



INTERNATIONAL CORPORATE TAX

Expanding your horizons? A guide to setting up business across the Asia Pacific region

TAX

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Tax challenges during a financial crisis

“For businesses that can look beyond surviving the current economic turmoil they can drive long-term value by identifying new opportunities, making new contacts and developing new markets.”

The global financial crisis is a term that has been coined to reflect the current set of financial and economic circumstances which are characterised by a short supply of credit, falling stock markets, reductions in economic growth, recession, insolvency and mergers of financial institutions, and an overall reduction of wealth as values of assets fall and liabilities rise. The global financial crisis is not limited to the financial markets and has spread into the general economy.

In 2009, for the first time since the Second World War, global GDP is forecast to contract¹. This is just one of the many alarming statistics or forecasts that we are all reading as a result of the global economic crisis. The extent and duration of the economic downturn remains unclear, not least, due to the uncertain impact of government stimulus packages.

Such unprecedented times are presenting challenges for many businesses. Hunkering down seems

an obvious response – cutting costs, reducing headcount or imposing hiring freezes and limiting new business investment. For businesses that can look beyond surviving the current economic turmoil they can drive long-term value by identifying new opportunities, by making new contacts and by developing new markets.

Taking into account price differences, Asia's share of global GDP has increased from 26 percent in 1990 to 38 percent in 2007² and emerging Asia is forecast to be the fastest growing region at least until 2013¹. It is this growth, powered by a huge consumer base and labour market for production and services, which mean Asia will likely continue to command the attention of international business. According to the International Monetary Fund, although Asia is expected to experience reduced and negative growth, it could recover quickly with an upturn in the global economy and expansionary economic policies.³

¹The Economist Intelligence Unit, *Corporate Network - Regional Strategic Forecast* February / March 2009

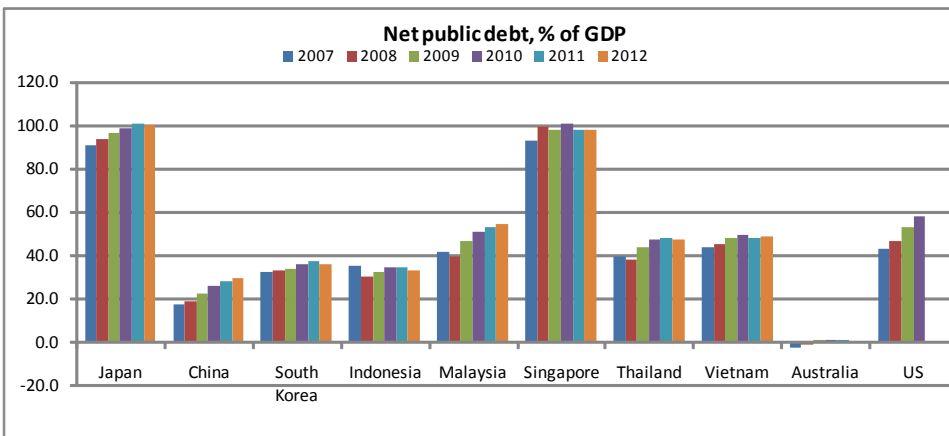
²The Economist, April 11th 2009

³International Monetary Fund, 2009, 'Asian Growth Losing Steam Fast Amid Global Downturn', IMF Survey online, 3 February, <http://www.imf.org/external/pubs/ft/survey/so/2009/CAR020309B.htm>.



Data sources: IMA Asia "Asia Forecast Update, Q1'09", central banks, national statistics offices, IMF, ADB, CEIC

According to estimates, every jurisdiction in the graph to the left will experience reduced or negative real GDP growth in 2008 and 2009 but are expected to recover starting from 2010. From the graph, it can be seen that although real GDP is expected to decrease significantly in 2009, a bigger proportional increase in real GDP is expected in the Asia Pacific jurisdictions shown than in the US.



Data sources: IMA Asia "Asia Forecast Update, Q1'09", central banks, national statistics offices, IMF, ADB, CEIC, OECD

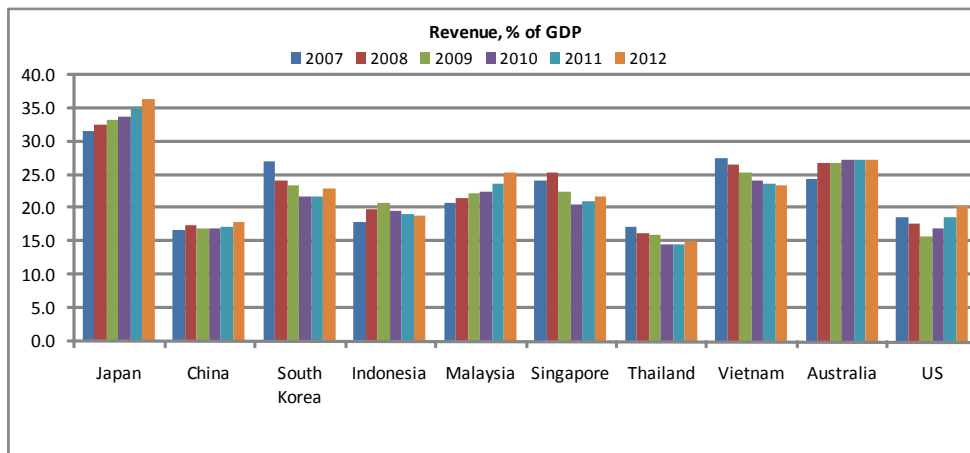
The trend is for government debt to increase as a percentage of GDP over the coming years and so the means by which governments will service their debts becomes more important. Debts can be serviced either through governments generating income or borrowing funds. The latter becomes problematic if not kept in check as it may increase future debt service burdens and increase the cost of debt for the government. Many governments are now short of funds and their borrowings are subject to higher interest rates because of increases in the Sovereign Credit Default Swap (CDS) margins.

Tax revenues collected by many governments will be affected by a general reduction in personal and corporate income and also by the economic stimulus packages employed as many involve reductions in personal and corporate tax rates and other tax concessions.

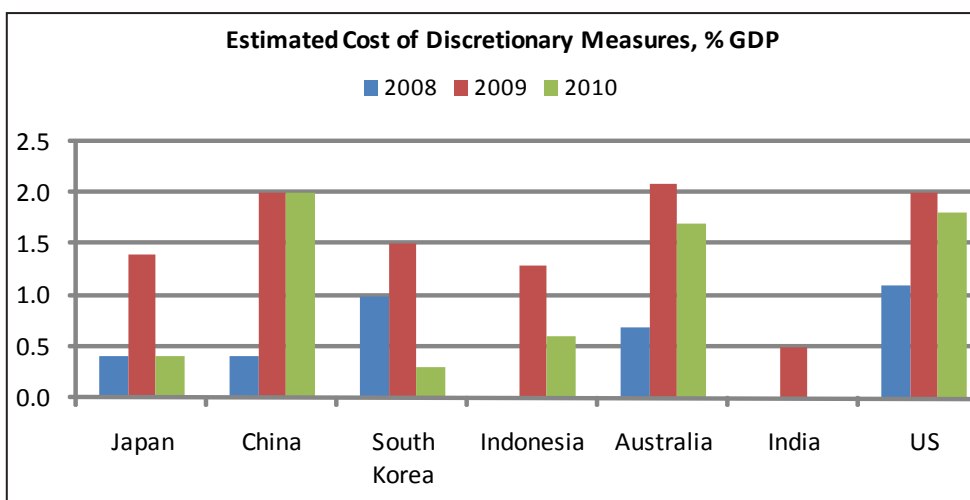
The global financial crisis has triggered government stimulus packages throughout the region aimed at stimulating stagnant economies. When combined with decreasing tax collections, funding these stimulus packages may be expected to result in large fiscal deficits. This means tax collectors will be under pressure to enforce compliance and protect their share of the tax take from international trade.

From the table it can be seen that although 2009 will be a difficult year for many, the Asia Pacific region could stage a substantial recovery in 2010 which may entail both opportunities and threats for operators and potential operators in the region.

For taxpayers entering new markets, heightened enforcement and more assertive tax authorities means greater care is needed at the outset. One of the potential consequences of the different debt and economic stimulus levels in each jurisdiction is that different industries will likely benefit in the different Asia Pacific jurisdictions and it is almost certain that there will not be uniform economic performance of jurisdictions in the region. Within the requirements it can be seen that there is no uniformity of tax rules throughout the region. Indeed, from both a fiscal and economic analysis, there is no homogeneity. We have elaborated on some of these issues below in order to highlight some of the salient risks.



Data sources: IMA Asia "Asia Forecast Update, Q1'09"; central banks, national statistics offices, IMF, ADB, CEIC, OECD



Source: IMF "The State of Public Finances: Outlook and Medium-Term Policies After the 2008 Crisis," March 6, 2009

Country	Value of some economic stimulus packages (non-exhaustive list, all figures approximate)
Australia	US\$27 billion (A\$42 billion) ^[i]
Japan	US\$750 billion (¥75 trillion) ^[ii]
China	US\$586 billion ^[iii]
Singapore	US\$13.7 billion (S\$20.5bn) ^[iv]
Malaysia	US\$18 billion ^[v] (RM67 billion ^[vi])
India	US\$4 billion in Dec 08 ^[vii] , 3 economic stimulus packages ^[viii]
Indonesia	US\$6.3 billion ^[ix]
Thailand	US\$3.3 billion (Bt116.7 billion) and Bt40 billion in tax cuts ^[x]
Vietnam	US\$6 billion ^[xi]
US	US\$787 billion ^[xii]

ⁱThe Economist, 2009, 'Australia economy: Hey, big spender', ViewsWire, 6 February

ⁱⁱBBC Monitoring, 2009, 'Japan economy: PM asks for fresh stimulus, eyes extra budget', ViewsWire, 7 April

ⁱⁱⁱBarboza, David, 2008, 'China Unveils Sweeping Plan for Economy', The New York Times, 9 November

^{iv}Burton, John, 2009, 'Singapore economy: Singapore unveils \$13.7bn stimulus package', ViewsWire, 22 January

^vPhang, Stephanie, 2009, 'Malaysia Economy May Suffer 'Significant' Contraction (Update1)', 25 March

^{vi}KPMG, 2009, '2009 Mini Budget Highlights' (Malaysia), 10 March

^{vii}The Economist Intelligence Unit, 2008, 'India economy: Stimulus plan unveiled', ViewsWire

^{viii}KPMG in India, 2009, 'KPMG Flash News', 24 February

^{ix}Aglionby, John, 2009, 'Indonesia economy: Jakarta plans \$6.3bn stimulus package', ViewsWire, 29 January

^xThe Economist Intelligence Unit, 2009, 'Thailand economy: A large stimulus package is approved', ViewsWire, 10 February

^{xi}Johnston, Tim, 2008, 'Vietnam economy: Vietnam moves to meet growth targets', ViewsWire, 18 December

^{xii}Protiviti, 2009, 'The Current Financial Crisis: Frequently Asked Questions - Updated as of February 19, 2009'

Permanent Establishment (PE) Exposure

A PE is, broadly, a business presence similar to a branch that a business enterprise may have created in a country. It is generally the actions of employees which, typically inadvertently, give rise to a PE risk. Where one exists, the local laws of that foreign country may require it to be subject to tax.

PE exposure is typically greatest when launching into new countries, as employees often enter the new frontier and begin to conduct business before decisions around the desired business structure have been made.

Indirect taxes and duties

Governments throughout the world are expanding their indirect tax base so managing your exposure to the myriad of taxes in overseas localities is a major challenge. KPMG International's Corporate and Indirect Tax Survey (August 2008) of 90 countries shows rates of indirect tax varying from three percent to 25 percent, with an average of 15.7 percent.

For businesses setting up in a new location, it can represent an unanticipated cost of operations, or worse, tax and penalties for non-compliance with the host country's regulatory environment. However, there may also be opportunities to recover duty on importation of equipment, taxes on business inputs and/or services rendered.

Personal taxes

It often seems the simplest of tasks, but accurate reporting of employment income (including equity and other incentive compensation) and withholding taxes and other social security contributions in a timely manner, can challenge even the most efficient organisation.

Additional complexities and risks arise in relation to extended business travelers, including those involved in visiting new locations to assess

markets, lay the groundwork for new operations or to undertake transactions.

Extended business travelers are defined as employees working abroad for more than 30 days but less than 180 days per year.

A sister publication issued by KPMG International, Thinking Beyond Borders – Management of Extended Business Travelers (November 2008), covers the approach taken by countries in Asia to the taxation of extended business travelers as well as immigration issues.

In a competitive environment, effective tax planning at the outset of a new overseas venture can add value to a business, as well as mitigate risks. For example, through the use of intermediate investment holding structures it may be possible to substantially reduce or eliminate the imposition of tax on dividends, interest and gains under double taxation treaties. However, the global financial crisis is adding pressure for businesses to review their supply chains and operating structures to identify potential tax efficiencies.

As businesses enter new markets for the first time, whether through organic growth or by acquisition, there is a host of legal, regulatory, accounting and tax factors which must be addressed. This publication seeks to provide, at a high level, answers to some of the questions we hear most often from KPMG's member firm clients as they expand into, or within, the Asia Pacific region. Key issues have been identified below.

Regulatory and legal considerations

Before the global financial crisis, there were economic imperatives for companies to set up in the Asia Pacific region, especially the high growth rates in the developing jurisdictions in the region, and most entities looked to the high growth jurisdictions to maximise their profits without much consideration of their tax supply chain. Compliance and risk management issues tended to be secondary to



“For taxpayers entering new markets, heightened enforcement and more assertive tax authorities means greater care is needed..”

business development issues in the rush to join the fast growing Asia Pacific region. With global trade slowing and with the concomitant reduction in exports, growth opportunities are now more limited. Capital management issues must be taken into consideration so as to preserve capital for core activities and efficient business operations. Subsidiaries may enjoy different economic stimuli to their parent entities and so a holistic approach must be taken by considering the effects on each entity from any decisions to act.

Freedom of market entry varies from country to country, with some imposing stringent rules to protect local industries or strategic interests, while others are encouraging a more open economy.

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After regulatory hurdles are cleared, the form of the operation must be determined. Is the concept of a representative office, that can undertake market research or auxiliary services, recognized? Are branches of foreign companies permitted? How are companies registered? What are the requirements regarding directors, company secretaries, paid up capital and shareholders of companies?

Some sectors, such as finance, are typically also regulated and a number of countries in the Asia Pacific region still have restrictions on currency movement or impose reporting obligations.

Accounting and financial reporting obligations

The most frequently used business entities are companies and branches of foreign companies and we have focused on their accounting and financial reporting obligations in this publication. What are criteria for preparing financial statements? Must they be audited and filed with a public body? What accounting standards must be adopted? What year ends may be used and are there any rules regarding the reporting currency?

Tax compliance requirements

Here the focus is on income tax – how is the tax year defined? What are the filing and payment timelines? We also cover the principal indirect tax and employer tax obligations, the rules applying to directors of local companies and note some other taxes which may apply, such as capital gains tax, federal, state or municipal taxes.

Advanced Pricing Agreements (APAs) / tax rulings

During the global financial crisis, companies that wish to locate in the region, or indeed those already located in the region, must apply more strategic thinking not just in where to set up entities, but how to set up the most efficient business structure taking into account income tax, withholding

tax, and regulatory rules. With decreasing government revenues and increasing budget deficits, partly due to the economic stimuli themselves, a higher tax burden will be placed on organisations by more aggressive revenue collection agencies who are under pressure to find new avenues to grow tax collections and so reviews, audits and penalties for non-compliance may become more commonplace. Jurisdictions with taxation rulings regimes where greater certainty can be achieved with regards to compliance will likely become more attractive as entities seek to confidently comply with local laws.

