in respect of: (a) Dividend income	(a) Nil	N/A	While there is no minimum ownership period requirement,	(a) At least 6 months prior to the date of determination	(a) While there is no minimum ownership period	(a) N/A

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			dividends are paid one time per year after annual tax filing is completed and statutory reserve requirements are met.	on entitlement to the divided	requirement, dividends are paid one time per year after annual tax filing is completed and statutory reserve requirements are met.	
(b) Capital gains derived from the participating holding?	(b) 12 months			(b) N/A	(b) N/A	(b) A domestic residence owned for less than 3 years and lived for less than at least 2 years is subjected to capital gains tax if the asset is realized before 3 years.
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company or can the subsidiary be, itself, a passive holding company?	No[3]	N/A	No such Requirement	No	Can be a holding company	N/A

Country (notes code)	Australia (AUS)	Indonesia (ID)	Hong Kong (HK)	Japan (JN)	China (CN)	Sri Lanka (SL)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
7 "Subject to tax" Test on underlying participation Is the subsidiary required to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test	No	Subsidiary and Holding Company are different legal entity and have their respective tax obligation based on country in which it is situated.	No such Requirement	No	No	N/A
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	27.5%[4]	25%	8.25% for first HK$ 2 million. Profits above that at 16.5% (Restricted to only one enterprise nominated among connected entities)	30.63% (Theoretical effective tax rate for a large corporation)	25%	14% - export of goods and services Agriculture Education Tourism Information technology 40% - Liquor 28% - All other businesses

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
9 Withholding Tax - Dividend (Outgoing) (a) Non-Treaty rate on Dividends (b) Treaty – range of withholding taxes	(a) 30% (b) 0% to 15%	(a) 20% (b) 5% - 20%	(a) 0% (b) 0%	(a) 20.42% (b) 0% - 20%	a) 20% levied at the reduced rate of 10% b) 5% – 15%	(a) 14% (b) Depends on the Applicable Treaty
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network.	0% -15%	5% - 20%	0% - 15%	0% - 20%	See item 1 above	14% (Subject to Treaty)
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	Yes, but only to the extent the distribution represents after tax unfranked profits.	No	None	Yes, to the extent of deemed dividend portion	For holding companies registered in China and undergoing liquidation, amount equivalent to registered capital is not subject to withholding tax and the balance shall be taxed as dividend or capital gain.	Yes

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Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios						
(a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income: capital gains or other income of the holding company?	Interest expense is deductible against dividend income and other foreign income or gains provided the company meets the thin capitalisation threshhold tests, which are subject to a de minimus exclusion[5].	Interest expense is generally deductible against income.	Interest expense used to finance capital investment is not deductible. Income from capital investment is not taxable	Yes	Interest may be deductible if debt: equity is not exceeded and interest rates are proven to have been determined at arm's length.	Deduction is allowed only from Business or investment Income.
(b) Debt : Equity Ratios Are there restrictions on the level of non-equity capital financing of theholding company in the form of prescribed Debt: Equity ratios?	Yes[6]	Yes	No restriction	Yes (Thin Capitalization Rule and Earnings Stripping Rule[1])	Yes 1) Prescribed Debt: Equity ratios shall not exceed: a) Financial enterprise: 5:1; b) Any other enterprise, 2:1.	There are no Debt Equity ratios for Thin Capitalisation rule.
Debt : Equity ratio:		For the purpose of calculating the Income tax is determined the	N/A	3 to 1 debt-to-equity ratio for the	If the Debt: Equity ratios exceeds but thin capitalization	Allowable finance cost[1] will be computed on financial

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		amount of debt to equity ratio is 4: 1		Thin Capitalization Rule, but N/A for the Earnings Stripping Rule[2]	special item file prepared to prove arm-length principle applied.	costs attributable to financial instruments.
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations (a) CFC Regulations Are CFC regulations applied? Are the regulations applied only to a prescribed "black list" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction?	(a) Yes	(a) Yes The regulations are applied to all jurisdiction	No such regulation	(a) Yes, CFC regulations shall be applied with reference to the effective tax rate imposed in the foreign jurisdiction.	(a) Yes, applicable where tax rate in the foreign jurisdiction is 0% - 50% of China's tax rate. CFC established in the US, Britain, France, Germany, Japan, Italy, Canada, Australia, India, South Africa, New Zealand or Norway is not applied to above CFC regulations.	

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(b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary	(b) No General anti-avoidance rules and arm's length requirement for related party transactions	(b) General anti-avoidance rules and arm's length requirements for related party transactions.		(b) General anti-avoidance rules and arm's length requirement for related party transactions	(b) China has extensive GAAR regulations and TP rules.	
14 Binding Advance Tax Rulings (pre-transaction) Are Advance Tax Rulings available pre-transaction? Are these rulings granted only in respect of specific situations?	Yes Yes	Yes Yes	Yes Yes	Yes An advance Tax ruling is granted only in respect of a transfer price in a related party transaction	In general, China tax bureaus offer no binding advance tax rulings, although Advanced Pricing Arrangements are gaining acceptance.	There is no specific provisions relating to advance tax rulings
15 Other taxes (a) Capital Duty (b) Transfer Tax on shares	(a) 0% (b) 0% - 0.6%	(a) No (b) 5%	(a) None (b) 0.1%	(a) None (b) None	(a) N/A (b) N/A[1]	N/A

