

# REGIONAL TAX DEVELOPMENTS IN VIETNAM, CAMBODIA, MYANMAR, THAILAND AND LAOS

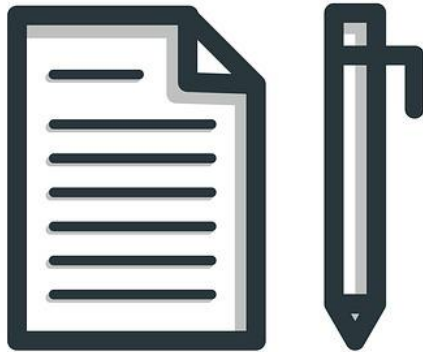
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Hong Kong | 4 March 2019

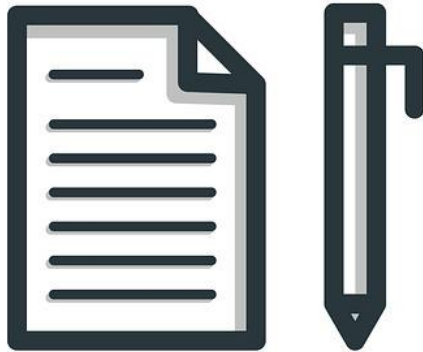


# KEY TAX THEMES IN 2019



- ✓ **New transfer pricing laws in Cambodia and Thailand. Stricter enforcement in Vietnam. Laos and Myanmar still have no indication of when they will adopt formal TP rules.**
- ✓ **Corporate tax rates are lowering in the region – average corporate tax rate is 20%. Singapore is the lowest at 17%**
- ✓ **Tax Departments are becoming more aware of aggressive tax planning and avoidance by international companies**
- ✓ **The OECD BEPS project is seeing a slow implementation in the region, Thailand and Vietnam have agreed to the inclusive framework. Laos, Cambodia and Myanmar have not indicated if or when they will take part**

# KEY TAX THEMES IN 2019



- ✓ The indirect sale or transfer of shares has become a hot issue and has resulted in large tax liabilities for international companies, including for internal restructuring and reorganizations. Myanmar, Laos and Vietnam have implemented such rules.
- ✓ Singapore and Hong Kong are common holding jurisdictions in the region. Thailand offers an alternative by way of its IBC incentives.
- ✓ All countries have a VAT or something that equates to a VAT where tax paid on purchases can be deducted from tax on sales.
- ✓ Laos has proposed three new tax laws for 2019 including a reduction of the corporate tax from 24% to 20%
- ✓ Myanmar and Vietnam has no tax on dividends paid from their countries, Thailand and Laos are 10% and Cambodia is 14%.



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CAMBODIA



## CAMBODIA – SUMMARY OF TAXES

Taxes	Cambodia
Income Tax/Minimum Tax	20%/1%
Value Added Tax ('VAT')	10%
Withholding Tax – Dividends (non-residents)	14%
Withholding Tax – Interest (non-residents)	14%
Withholding tax – Royalties (non-residents)	14%
Withholding tax – Services (non-residents)	14%
Personal Income tax (Employment)	0-20%/20%
Non-resident Capital Gains Tax on Sale of Shares	0%
Tax Treaty Network	Limited
Transfer pricing rules	Yes



RECENT DEVELOPMENTS

**DOUBLE  
TAXATION  
AGREEMENTS**

# CAMBODIA – TAX TREATY NETWORK

DTAs	Signed Date	In Force
<b>Cambodia - Singapore</b>	20 May 2016	1 January 2018
<b>Cambodia - Thailand</b>	7 September 2017	1 January 2018
<b>Cambodia- China</b>	13 October 2016	1 January 2019
<b>Cambodia-Brunei</b>	27 July 2017	1 January 2019
<b>Cambodia-Vietnam</b>	4 April 2018	1 January 2019