Conclusion

KPMG’s global network of member firms are well placed to assist their clients in the region to achieve tax efficient global capital management and help multinational organisations set up in the region to take full advantage of tax and economic incentives in their operations. With the renewed importance of tax planning and tax risk management, companies who operate throughout the Asia Pacific region should now renew or implement global and regional tax strategies to make sure that they reduce their overall tax liabilities. There are new opportunities to be explored and threats to be dealt with and at KPMG we can use our in-depth tax knowledge to help our clients reach their goals and meet their compliance obligations.

We have prepared the following country chapters, which provide a snapshot of the above considerations which, amongst others, must be considered when setting up business, covering the majority of jurisdictions in the Asia Pacific region.

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KPMG Asia Pacific Network



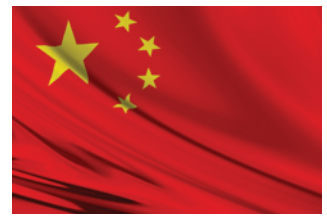
Australia



Brunei Darussalam



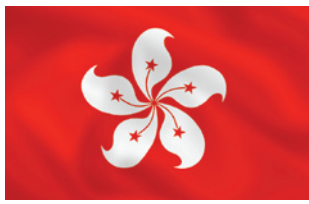
Cambodia



China



Fiji



Hong Kong



India



Indonesia



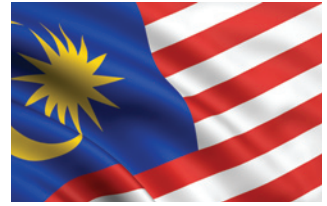
Japan



Laos



Macau



Malaysia



Mongolia



Nepal



New Zealand



Pakistan



Papua New Guinea



Philippines



Singapore



South Korea



Sri Lanka



Taiwan



Thailand



Vietnam



Australia

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on setting up a business in Australia. However foreign investments in Australian resident businesses which exceed certain monetary thresholds need to be notified to the Foreign Investment Review Board (FIRB) for approval.

Commonly used business entities

The main forms of business operations in Australia are a limited liability company, a branch, a joint venture or a trust. Sole proprietorships, partnerships and limited partnerships can also be used. In general, foreign businesses operate in Australia through one of the following vehicles:

- A company incorporated in Australia
- A branch of a company incorporated outside Australia

Representative offices of foreign companies are also permitted.

Main legal formalities for the formation of a company or registration of a branch

Australian company

A company in Australia will either be a proprietary company, with restrictions on its ability to raise finance from the public, or a public company. All registrations of companies must be made by an application to the Australian Securities and Investments Commission (ASIC).

To establish an Australian company, the name of the company must be available. There is a requirement for Australian resident subsidiaries, to have at least three directors and one secretary if it is a public company, or at least one director if it is a proprietary company. Of these, at least two directors and one secretary of a public company and one director of a proprietary company must ordinarily reside in Australia. Other requirements must be met.

The company must lodge an ASIC Form 201 (Application for registration as a company) with ASIC, together with its constituent documents and pay the relevant fee. ASIC will issue a Certificate of Registration which will specify the company's name. Additional record-keeping requirements apply.

Australian Branch

An Australian branch of a foreign company is required to register with the ASIC as a branch under the Corporations Act 2001 (Cth) (CA). The foreign company must ensure the business name is available and that they complete the relevant application form ASIC Form 402 (Application for registration as a foreign company). This form, and the relevant fee, must be lodged with a certified copy of the company's current Certificate of Incorporation or Registration, or an equivalent document and a certified copy of the company's constitution (or letter from equivalent authority, if no constitution is required).

Currency / monetary restrictions

Australia does not restrict the flow of Australian or foreign currency in or out of the country. However, certain reporting obligations must be met for amounts over AUD 10,000 or foreign currency equivalent.

Regulatory requirements for Financial Services

The Australian Prudential Regulation Authority (APRA) is the regulator of the financial services industry.

Accounting / Finance for companies and Australian branches of foreign companies

Financial statements

The CA requires public companies and large proprietary companies to prepare and lodge with ASIC an annual financial statement and a directors' report. Additional reporting requirements apply if the company is a listed company. These financial statements are public records.

A small proprietary company is generally required to prepare and lodge an audited financial report with ASIC if the company is:

- controlled by a foreign company for all or part of the year
- not consolidated for that period of control in a financial report for that year lodged with ASIC by a registered foreign company or a company.

Exemption from lodgment with ASIC is available for proprietary companies in certain circumstances.

Financial reports are prepared under Australian Accounting Standards equivalent to IFRS with effect from January 1, 2005.

Audit requirements

Financial statements must be audited annually in accordance with section 301(1) of the CA. However an audit exemption is available for proprietary companies in certain circumstances.

Requirements for foreign investors

Foreign investments are regulated by the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA) which requires the Federal Treasurer to be notified of certain proposed acquisitions by foreign persons. Generally, smaller proposals are exempt from FATA and larger proposals are approved by the Federal Treasurer unless they are contrary to the national interest.

Book year / accounting currency

Financial statements are presented for the period ending on the accounting year end which generally covers a period of 12 months. However the first financial year of a company may extend over a period of 18 months. Financial statements can be prepared in the company's functional currency, which can be a currency that is not Australian dollars.

Format

Financial reports required under the CA must be prepared in accordance with AASB standards and Corporations Regulations 2001 and provide a true and fair view of the financial position and performance of the company.

Tax

Approval requirements

A business does not require approval from the Australian Tax Office (ATO) to start a business. However taxpayers should obtain a tax file number (TFN) from the ATO.

Companies and other entities carrying on an enterprise in Australia should also have an Australian Business Number (ABN) which is the main reference for dealings with the Australian Government.

Advance tax rulings / advance pricing agreements (APA)

It is generally possible to obtain tax rulings from the ATO, subject to the prevailing policies and guidelines.

APAs are viewed as an efficient means of resolving transfer pricing disputes. The ATO's policies and procedures in relation to APA applications indicates that the Commissioner supports both unilateral and bilateral APAs.

Income tax compliance

The tax year is usually referred to as the income year or year of income. The year of income runs from July 1 to June 30. If a company wishes to submit its tax returns for a different period, it must obtain an approval from the ATO to do so. The due date for tax returns is published each year in the Commonwealth Government Gazette. Company returns are generally due on the 15th day of the seventh month after the end of the relevant income year.

Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulation.

Generally, companies pay their income taxes in quarterly Pay As You Go installments. These are due on the 21st or 28th day of the month following the end of a quarter depending on the nature of the taxpayer. A final balancing payment is due on the first day of the sixth month after the year of income.

Indirect tax compliance

Australia has in place a goods and services tax (GST), which is currently at the rate of 10 percent. GST is payable on taxable supplies made by entities who are registered or required to register for GST.

Broadly, an entity is required to register for GST where its annual turnover in taxable supplies exceeds AUD 75,000. Entities which are registered for GST are entitled to claim input tax credits on creditable acquisitions which they make in connection with their enterprise. Moreover, where an entity imports goods into Australia it may be liable to pay GST on that import.

Other tax compliance

As a consequence of having employees in Australia, the entity will need to register for PAYG Withholding, which is the term used in Australia for employer withholdings from salary and wages paid to employees. This will give rise to either monthly or quarterly reporting obligations.

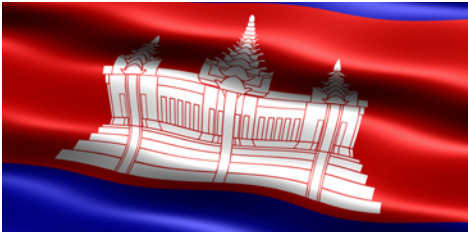
Income tax applies to capital gains upon disposal of a CGT asset. Non-residents are currently only subject to tax on gains arising from events in relation to assets which are taxable Australian property.

If the entity has employees in Australia, it is likely that superannuation will be required to be paid by the employing entity on their behalf. The statutory rate for superannuation is currently nine percent of cash salary. Limited exceptions to this exist.

Note: A range of other taxes, some levied at the State level and some at the Federal level also exist and apply depending upon the circumstances of the taxpayer.

Director's liability to tax

A director of a company is not automatically subject to tax by virtue of the directorship, but will be subject to income tax in Australia for the remuneration received in the capacity of director of an Australian resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



Cambodia

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Regulatory / Legal

Setting up business

Businesses in certain sectors, including banking and finance, tour agencies, real estate agencies, telecommunications and industrial factories, require a license or permit to operate.

Commonly used business entities

A new entity should be registered with the Cambodian Ministry of Commerce (MoC). Approval for registration usually takes ten working days upon submission of all required documents. Common forms of business in Cambodia are:

- A company incorporated in Cambodia
- A branch of a company incorporated outside Cambodia.

A Private Limited Liability Company is a popular form of entity. A qualified Investment Project, a type of the investment company registered with the Council for the Development of Cambodia, is also favored by investors due to preferential import duty and profit tax incentives. General and limited partnerships are also permitted.

Main legal formalities for the formation of a company or registration of a branch

Company

The name of the company must first be cleared with the MoC. The minimum registered capital is 4,000,000 Riels (approximately USD 1,000). Generally, there is no restriction on foreign ownership.

A standard memorandum and articles of association should be prepared for the company and lodged with the MoC, together with the prescribed information for incorporation.

Branch

The name of the foreign company must be cleared with the MoC. Certain documents and information of the holding company and the Cambodia branch are required to be provided to the MoC for branch registration.

Currency / monetary restrictions

Currently, Cambodia does not have any foreign exchange controls.

Regulatory requirements for Financial Services

The Ministry of Economy and Finance (MoEF) and the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) regulate the Financial Services Industry.

Accounting / Finance for companies and Cambodian branches of foreign companies

Financial statements

Financial statements may only be prepared in accordance with the Cambodian Accounting Standards (CAS). The CAS standards generally adopt or closely follow International Accounting Standards and International Financial Reporting Standards.

Audit requirements

All enterprises that satisfy two of the three criteria set by Prakas no. 643 of the MoEF, shall submit their annual financial statements to be audited by independent auditors registered in the statutory auditor list of the KICPAA.

Requirements for foreign investors

For a Cambodian company, the full name, address, nationality of the foreign investor and the number of shares held in the company are required by the MoC. For a Cambodian branch, the place of registration of the foreign company, details of its structure and other information are required by the MoC.

If the Cambodian company or Cambodian branch needs to apply for a particular license to carry out its business operations, additional information may have to be provided to the relevant government authority.

Book year / accounting currency

The accounting year end does not need to coincide with the calendar year. The financial statements should be prepared in the Khmer language and in Riels currency.

Format

Cambodia incorporated companies are required to prepare their financial statements according to the CAS. Currently, the National Accounting Council is working at updating the CAS.

Tax

Approval requirements

Taxpayers are required to register with the General Tax Department (GTD) within 15 days after the commencement of business.

Advance tax rulings / advance pricing agreements

It is difficult to obtain tax rulings from the tax authorities. The GTD is generally reluctant to respond, in writing, to any issue that a taxpayer may raise with them in this regard.

Income tax compliance

The tax year is the calendar year. However, the GTD will approve, on a case by case basis, requests by foreign companies seeking to change the tax year-end subject to satisfying certain conditions.

The corporate tax rate is currently 20 percent. The tax should be settled by March 31 in the year following each respective tax year.

The annual taxable profit (or loss) is calculated by making certain adjustments to the accounting profit (or loss) for the year, as required by the tax legislation and after taking account of any utilizable losses brought forward.

A taxpayer's taxable profit (or loss) and tax on profit liability is recorded in the tax on profit (ToP) return which must be lodged annually with the GTD prior to March 31 in the year following each year of tax.

Indirect tax compliance

All taxable goods and services supplied for domestic consumption by a Value Added Tax (VAT) registered person and goods imported into Cambodia are liable to VAT.

Taxable supplies attract VAT at either the standard rate of 10 percent or the zero rate. Zero rating applies to the export of goods and services. Monthly VAT returns and payments are due to be filed and paid to the GTD by the 20th day of the following month.

Other tax compliance

The filing of withholding tax returns and the payment of withholding tax for cross-border payments of royalties, interest, management or technical service

fees or rental of moveable equipment to non-residents, need to be submitted to the GTD by the 15th day of the following month.

Stamp duty is based on a flat fee of KHR100,000 (approximately USD25) on certain documents such as company formation, company merger, dissolution of a company, and an agreement to provide goods or services to public organizations.

Property tax is not applicable in Cambodia.

An enterprise that is subject to tax on profit is required on a monthly basis to make a prepayment of profit tax (PPT). PPT is calculated at one percent of monthly turnover, inclusive of all taxes except VAT and is payable by the 15th day of the following month.

The minimum tax is a separate tax to the tax on profit. Like the PPT, it is calculated at one percent of turnover. Minimum tax is only payable if the minimum tax is greater than the tax on profit. The minimum tax is calculated at each year-end however, it would be expected to have been settled through the monthly prepayments of tax on profit.

Taxpayers must register annually with the GTD and pay a patent tax (business registration tax) of KHR1,140,000 (approximately USD285) per year. If the taxpayer carries out different types of business, a separate patent tax certificate is required for each activity. Patent tax is payable to the GTD by March 31 of each year.

Taxpayers are liable to deduct salary tax from payments of salaries, wages and other remuneration made to all employees. The tax rates for Cambodian and expatriate employees are the same, with the top marginal rate of 20 percent on the portion of income in excess KHR12,500,000 per month. Currently, the tax law does not require a resident individual to submit an annual personal income tax return to the GTD, and therefore the monthly tax deducted is considered as final tax for an individual.

Fringe benefits tax (FBT) is payable at a rate of 20 percent on the total value of fringe benefits provided to an employee. FBT is payable on a monthly basis, declared together with the salary tax in the monthly salary and fringe benefits tax return, to be submitted to the GTD by the 15th day of the following month.

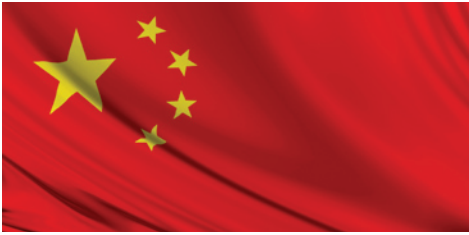
Specific tax on certain merchandise and services (STCMS) at varying rates applies to the supply of certain types of goods and services including, the supply of telecommunication services and the sale of air tickets. STCMS is payable on a monthly basis, before the 15th day of the following month.

Tax on public lighting (TPL) is a tax levied at the rate of three percent on the sale of tobacco and cigarette products, both imported and domestically manufactured, at each stage of supply. TPL is payable on a monthly basis, before the 15th day of the following month.

Accommodation tax (AT) is levied at the rate of percent on fees charged for hotel accommodation services, inclusive of other service charges and all kinds of tax, but exclusive of the AT itself and VAT. AT is payable on a monthly basis, before the 15th day of the following month.

Director's liability to tax

A director of a company, who knows or intentionally causes the company not to declare or to under-declare tax, or not pay withheld tax to the tax administration, is personally liable for the taxes to be paid. Also, he will be subject to salary tax for the remuneration received in the capacity of director of a resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



China

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Regulatory / Legal

Setting up business

With limited restrictions, foreign investors are generally welcome to invest in most lines of business including manufacturing, trading, services and investment holding. For some industry sectors there are restrictions as to the extent of foreign holdings permitted, such as the telecommunications sector.

Commonly used business entities

Companies established in the People's Republic of China (PRC) with foreign investment are collectively referred as foreign investment enterprises (FIE). The common forms of FIEs are wholly foreign-owned enterprises (WFOE), sino-foreign equity joint ventures (EJV) and sino-foreign co-operative joint ventures (CJV). To a lesser extent, foreign investors can invest in FIEs limited by shares.