Country (notes code)	Australia (AUS)	Indonesia (ID)	Hong Kong (HK)	Japan (JN)	China (CN)	Sri Lanka (SL)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
(c) Annual Net Worth / Patrimonial Tax (d) Trade Tax	(c) 0% (d) 10% GST[7]	(c) No (d) No	(c) None (d) None	(c) None (d) None	(c) N/A (d) N/A	
16 Double Tax Treaty Network (a) Number of treaties in operation	(a) 46 (Comprehensive), 9 (Limited) & 36 Taxation Information Exchange Agreements.	(a) 67 (comprehensive)	(a) 40 (comprehensive)	(a) 63(Comprehensive) for 73 nations/areas , 11 (Exchange of Information Only) for 11 nations/areas (as of 1/1/20)	(a) 110	(a) 44
(b) Is the holding company type excluded from any of the treaties?	(b) Generally no	(b) Generally no	(b) Generally no	(b) No	(b) Generally No	(b) No
(c) Do any of the treaties include "anti-treaty shopping" provisions and/or detailed "beneficial ownership" tests?	(c) Yes	(c) Yes	(c) Yes	(c) Yes	(c) Yes	(c) Most of the treaties do not have anti –treaty shopping provisions. However Sri Lanka and India treaty has anti – shopping treaty provisions.

Country (notes code)	Australia (AUS)	Indonesia (ID)	Hong Kong (HK)	Japan (JN)	China (CN)	Sri Lanka (SL)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
17 Exchange Controls Are Exchange Controls restrictions applied in respect of the holding company type?	No	The Indonesian exchange control regulations mentioned in Finance Minister Regulation No. 39/PMK.03/2017 regarding Information exchange procedures based on international agreements.	No	No	No	Citizens and companies must obtain permission from the central bank of Sri Lanka with regard to exchange control transactions. The central bank has issued guidance and rulings to licensed commercial banks with regard to dealings with Foreign Exchange transactions.

Country (notes code)	Australia (AUS)	Indonesia (ID)	Hong Kong (HK)	Japan (JN)	China (CN)	Sri Lanka (SL)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
18 Base Erosion Profit Shifting What kinds of tests have been introduced as a result of BEPS?	Introduction of contemporaneous transfer pricing documentation requirements for related party transactions exceeding specific thresholds[8].	OECD BEPS Action 13 has been implemented starting on fiscal year 2016. Local file, Master file and country by country reporting guidlines for trasnsfer pricing have been prescribed.	Mandatory transfer pricing documentation has been introduced based on the three-tiered documentation structure recommended by the OECD, which consists of the local file, the master file and the Country-by-Country report. In addition, the arm's length principle and separate enterprises principle for attribution of profits to a permanent establishment recommended by the OECD have also been codified into local tax laws.	No such Test	China has extensive TP documentation and related party transaction requirements, GAAR regulations and other regulations related to tax adjustment policy. Updated TP regulations call for Country-by-Country reporting. Contemporaneous TP documentation now includes a Master File and a Local file as per BEPS recommendations.	There are no specific provisions relating to BEPS.

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
1 Treatment of Dividend Income How is Dividend Income treated for tax purposes – in particular, is the dividend income either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Foreign-sourced dividend income received in Koea is taxable (no particiapation exemption) but foreign tax credits are available subject to limitations[1].	Dividend income arising from foreign investments is taxed in accordance with DTAs, otherwise, it is taxable with credit for foreign tax credits	Participation exemption system is not prevalent in India. Dividend income earned by Indian company from foreign subsidiary (in which Indian Company holds at least 26% of shares) shall be taxable at the rate of 15%*. In other case, it is taxable at a corporate tax rate* (i.e.22%**/ 25%/30%) However, foreign tax credit (FTC) shall be available against such foreign dividend income, subject to relevant tax treaty and domestic FTC rules. **Plus applicable surcharge and cess* ***Rate under Concessional Tax Regime (discussed in point 8 separately)*	Foreign-sourced dividend[1] income received in New Zealand is not taxable under certain circumstances	Foreign-sourced dividend income received in the Philippines is taxable at 30%. Withholding tax at source could be claimed as tax credit against PH income tax.	Foreign-sourced dividend income received in Nepal is taxable and can claim foreign tax credit for any tax paid in foreign country. Dividend income received by a person from the shares held on companies or a partnership firm is taxable as a final withholding basis.

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
2 Minimum Participation for Dividend income Minimum participation holding level (%) required to be satisfied	N/A[2]	N/A	In order to claim the beneficial tax rate of 15% (plus applicable surcharge and cess) on foreign dividend income, 26% share holding in foreign company is required.	10%	N/A	N/A
3 Treatment of Capital Gains Income How is Capital Gains Income treated for tax purposes – in particular, is the capital gain either (a) exempt from tax under a "participation exemption" or (b) taxable with credit for foreign tax credits	Capital gains on the disposal of shares of a subsidiary are taxable at the relevant corporate tax rate. Capital gains on the shares of a Korean company derived by a non-resident seller without a Korean PE are subject to tax of the lower of 11% of share proceeds or 22% of realized gains.	Capital gains from disposal of shares or invested capital is taxable at the rate of 20%.	There is no participation exemption system in India. Capital gains derived from disposal of shares of foreign company are taxable in India as long term or short-term gains depending upon period of holding of foreign company shares. Further, foreign tax credit would be	Generally capital gains on the disposal of shares are exempt from income tax. Some exceptions do apply, such as land rich companies (residential land) where shares are sold within a defined period.	Gains derived from disposal of shares of stock of domestic corporations which are not listed in the PH stock exchange are subject to capital gains tax of 15% on the net amount of capital gains of individual Filipino citizens, resident aliens, non-resident, alien individuals engaged in	Capital gains derived from disposal of shares is taxable in Nepal [1].