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THAILAND



# THAILAND TAX HIGHLIGHTS



- ✓ Thai Government policy is to attract more high end technology and manufacturing – Thailand 4.0 and the Eastern Economic Corridor (“EEC”)
- ✓ Due to a BEPS review of harmful tax competition - the existing International Headquarters scheme is no longer available
- ✓ The IHQ has been replaced with an International Business Center (“IBC”) scheme – is the IBC as attractive for tax planning as the IHQ?
- ✓ A new Transfer Pricing law has been passed and is effective from 1 January 2019
- ✓ Thailand has a new draft Trust law that is expected to be passed in 2019
- ✓ Thailand is moving towards compliance with Common Reporting Standards (“CRS”) and the Foreign Account Tax Compliance Act (“FATCA”)

# THAILAND BUSINESS CENTERS ("IBC")

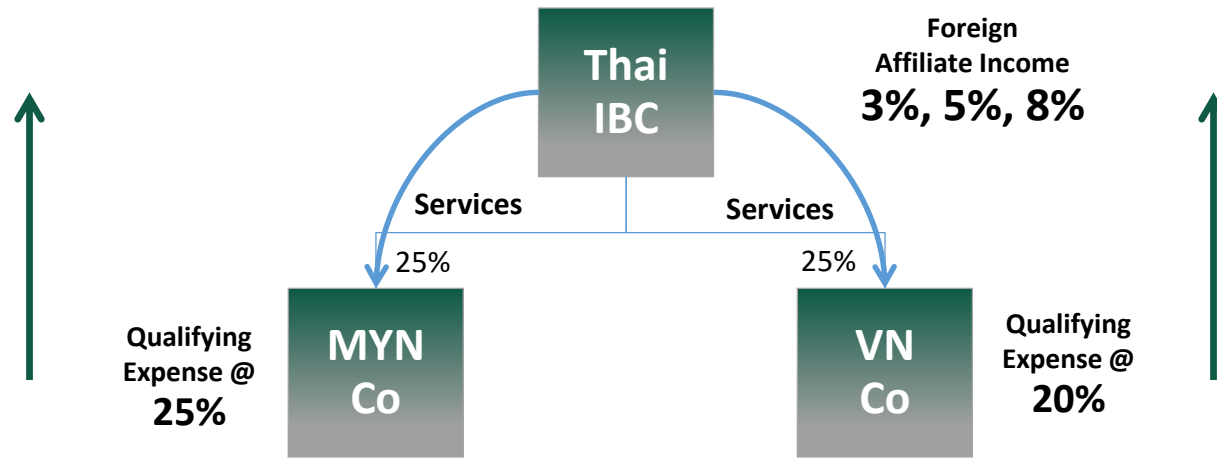
## **International Business Centers (IBC) - *Royal Decree no. 674***

A company incorporated under Thai law to provide the following activities to its associated enterprises, regardless of their location in Thailand or in a foreign country;

- To provide management services;
- To provide technical services;
- To provide supporting services;
- To provide treasury services; and