WFOEs are legal entities established in China and are wholly owned by one or more foreign investors. EJVs are legal entities with limited liability with joint PRC and foreign ownership set up in China. CJVs are similar to EJVs but differ in that the rights and obligations of each party are governed under the joint venture agreements.

FIEs limited by shares must have two to 200 shareholders, at least half of whom must have residence in China. The registered capital must be at least the equivalent of Yuan Renminbi (RMB) 30 million, of which the foreign shareholder(s) must have purchased and held not less than 25 percent.

Foreign enterprises can also set up representative offices (RO) and branches. ROs are not separate legal entities and their permitted business scope is generally very limited. A RO is prohibited from engaging in business operations. Setting up branches in China is rarely approved except for a few industries in financial services.

Main legal formalities for the formation of a company or registration of a branch

Company

The establishment procedures vary depending upon the type of business in which a company is intended to be engaged. In establishing an FIE, the investors must first perform a pre-registration of the intended company name and then apply for the Approval Certificate and Business Licence of the FIE with the Ministry of Commerce (MOFCOM) and the State Administration of Industry and Commerce (SAIC) respectively. Thereafter, the FIE is required to register with various government authorities such as tax bureaux, the State Administration of Foreign Exchange (SAFE) and Customs.

The entire set-up and post-establishment registration procedures of an FIE may take around three to six months depending on the business activities to be engaged by the FIE, provided that the application documents submitted are complete.

Currency / monetary restrictions

The SAFE is responsible for the administration of foreign exchange in China. Trade-related foreign exchange receipts and disbursements are not subject to foreign exchange restrictions as much as capital-account foreign exchange receipts and remittances. FIEs may buy and sell foreign currency in relation to trade through designated banks.

Foreign currency loans to be repaid by FIE to non-residents should be registered with their local SAFE and are subject to its supervision. FIEs can retain their own foreign exchange receipts in their bank accounts.

Accounting / Finance for companies and Chinese branches of foreign companies

Financial statements

FIEs in China should comply with the Accounting Standards and Regulations of China.

Accounting Standards

China has its own version of Generally Accepted Accounting Principles (GAAP). Current China GAAP corresponds with the International Financial Reporting Standards to a significant degree.

Audit requirements

FIEs, are required to compile financial statements at the end of each fiscal year in accordance with relevant laws, regulations and administrative requirements. The financial statements are required to be audited by PRC Certified Public Accountants.

Requirements for foreign investors

In establishing a company or a branch in China, information related to the foreign investors such as the Certificates of Incorporation, annual audited financial statements and bank reference letters are required to be provided to MOFCOM and SAIC for approval purposes.

In general, there are no specific personal requirements for foreign investors (e.g. number of years in operation, revenue and industry background) who would like to set up companies or branches in China, except for those of holding companies, regional headquarters, or for certain Chinese companies or branches that need to apply for particular licences to carry out their business activities such as banking and construction related activities.

Book year / accounting currency

FIEs are generally required to adopt the calendar year as their fiscal year. The period from the opening date of an FIE to December 31 of the same year would be the FIE's first fiscal year, while the period from January 1 to the approved liquidation date would be the FIE's last fiscal year.

The presentation currency for financial reporting purposes should be RMB. FIEs may maintain their accounts in another currency however their results would need to be converted to RMB when compiling the audited financial statements.

Format

Accounts of FIEs are required to be set out in accordance with a chart of accounts prescribed under the accounting regulations in China.

The financial statements of FIEs should be written in Chinese.

Tax

Approval requirements

Tax registration is an integral part of the approval and registration process that precedes the commencement of any business operations in China.

Advance tax rulings / advance pricing agreements

The State Administration of Taxation (SAT) or its local units rarely issue advance tax rulings or other written endorsements of their prevailing policies.

APAs, on the other hand, are formal agreements or contracts between a company and one or more tax authorities to use a mutually agreeable system of prices and pricing methodology for certain transactions over a defined period of time. APAs reduce or remove taxpayers' risk of tax audit during the agreement period. Unilateral, bilateral or multilateral APAs, are permitted and possible in China .

Corporate taxpayers in China whose annual total related-party transactions are more than RMB 40 million and who fulfill related-party reporting responsibilities are able to apply for an APA. Recent legislation enactments would suggest that the Chinese tax authorities have adopted a positive attitude towards APAs.

Income tax compliance

FIEs are required to report their provisional Corporate Income Tax (CIT) returns quarterly to their in-charge tax bureau. By the end of May of the year following the tax year, FIEs should complete their annual CIT filings and settle the CIT payments with their in-charge tax authorities. Audited financial statements are normally required to be submitted as a part of an enterprise's annual CIT filing package. Tax payable is calculated based on taxable income after adjustments for tax differences according to the CIT Law and its Implementation Rules.

Indirect tax compliance

Value-added Tax (VAT), Business Tax (BT) and Consumption Tax (CT) are imposed on various business transactions of enterprises in China. VAT is applicable to the sale and/or importation of goods, as well as the provision of processing, repair and replacement services. BT is applicable to the provision of services (other than those subject to VAT) and the transfer of intangible and real properties. CT is applicable to the production, subcontract processing or importation of certain specific types of goods, typically luxury items or those considered to be less environmentally friendly.

FIEs are normally required to conduct filings of indirect tax with their in-charge tax bureaux on a monthly basis.

Other tax compliance

Other taxes that may apply to FIEs include Stamp Duty which is imposed on the entering into and the receipt of a myriad of documents, including sales contracts, loan agreements and accounting books. FIEs may also be subject to Land Use Tax for any land use rights owned; Real Estate Tax for any real estate owned; or Land Appreciation Tax for the appreciation in the value of the land realized upon its transfer.

The filing timelines for these taxes vary. Some may be reported semi-annually or annually, while others may be required to be reported on a transactional basis.

Director's liability to tax

A director of a corporation may receive director's fees. Director's fees are a form of compensation for services, which, after a 20 percent deduction for deemed expenses, is generally subject to Individual Income Tax at a flat rate of 20 percent. The director's fees received by an employee, who is also serving as a director of the corporation, as a part of his/her salaries and wages, may be subject to progressive PRC individual income tax rates instead.



Fiji

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Regulatory / Legal

Setting up business

A foreign investor is required to register with the Fiji Islands Trade and Investment Bureau (FTIB) before engaging in any business activity. Approval for registration usually takes one week on submission of registration details with FTIB. Varying periods of lead time may be required for the preparation of the relevant paperwork, dependent on the type of entity chosen.

The businesses in Fiji are categorized in two categories – reserved activities and restricted activities. Reserved activities are prescribed for Fiji citizens only. However, foreign investors are permitted to undertake businesses classified under restricted activities provided they meet the conditions prescribed for that particular restricted activity.

Once the business activity has been approved by the FTIB, the business would have to be registered with the Inland Revenue Service (IRS), Fiji National Provident Fund (FNPF), Office of the Registrar of Companies (ORC) and may also need to obtain approval from the Reserve Bank of Fiji (RBF) for the transfer/issue of shares to non-residents.

Commonly used business entities

In general, foreign businesses may operate in Fiji through one of the following vehicles registered with the ORC:

- A company incorporated in Fiji
- A branch of a company incorporated outside Fiji.

Sole proprietorships, partnerships and business trusts are also common business structures used by foreign investors.

Main legal formalities for the formation of a company or registration of a branch

Company

To form a company it is generally possible to acquire a shelf company from a law firm and then change the company name, office bearers and shareholders. Otherwise a law firm can be contracted to incorporate a new company.

A minimum of two directors, one secretary and two shareholders are required for a company registered in Fiji. One director and secretary must be ordinarily resident in Fiji. The shareholders can be corporate bodies or individuals. Generally, there is no restriction on foreign ownership.

The company must also have a registered office in Fiji.

If an investor opts to incorporate a company, then a set of the company's memorandum and articles of association will have to be prepared and lodged with ORC, together with the prescribed information for incorporation.

Branch

The Companies Act, Cap 247, requires a foreign company to appoint one person ordinarily resident in Fiji as its agent to accept service of process and any notices on its behalf. Certain registration documents and information are required to be provided to and lodged with ORC for registration of a branch.

Currency / monetary restrictions

The RBF administers the Exchange Control Act in Fiji. There are certain restrictions on outward remittances, whether capital or revenue. Some types of remittances are delegated to the financial institutions up to a certain monetary limit. RBF needs to be informed of inward remittance as well.

Regulatory requirements for Financial Services

The RBF regulates the Financial Services industry.

Accounting / Finance for companies and Fiji branches of foreign companies

Financial statements

Fiji has adopted International Financial Reporting Standards. The Companies Act also requires, in the case of certain companies, the lodgment of the financial statements with the annual return to the ORC. In practice this is not enforced by the ORC. Financial statements lodged with the ORC are publicly available.

Audit Requirements

Certain private companies, if they wish, need not have their financial statements audited. The exemption is available to a private company, unless any of the shares of the private company are owned by a company that is not a private company, or by a subsidiary of a company that is not a private company. According to the Company's Act, a private company is one which has fewer than 51 shareholders.

Requirements for foreign investors

For a Fiji branch generally, the place of incorporation of the foreign company, details of its directors and secretary and other information in the prescribed documents should be submitted to ORC.

If the Fiji company or Fiji branch needs to apply for a particular approval to carry out its business operation, additional information on the foreign investor may have to be provided to the relevant government authority.

Book year / accounting currency

Fiji's tax year is the calendar year. However, the accounting year end does not need to coincide with the calendar year. An application must be made to the Commissioner of Inland Revenue to adopt an alternative year end. Financial statements must be prepared in the currency of Fiji.

Format

The financial statements of a Fiji company or branch should be drawn up in accordance with the accounting standards and disclosure requirements of the Fiji Institute of Accountants and the requirements of Fiji law.

There are no rules requiring standard software for tax compliance.

Tax

Approval requirements

A business does not require prior approval from the local tax authorities to start business.

Advance tax rulings / advance pricing agreements

Fiji does not have any binding tax rulings system as may exist in other countries.

Income tax compliance

The tax year is usually referred to as the year of assessment. Financial years ending between January 1 to June 30 would be regarded as the previous tax year, whereas a financial year ending between July 1 to December 31 would be regarded as the current tax year (e.g. a year ended June 30, 2008 is referred to as the 2007 tax year, whereas a year ended September 30, 2008 would be the 2008 tax year).

In the case of a trade, business, profession or vocation, the tax year is normally the calendar year.

Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by the tax law and regulations.

Tax return forms (Form C) for income tax purposes are usually issued in January and are required to be completed and submitted by the date as stipulated by the Income Tax Act. Annual financial statements must be filed with the income tax return submitted to the IRS. The filing deadline for the tax return is three months from the financial year end. Generally the IRS may grant extensions of time, up to a maximum of eight months if the tax returns are lodged under the Tax Agents Lodgement Program (TALP).

Indirect tax compliance

Most goods and services supplied for domestic consumption by a Value Added Tax (VAT) registered person and goods imported into Fiji would be liable to VAT at the prevailing standard rate (currently 12.5 percent). Exemptions for VAT apply to supplies of financial services and letting of residential properties. Zero rate of VAT applies to the supply of exported goods and certain services. Cross-border payments are subject to a VAT reverse charge on the same basis as VAT would apply to local payments.

The accounting period for VAT is determined by the gross annual turnover of the registered person. A trader with a turnover exceeding F\$100,000 will be required to file monthly VAT returns. A trader who has a turnover of less than F\$100,000 can opt to file returns on a quarterly basis, with VAT reporting periods ending March 31, June 30 and so on.

VAT returns must be filed within one month from the end of the relevant VAT reporting period. Payment is also due within one month after the end of the relevant VAT reporting period.

Other tax compliance

The payment of withholding tax for cross-border payments of royalties, interest, management fees, technical fees or rental of equipment to non-residents needs to be made to the IRS by the end of the month following the month of payment. Stamp duty is modeled on the British system, which imposes specified duties on certain classes of documents and an ad valorem duty on documents such as those for conveyance, assignment and transfer.

Land sales tax is assessed on the sale of land (subject to certain exemptions) at the rate of 30 percent where the profits exceed F\$9,500. The tax rate is 6.25 percent where the profit is less than F\$9,500.

Hotel turnover tax (HTT) is levied at the rate of five percent and is generally charged on all hotel accommodation, food, beverage and other goods and services provided by a hotel. The HTT return is required to be prepared monthly and lodged with the IRS by the end of the month following the month of the return. HTT is payable to the IRS with the lodgment of the return.

Gambling turnover tax (GTT) is levied at the rate of five percent on all games of chance, whether for profit or charity/fundraising. GTT returns are required to be prepared weekly and lodged with the IRS by the end of the week following the week of the return. GTT is payable to the IRS with the lodgment of the return.

Director's liability to tax

A director of a company is subject to income tax in Fiji for the remuneration received in the capacity of director of a Fiji company. Where the remuneration is paid/payable to a non-resident director, withholding tax provisions may apply.



Hong Kong

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Regulatory / Legal

Setting up business

There are no Government approval formalities in respect of incorporating a normal Hong Kong company. There are, however, a number of businesses which require approval from relevant authorities prior to commencing business in Hong Kong. These include banking, insurance and securities activities. In addition, a license may be required for certain categories of traders and activities.

Commonly used business entities

A Hong Kong company or Hong Kong branch of an overseas company must register with the Companies Registry and the Business Registration Office (BRO). Registration with the BRO must be made within one month from the date of commencement of business in Hong Kong. The Registrar of Companies (the Registrar) takes on average four working days and 15 working days to process an application for registration of a new Hong Kong company and a non-Hong Kong company respectively. Registration with the BRO is generally completed within two working days of the receipt of a properly completed application, together with the required supporting documentation.

Depending on the type of vehicle chosen for the business operation, some lead time may be required for the preparation of relevant paperwork which must be signed by the officers and shareholders of the business entity. In general, foreign businesses may operate in Hong Kong through one of the following vehicles registered with the Companies Registry and BRO:

- A company incorporated in Hong Kong
- A branch of a company incorporated outside Hong Kong

Representative Offices of foreign companies are also permitted and are required to register with the BRO. Prior permission from the Monetary Authority of Hong Kong will also be required if the representative offices are to be set up by overseas financial institutions for promotion of their businesses in Hong Kong.

Main legal formalities for the formation of a company or registration of a branch

Company

The name of the company must first be cleared with the Registrar who is responsible for the operation of the Companies Registry. A minimum of one director, one shareholder and a secretary is required. There is no requirement for a director to be resident in Hong Kong but they must be over the age of 18. The sole shareholder can be a corporate body or an individual. Generally, there is no restriction on foreign ownership.

A company may have only one shareholder and there are no minimum capital requirements for Hong Kong incorporated companies, except for those engaged

in certain financial services, such as banking. Capital duty is payable at the rate of one Hong Kong dollar (HK\$) per HK\$1,000 or part thereof (with a maximum payable in any individual case of HK\$30,000). There is no requirement for the entire amount of authorized share capital to be issued and the capital can be denominated in any currency. A registration fee of HK\$1,720 is payable to the Registrar upon incorporation of the company, regardless of company size,

The company must also have a registered office in Hong Kong.

An incorporation form together with a set of memorandum and articles of association will have to be prepared for the company and lodged with the Registrar.

Every business is also required to pay a business registration fee and levy. The fee and levy are currently HK\$2,000 and HK\$450 per annum respectively, or HK\$5,200 and HK\$1,350 if a 3 year certificate is applied for.

Branch

The Companies Ordinance, Cap 32 requires a foreign company to maintain a registered address in Hong Kong. A non-Hong Kong company is required to register within one month of the establishment of a place of business in Hong Kong and to provide and lodge registration documents and information with the Registrar.

Currency / monetary restrictions

There are no restrictions on inward or outward remittances, whether capital or revenue.

Regulatory requirements for Financial Services

The Monetary Authority of Hong Kong regulates the Financial Services industry and the Securities and Futures Commission regulates the securities and futures industry.