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
			available on such capital gain income subject to relevant tax treaty and domestic FTC rules.		Philippine trade or business and domestic corporation; 5% for the first P100,000 and 10% on the excess of the amount of net capital gain for non-resident alien individuals not engaged in Philippine trade or business, resident foreign corporation and non resident foreign corporation. For listed shares, tax is 6/10 of 1% of gross selling price. Gains derived from disposal of shares in foreign corporations are subject to tax at 30%. Withholding tax at source could be claimed as tax credit against PH income tax	

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
4 Minimum Participation for Capital Gains Minimum participation holding level (%) required to be satisfied	N/A	N/A	N/A	10%	N/A	N/A
5 Minimum "ownership" period requirements What are the minimum "ownership" period Requirements in respect of: (a) Dividend income	N/A	N/A	N/A	N/A	N/A	N/A
(b) Capital gains derived from the participating holding?			Capital Gains – Given that there is no participation exemption, under Indian tax law, there is no minimum ownership criteria. However, period of holding would be important for nature of Capital gain. The Capital gain on sale of foreign company share would be			No such provision of minimum ownership period except Land and building

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
			considered as Short Term, if period of holding is less than 2 years and it would Long Term Capital Gains, if period of holding is More than 2 years. Rate of Capital gain tax would differ for short term (22**/25%*/30%*) and long-term capital gain (10%*/20%*).			
6 "Active Business" Test on underlying participation Does the underlying subsidiary require to be an active operating company or can the subsidiary be, itself, a passive holding company?	No	N/A	"Place of Effective Management (POEM)" of a foreign company is considered to be in India, if key manegerial and commercial decisions are taken in India. Such company would be considered as tax resident of India and global income of such	N/A	It can be a passive holding company.	N/A

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
			company would be taxable in India. POEM regulations provide tests for considering foreign subsidiary business either into active business or passive business for determing POEM.			
7 "Subject to tax" Test on underlying participation Does the subsidiary require to be subject to taxation in its jurisdiction of registration? If so, what is the minimum acceptable level of taxation (% rate) in the jurisdiction of the holding company for the purposes of this test?	No	No N/A	The subsidiary is treated as a separate legal entity distinct from the Holding Company and accordingly subjected to local laws of the country in which it is situated.	No	No	The subsidiary is treated as a separate legal entity distinct from the Holding Company & accordingly subjected to local laws of the country in which it is situated.
8 Corporate Rate of Taxation Corporate tax rate in jurisdiction	24.2%[3]	20%	Indian Company – 25%* in case turnover / gross	28%	30%	[Banks, financial institution & general business - 30%)

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
			receipts up to INR 4 Billion in FY 2017-18 and in other cases, 30%* A concessional rate of tax of 22%* is available with effect from FY 2019-20 onwards for domestic companies not availing specified tax incentives / deductions on satisfaction certain prescribe conditions Foreign Company – 40%* **Plus surcharge & cess, if applicable*			Cooperatives - 20% Others– 25%
9 Withholding Tax - Dividend (Outgoing)						
(a) Non-Treaty rate on Dividends	22%	N/A	20% (Plus applicable surcharge and cess) *	30%	15% - 30%[2]	5%
(b) Treaty – range of withholding taxes	0% - 27.5%[4]	N/A	5% - 25%	0% - 15%	5% to 25% final withholding tax	5% - 15%

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
10 Withholding Tax - Dividends (Incoming) General range of withholding taxes on dividends in the foreign source jurisdiction in terms of treaty network.	0% - 24.2%	0% -15%	5% -25%	0% - 15%	5% -25%	0% - 25%
11 Withholding Tax - Liquidation of Holding Co. Is a withholding tax imposed on the final distribution of assets of the holding company in liquidation?	Yes[5]	No	Distribution of assets on liquidation to the extent of accumulated profits shall be treated as dividend and subject to withholding at the rate of 20% (plus surcharge and cess).	Yes, when capital gains are paid to a non-resident corporate shareholder, and/or to the extent the distribution is unimputed. Shareholders owning less than 10% holdings also pay withholding tax on dividends.	0% - 30%[3]	No[2]

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
12 Interest Deductions & Thin Capitalisation Rules - Debt: Equity Ratios						
(a) Interest Deductions Are Interest Expenses incurred on loans (received to finance the acquisition of the foreign participation) deductible against dividend income: capital gains or other income of the holding company?	Interest expenses are generally deductible against dividend income, as well as against any gains or other income of the holding company.	No	Yes	Interest expenses are deductible against taxable dividend income and other taxable foreign income or gains, provided the company meets the thin capitalisation threshhold tests and the rate is calculated with reference to transfer pricing principles.	Such interest expenses are not generally deductible against dividend income because such dividend is passive income and the interest expense is not incurred in the carrying of business. If the interest is capitalized as part of the cost of acquisiotion of the foreign investment, then it would be deductible in determining the capital gain subject to the 30% normal corporate tax rate. Moreover, interest incurred on loans from related parties may not be	Yes