**including an approved international trading center under this Royal Decree.**

# IBC: TAX RATE ARBITRAGE





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MYANMAR

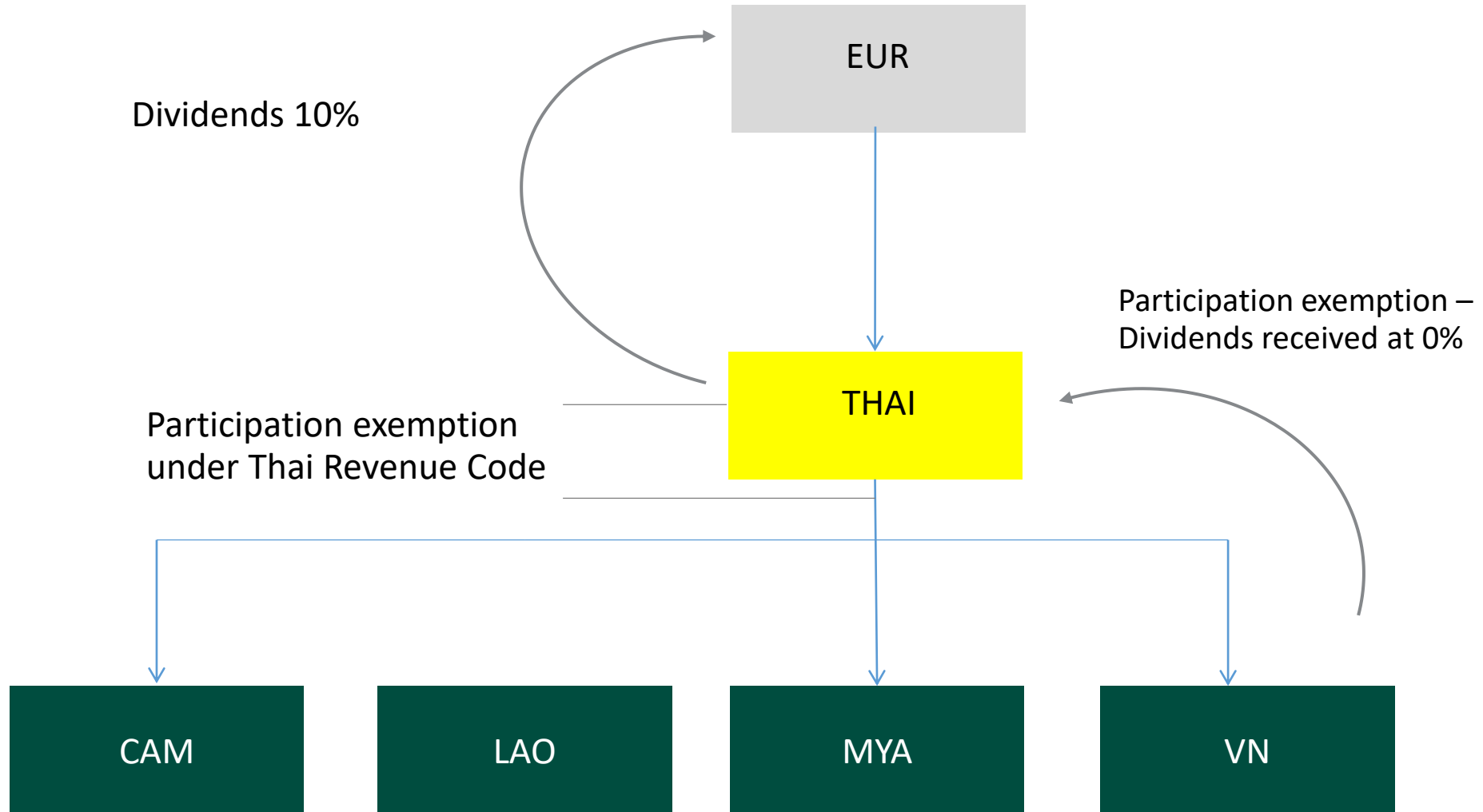
# SNAPSHOT OF MYANMAR TAXES

Taxes	Myanmar
Corporate Income Tax (CIT)	25%
Commercial Tax (similar to VAT)	5%
Withholding Tax – Dividends (non-residents)	0%
Withholding Tax – Interest (non-residents)	15%
Withholding tax – Royalties (non-residents)	15%
Withholding tax – Services (non-residents)	2.5%
Personal Income tax (Employment)	0-25%
Non-resident Capital Gains Tax on Sale of Shares	10% 40-50% (if under oil and gas exploration)
Special Goods Tax	Various
Tax Treaty Network	8
Transfer pricing rules	No