Accounting / Finance for companies and Hong Kong branches of foreign companies

Financial statements

Annual financial statements must be prepared and lodged with the Registrar. They should be prepared in accordance with the Hong Kong Statement of Standard Accounting Practice, which generally reflects International Financial Reporting Standards.

Audit Requirements

Financial statements of a company must be audited annually. However, an audit exemption is generally available for a dormant company and it is exempt from lodging an annual return with the Registrar. A Hong Kong branch is not required to conduct a separate audit of its financial statements.

Requirements for foreign investors

For a Hong Kong company, the full name, address, and identity card number or passport number of the founder member and the number of shares held by it in the company are required to be provided to the Registrar.

For a Hong Kong branch generally, certified copies of the instrument defining the company's constitution, the company's Certificate of Incorporation (or its equivalent), the company's latest published accounts are required to be provided to the Registrar.

If the Hong Kong company or Hong Kong branch needs to apply for a particular license to carry out its business operation, additional information on the foreign investor may have to be provided to the relevant government authority.

Book year / accounting currency	The accounting year end does not need to coincide with the calendar year. Financial statements can be prepared in the company's functional currency, which can be a currency that is not Hong Kong dollars.
Tax	
Approval requirements	A business does not require prior approval from the local tax authorities to commence business.
Advance tax rulings / advance pricing agreements	It is generally possible to obtain advance tax rulings subject to the prevailing policies and guidelines. Hong Kong does not provide advance pricing agreements.
Income tax compliance	The tax year is usually referred to as the year of assessment. The year of assessment runs from April 1 to March 31. Profits tax for a year of assessment is computed based on the profit derived in the preceding year (e.g. the 2009 year of assessment would generally refer to the period January 1, 2008 to December 31, 2008). In the case of a trade, profession or business, the Inland Revenue Department (IRD) of Hong Kong normally accepts the accounting year as the basis year for the purpose of assessing the profits from the trade, profession or business. Assessable profit is computed by reference to the accounting profit before tax, with adjustments made as prescribed by tax law. Tax return forms (BIR 51) for profits tax purposes are usually issued on April 1 and are required to be completed and submitted within one month. The IRD offers an extension to tax representatives for filing based on the company's accounting year to either August 15 (accounting years ending between December 1 and 31) or November 15 (accounting years ending between January 1 and March 31).
Indirect tax compliance	Hong Kong does not impose a goods and services tax or value added tax.
Other tax compliance	A non-resident who receives royalties or license fees from Hong Kong is assessed to profits tax in the name of the person who pays or credits them with payments in Hong Kong. The assessable profits of the non-resident is generally deemed to be 30 percent of the gross amount of the royalty payment and is subject to tax at the standard rate of tax of 16.5 percent. Stamp duty is modeled on the British system, which imposes specified duties on certain classes of documents and an ad valorem duty on documents such as those for conveyance, assignment and transfer. However, the exemptions from duty are not as broad as the current British system. Property tax is charged for each year of assessment on the owner of land or buildings or land and buildings on the net assessable value. With effect from the year of assessment 2008-09, the rate of property tax is fifteen percent.
Director's liability to tax	A director of a company is subject to salaries tax in Hong Kong for the remuneration received in the capacity of director of a Hong Kong resident company.



India

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Regulatory / Legal

Setting up business

India's Foreign Direct Investment (FDI) Policy prescribes sectors which are prohibited and permitted. FDI in most of the sectors falls under the automatic route and only very few cases require prior Government/Foreign Investments Promotion Board (FIPB) approval.

In the situation where a foreign investor with an existing venture or collaboration (technical and / or financial) with an Indian partner in a particular field, proposes to invest in another company in the same field in India, the additional investment is permissible only subject to a prior FIPB approval wherein both parties are obliged to submit / demonstrate that the new venture does not prejudice the earlier venture. There are certain exceptions to this rule.

Sectors including construction projects, manufacturing, pharmaceuticals, petroleum and natural gas, special economic zones, wholesale cash and carry trading, private banking (with a sectoral cap of 74 percent) fall under the automatic route. Prior approval of the FIPB needs to be obtained for Investments in excess of any sectoral cap for the extent of foreign investment.

Sectors including broadcasting, print media, telecommunications, single brand product retailing (with sectoral caps ranging from 49 to 74 percent) require prior approval from the FIPB.

Agriculture, plantations, retail trading (other than single brand product retailing) fall within the prohibited list for foreign direct investment.

Commonly used business entities

Depending upon its business needs, a foreign company can choose between setting-up a liaison office (LO), a branch office / project office (PO) or incorporating an Indian company, either its wholly owned subsidiary or joint venture with an Indian / Overseas partner.

Establishing an LO requires prior approval of Reserve Bank of India (RBI), which is location specific and subject to guidelines issued in this regard. A LO is permitted to act as a channel of communication / carry out a liaison / representation role between the head office / group companies and parties in India. It is not permitted to undertake any commercial/ trading/ industrial activity, directly or indirectly.

A branch is permitted to undertake prescribed commercial activities and is generally suitable for foreign companies wanting to market or sell their products in India; or IT enabled / consultancy firms wanting to render services in India. The activities permitted for a branch do not include manufacturing (unless established in a Special Economic Zone) or retail trading.

The opening and operation of a LO or branch is regulated by the RBI.

A subsidiary or a joint venture company can be formed either as a private limited company or a public limited company.

Main legal formalities for the formation of a company or registration of a branch

Company

The name of the company must first be cleared with the Registrar of Companies (ROC). A set of the memorandum and articles of association for the company has to be lodged with the ROC together with the prescribed information for incorporation and the prescribed fees for registration.

The most popular forms of company are private limited and public limited companies (liability of shareholders being limited to the extent of their shareholding).

A private company is required to be incorporated with a minimum paid-up capital of Indian Rupees (INR) 100,000 and two subscribers. There must be at least two company directors.

A public company is required to be incorporated with a minimum paid-up capital of INR 500,000. There should be at least seven subscribers for shares and a minimum of three directors. A public company is subject to more stringent reporting requirements.

The annual balance sheet and profit and loss account of a company has to be filed with the ROC. Listed public companies are additionally regulated by the Securities Exchange Board of India (SEBI).

Branch

The opening and operation of a branch is regulated by the RBI. Based on a draft RBI circular, the RBI has set out that the foreign entity proposing to set-up a branch in India needs to have a successful profit making track record during the immediately preceding five years in the home country. Furthermore, the foreign entity should have a net worth of not less than USD 100,000. Approval for a branch is location specific and various criteria can apply dependent on location in India.

Currency / monetary restrictions

The RBI administers the foreign exchange management regulations jointly with the Government of India. India has introduced partial capital account convertibility. There have been significant relaxations in the recent past for drawal of foreign exchange for both current account as well as capital account transactions.

Specified transactions require prior approval of the Central Government / RBI. However, prior approval is not required if the payment is made out of foreign exchange funds held in Exchange Earner's Foreign Currency (EEFC) account of the Remitter.

Remittances for all other current account transactions can generally be made directly through the bankers / authorized dealers without any specific prior approval.

Regulatory requirements for Financial Services

The RBI and the SEBI regulates the Financial Services industry in India.

Accounting / Finance for companies and Indian branches of foreign companies

Financial statements The financial statements of company must be filed with the ROC. No person other than the shareholder of a private company can inspect the profit and loss accounts of the company filed with the ROC. A public company's financial statements are available for inspection by the public at large. Accounts should be prepared in accordance with Indian accounting standards. IFRS is expected to be introduced in 2011 in India.

Audit Requirements Financial statements must be audited annually. Auditors are appointed/ re-appointed in the Annual General Meeting (AGM) of a company. Their tenure lasts till the conclusion of the next AGM.

The Central Government may direct for a special audit of a company, if it is of the opinion that the affairs of the company are not being managed in accordance with sound business principles or is likely to cause damage to the related business or endanger the company's solvency.

Requirements for foreign investors At the time of establishing a place of business or branch in India, the foreign company must file various documents with the ROC including its Memorandum and Articles of Association, registered address of the office, a list of directors and company secretary and the name and address of an authorized person in India.

Book year / accounting currency The accounting year does not need to coincide with the calendar year. Financial statements should be presented in Indian Rupees.

Format Companies are required to file their financial statements in accordance with the format prescribed in Part I and Part II of Schedule VI of the Companies Act, 1956. Financial statements are also required to comply with the accounting standards and guidelines issued by the Institute of Chartered Accountants of India.

Tax

Approval requirements There is no requirement to obtain tax authority approval to start business, however, a Permanent Account Number (PAN) should be sought from the local tax authority.

Advance tax rulings / advance pricing agreements The Authority for Advance Ruling (AAR) can be approached to obtain advance tax rulings, subject to the prescribed guidelines.

There is no Advance Pricing Agreement mechanism in India.

Income tax compliance The tax year (known as the financial year) in India, runs from April 1 to March 31. Any income pertaining to the tax year is subject to taxation in the following year (known as the assessment year).

India adopts the self-assessment tax system. Taxpayers are required to file their tax returns in the prescribed forms by specified dates. Generally, taxpayers are liable to make income-tax payments as advance tax, during the year in which the income is earned. Employed individuals are subject to tax withholding by the employer on 'pay-as-you-earn' basis. Certain other specified incomes are also subject to tax withholding at specified rates.

Indirect tax compliance The Ministry of Finance (Department of Revenue) through the Central Board of Excise and Customs (CBEC), an apex Indirect tax authority, implements and administers Central Excise, Customs and Service tax laws. Circulars, notifications and clarifications issued by the CBEC supplement these Indirect tax laws.

For carrying on import and export, manufacturing, sale of goods and provision of services, it is required to obtain registration from the different concerned authorities. It is also required to make payment of taxes and duties and file periodical returns with such concerned authorities.

A taxable person is required to maintain prescribed records as provided under the respective indirect tax related laws.

In the Union Budget 2008-09, the Government of India has signaled its intention to introduce a nationwide Goods and Service tax (GST) with effect from April 1, 2010.

Other tax compliance

Generally, income payable to residents or non-residents is liable to withholding tax by the payer. Tax is required to be deducted from payments like salaries, fees for technical service, royalties, interest, dividends, rent, capital gains or other taxable income. In the case of resident persons the rate vary depending on the type of income and the payee involved.

Taxes withheld by the payer need to be deposited with the tax authorities. Furthermore, returns and other relevant documents pertaining to withholding tax also need to be periodically filed electronically with the tax authorities.

Director's liability to tax

A director of a company is not automatically subject to tax by virtue of the directorship, but they will be subject to income tax in India for the remuneration received in their capacity of director of an Indian company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.

Directors are also required to obtain a unique Director Identification Number (DIN) from the prescribed authority.



Indonesia

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Regulatory / Legal

Setting up business

All foreign investment is approved and monitored through government bodies. Certain fields of business are closed or may be restricted to investment by foreigners. The foreign investment application procedure is controlled principally through the Investment Coordinating Board (BKPM). Certain fields such as banking and the exploitation of natural resources are, however, controlled through the relevant government ministries.

Commonly used business entities

In general, foreign businesses may only operate in Indonesia through the establishment or investment into a limited liability company (perseroan terbatas or PT). A PT with foreign shareholders is known as a Penanaman Modal Asing or PMA company. Branches of foreign enterprises may also be permissible in a limited number of fields, such as energy, construction and banking:

Representative Offices of foreign companies are also permitted. The registration process for representative offices is usually directly via the relevant government ministry.

Main legal formalities for the formation of a company or registration of a branch

Company

A minimum of one director, one commissioner and two shareholders are required. Each founder of the Company must subscribe for shares at the time the Company is established. Shares must be denominated in Indonesian Rupiah (IDR)

The minimum authorized share capital is IDR 50 million of which at least 25 percent must be issued and fully paid up. Any increase in issued capital must be fully paid up. Bearer shares are not permitted. The company must also have a registered address in Indonesia.

A notarial deed of establishment containing the Articles of Association must be submitted to the Minister of Law and Human Rights. The complete application process usually takes between four and six months.

Branch

The establishment of a branch is limited to specified industries. Branches for construction or oil and gas exploration are the most common, with the registration process being handled by the Ministry of Public Works and the Ministry of Energy and Natural resources respectively. Operations in the oil and gas sector are handled by an independent body known as BP MIGAS. Branches are also possible in the banking industry, although new branch licenses have not been issued for some time, and in limited other industries.

Currency / monetary restrictions

BKPM, together with Bank Indonesia, the country's central bank, will monitor the source and disbursement of funds approved for the establishment of a venture. For PMA companies, sources external to Indonesia in foreign currencies must be used to finance all loan capital and the foreign parent's equity capital. Certain external borrowing requires official approval, but loans for wholly private sector projects are not subject to this approval. PMA companies may borrow from domestic non-State banks for working capital requirements.

The import and export of IDR is subject to exchange controls and the lending of IDR to a foreign enterprise by an Indonesian bank is generally prohibited.

Regulatory requirements for Financial Services

Bank Indonesia regulates the banking sector and the Ministry of Finance regulates the non-banking Financial Services industry.

Accounting / Finance for foreign companies in Indonesia

Financial statements

Generally accepted accounting principles in Indonesia must be applied in the preparation of annual statutory financial statements. The Indonesian Company Law, as well as regulations issued by the Ministry of Trade and Industry, set out requirements for the filing of annual statutory financial statements. Filings are required within six months of an entity's fiscal year end.

Audit Requirements

The financial statements of companies meeting the following criteria must be audited annually:

- Companies with foreign ownership
- Equity instruments publicly listed
- Debt or bonds publicly listed
- Financial institutions, including banks and insurance companies
- Total assets or turnover of IDR 50 billion, or more
- State-owned enterprises
- Other circumstances required by specific regulations or laws.

Requirements for foreign investors

As above, foreign investment in Indonesia is controlled and monitored by government bodies.

Book year / accounting currency

The accounting year end does not need to coincide with the calendar year. Financial statements can be prepared in the company's functional currency, which may be a currency other than IDR.

Format

The format of financial statements is set out in Indonesian financial accounting standards. Publicly listed companies are required to follow the format and guidance prescribed by Bapepam (the Indonesian capital markets regulatory body).

Tax

Approval requirements

A business should obtain a taxpayer identification number (NPWP) from the local tax authorities when established.

Advance tax rulings / advance pricing agreements

It is generally possible to obtain advance tax rulings and / or APAs. However, use of the APA procedure has been limited and the Indonesian Tax Office (ITO) is not obligated to respond to advance ruling requests.

Income tax compliance

The tax year is usually referred to as the fiscal year. The normal fiscal year runs from January 1 to December 31. Indonesia applies a current year of assessment system, with monthly installments of corporate income tax based on prior period results. Companies may notify the ITO if they wish to adopt a year end other than

December 31. A fiscal year end prior to June 30 20XX will be referred to as fiscal year 20XX-1.

Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulation.

Annual tax return forms (Form 1771) for income tax purposes are required to be completed and submitted by the fourth month after the year end. Monthly installment payments are due on the 15th of every month.

Indirect tax compliance

The majority of goods and services supplied for domestic consumption by a VAT registered person as well as goods imported into Indonesia would be liable to VAT at the prevailing standard rate (currently ten percent). A reverse-charge provision applies for the import of services and the utilization of intangibles from overseas. Exemptions for VAT apply to basic necessities, certain natural resources, money, gold and securities. The import of certain strategic goods may also qualify for exemption. A range of services also qualify for exemption, including medical, education and social services, and services in the fields of banking, insurance and finance leasing.

VAT should be accounted for on a monthly basis and any excess VAT payable is also due monthly. The payment date is the 15th of the following month and the lodgment date the 20th. The requirements for VAT compliance are stringent and the penalties for non-compliance severe.

Other tax compliance

The payment of withholding tax and the filing of withholding tax returns for domestic and cross-border payments of royalty, interest, dividends and most services should be made by the 10th and 20th day of the month following the date of payment respectively.