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
					deductible under certain conditions.	
(b) Debt: Equity Ratios Are there restrictions on the level of non-equity capital financing of the holding company in the form of prescribed Debt: Equity ratios?	Yes[6]	The restriction is mentioned in the draft amended law but it is still in controversial.	No[1] But India has interest limiting deduction. Interest paid in excess of 30% EBITDA for borrowings from foreign associated enterprises is not tax-deductible expense. Carry forward provisions available.	Yes[2]	See note 4	N/A
Debt: Equity ratio:	200% (600% for financial institutions)	(as provided in the amended tax law) From 2016: 4:1 From 2019: 3:1		60%	N/A	

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
13 Controlled Foreign Corporation ("CFC") & "anti-abuse" regulations						
(a) CFC Regulations Are CFC regulations applied?	Yes[7]	No	No	Yes	No	Yes
Are the regulations applied only to a prescribed "black list" of jurisdictions or with reference to the effective rate of tax imposed in the overseas jurisdiction?	With reference to the effective tax rate of the overseas jurisdiction		(However, some echo of the CFC rules is found in POEM Rules)	No		No
(b) Other "anti-abuse" regulations Are "anti-abuse" provisions applied in regard to the EU Parent-Subsidiary	General anti-avoidance rules and arm's length requirement for related party transactions	General anti-avoidance rules and arm's length requirement for related party transactions	General Anti-Avoidance Rules (GAAR) and arm's length test (for related parties) are applicable, as anti-abuse rule.	General anti-avoidance rules and arm's length requirement for related party transactions	General anti-avoidance rules and arm's length requirement for related party transactions	General and Specific Anti-Avoidance Rules is applicable in Nepal. Arm's length requirement for related party transactions

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
14 Binding Advance Tax Rulings (pre-transaction)						
Are Advance Tax Rulings available pre-transaction?	Yes	Yes	Yes	Yes	Yes on transfer pricing arrange-ment; otherwise, requests for ruling based on hypothetical cases are not entertained	Yes
Are these rulings granted only in espect of specific situations?	Yes	Yes	Yes	Yes	Yes	Yes

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
15 Other taxes						
(a) Capital Duty	(a) 0.48%	(a) N/A	(a) N/A	(a) 0%	(a) 1% based on the original issue of shares of stock of the domestic corporation for every Php200 or fractional part thereof of the par value of such shares and for no par value, based on actual consideration at the rate of Php200 of fractional of part thereof	(a) N/A
(b) Transfer Tax on shares	(b) Refer to item 3 above	(b) 20% on net gain	(b) Stamp duty of 0.25% is payable on transfer of Indian Company share on transfer of Indian Company shares. However, the said rate differs from the state in which the company is incorporated	(b) 0%	(b) 0.75% for every subsequent sale or transfer of shares of stocks of domestic corporation for every Php200 or fractional part thereof based on the par value and for no par value,	(b) Treated as disposal of share/assets

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
					based on the actual consideration receipt at the rate of 50% of the amount paid upon the original issue of such no par value shares.	
(c) Annual Net Worth / Patrimonial Tax	(c) 0%	(c) N/A	(c) N/A	(c) 0%	(c) Same rates as (a) and (b) in case of original issue or subsequent sale or transfer of shares of stock issued in any foreign country when issued sold or transferred in the Philippines.	(c) N/A
(d) Trade Tax	(d) 10%[8]	(d) Generally 10%	(d) Note 2 & 3	(d) 15%[3]	(d) 0% (e) 12%[1]	(d) 13%[3]

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
16 Double Tax Treaty Network						
(a) Number of treaties in operation	(a) 93	(a) 68	(a) 94 comprehensive tax treaties	(a) 57	(a) 41	(a) 10 Countries
(b) Is the holding company type excluded from any of the treaties?	(b) Generally no	(b) No	(b) Generally no, but MLI provisions are effective from 1st April 2020, which will have impact to claim treaty benefit for holding company	(b) Generally No	(b) No	(b) Generally, No
(c) Do any of the treaties include "anti-treaty shopping" provisions and/or detailed "beneficial ownership" tests?	(c) Yes	(c) Yes	(c) Yes	(c) Yes	(c) No	(c) Yes

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
17 Exchange Controls						
Are Exchange Controls restrictions applied in respect of the holding company type?	No	N/A	Yes. Foreign Exchange controls govern all the cross border transactions including investments into India and investments from India.	No	Outward investments by PH holding company up to US$60 million per year does not require prior approval by Bangko Sentral ng Pilipinas (BSP) If it exceeds limit require BSP approval	Foreign exchange control is regulated by Foreign Investment and Technology Transfer Act 1992 and Foreign Exchange (Regulation) Act 1962. It governs the cross-border transactions involving movement of foreign exchange into and out of Nepal.