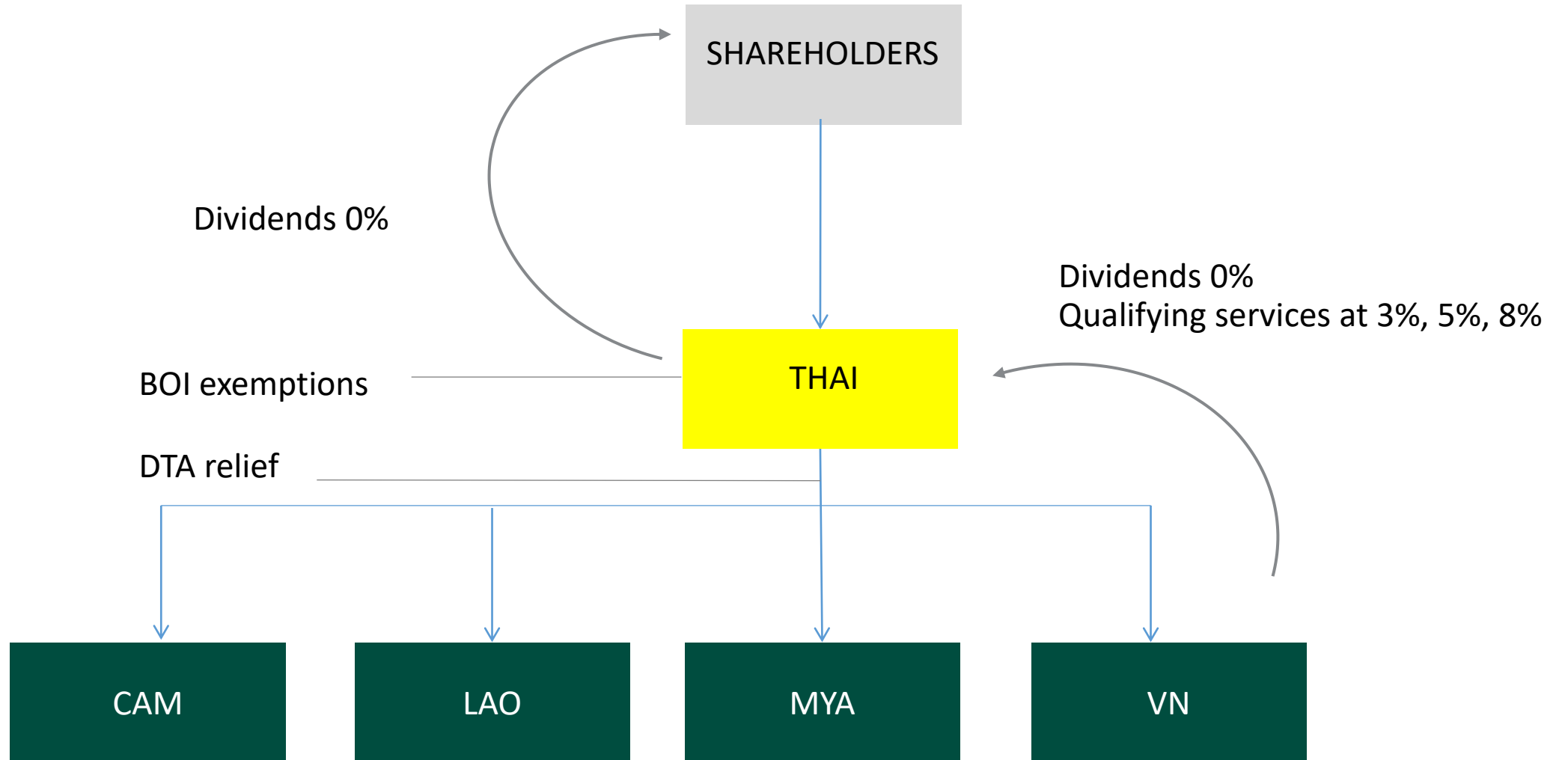
## TAX STRUCTURING:

THAILAND OR SINGAPORE AS HOLDING COMPANIES FOR CAMBODIA,  
LAOS, MYANMAR AND VIETNAM?