Stamp duty applies at a nominal rate on the execution of most legal and financial documents.

Land and Buildings tax is assessed on immovable property and is payable annually. The tax is calculated by applying 0.5 percent to a percentage of the taxable selling value. This percentage can range from 20 to 100 percent, dependent on a Government regulation which takes into account the national economic condition.

Director's liability to tax

A director of a company is not automatically subject to tax by virtue of the directorship, but he will be subject to income tax in Indonesia for the remuneration received in the capacity of director of an Indonesian resident company. A resident director will be subject to tax on their worldwide income. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions would apply.



Japan

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on the setting up of businesses in Japan. However, some businesses do require a license or permit to operate. For example, banks and securities firms must obtain licenses from the Prime Minister through the Financial Services Agency.

Commonly used business entities

Commonly used business entities in Japan are:

- A joint-stock company (kabushiki kaisha or KK), as prescribed in the Company Law
- A branch of a company incorporated outside Japan.

A joint-stock company is the most widely used entity as a subsidiary of foreign enterprises or as a joint venture company with Japanese business partners. A limited liability company (godo kaisha or GK or Japanese LLC) has become available since May 2006, the legal requirements for which, e.g. shareholders' meetings, board of directors and statutory audits, are less restrictive compared to a joint-stock company. However, it is not yet so common to use a limited liability company. Foreign investors may also set up a representative office for preparatory and auxiliary activities or a branch to operate a business in Japan. In addition, general and silent partnerships, investment limited partnerships and limited liability partnerships are available.

Main legal formalities for the formation of a company or registration of a branch

Joint-Stock Company

As a first step, it is necessary to examine whether similar trade names have been used by another company at the Legal Affairs Bureau. Articles of Incorporation, including business objectives, trade name, location of head office, value of capital contribution to be made at the time of the establishment and the names of addresses of the incorporators, should be prepared. A joint-stock company is established through registration with the Legal Affairs Bureau.

A minimum of one director and one shareholder is required. At least one representative director must be resident in Japan although they do not need to be Japanese. The sole shareholder can be a corporate body or an individual. Generally, there is no restriction on foreign ownership and there is no minimum capital requirement under the Company Law.

Branch

As a first step, it is necessary to examine whether similar trade names have been used by another company at the Legal Affairs Bureau. A branch of a foreign company is required to be registered with the Legal Affairs Bureau before starting business in Japan on a continuous basis.

When a foreign company intends to carry out transactions continuously in Japan, it must specify its representatives in Japan. In such cases, at least one representative must be resident in Japan although does not need to be Japanese.

Currency / monetary restrictions

The Foreign Exchange and Foreign Trade Law (FEFTL) was amended in 1992 for inward direct investments and in 1998 for capital transactions. While prior notifications or prior approvals were required for various transactions before the amendments, a post facto reporting system has been adopted after the amendments, except for limited inward direct investments.

Regulatory requirements for Financial Services

The Financial Services Agency (FSA) regulates the financial services industry. Licenses or registrations are required for many financial services business including banking, securities, insurance and investment management.

Accounting / Finance for companies and Japanese branches of foreign companies

Financial statements

Companies are required to prepare financial statements under the Company Law and related regulations, and copies must be attached to corporation tax returns. In addition, listed companies must meet reporting requirements of its financial statements under the Financial Instruments and Exchange Law (FIEL). The Accounting Standards Board of Japan (ASBJ) has been working to achieve convergence of Japanese accounting standards with International Financial Reporting Standards (IFRS) by 2011 based on the agreement made with the International Accounting Standards Board (IASB) in August 2007.

Branches should attach a copy of financial statements to their corporation tax returns.

Audit Requirements

Large companies (joint-stock companies with capital of 500 million yen or more or total liabilities of 20 billion yen or more) and companies having committees (an appointing committee, an audit committee and a compensation committee) are required to have their financial statements audited by external auditors under the Company Law.

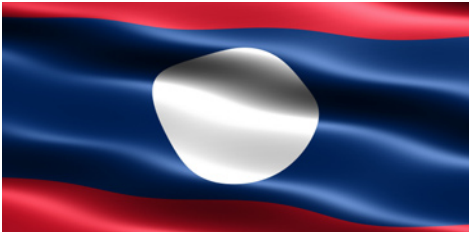
Smaller companies and branches do not require an external audit under the Company Law.

Requirements for foreign investors

When a foreign investor holds shares in a Japanese company, information on the foreign investor such as their name, address, nationality and business outline and information on the Japanese company including the company name, address, outline of the business, the amount of capital and the number of shares should generally be reported as a post facto report to the government through the Bank of Japan under the FEFTL.

When a foreign company sets up a branch in Japan, it must submit a post facto report to declare information on the branch including the company name, place of the head office and branch and the purpose of the business to the government through the Bank of Japan.

Book year / accounting currency	The accounting year end does not need to coincide with the calendar year. Financial statements should be prepared in Japanese yen.
Format	Companies listed on the Japanese securities market and companies issuing certain bonds are required to submit an annual Securities Report to the FSA under the FIEL.
Tax	
Approval requirements	Prior approval from the local tax authorities is not required to start business. However, a report should be submitted about the establishment of the business to the competent tax offices.
Advance tax rulings / advance pricing agreements	There is an advance tax ruling system and an advance pricing agreement process for cross-border transactions. The advance tax ruling system is not commonly used.
Income tax compliance	<p>A company is required to file final returns (a corporation tax return to the relevant tax office and inhabitant/business tax returns to the local government) within two months after the end of its fiscal year, whether or not it has profitable income for that fiscal year. Generally, a filing extension of one month can be obtained from the tax office for a Japanese company, or longer for a branch of a foreign company. The final tax liability for the tax year should be paid to the tax offices within two months after the end of the fiscal year regardless of whether a filing extension has been obtained. No extension for payment is available.</p> <p>The final corporation tax return must be accompanied by the company's balance sheet, profit and loss statement, statement of changes in net assets, details of accounts, statement of outline of business activities and, depending upon the circumstances, certain other prescribed documents.</p>
Indirect tax compliance	<p>Japanese consumption tax is a sales based tax applied on supplies of certain goods and services within Japan. It is similar in nature to European VAT and Australian GST. The current rate of consumption tax applied to taxable transactions is five percent.</p> <p>Generally, a company having an annualized value of more than 10 million yen domestic taxable sales transactions and export exempt sales transactions in the taxable year prior to the preceding year, or a company having made an election for consumption taxpayer status, is required to lodge a consumption tax return to the competent tax office within two months after the end of the fiscal year. No filing extension is available.</p>
Other tax compliance	<p>In general, payments of withholding tax on payments such as salaries, royalties, interest and dividends need to be made to the competent tax office by the 10th day of the month following the date of payment.</p> <p>Stamp duty is imposed on persons who prepare taxable documents such as deeds of contracts or certificates.</p> <p>Property tax is assessed on both real property and depreciable assets which are in use in a business as at January 1 each year. The rate of property tax is 1.4 percent.</p>
Director's liability to tax	A director of a company who is resident in Japan is liable for Japanese income and inhabitant tax. A non-resident director of a Japanese company is also subject to income tax in Japan for the remuneration received in their capacity of director of a Japanese resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



Laos

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Regulatory / Legal

Setting up business

The Lao People's Democratic Republic (Laos) Government is actively promoting inbound investment. The Foreign Investment Law (FIL) establishes the legal framework for foreign investment, with Laos Government supporting investment in a number of key industries, including hydro electric power, mining, manufacturing, infrastructure, tourism and telecommunications.

Commonly used business entities

Foreign investors are permitted to incorporate wholly owned subsidiaries in Laos or enter into joint ventures with local / foreign partners. In any joint venture arrangement, foreign investors must contribute at least 30 percent of the total equity capital.

Investors may establish branches, however for commercial reasons few investors (except banks) have chosen this form of business structure.

Main legal formalities for the formation of a company or registration of a branch

All applications for foreign investment must go through the one stop service of the Committee for Promotion and Management of Investment (CPMI). The process is legislated to take no more than 45 working days, although in practice it may take longer.

The investor is required to complete and submit a standard application, accompanied by a number of documents, including a feasibility study, articles of association, details of the investors, a memorandum of understanding (or joint venture agreement) and any other necessary documents (determined on a case-by-case basis).

Once a business license has been obtained from the CPMI, the investor must submit a Business Register Application Form to the Registration Department in the Ministry of Commerce (MoC). The MoC then submits the application to the relevant ministry for its opinion, comment and approval.

The final step for the investor is to submit a Tax Licence Application Form to the Tax Department at the MoC, which should issue a tax license within 10 days. Registrations should be renewed annually.

Although there is no strict requirement in law, foreign investments (excluding representative offices) tend to require a minimum registration capital of USD 500,000 to attain the relevant approvals.

Currency / monetary restrictions

The unit of currency in Laos is the KIP (LAK). The LAK is not a freely convertible currency, and investors should consider the foreign currency implications when formulating investment plans and feasibility studies.

Foreign investors may repatriate their earnings through a Laos bank or foreign bank established in Laos.

Regulatory requirements for Financial Services

The Bank of Laos sets the lending and deposit rates as well as issuing currency, extending credit to commercial banks and acting as the government's fiscal agent.

Accounting / Finance for companies and Lao branches of foreign companies

Financial statements

Laos has its own accounting rules, based on the Enterprise Accounting Law (1990), which applies to all independent business units. These rules are not always consistent with internationally recognized standards. In practice, many enterprises keep two sets of accounts, one that also conforms to international standards.

Audit Requirements

Financial statements are required to be prepared annually, including a revenue statement, a financial analysis schedule, an inventory of assets and summary schedules of statistics and taxes.

All items in the financial reports must be evidenced by supporting documentation and all relevant records retained for 10 years.

Requirements for foreign investors

Foreign investors must use the Lao national system of financial accounting. Accounting records are subject to periodic audit by the Government's financial authorities.

Book year / accounting currency

The accounting year ends on December 31 and, except for the first year of business must last for 12 months. All accounting records are to be kept in LAK.

Format

There is no specific prescribed format for the financial reports.

Tax

Approval requirements

The company must register for Annual Tax Registration. The tax certificate fee depends on the estimated annual company income, with a maximum fee of LAK 150,000. However, if the company engages in import-export activities, the tax certificate fee is from LAK 200,000–500,000.

Advance tax rulings / advance pricing agreements

There is currently no process to seek binding rulings from the tax authorities, however it is common practice for any contentious issues to be discussed / agreed as part of the investment agreement and business license applications.

Income tax compliance

All income of companies registered under Laos law are subject to profits tax unless otherwise stated in the investment agreement or business license. Under current practice, companies registered under the FIL and carrying on a business in Laos are taxed on their net profit arising from their business activities in Laos. For businesses operated by Lao nationals, the profits tax rate is 35 percent, however this rate falls to 20 percent or lower where the entity is licensed under the FIL.

Profits tax is determined on a calendar year basis and is generally payable quarterly in advance with finalization carried out after the year-end. The first three payments are due on the 10th day of April, July and October, with a final payment due on March 10 following the year-end.

The quarterly payments are based on the previous year's profit tax payments (or projected liability in respect of the first year) and the actual liability for the finalization payment. Any residual profits tax payment can be carried forward for deduction against future tax liabilities.

Indirect tax compliance

Withholding tax is payable on dividends (10 percent), interest (10 percent), royalties (5 percent), leasing income (5 percent) and other income (35 percent of deemed profit). Withholding tax is due and payable by the 15th day of the following month.

Turnover tax (BTT) is a form of goods and services tax imposed on imports and the sale of imported and locally produced products. In addition, the supply of labor in return for a service fee is also subject to turnover tax. VAT was introduced from January 1, 2009.

A taxpayer will only be subject to BTT or VAT, not both. Currently the scope of VAT is limited to a few specific industries and importers or exporters but the scope is expected to be widened over time with BTT being phased out.

For those taxpayers subject to the VAT system, returns and payments are due by the 15th day of the month following the return month of supply.

Payment of turnover tax is made on a monthly basis, on or before the 10th day of the following month. Taxpayers who have paid turnover tax at the point of origin may deduct the amount already paid from the amount of tax payable monthly, while any excess may be carried forward to the following month.

Other tax compliance

In addition to payroll tax, Social Security taxes apply to employees of private enterprises and joint enterprises. The employer is required to pay over five percent of gross salary (the employer's liability) and withhold and pay over 4.5 percent from gross salary due to the employees (the employee's liability). Salaries over LAK 1,000,000 are capped for Social Security purposes.

Stamp duty is imposed at LAK 10,000 per contract.

Customs duty is imposed on imported / exported commodities at rate between five percent to 40 percent. Administrative fees are levied at five percent ad valorem on equipment and materials.

Excise tax is collected on certain types of goods, including fuel, alcohol, tobacco and cosmetics. For imported goods excise tax is payable at the time of import, taxes must be remitted in full before goods leave the customs post. For domestic production, producers must lodge a monthly excise tax return before the 15th day of the following month.

Director's liability to tax

A director will be subject to income tax in Laos for the remuneration received in their capacity as a director. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply at a flat rate of 10 percent on gross income.



Macau

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Regulatory / Legal

Setting up business

There is no special restriction or constraints for establishing business in Macau. However, according to regulations which govern various economic activities, specific licenses or authorizations are required for certain business categories, such as banking, insurance, manufacturing, tourism, civil construction, education and telecommunications etc.

Commonly used business entities

All business entities carrying out business activities in Macau must be registered with the Macau Commercial and Movable Property Registration Bureau (MCMPRB). In addition, an entity carrying on a business in Macau must be registered with the Macau Finance Bureau (MFB), which is responsible for the administration of taxation affairs in Macau.

The most common types of business entities operating in Macau are:

- A limited liability company by quota in Macau
- A branch of a company incorporated outside Macau.

Foreign entities with only one-off or occasional contractual project in Macau may choose to apply for a tax registration status on a project basis.

Main legal formalities for the formation of a company or registration of a branch

Limited liability company by quota (LLCQ)

A LLCQ is one where the liability of its owners is limited to the value of quotas held by them. Quotas are shares in a private limited liability company whilst the transfer of quotas is subject to registration with the MCMPRB and certification notarized by a notary. A minimum of two, up to a maximum of 30 quota holders is generally required, although a single quota holder is permitted in the case of a limited company owned by a natural person as the sole owner.

The minimum capital requirement of a LLCQ is MOP25,000 with a nominal value of at least MOP1,000 per quota. The quota holders are required to pay up all the capital within three years. An administrative board is required to be set up for a LLCQ. There is no limit on the number of members in the administrative board and the members can be residents of territories outside Macau.

A set of memorandum and articles of association in Chinese or Portuguese notarized by a lawyer or public notary and other prescribed information and documents are required to be lodged with the MCMPRB.

Branch

The foreign company must appoint at least one representative with a residential address in Macau to uphold the company's responsibilities and an allocated capital has to be assigned to the branch. The type and scope of business a branch can engage in should be relevant to those set out in the head office's memorandum and articles of association. The memorandum and articles of association of the foreign company (part of it is required to be translated into Chinese/Portuguese) together with certain registration documents are required to be provided to the MCMPRB for setting up a branch in Macau.

Currency / monetary restrictions

There are no exchange control regulations in Macau. However, Macau requires at least 40 percent of export sales receipts to be surrendered against the local currency, i.e. banks, on behalf of the monetary authority, will convert at least 40 percent of foreign-denominated export sales receipts into MOP upon receipt of the foreign currency.

Regulatory requirements for Financial Services

The Monetary Authority of Macau supervises and regulates all financial institutions such as banks, insurance companies and pension fund management companies.

Accounting / Finance for companies and Macau branches of foreign companies

Financial statements

The Commercial Code of Macau stipulates that all business entities are required to keep proper books and records and they should be retained for ten years. Proper books and records include inventory records, balance sheets, minute books and other registers documents.