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
18 Base Erosion Profit Shifting						
What kinds of tests have been introduced as a result of BEPS?	Introduction of contemporaneous transfer pricing documentation requirements for related party transactions exceeding specific thresholds	Annual transfer pricing documentation for related party transactions is required.	Concept of Significant Economic Presence (SEP) has been introduced in domestic law from FY 2018-19 onwards. Definition of Agency PE expanded in line with BEPS recommendation from FY 2018-19. Further, in line with Action Plan 1, equalisation levy was introduced in domestic law in 2016. The scope of equalisation levy was expanded in 2020 (Refer Note 3) Action Plan 4 regarding Limitation on Interest deduction is being implemented.	Introduction of contemporaneous transfer pricing documentation requirements for related party transactions exceeding specific thresholds.	Introduction of transfer pricing documentation requirements for related party transactions.	There is no specific introduction of contemporaneous transfer pricing documentation requirements for related party transactions, however government can investigate any time since it is required to disclose related party transaction of any amount in financial statement.

Country (notes code)	Korea (KOR)	Vietnam (VN)	India (IN)	New Zealand (NZ)	Philippines (PH)	Nepal (NP)
Relevant criteria / Date last update	2020	2020	2020	2020	2020	2020
			Action Plan 13 has been implemented. Country-by- Country Reporting, Master File guidelines for Transfer Pricing have been prescribed. Action Plan 15 India has deposited its intrsument of ratification for the Multilateral Instrument – which brings about measures to implement various BEPS Action Plan Many of India's tax treaties stand amended w.e.f. 01.04.2020 owing to MLI coming into force.			

	NOTES TO ASIA PACIFIC HOLDING COMPANY ANALYSIS
SG	**SINGAPORE (SG)**
SG1	Foreign-sourced dividend income earned and received in Singapore by a Singapore tax resident company which satisfy following conditions are tax exempt in Singapore: i. In the year the dividends are received in Singapore, the headline (highest) corporate tax rate of the foreign jurisdiction from which the dividend is received is at least 15%; and ii. The dividends received in Singapore must have been subjected to tax in the foreign jurisdiction from which the dividend is received (i.e. either withholding tax and/or underlying tax is paid or payable); and iii. The Singapore tax authorities are satisfied that the tax exemption would be beneficial to the person resident in Singapore
SG2	**Partial tax exemption scheme** Effective from Year of Assessment 2008 to 2019, a partial tax exemption is given to companies on normal chargeable income* (excluding Singapore franked dividends) of up to S$300,000 as follows: Exempt amount First S$ 10,000 @ 75% = S$ 7,500 Next S$290,000 @ 50% = S$145,000 Total S$300,000 S$152,500 ** Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.* From the Year of Assessment 2020, the partial tax exemption is given on normal chargeable income of up to S$200,000 as follows: Exempt amount First S$ 10,000 @ 75% = S$ 7,500 Next S$190,000 @ 50% = S$95,000 Total S$200,000 S$102,500 **Tax exemption scheme for new companies** The above scheme is applicable for each of the first 3 consecutive Years of Assessment for qualifying companies.

	Where any of the first three Years of Assessment falls in Years of Assessment 2010 to 2019, the tax exemption is as follows: Exempt amount First S$ 100,000 @ 100% = S$ 100,000 Next S$200,000 @ 50% = S$ 100,000 Total S$300,000 S$ 200,000 Where any of the first three Years of Assessment falls in or after Year of Assessment 2020, the tax exemption is as follows: Exempt amount First S$ 100,000 @ 75% = S$ 75,000 Next S$100,000 @ 50% = S$ 50,000 Total S$200,000 S$ 125,000 This tax exemption scheme is available for a start-up company incorporated and tax resident in Singapore which has its total share capital beneficially held directly by no more than 20 shareholders: (a) where all the shareholders are individuals throughout the basis period; or (b) at least one shareholder is an individual holding at least 10% of the total number of issued ordinary shares. The full tax exemption is available for the first 3 consecutive Years of Assessment. This tax exemption scheme is not applicable to the following companies set up from 26 February 2013: (i) Investment holding companies that derive only passive incomes such as dividend and interest income; and (ii) Companies whose principal activity is that of developing properties for sale, investment or both. **Corporate Tax Rebate** Companies are granted a 40% Corporate Tax Rebate (capped at S$15,000) for Year of Assessment 2018 and 20% Corporate Tax Rebate (capped at S$10,000) for Year of Assessment 2019 (for income derived in the financial years ended in 2017 and 2018 respectively).
SG3	Singapore has a Goods and Service Tax (GST) which is a broad based consumption tax and is currently charged at 7%.