# THAI INTERMEDIARY HOLDING CO.

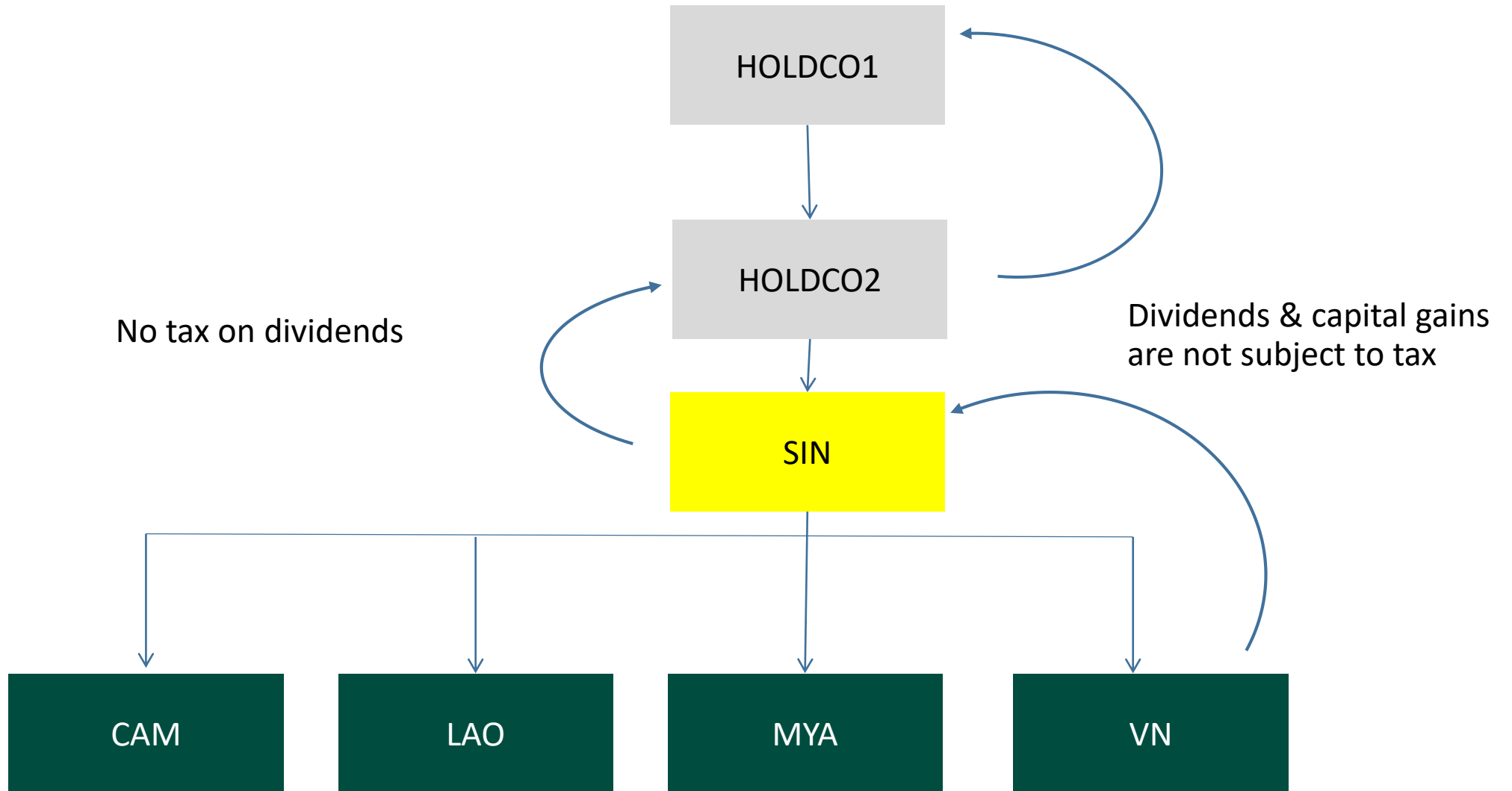


# THAI INTERNATIONAL BUSINESS CENTER (IBC)





# SINGAPORE HOLDING COMPANY



**THANK YOU**



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