Regulated companies (like banks, insurance, offshore companies, etc.) in Macau are required to follow Macau Financial Reporting Standards (MFRS) which came into effect from January 1, 2007 whereas other non-regulated companies can choose to follow MFRS or Macau General Financial Reporting Standards (MGFRS) in preparing their financial statements.

Audit requirements

No statutory audit is required in Macau except for certain regulated entities, such as banks, insurance companies etc. However, under the MCT Ordinance, companies are required to submit MCT returns to the MFB after each financial year and MCT returns of entities with registered capital of over MOP one million or average annual profits more than MOP 500,000 in the past three years (i.e. Group A taxpayers) are required to be certified by registered accountants or auditors.

Requirements for foreign investors

None

Book year / accounting currency

Under the Commercial Code of Macau, entities are free to select March 31, June 30, September 30 or December 31 as their accounting year end or fiscal year. Accounts may be maintained in any desired currency, but the Macau currency should also be expressed at the same time.

Format

The minimum requirements for the contents of financial statements are set out in MFRS and MGFRS.

Tax

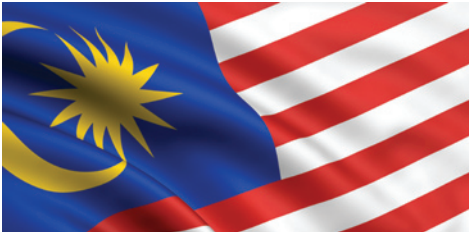
Approval requirements	All commercial operations in Macau are required to complete and submit the relevant forms to the MFB to register the commencement of business activities 30 days prior to the commencement of business.
Advance tax rulings / advance pricing agreements	There is currently no advance tax ruling system and advance pricing agreement in Macau.
Income tax compliance	<p>The Macau fiscal year runs from January 1 to December 31 of each year. Taxpayers are divided into Group A and Group B in Macau. As mentioned above, Group A taxpayers are companies that have maintained appropriate accounting books and records, with capital of over MOP 1,000,000 (the allocated capital in the case of a branch) or an average annual profits in the past three years of more than MOP 500,000. Group B taxpayers are those who do not meet the criteria mentioned above. Group B taxpayers who have maintained appropriate accounting books and records may apply for a reclassification to Group A taxpayers. In this circumstance, a declaration form jointly signed by the taxpayer's authorized signatories and the appointed accountant/ auditor should be submitted to the MFB before December 31.</p> <p>Group A taxpayers are required to file tax returns for the preceding year from April to June each year. As mentioned above, the tax returns of Group A taxpayers should be certified by accountants or auditors who are registered with the MFB.</p> <p>In respect of Group B taxpayers, tax returns for the preceding year should be filed from February to March each year. Certification of the tax returns by registered accountants or auditors is not required for Group B taxpayers.</p> <p>MCT is payable in either one installment in September (for amounts under MOP3,000) or two equal installments in September and November each year, based on the taxable income for the immediate preceding year declared in the MCT return submitted. Final tax payment or tax overpaid for a year of assessment is due or refundable upon finalization of the tax assessment by the MFB.</p>
Indirect tax compliance	There is currently no sales tax, VAT or GST in Macau. However, certain imported goods are subject to a fixed consumption tax (similar to an excise duty) including alcohol, wines and spirits, tobacco, fuel and lubricating oils.
Other tax compliance	There are no withholding taxes on dividends, interest, royalties or any other source of income paid to non-residents. However, a Macau entity is required to disclose the details of recipients, including the name and taxpayer numbers (if any) in its MCT return. If the recipients do not have a tax registration in Macau, the MFB may enquire into details of the payments to ensure that they are made to recipients for business activities undertaken wholly outside Macau. Otherwise, the MFB may disallow the expense deduction claims of the payer. As such, under normal commercial practice, a Macau payer may withhold the relevant MCT amount before remitting the payments to any recipient who does not have a taxpayer registration number in Macau in order to verify the deduction claims.

Stamp Duty is payable on most business transactions, including payment of certain taxes and transfer of properties. A list of tax rates is included in the tax regulations.

Property Tax is payable by the owner of all residential, commercial and industrial property in Macau.

Director's liability to tax

A director of a company is not automatically subject to tax by virtue of the directorship, but he will be subject to Macau Professional Tax (MPT) on all personal income from employment arising in or derived from Macau. MPT is deductible at source on a Pay-as-you-earn basis and the tax withheld by the employer must be paid to the MFB each quarter (for resident employees and employees with work permit) or monthly (for other non-resident employees) within the prescribed period together with the official receipt form.



Malaysia

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on setting up a business in Malaysia. However, certain businesses do require a license or permit to operate, including those in the banking and finance sectors.

Commonly used business entities

The main forms of business operations in Malaysia are a limited liability company or a branch. Sole proprietorships and partnerships can also be used.

Depending on the intended business activities, there are several forms of establishment that a foreign corporation can consider for doing business in Malaysia, including:

- Locally incorporated company
- Branch Office
- Representative Office / Regional Office.

Main legal formalities for the formation of a company or registration of a branch

Company

The Companies Act (CA), 1965 provides for three types of company based on the liability imposed on its shareholders. They are:

- Companies limited by shares – where the personal liability of members is limited to the par value of their shares
- Companies limited by guarantee – where the members guarantee to meet liability up to a nominated amount if the company is wound up
- Unlimited companies – where there is no limit to the members' liability.

The most common company structure in Malaysia is a company limited by shares. A Malaysian company can be incorporated with a minimum authorized and paid-up capital of Malaysian Ringgit (RM) of RM100,000 and RM2 respectively.

Before a company is incorporated, approval must be obtained from the Companies Commission of Malaysia (CCM) for the use of the proposed name. A certificate of incorporation will be issued by the CCM once the name has been approved and the relevant documentation submitted to the CCM. The company can then commence operations using the name registered. The company is required to state the registration number in all its official documents.

Every company must have at least two directors, both of whom must have a residential address in Malaysia. All directors must be natural persons of full age and capacity. An expatriate holding a working visa in Malaysia and residing in the

country qualifies to be one of the two directors referred to above. Every company must have at least one Company Secretary who must be a natural person and a resident in Malaysia and is a member of any one of the prescribed professional bodies.

Every company must appoint one or more auditors who must be approved auditors in Malaysia. Every company must have a registered office in Malaysia to which notices may be addressed.

Branch

A foreign corporation may establish a branch to carry on a business. The branch must register with the CCM and submit the relevant documentation before commencing business or establishing a place of business within Malaysia.

However, branches are not allowed to undertake certain types of business.

Currency / monetary restrictions

The selective exchange control regime in Malaysia is governed by the Exchange Control Act and the Exchange Control of Malaysia Notices (ECM) issued thereunder.

Regulatory requirements for Financial Services

The Central Bank of Malaysia regulates the financial services industry.

Accounting / Finance for companies and Malaysian branches of foreign companies

Financial statements

The CA, 1965 requires a company to lay before the members at its annual general meeting a duly audited set of financial statements made up to a date not more than six months before the date of the meeting. The annual general meeting (AGM) has to be held once every calendar year at intervals of not more than fifteen months from the preceding AGM or six months from the financial year end, whichever is earlier. For the first AGM, it must be held within eighteen months of the incorporation or six months from the financial year end, whichever is earlier.

Audit requirements

Financial statements must be audited annually in accordance with Section 169(4) of the CA.

The accounts of exempt private companies are required by law to be audited but need not be filed with the CCM.

Requirements for foreign investors

Foreign investments in companies incorporated in Malaysia may be subject to the Foreign Investment Committee's Guidelines which contain certain equity conditions.

Book year / accounting currency

The first financial statements must be presented at a date not later than eighteen months after the incorporation of the company. Subsequently, financial statements are generally required to be prepared at least once in every calendar year and must be presented in Malaysian currency.

Format

Malaysian incorporated companies (other than private entities as defined) are required to prepare their financial statements according to the Malaysian Financial Reporting Standards (FRS) legislated under the Financial Reporting Act, 1997. Malaysian accounting standards are similar to IFRS although there are a number of differences.

Tax

Approval requirements

A company does not require prior approval from the local tax authorities to start a business. However, taxpayers should obtain a tax file number (C – reference number) from the Malaysian Inland Revenue Board (MIRB).

Advance tax rulings / advance pricing agreements

The Malaysian Income Tax Act, 1967 (ITA) now empowers the MIRB to issue advance rulings as well as to enter into advance pricing agreements.

Income tax compliance

Malaysia has adopted the self-assessment system (SAS). Under the SAS, companies are required to:

- Estimate the tax payable (ETP) for a particular Year of Assessment (YA), one month before the commencement of that YA (special rules apply to companies commencing business in the YA)
- Pay monthly installments based on the ETP submitted
- Within seven months from the end of the financial year, compute the final tax liability, file the tax return and remit the outstanding tax (i.e. tax liability computed, less installments already paid), if any, to the MIRB.

A company's financial year for tax would generally be the same as the period to which it's financial statements have been drawn up.

The MIRB will conduct periodical tax audits to check on compliance. Amongst others, penalties are imposed for a shortfall of the estimated tax payable in excess of 30 percent, compared to the final tax liability.

Indirect tax compliance

Malaysia does not have a broad-based VAT/GST regime but it does have single-stage consumption taxes known as sales tax and service tax. The introduction of GST has been proposed, however the introduction has been suspended to a future date that has yet to be announced at the time of writing.

Sales tax is imposed on taxable goods imported or manufactured locally. Sales tax rates range from five to ten percent; depending on the type of taxable goods.

Service tax is imposed on taxable services provided by taxable persons. Examples of taxable services include, legal, accounting, management and consultancy services. The service tax rate is five percent. Exemptions are available for certain group transactions.

Malaysia imposes import duty, export duty and excise duty on taxable goods. Excise duty is imposed on cigarettes, alcohol, motor vehicles and playing cards. Export duty is mainly imposed on commodities such as crude petroleum and palm oil.

Other tax compliance

Malaysia has adopted the schedular tax deduction system (STD) (which is similar to the pay as you earn system in other countries) in respect of employment income. The employer is required to withhold tax at the requisite rates from the employee's salary and remit the same to the MIRB.

Capital gains are not subject to tax in Malaysia. Previously, gains from the disposal of real property or shares in a Real Property Company (RPC) (a company whose total tangible assets at the point of an acquisition of real property or RPC shares consist of at least 75 percent real property or RPC shares) were subject to tax under the Real Property Gains Tax Act, 1976 at rates ranging from five percent to 30 percent. RPGT has however, been exempted effective April 1, 2007.

Withholding tax is imposed on prescribed amounts paid to non-residents.

Certain documents also attract Malaysian stamp duty.

Director's liability to tax

A director of a company is jointly and severally liable to tax or debt due and payable by a company pursuant to Section 75A of the ITA.



Mongolia

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on the setting up of businesses. However, a prescribed list of businesses do require a license or permit to operate, including areas such as banking and finance institutions, food and beverage establishments and mining.

Commonly used business entities

A person must register a business entity with the State Registration Agency (SRA) before carrying on business in Mongolia. Approval from SRA normally requires three working days from submission of the registration documents. Depending on the type of vehicle chosen for the business operations; varying lead time is required for the preparation of the relevant paperwork, which must be signed by the officers and shareholders of the business entity. In general, foreign businesses may operate in Mongolia through one of the following vehicles registered with the SRA:

- A company incorporated in Mongolia or
- A branch or representative office of a company incorporated outside Mongolia.

Limited liability companies are the more commonly used business forms.

A business entity with foreign investment and a branch of a foreign legal entity are also permitted but are required to be registered with the Foreign Investment and Foreign Trade Agency (FIFTA).

Main legal formalities for the formation of a company or registration of a branch

Company

The name of the company must first be cleared with the SRA. A minimum of one director and one shareholder is required. The sole director must be a resident in Mongolia and over the age of 18. The sole shareholder can be a corporate body or an individual.

The company can be formed with one subscriber who will be required to take up one share in the company. The shares of the company will have a par value and will be denominated in Mongolian Tugrug (MNT).

A business entity with foreign investment must have at least a paid up capital of USD100,000 (or equivalent in any other currency) at the date of registration. The shares of the company will have a par value and can be denominated in any currency.

Registration fees of MNT10,000 and MNT12,000 are payable to the SRA and the FIFTA respectively, regardless of the size of the paid-up capital of the company.

The company must also have a registered office in Mongolia.

A set of the company's charter or memorandum and articles of association and a board resolution for the establishment of the company should be prepared and lodged with the SRA, together with other prescribed information for incorporation.

Branch

The name of the foreign company must be cleared with SRA. The foreign company must appoint an authorized representative agent for the branch, and this executive shall act on the basis of a power of attorney from the foreign company. Certain registration documents and information are required to be provided to and lodged with the FIFTA and the SRA for registration of the Mongolian branch

Currency / monetary restrictions

There are no restrictions on inward or outward remittances, whether capital or revenue.

Regulatory requirements for Financial Services

The Central Bank of Mongolia and Financial Regulatory Committee regulate the financial services industry.

Accounting / Finance for companies and Mongolian branches of foreign companies

Financial statements

Based on the accounting law of Mongolia, all entities registered in Mongolia are required to prepare financial statements in accordance with the International Financial Reporting Standards (IFRS). The company's year end must coincide with the calendar year.

Entities are required to prepare and submit quarterly financial statements by the 20th of the month following the end of each quarter, and annual financial statements by February 10 of the year following each respective calendar year. The financial statements should be filed with the respective district's tax office and the financial department of the local district Governor's office.

Audit requirements

Financial statements must be audited annually. An audit exemption is generally available for companies with less than MNT50 million in share capital.

All foreign invested entities must be audited.

Requirements for foreign investors

For a Mongolian company, the full name, address, nationality and identification number of the foreign investor and the number of shares held by the foreign investor in the company are required to be provided to the FIFTA and the SRA.

For a Mongolian branch generally, the place of incorporation of the foreign company, details of its share capital structure and other information in the prescribed documents to be submitted to the SRA, are required to be disclosed.

If the Mongolian company or Mongolian branch needs to apply for a particular license to carry out its business operations, additional information on the foreign investor may have to be provided to the relevant government authority.

Book year / accounting currency

The accounting year end should coincide with the calendar year. Financial statements must be prepared in MNT for submission purposes to the respective regulatory bodies in Mongolia.

Format Mongolian incorporated companies are required to file their financial statements with the financial department of the local district Governor's office in a prescribed format.

Furthermore, certain companies whose activities are regulated by the Central Bank of Mongolia and Financial Regulatory Committee are required to submit their financial statements by March 31.

Tax

Approval requirements

A company does not require prior approval from the local tax authorities to start business.

Advance tax rulings / advance pricing agreements

It is generally possible to obtain advance tax rulings and / or advance pricing agreements, subject to the prevailing policies and guidelines, including obtaining clearance on incentive programs.

Income tax compliance

Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulations.

Tax return forms are required to be completed by February 10 following each respective calendar year. A company is also required to submit its quarterly tax returns by the 20th of the following month subsequent to the end of each quarter to the respective district's tax office.

The corporate tax rate is 10 percent on the first MNT3 billion and 25 percent on amounts in excess of MNT3 billion.

Indirect tax compliance

In accordance with the VAT Law of Mongolia, an entity that imports or exports goods, produces or sell goods, performs works, or provides services in the territory of Mongolia exceeding MNT10 million will be liable to VAT at the prevailing standard rate, currently ten percent.

VAT returns must be filed within 10 days from the end of the previous month.

Other tax compliance

The filing of withholding tax returns and the payment of withholding tax for cross-border payment of royalties, interest, director's remuneration, technical fees, dividends and others matters governed by the Withholding Tax Law of Mongolia need to be made to the respective district's tax office by the 20th of the month following the end of each quarter.