SG4	Typically, foreign-owned investment-holding companies (defined as companies where 50% or more of its shares are held by foreign companies/shareholders) with purely passive sources of income and receiving only foreign-sourced income are not eligible for a Certificate of Residence (COR) in the eyes of the Singapore tax authorities. As a practice,however, the Singapore tax authorities may grant a COR if the company is able to satisfy them that: 1. The control and management of the company is in Singapore; and 2. The company has valid reasons for setting up an office in Singapore. To satisfy these conditions, the company would need to demonstrate that decisions on strategic matters are made in Singapore for example by demonstrating that their board of directors' meetings are held in Singapore. Apart from this, the company must also: a. Have related companies in Singapore that are tax residents or that have business activities in Singapore; or b. Receive support or administrative services from a related company in Singapore; or c. Have at least 1 director based in Singapore who holds an executive position and is not a nominee director; or d. Have at least one key employee (e.g. CEO, CFO, COO) based in Singapore.
MM	**MYANMAR (MM)**
MM1	Myanmar has a Commercial Tax (CT) which is a turnover tax on goods and services produced or rendered in Myanmar. CT ranges from 0% to 120%. However, the general rate is 5%. Myanmar also levies taxes in the form of Excise duty on alcoholic drinks and Special Commodities tax on special goods such as cigarettes, tobacco leaves, beer, wine, gem stones, certain cars, fuel etc.
KH	**CAMBODIA (KH)**
KH1	If a Company distributes dividends from retained earnings that have not been subject to tax in Cambodia, the distributing dividends company is subject to the additional profit tax on dividend distributions at a 20% rate.
KH2	The tax rate on profits ranges from 0% to 30%, based on the business activity. The standard rate is 20%. Enterprises operating in certain industries, such as oil and natural gas production or exploitation of natural resources including timber, ore, gold and precious stones, are taxable at a 30% rate.
KH3	Cambodia has turnover tax in the form of VAT which is levied on taxable supplies which includes a wide range of goods and services supplied in Cambodia and on the importation of goods.

	Cambodia also levies Specific tax on certain merchandise and services at the rates ranging from 3% to 45%. This is a form of excise tax levied on certain locally manufactured goods and services as well as certain imports for eg. air tickets, telephone services, entertainment services, beer, automobiles etc.
MY	**MALAYSIA (MY)**
MY1	The rates of RPGT is as follows:

Date of disposal	Rate (w.e.f. 1 January 2014	Rate (w.e.f. 1 January 2019)
Disposal within 2 years after the date of acquisition	30%	30%
Disposal in the 3rd year after date of acquisition	30%	30%
Disposal in the 4th year after date of acquisition	20%	20%
Disposal in the 5th year after date of acquisition	15%	15%
Disposal in the 6th year after date of acquisition or thereafter	5%	10%

MY2 Preferential Small and Medium Enterprise (SME) tax rate for resident companies incorporated in Malaysia with ordinary paid-up share capital of MYR2.5 million or less at the beginning of the basis period is as follows:

Chargeable income	Year of Assessment			
	2009 to 2015	2016	2017 and 2018	2019 and onwards
First MYR500,000 First MYR600,000*	20%	19%	18%	17%*
On subsequent chargeable income	25%	24%	24%	24%

	*Effective YA 2020, the first chargeable income which is subject to the concessionary income tax rate of 17% be increased from MYR500,000 to MYR600,000; and the concessionary tax rate be given only to a company having gross business income from one or more sources for the relevant year of assessment of not more than MYR50 million, in addition to the ordinary share capital requirement. Preferential tax rates not applicable if more than: (a) 50% of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company; (b) 50% of the paid-up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company; or (c) 50% of the paid-up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company. 'Related company' is defined as a company which has a paid up capital exceeding MYR2.5 million in respect of ordinary shares at the beginning of the basis period for a year of assessment. The reduction in the income tax rate based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment be given to the entities if fulfil the criteria. The reduction of the income tax rate for YA 2017 and YA 2018 is as follows:
MY3	Fees to be paid to the Registrar by a company having a share capital which based on its nominal share capital.
MY4	Stamp duty on transfer of shares will be computed based on price or value thereof on the date of transfer whichever is the greater. Stamp duty on sales of any stock, shares or marketable securities is MYR3 for every MYR1,000 or fraction part of MYR1,000. If the instrument is using contract note (through stock broker), the stamp duty relating to the sale of shares, stock or marketable securities is MYR1 for every MYR1,000 or fractional of MYR1,000.
MY5	Goods and Services Tax ("GST"), a broad based consumption tax, has been abolished effective 1 September 2018 abd replaced by Sales and Services Tax.

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point reduction on income tax rate	Reduced income tax rate on increase in chargeable income (%)
Less than 5%	NIL	24
5% – 9.99%	1	23
10% – 14.99%	2	22
15% – 19.99%	3	21
20% and above	4	20

	Sales Tax – single stage tax imposed on all goods manufactured in or imported into Malaysia unless specifically exempted. Rates are ad valorem from 5% - 10%. Service Tax – consumption tax levied and charged on any taxable services provided by any taxable person or imported services. Rate is 6% of the price, charge or premium of the taxable service.
TH	**THAILAND (TH)**
TH1 **TH2**	Dividend received form local-source shall be exempted from income tax if the company receiving dividend holds shares at least 25 percent of total shares with voting right in the company paying dividend, provided that the company paying dividend does not hold any share in the company receiving dividend whether directlly or indirectly. However, this condition shall not apply in the case the company receiving dividend holds shares for a period less than 3 months from the date acquiring such shares up to the date obtaining dividend or transfer such shares less than 3 months from the date obtaining dividend. There shall be exempted from income tax of the Revenue Code to a limited company or a public limited company setting up under Thai law on assessable income being dividend received from a juristic company or partnership setting up under the foreign law; provided under the rules, procedures, and conditions as follows: company or a public limited company shall hold not less than 25 percent of shares with voting rights of the juristic company or partnership who pays s for the period of not less than six months from the date of acquiring such shares until the date of receiving dividends, and s shall come from net profit of which the tax is paid in the country of the juristic company or partnership that pays dividend, where the tax rate shall not than 15 percent of net profit; provided whether or not the country of the juristic company or partnership who pays dividends has laws on tax reduction emption imposed onto the net profit of such juristic company or partnership.
TH3	This tax rate shall be reduced if the company has registered capital not more than THB 5 milllion baht and has income from sale of goods or provision of service of not more than THB 30 million baht consecutively for the net profit arising in the accounting period.
AUS	**AUSTRALIA (AUS)**
AUS1	Foreign-sourced dividend income earned and received in Australia by an Australian tax resident company is either exempt or subject to tax with a foreign income tax offset allowed. These alternate possibilities depend on either the profits out of which the dividend is paid or the level of voting power in the company paying the dividend:

	i. If the dividend is a portfolio dividend (i.e. a voting power of 10% or less) it is taxable with a credit allowed for a foreign income tax offset for any withholding tax. *ii.* If the dividend is a non-portfolio dividend (i.e. a 10% or greater voting power) the dividend is exempt from income tax. *iii.* If the dividend is payable from profits which have been previously attributable under Australia's controlled foreign company rules, the dividend is exempt from income tax when received.
AUS2	Capital gains realized on the sale of a portfolio interest in shares in a foreign company are taxed at the normal corpoprate rate with a foreign tax offset allowed for any foreign tax suffered.
AUS3	Attributable income includes income that is unconditionally attributed and adjusted tainted income derived by a controlled foreign company (CFC) which fails the active income test. Where a CFC resident in a comparatively taxed country to Australia fails the active income test, the income attributable includes only certain concessionally taxed amounts of narrowly defined tainted income. A passive foreign holding company can be looked through to determine if the active income test is satisfied by a subsidiary.
AUS4	Companies carrying on an active business with an aggregated annual turnover of $50m or less pay tax at a rate of 27.5%. Aggregated turnover is measured on a group and worldwide basis and not just at the specific company level. All other companies pay tax at a rate of 30%.
AUS5	The thin capitalisation rules have no impact in relation to a company which: i. Has its operations entirely confined to Australia (i.e. it is neither an inward or outward investing company); ii. Satisfies the de minimus rule; iii. Is an outward investing company and has 90% or more of the total average value of all its assets represented by Australian assets; iv. Is an exempt special purpose company which satisfies certain specific narrowly defined conditions. All other companies with debt deductions in excess of $2m are subject to the rules.
AUS6	The de minimus rule applies to a company which has debt deductions not exceeding $2m. The threshhold is calculated on a group basis, so will include the debt deductions of any associated companies.
AUS7	Australia has a Goods and Services Tax (GST) which is a broad based consumption tax currently charged at 10%.
AUS8	Transfer pricing rules place responsibilities on the local Australian company and its public officer to consider and document its transfer pricing rationale.

	The rules make it clear that it is not acceptable for an Australian subsidiary of a multinational enterprise to rely solely on its parent company's global documentation. Rather, the Australian entity must demonstrate how that overall global business model applies in reality in Australia - accounting for the specifics of the Australian context such as the local economy, market strength and strategies. The rules also give the Commissioner of Taxation new powers to 'reconstruct' certain related party transactions where their structure is considered uncommercial. If companies wish to be able to mitigate penalties on subsequent review by the ATO by claiming it had a 'reasonably arguable position', it is now mandatory to have documentation in place by the time the company lodges its tax return. That is, this cannot be argued after the fact should the taxpayer come under ATO review.
JN	**JAPAN(JN)**
JN1	The amount of disallowed interest shall be determined as the one under the Earnings Stripping Rule or the one under the Thin Capitalization Rule, whichever is larger.
JN2	Instead of Debt-to-equity ratio as a safe harbore rule, following de minimis rule shall be applicable under the Earnings Stripping Rule. (1)The amount of net applicable related party interest expense shall not be more than 20million yen or (2)The ratio of net applicable related party interest expense to adjusted taxable income shall not be more than 20%.
CN	**CHINA(CN)**
CN1	Direct & Indirect Share Transfers are subject to Tax Reporting and possible taxation if certain critreria are not met.
SL	**SRI LANKA(SL)**
SL1	Allowable Finance Cost = $\frac{A \times B}{C}$ Where: 'A' is the total of the issued share capital and reserves of the entity; and 'B' is – (a) in the case of a manufacturing entity, the

