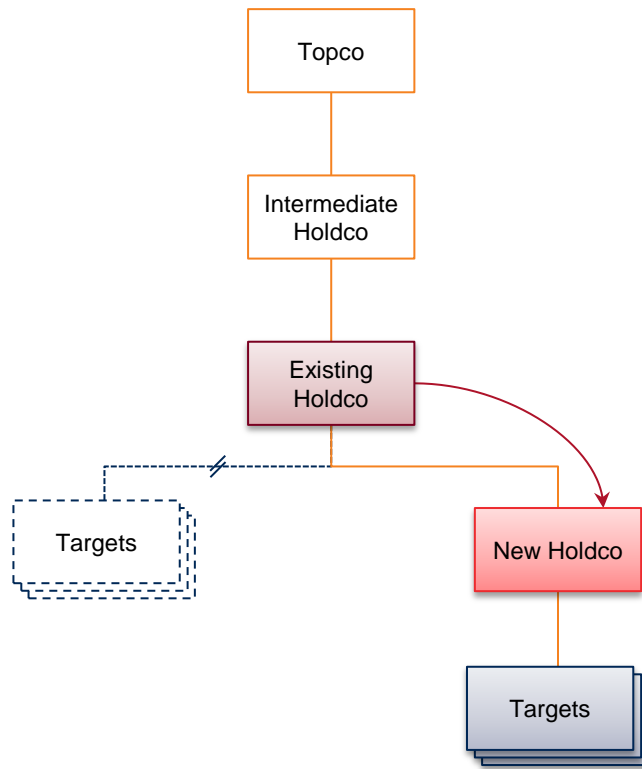
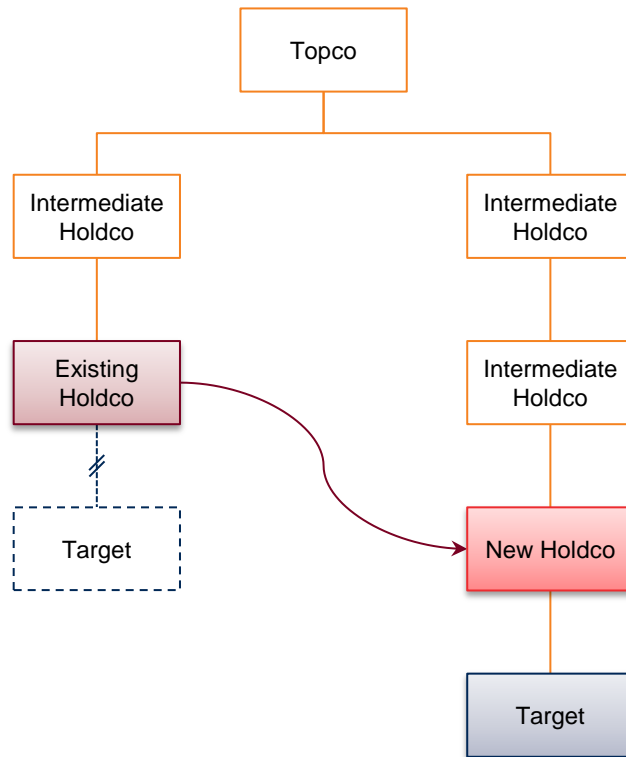


Tax Considerations in Internal Restructurings in Asia

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Tax Considerations

- Ways to transfer a company internally:
 1. Outright sale
 2. Distributions up and contributions down of the shares
 3. Issuance of shares to New Holdco
- Capital gains tax:
 - Does it apply to sales and/or distributions/contributions? e.g., Indonesia, China, US, HK, Malaysia, Thailand
 - Identity of the buyer / seller
 - Reporting / withholding requirements
- Stamp duty:
 - How substantial?
 - Are exemptions available? e.g., Hong Kong, Singapore, Malaysia
 - Is it chargeable for any step or only once?
 - Filing requirements
- The consideration:
 - FMV, but what method should be used? e.g., US, China, HK, Taiwan
 - External appraiser? e.g., Indonesia
 - Management accounts or audited accounts on the date of the transfer? e.g., HK, India

Tax Considerations

- **Indirect transfers:**
 - E.g., China, Indonesia, Vietnam
 - What entities are held by the Targets?
 - Any applicable safe harbors?
- **Real property:**
 - Special rules may apply to companies that own or have a long-term lease of substantial real property: e.g., Malaysia, US
- **Promissory notes:**
 - Intercompany debt – any TP considerations regarding the interest and terms of repayment?
 - Any withholding considerations?
 - Any taxable cancellation of debt if the PN is distributed up, contributed down and until it is cancelled?
- **Tax treaties**
- **Future dispositions of New Holdco:**
 - E.g., sale to a third party, spin-off
 - Tax liability on future disposition: capital/profits tax? stamp duty?

Questions?