Mongolia also has a windfall tax which imposes a 68 percent tax on gold and copper when the price exceeds the USD850/oz and USD2,600/tonne threshold respectively.

Immovable property tax is levied on the value of immovable property. The tax is generally based on the value of the property registered with the immovable property's state registry. The tax rate of property tax is 0.6 percent.

Director's liability to tax

A director of a company is not automatically subject to tax by virtue of the directorship, but he will be subject to income tax in Mongolia for the remuneration received in the capacity of director of a Mongolian resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



Nepal

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Regulatory / Legal

Setting up business

Nepal has only recently opened the doors to foreign investment. However, a prescribed list of businesses do require a license or permit to operate, including areas such as banking and finance institutions, tour agencies, food and beverage establishments, private schools and employment agencies.

Commonly used business entities

Government of Nepal has reorganized administrative arrangements to deal with foreign investment projects with a view to providing all services required by foreign investors under one roof. Policies have been simplified, clarified and the investment climate has been made more conducive by introducing policy measures and procedural simplifications.

The status of the Department of Industry has been upgraded to facilitate the quick and efficient processing of investment applications.

Foreign investors wishing to invest in Nepal as 100 percent foreign owned enterprises or as joint venture investments are required to make an application to the Department of Industry (DOI) on a prescribed form along with a detailed feasibility report.

In granting permission for investment, the Department of Industry will specify the facilities and concessions the investor is entitled to within 30 days.

Foreign investors can invest in Nepal in industries that are permitted for foreign investment. Once the permission is granted from the Department of Industries, the foreign investor has to register the company in the Company Registrars Office (CRO). The entities could be:

- Public Limited Company
- Private Limited Company.

With prior permission from the authorized government agency a foreign company may also establish:

- A Branch Office
- A Liaison Office (no income generating activities are permitted).

A Permanent Establishment of a foreign company is also permitted for doing business in Nepal for a specific period of time such as contractors of infrastructure projects for which the entity has to be registered with the Inland Revenue Office.

Main legal formalities for the formation of a company or registration of a branch

Company

The registration of a company in the Department of Industry involves the incorporation of a company under the Nepal Company Act. This would entail the filing of a Memorandum and the Articles of Association of the company.

A company may be incorporated as a private limited company or a public limited company. A private company can be a one person company and total number of shareholders should not exceed 50. In the case of a public company, at least seven shareholders should subscribe to its capital and the minimum paid up capital should be Rs 10 million, unless a higher capital is required under other prevailing laws. After a public company is incorporated it must publish a prospectus with the approval of the Department of Industry and Securities Exchange Board of Nepal, before issuing shares to the public. Directors must be over the age of 21. The name of the company must first be cleared with CRO. Shareholders can be corporate bodies or individuals. Generally, there is no restriction on foreign ownership except for certain industries such as financial services, telecommunications and insurance, where the maximum shareholding by a foreign company has been specified in law. The company must also have a registered office in Nepal.

A set of the company's memorandum and articles of association should be prepared for the company with the prescribed information for incorporation.

Branch

A foreign company cannot operate any business or enterprise through a branch office or open a liaison office within Nepal without having itself registered with the Companies Registrar Office (CRO). A foreign company shall be deemed to have operated its business or established its office in Nepal if it regularly operates any business, or appoints or acquires the services of any person for regular contacts, for a month or any period exceeding that from any office established or from any office or place used for the purpose in Nepal. Prior approval from relevant government agencies is required before registration of a branch of a foreign company.

Currency / monetary restrictions

The Foreign Exchange Regulation Act governs foreign exchange controls. Foreign investors who have received permission to invest in convertible currency can repatriate monies by way of dividend or redemption of capital outside Nepal under the current law.

Regulatory requirements for Financial Services

The Central Bank of Nepal (Nepal Rastra Bank) regulates the Financial Services industry.

Accounting / Finance for companies and Nepalese branches of foreign companies

Financial statements

The income year corresponds with the Government's Fiscal Year, from mid-July to mid-July. Annual financial statements must be prepared in accordance with Nepal Accounting Standards and requirements of the Company Act. For insurance companies and financial institutions, there are prescribed formats for their financial statements set out by the Central Bank and Insurance Board. The financial statements have to be filed with the Company Registrars Office annually, within six months from the end of the financial year.

Audit requirements

Financial statements must be audited annually. There is no provision for audit exemption.

Requirements for foreign investors Foreign investors are required to apply to the Department of Industries (DOI) and provide various particulars including:

- Full name
- Address
- Nationality
- Identification number (i.e. passport number)
- Feasibility project report
- Joint venture agreements
- A certificate incorporating the memorandum & articles of association
- The company profile
- A financial credibility certificate
- Evidence / details of the number of shares held by them in the Nepalese company.

Book year / accounting currency The accounting year end does not need to coincide with the calendar year. The income year for income tax purposes however should correspond with the Government's Fiscal Year, from mid-July to mid-July. Financial statements must be presented in the currency of Nepal.

Format Companies incorporated in Nepal are required to file their financial statements in the format stated in the Nepal Company Act.

Tax Approval requirements A business must be registered with the Inland Revenue Office (IRO) and obtain a Permanent Account Number prior to commencement of operations. Registration for Value Added Tax is also required if the turnover threshold for registration is expected to be exceeded.

Advance tax rulings / advance pricing agreements It is generally possible to obtain Advance Ruling as per the Provision under Income Tax Act, 2002.

Income tax compliance The financial year runs from mid July to mid July.

Income tax payments are made in the year in which the income is earned in the form of withholding tax and advance tax from each source of income.

Every taxpayer is required to submit a tax return in the prescribed form within three months of the close of the income year. At the request of the taxpayer, the IRO may allow extension of filing of returns for a period not exceeding three months.

Income and capital gains earned by corporations are taxed at a flat rate of 20 percent for special industries, 25 percent for other industries and companies and 30 percent for bank & other financial institutions including insurance companies. Taxable income is computed by reference to the profit before tax with adjustments prescribed by Nepal tax laws & regulations.

Currently, there are no rules requiring the use of standard software for tax compliance.

Indirect tax compliance All goods and services supplied for domestic consumption by a VAT registered person and goods imported into Nepal will be liable to VAT at the prevailing standard rate of 13 percent. Exemptions for VAT apply to supplies of financial services and residential properties, electricity, education, medical services and agricultural products.

VAT returns are required monthly with each month's return due to be filed with the Inland Revenue department by the 25th day of the following month.

- Other tax compliance** The filing of withholding tax returns and the payment of withholding tax for cross-border payment of royalties, interest, directors' remuneration, technical fees or rental of moveable equipment to non-residents need to be made to the IRO by the 15th day of the month following the month of each payment / withholding event.
- Director's liability to tax** A director of a company is not automatically subject to tax by virtue of their directorship, but will be subject to income tax in Nepal for the remuneration received in their capacity as a director of a Nepalese resident company. Where the remuneration is paid / payable to directors (resident or non-resident) tax should be withheld from each payment.

* T R Upadhy & Co is a business advisory services company providing tax and investment support services in Nepal. T R Upadhy & Co is not a member firm of KPMG.



New Zealand

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on setting up a business in New Zealand. There are however, some restrictions that may apply to foreign investors in particular circumstances (see Requirements for Foreign Investors below).

Commonly used business entities

The main forms of business operations in New Zealand are a limited liability company, a branch, a joint venture or a unit trust. Sole proprietorships, partnerships and limited partnerships can also be used. In general, foreign businesses operate in New Zealand through one of the following vehicles:

- A company incorporated in New Zealand
- A branch of a company incorporated outside New Zealand

Representative offices of foreign companies are also permitted.

Main legal formalities for the formation of a company or registration of a branch

New Zealand Company

A company in New Zealand must be incorporated under the Companies Act 1993. The company will be an independent legal entity with a unique company number. Online registration is available at the Companies Office website. The following requirements must be met:

1. Conduct a register search to ensure that an identical or similar name does not exist
2. Reserve the company name
3. Register the company details
4. Apply for a company Inland Revenue Department (IRD) number and register for GST if required
5. Complete consent forms for directors and shareholders.

New Zealand Branch

A New Zealand branch of a foreign company is required to register with the Registrar of Companies and be placed on the Overseas Register. It will be given a unique identifying number. The branch cannot commence business until the name of the foreign parent company has been reserved; which must be exactly the name of the company as it is registered overseas. The branch will still be incorporated in the parent company's location but the New Zealand operations will be governed by New Zealand law.

Currency / monetary restrictions	There are no restrictions on the movement of funds into or out of New Zealand, or on the repatriation of profits. No additional performance measures are imposed on foreign-owned enterprises. However, under the Financial Transactions Reporting Act 1996, financial institutions must report significant cash transactions and suspicious transfers to the Police.
Regulatory requirements for Financial Services	<p>The Reserve Bank of New Zealand is the prudential regulator of banks, non-bank deposit takers and, it is proposed, insurance companies.</p> <p>Banks must register with the Reserve Bank, make comprehensive quarterly public disclosures of financial and qualitative information and meet certain capital adequacy and connected exposure requirements. Currently, there are no specific regulatory requirements for reinsurance companies, but this matter is the subject of on-going Government consultation.</p> <p>The Securities Commission and Commerce Commission may also supervise the financial sector.</p>
Accounting / Finance for companies and New Zealand branches of foreign companies	
Financial statements	<p>All companies registered in New Zealand as overseas companies are required to file financial statements with the Companies Office under the Financial Reporting Act 1993 (the FRA).</p> <p>A New Zealand company may be required to file accounts with the Companies Office under the FRA if the company falls under one of the following categories:</p> <ol style="list-style-type: none"> 1 Under section 19(1)(b) – if it is a large company in which 25 percent or more of the voting shares are held by any of: <ul style="list-style-type: none"> • A company or body corporate incorporated outside New Zealand • A subsidiary of a company or body corporate incorporated outside New Zealand • A person not ordinarily resident in New Zealand 2 Under section 19 (1)(c) – if it is a subsidiary of a company or is a body corporate incorporated outside New Zealand.
Accounting Standards	New Zealand companies have adopted the New Zealand equivalent to IFRS and are required to comply with New Zealand GAAP in the preparation of their financial statements. Some small companies may be permitted to apply the New Zealand Financial Reporting Standards (FRS) and Statement of Standard Accountancy Practice (SSAP), rather than IFRS.
Audit Requirements	All listed companies must be audited annually. A subsidiary of a company or a body corporate incorporated outside New Zealand must be audited. Financial statements of a non-active company or a private company with New Zealand shareholders are not required to be audited.
Requirements for foreign investors	Foreign investment in New Zealand is regulated by the Overseas Investment Act 2005 (OIA) and the Overseas Investment Regulations 2005. Certain overseas persons who propose to acquire, or to acquire control of, significant or strategic assets in New Zealand will require the consent of the Overseas Investment Office (OIO). The OIO makes its decisions in accordance with the criteria set out in the OIA and Regulations.
Book year / accounting currency	Financial statements are generally presented for the period up to the company's accounting reference date, as chosen by the company upon registration or following subsequent amendment.

The financial statements should be presented in the company's functional currency which may not be the New Zealand dollar for businesses with transactions overseas.

Format IAS 1 of NZ IFRS sets out the overall framework and responsibilities for the presentation of financial statements, guidelines for their structure and minimum requirements for the content of the financial statements.

Tax
Approval requirements An entity does not require approval from IRD to commence business. However taxpayers should obtain an IRD number.

Sufficient business records to enable the Commissioner of Inland Revenue to ascertain the tax position of an entity must be kept accurately in English and within New Zealand. However, permission can be obtained to keep and retain records outside New Zealand or in a language other than English.

Advance tax rulings / advance pricing agreements Advance tax rulings are called binding rulings, and are intended to give taxpayers certainty about how Inland Revenue will apply the tax laws. Inland Revenue can issue three types of binding rulings on the interpretation of tax laws as they apply to an arrangement: public rulings, private rulings, and product rulings.

Domestic legislation allows a unilateral Advance Pricing Agreement (APAs) to be issued in the form of a binding ruling. Bilateral/multilateral APAs may also be entered into, pursuant to New Zealand's double tax treaties.

Income tax compliance The income year runs from April 1 to March 31. If a company wishes to submit its tax returns for a different period, it must obtain approval from the IRD to do so. Approved balance dates are deemed to relate to the March 31 that follows for balance dates from October 1 to March 30 and to the preceding March 31 for balance dates from April 1 to September 30.

Tax returns are due on the July 7 following the balance date, unless the entity has engaged a tax agent and been granted an extension for tax filing. Income tax returns prepared by agents receive an extension of time to the following March 31.

Income tax is payable on the taxable profits derived by a company. Taxable profits are determined in accordance with the New Zealand tax law and regulations. Practically this is achieved by adjusting accounting profit where a different treatment is prescribed by the tax rules.

Provisional Tax

Most entities are required to pay provisional tax, which is the prepayment of the current year's income tax liability in installments over the tax year. There are three options for the calculation of the provisional tax due: standard uplift; estimation; and ratio. The calculation method determines the payment amounts and the frequency of provisional tax payments during the income tax year.

A final balancing calculation is performed when the tax return is filed, resulting in either a terminal tax payment of any residual taxes due or a refund of provisional taxes overpaid.

Imputation Credits

When a company pays income tax, it generates imputation credits. The company records these credits in a memorandum account known as the imputation credit account (ICA). All New Zealand resident companies must maintain an ICA. When a company distributes dividends to its shareholders, it can attach imputation credits to the dividend payments, i.e. it imputes the dividends. The imputation credits offset the shareholders' tax liability on the dividend income. Distributing the credits creates a debit of the same amount to the ICA.

Indirect tax compliance

Goods and services tax (GST) of 12.5 percent applies generally to the supply of goods and services by businesses in New Zealand that are registered or required to be registered for GST. Businesses with a turnover in excess of NZ\$60,000 are required to register for GST.

Entities that are registered for GST are entitled to claim input tax credits on acquisitions made for the principal purpose of making taxable supplies.

Where a registered entity makes exempt supplies, its ability to claim input tax credits is restricted. This provision is of particular importance to financial services entities, as the domestic supply of financial services is exempt from GST. The restriction on input tax credits may be minimized if the entity is eligible to elect into the Business-to-Business regime (if its customers are GST registered and make taxable supplies of 75 percent or more of the total supplies).

Moreover, imported goods and services may be liable to New Zealand GST, either on the receipt of the imported goods or through a reverse charge on the services provided from overseas.

Other tax compliance

As a consequence of having employees in New Zealand, the entity will need to register as an employer for New Zealand tax purposes and deduct Pay As You Earn (PAYE) from wages and salaries paid to employees. PAYE returns must be filed either monthly or twice a month, depending on the size of the employer.

Employers are required to pay fringe benefit tax (FBT) on benefits provided to employees as a result of their employment, including those benefits provided through a third party or to an associate of the employee. Employers will generally pay FBT on a quarterly basis.

KiwiSaver is a voluntary savings initiative that is designed to make it easier for New Zealand individuals to save for their future. New Zealand employers are required to process employee contributions to KiwiSaver and make employer contributions (at two percent of the employees' gross remuneration). KiwiSaver uses the existing payroll reporting process and contributions are returned to Inland Revenue along with PAYE.

New Zealand does not have a capital gains tax regime. In principle, capital gains are not subject to tax in New Zealand, although certain types of capital gain may be included in taxable income.

Payments to non-residents may be subject to withholding tax, which must be withheld and returned to Inland Revenue on a monthly or quarterly basis depending on the type of payment made. In some cases, interest payments to non-residents may attract a two percent stamp duty (Approved Issuer Levy) instead.