	number 3; and (b) in the case of an entity other than a Manufacturing entity, the number 4. 'C' is the loan balance as at end of the financial year.
KOR	**KOREA(KOR)**
KOR1	Direct and indirect foreign tax credits are available subject to requirements and limitations. Unused foreign tax credits can be carried forward for 5 years. Indirect foreign tax credit amount is calculated separtely case by case in accordance with respective tax treaties. In case there is no tax treaty, certain calculation method for indirect foreign tax credit is provided.
KOR2	Dividend Received Deduction (DRD) is available of 30 % to 100 % depending on the percentage of shareholding. To have DRD available, no minimum shareholding is required. A more favourable DRD regime is available to qualified holding companies which are governed by the Monopoly Regulation and Fair Trade Act and Financial Holding Companies Act.
KOR3	The corporate income tax including local surtax is 11% on the first KRW 200 million of taxable income; 22% on taxable income between 200 million and krw 20 billion; and 24.2% on taxable income exceeding KRW 20 billion.
KOR4	The maximum withholding tax rate specified under Korean's treaties is 27.5%, although in practice the lower domestic rate would apply.
KOR5	Upon liquidation, the value of property distributed to shareholders in excess of the acquisition cost of the shares of the liquidated company is treated as a deemed dividend. If the shareholder is a non-resident without a Korean PE, the deemed dividend would be subject to witholding tax.
KOR6	Where a domestic subsidiary borrows in excess of 200% of equity (600% for certain financial institutions) from the foreign controlling shareholder, the interest expenses relating to the excess portion of the loan is not deductible for the Korean tax purposes. This thin capitalization rule also applies to loans from third parties guaranteed by the foreign controlling shareholder.
KOR7	Korean CFC rules: When a Korean resident holds directly or indirectly at least 10% of the shares in a foreign company and the effective tax rate of the foreign company been 15% or less for the past 3 years, the Korean resident may be deemed to have received a dividend equal to the "deemed distributable retained earnings" multiplied by the shareholding ratio, even though there has been no actual distribution of such retained earnings to the Korean resident.
KOR8	Korea has a Value Added Tax (VAT) which is currently charged at 10% on the supply of goods and services.

IN	**INDIA(IN)**
IN1	Indian Exchange Control Regulations provides for a maximum debt equity ratio of 7:1 for debts in excess of US $ 5 million
IN2	Indian Government has implemented Goods and Service Tax (GST) – a comprehensive indirect tax levy at the national level w.e.f 1st July 2017 which ranges from 0.25% to 28%.
IN3	The amended Equalisation Levy as notified in Finance Act 2020, have introduced Equalisation Levy on e-commerce supply or services provided by a non-resident e-commerce operator. Under the said provisions an Equalisation Levy of 2% of the amount of consideration received or receivable by a non-resident e-commerce operator (having turnover off more than INR 20 million) from e-commerce supply or services provided to: • A person resident in India; or • A non-resident person under sercified circumstances; or • A person who buys such goods or services or both using internet protocol address located in India.
NZ	**NEW ZEALAND(NZ)**
NZ1	Foreign-sourced dividend income earned and received in New Zealand by a New Zealand tax resident company is either exempt or subject to tax with a foreign income tax offset allowed. These alternate possibilities depend on either the profits out of which the dividend is paid or the level of voting power in the company paying the dividend: i. If the dividend is a portfolio dividend (i.e. a voting power of 10% or less) it is taxable under Foriegn Investment Fund Rules with a credit allowed for a foreign income tax offset for any withholding tax; ii. If the dividend is a non-portfolio dividend (i.e. a 10% or greater voting power) the dividend is exempt from income tax but may be subject to CFC rules; iii. If the dividend is payable from profits which have been previously attributable under New Zealand's controlled foreign company rules, the dividend is exempt from income tax when received.
NZ2	The thin capitalisation rules have no impact in relation to a company which: i. Has its operations entirely confined to NEW ZEALAND (i.e. it is neither an inward or outward investing company); ii. Is an outbound investing company and satisfies the de minimus rule; iii. Is an outward investing company and has 90% or more of the group assets represented by New Zealand assets. All other companies with debt deductions are subject to the rules.
NZ3	New Zealand has Goods and Services Tax (GST) which is a broad based consumption tax currently charged at 15%.

PH	**PHILIPPINES(PH)**
PH1	Sale of shares is not subject to the 12% VAT unless the seller is a dealer in securities.
PH2	Generally, dividend income paid to non-resident foreign corporation (NRFC) is subject to a final withholding tax of 30%; however, the tax could be reduced to 15% if the country of domicile of the NRFC allows as a tax credit taxes deemed to have been paid equivalent to at least 15%, representing the difference between the 30% withholding tax and the 15% preferential tax rate, or if the country of domicile does not impose any income tax on foreign sourced income or dividend tax on foreign sourced dividend income. Tax treaties may provides for lower tax rates
PH3	If the liquidation results to a gain to the foreign shareholder and the gain is fixed and determinable, the gain is subject to withholding tax of 30%. If the gain is not fixed and determinable, the foreign shareholder files a capital gains tax return and pays the tax of 30% on the gain. If the foreign shareholder is a resident of a treaty country, the capital gain arising from liquidation of the PH holding company may be exempt from the capital gains tax without conditions or under certain conditions as provided in the tax treaty.
PH4	PH has no rules or guidelines as to what constitutes thin capitalization. However, the tax authorities may determine the reasonable ratio of debt to equity considering all factors surrounding the case. If the tax authority finds a case for thin capitalization, then the interest expense may be disallowed and treated as dividend if the loan was obtained from the foreign shareholder or related parties.
NP	**NEPAL (NP)**
NP1	In case of having gain on sale of shares, 15% of capital gain tax shall be withheld by buyer and final capital gain tax shall be 25% only to the seller.
NP2	In the event of liquidation, the assets are treated as disposal and subject to tax to the extent of profit resulting from the disposal of assets.
NP3	Nepal Government has implemented Value Added Tax (VAT) – a comprehensive indirect tax levy at the national level which ranges from 0% to 13%.

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