Director's liability to tax

A director of a New Zealand resident company would be subject to income tax in New Zealand for the remuneration received in this capacity. In most cases, it will be necessary to withhold tax at 33 percent from the payment of director's fees. The company must also prepare an annual reconciliation of withholding taxes deducted from payments. Withholding taxes do not apply where the director holds a valid certificate of exemption, or would apply at a different tax rate where the director holds a special tax code certificate. Where the director receives director's fees as a part of a taxable activity carried on by the director, it would be necessary for the director to return GST on these fees.



Papua New Guinea

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Regulatory / Legal

Setting up business

Generally, there is no restriction on setting up of business in Papua New Guinea (PNG). However, all business entities are required to be registered with the Registrar of Companies. In addition, foreign enterprises (enterprises with 50 percent or more interest owned by non-citizens or the management of which is substantially controlled by non-citizens) must obtain certification from the Investment Promotion Authority (IPA). Registration of entities usually takes three to four months from submission of applications.

Certain businesses also require a specific license to operate. Professional entities are required to register with appropriate professional bodies.

Commonly used business entities

Commonly used business entities include companies (either a branch or a subsidiary incorporated in PNG), partnerships, trusts and unincorporated associations.

Main legal formalities for the formation of a company or registration of a branch

Company

The proposed name of a company must be approved by the Registrar of Companies. A minimum of one shareholder and one director (who must be an adult) is required. Appointment of a secretary is optional. At least one director must be ordinarily resident in PNG.

The shares can be held in various classes and must be denominated in PNG Kina (PGK). The registered office of the company is required to be situated in PNG and the registers of the company must be kept at the registered office. Where no constitution of the company is adopted, the constitution provided under the Companies Act 1997 (Companies Act) automatically applies.

A reporting company is required to appoint an auditor and have its financial statements audited, unless exempted by the Registrar of Companies.

Branch

Companies incorporated outside PNG that wish to carry on business in PNG must register with the Registrar of Companies as an overseas company within one month after they establish a place of business in PNG. A prescribed form must be completed and lodged, supported by a Certified copy of the Memorandum and Articles of Association; and a Certified copy of the Certificate of Incorporation.

The company registration must be completed before the application to the IPA for certification to carry on business in PNG can be processed.

Currency / monetary restrictions

The following foreign exchange transactions do not require pre-approval from the Bank of PNG:

- All current account transactions, i.e. remittances offshore that do not involve the acquisition or disposal of assets or liabilities
- All foreign exchange flows arising from approved private capital accounts, contracts or agreements such as loan or lease payments or equity redemption made under an agreement previously approved by the Bank of PNG.

The following transactions are not exempt and require exchange control approval:

- The opening and operation by residents of a bank account outside PNG
- The transfer or removal out of PNG physical cash in excess of PGK 20,000 or foreign currency equivalent
- Licensing of gold exporters
- Licensing of foreign exchange dealers.

Regulatory requirements for Financial Services

The Bank of PNG regulates the banking and other financial institutions including superannuation funds.

Accounting / Finance for companies and PNG branches of foreign companies

Financial statements

Under the Companies Act financial statements are to be prepared in accordance with generally accepted accounting practice. The accepted standards are the International Financial Reporting Standards and PNG Financial Reporting Standards.

Annual returns must be lodged with the Registrar of Companies for each financial year. For reporting companies, financial statements must be prepared and lodged together with the annual returns and are publicly available for inspection.

Audit Requirements

All reporting entities, including overseas companies must have their financial statements audited. A reporting company is required to appoint an auditor and have its financial statements audited unless exempted by the Registrar of Companies.

Requirements for foreign investors

The IPA has the dual role of facilitating investment in PNG, and ensuring that unscrupulous foreign enterprises do not gain easy access to business in PNG. The Investment Promotion Act 1992 (the Act) makes it an offence for a foreign enterprise to carry on business in PNG without IPA approval. Approval is granted in the form of an IPA certificate. The foreign enterprise must be certified before entering into any contract or agreement

The certificate contains details of the approved activities, location, and any other conditions imposed by IPA. A foreign enterprise may only engage in those activities for which it is certified, otherwise it is in contravention of the Act. Variations of activities or changes in circumstances of the company require formal notification to IPA resulting in a variation to the certificate or recertification.

Book year / accounting currency

The standard financial year is the calendar year but an alternative financial year end may be adopted. Financial statements must be prepared in PGK but the Registrar of Companies may approve use of a foreign currency upon application.

Format

Lodgment of annual returns and financial statements in standard A4 paper format is required by the Registrar of Companies. There is no facility for electronic lodgment.

Tax

Approval requirements

A business (except a foreign contractor) does not require prior approval from the Commissioner General of the Internal Revenue Commission (IRC) to commence business in PNG.

A foreign contractor is generally a non-resident providing services in PNG under contract. Unless the IRC has approved a foreign contractor to be assessed on the actual taxable income from the contract, any payments to a foreign contractor are subject to a 12 percent withholding tax (i.e. the non-resident company tax rate of 48 percent applied to a deemed taxable income of 25 percent of contract receipts).

Advance tax rulings / advance pricing agreements

It is possible to obtain advance tax rulings from the IRC, subject to the prevailing policies and guidelines. However, the IRC are not bound by the rulings issued.

Income tax compliance

The tax year runs from January 1 to December 31. In the case of a trade, business, profession or vocation, the IRC usually accepts the financial year as the basis year for the purposes of income tax assessment.

Tax is imposed on taxable income, which is the balance remaining after deducting allowable deductions from assessable income.

Assessable income includes all types of gross income which would normally appear in the revenue accounts of a business enterprise including sales revenue, fees and commissions for services rendered, rent, dividends, interest, and royalties. Assessable income and allowable deductions are generally brought to the accounts on an accruals basis for companies carrying on business.

Residents including companies are subject to tax on their PNG sourced and foreign sourced income. Non-residents including branches of overseas companies are taxed on income sourced in PNG only.

Tax return forms (Form C) are required to be completed and submitted by February 28 each year. However, tax agents are allowed to lodge their clients' returns over an extended period by lodging monthly extension lists. Assessments are issued to taxpayers following lodgment of their tax return.

Tax is generally payable within 30 days of receiving the assessment. In addition, companies pay three equal installments of provisional tax on April 30, July 31 and October 31 of each year, based on the last assessment issued to the company grossed up by five percent.

Indirect tax compliance

Goods and Services Tax (GST)

This is a broad-based consumption tax levied at a flat rate of 10 percent on taxable supplies of most goods and services. Input tax credits are available for GST paid on business inputs. The input tax credits may be offset against output tax collected.

Customs Duty

Customs duties are levied on the value (i.e. cost of goods, insurance and freight charges) of a wide range of imported goods. The rates of duty vary.

Excise Duty

Excise duty is levied on a number of commodities including tobacco, alcoholic beverages, and aerated mineral waters. The rates vary between the products.

Stamp Duty

Stamp duty is imposed on documents evidencing the transfer of shares, conveyance of real property, leases, etc.

Other tax compliance

Interest

Interest payable from PNG to non-residents may be deemed to have a PNG source and, as such, is subject to a 15 percent withholding tax. The amount of withholding tax may be reduced where the lender is resident in a country with which PNG has a Double Tax Agreement (DTA).

Dividends

Non-residents are subject to withholding tax on the dividends received from a PNG resident, other than dividends paid out of petroleum and gas income. The dividend withholding tax rate is 17 percent, which may be reduced under the DTA.

Royalties

The PNG tax authorities impose a withholding tax of 10 percent on certain payments to non-residents that are defined as royalties under the Act. However, the non-resident recipient of the royalty can elect to furnish a PNG income tax return and pay tax at the rate of 48 percent on the profit element of the royalty (i.e., gross royalty less applicable expenses).

Where royalties are paid to an associate, a flat tax rate of 30 percent is applied, with no provision for election to pay tax on the profit element. The tax rate of 30 percent is reduced where the recipient is a resident of a country with which PNG has a DTA.

In addition, prescribed royalty payments are subject to a five percent withholding tax. Prescribed royalty payments include those incidental to transportation, fishing, timber, mining and petroleum operations.

Non-resident Insurers

Non-resident insurers who do not have a permanent establishment in PNG are taxed on 10 percent of gross premiums earned from insuring property or events in PNG. Incorporated associations are taxed at 48 percent and unincorporated associations are taxed at 30 percent

Non-resident Reinsurers

Reinsurance premiums paid to non-residents are tax-free in their hands provided that the payer (insurance company) in PNG elects not to claim them as deductions for tax purposes. If a deduction is claimed, the provisions that apply to premiums paid to non-resident insurers will apply to the non-resident reinsurer.

Non-resident Ship Owners

The taxable income of a non-resident ship owner or charterer is calculated as five percent of the gross fares or freight for passengers or goods loaded at a PNG port. The tax rate is the non-resident corporate rate of 48 percent or the progressive individual rates, where appropriate. The master of the ship and the agent are both liable for tax. Payment is usually made to customs officials when clearing the ship's departure.

Management Fees

The Act applies a 17 percent withholding tax on management fees paid to non-residents. The withholding tax applies only to the amount allowable as a tax deduction. The 17 percent withholding tax rate may be reduced or may not be applicable where the recipient is a resident of a country with which PNG has a DTA.



Pakistan

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Regulatory / Legal

Setting up business

With the exception of certain specified industries, such as arms and ammunitions, high explosives, radioactive substances, security printing, currency and mint, 100 percent foreign ownership is permitted in the manufacturing sector. New units for the manufacture of alcohol cannot be set up, except for industrial alcohol. For the non-manufacturing sector 100 percent foreign ownership is also permitted however, specified licenses from relevant agencies will be required. A minimum equity investment of USD150,000 is required in the service sector (includes IT and telecoms) while for the infrastructure, social and agriculture sectors it is USD300,000. There is no minimum equity requirement for the manufacturing sector.

Commonly used business entities

Establishing a company or forming a branch / liaison office is commonplace for setting up business in Pakistan. The Companies Ordinance, 1984 (CO) and the rules framed therein, prescribe various formalities to be complied with for the incorporation of a limited liability company. A foreign company that intends to carry on business activities in Pakistan for fulfillment of contractual obligations, but does not wish to incorporate a company, may register a branch. A foreign company that intends to establish a place of business in Pakistan, but does not wish to undertake any revenue generating activity, may register a liaison office.

Main legal formalities for the formation of a company or registration of a branch

Companies incorporated in Pakistan and branches / liaison offices of foreign companies are regulated by the CO and the Investment Policy issued by the Board of Investment (BOI) respectively. Foreign investment in Pakistan is facilitated by the BOI which is the focal point of contact between potential investors and all Government agencies involved in the investment process. The proposed company may be incorporated either as a Private Limited Company or a Public Limited Company under the CO. Certain documents need to be filed with the State Bank of Pakistan (SBP) through the authorized dealers / banks / financial institutions for the registration and export of shares to non-residents.

A foreign company intending to set-up a branch / liaison office in Pakistan is required to apply for approval from BOI. BOI approval is granted after receiving clearance of the application by the relevant ministry / department and the SBP. The approval, if granted, would be for a specified period and can be renewed / extended on application within 30 days of expiration. The foreign company is required to be registered with the Registrar of Companies within thirty days after obtaining an approval to set up a branch office in Pakistan.

Currency / monetary restrictions

The Foreign Exchange Manual, 2002, issued by SBP summarizes the foreign exchange controls. Subject to certain conditions, capital can be repatriated and profits and dividends earned in Pakistan by non-residents can be remitted after payment of any applicable withholding tax. Foreign investors are allowed to remit

disinvestment proceeds through their banks after those proceeds have been duly certified by a practicing Chartered Accountant. Principal and interest payments on foreign loans can be remitted if the repayment schedules are registered with the SBP.

Regulatory requirements for Financial Services

SBP is the apex finance regulator in the country. SBP waives its prior approval requirement for investment and repatriation of profits / dividends / capital gains/ disinvestment proceeds to foreign investors, once the investment received is registered with it.

Accounting / Finance for companies and Pakistan branches of foreign companies

Financial statements

Every company is required to send annual audited financial statements along with directors' report thereon to the registered address of every member within a specified period. Additionally, a listed company shall simultaneously send a specified number of these documents to the Securities and Exchange Commission of Pakistan (SECP) and the registrar of companies. There is no exception for foreign companies having Pakistan operations. On issuance, financial statements of listed companies are available to the public.

Audit requirements

A company's financial statements must generally be audited annually by a Chartered Accountant. However, a private company having paid-up capital of less than Pakistan Rupees (PKR) three million may appoint an auditor other than a Chartered Accountant. The financial statements of a Pakistan branch / liaison office of foreign entities should be prepared and audited in the same manner as for a public company.

Requirements for foreign investors

For a foreign company to be locally registered, it has to file with the registrar concerned, prescribed information and specified documents including an application for availability of name for the company. The Pakistan branch / liaison office shall also furnish BOI's approval letter along with the registration documents. Whenever renewal / extension of the BOI approval is granted, a copy must be provided to the registrar concerned.

Book year / accounting currency

For income tax purposes, generally financial year i.e. July 1 to June 30 is treated as normal accounting / tax year. In order to adopt a different period as accounting/ tax year permission is required from Commissioner of Income Tax. Accounting currency required is PKR.

Format

A listed company is required to prepare and present its financial statements in the format prescribed by Forth Schedule to the CO. This requirement also extends to a private company and a non-listed public company if listed company is their holding company. Format for financial statements of a non-listed company is prescribed under the Fifth Schedule to the CO.

Tax Approval requirements

Approval is not required from Pakistan's taxation authorities for setting up a business. However, an application for a National Tax Number Card should be lodged with the authority specified by the Federal Board of Revenue (FBR).

Advance tax rulings / advance pricing agreements

A Non-Resident Person (NRP) may seek an advance ruling from the FBR in respect of Pakistan tax implications on a transaction entered into or proposed to be entered into. An advance ruling, issued by a specially constituted committee, is binding on the tax authorities. The ruling is not binding on the taxpayer, enabling the NRP to adopt legal process in case of dispute.

Income tax compliance

Direct tax compliance is governed by the Income Tax Ordinance, 2001 (the Ordinance) and Income Tax Rules 2002.

A resident person is liable to tax on his world-wide income (Pakistan-source income and Foreign-source income) irrespective of place of accrual and receipt of income, while a non-resident person is only liable to tax to the extent of Pakistan-source income. The source of income is determined in accordance with rules provided in the Ordinance.

Pakistan's tax laws contain two types of taxation regime for all types of taxpayers, a Normal Tax Regime (NTR) and a Final Tax Regime (FTR). Income assessable under NTR is computed with reference to the accounting profit before tax with adjustments prescribed under tax law and regulation. Companies, including banks, are subject to a flat tax rate of 35 percent while associations of persons and individuals are subject to progressive tax rates. Under FTR, the tax deducted / collected at source at various rates is treated as final tax.

A company with a tax year ending between January 1 and June 30 is required to file its income tax return / statement in lieu of return for FTR income on or before December 31 of that calendar year. In other cases the filing requirement is on or before September 30 of the following year. All individual taxpayers are required to file a return of total income by September 30.

Indirect tax compliance

Sales tax is applicable on supply and import of taxable goods, and on provision of specified services by a registered person in the course or furtherance of taxable activity, other than exempt supplies/services, whereas, export of taxable goods is subject to zero-percent sales tax. Sales tax is not applicable on supply of goods by the cottage industry and retailers if annual turnover is less than PKR five million. Registration is compulsory for importers, wholesalers, distributors or dealers and specified service providers irrespective of their turnover. The standard sales tax rate of 16 percent is levied on the actual / deemed value of supply and on the value of specified taxable services.

The accounting period for sales tax is generally a tax period of one month. A registered person is required to file each monthly return by the 15th day of the following month. However, a commercial importer is required to file the return on a quarterly basis and a private or public limited company is required to file an annual sales tax return for a financial year, by September 30 of the following year.

Other tax compliance

Goods imported into Pakistan are liable to customs duties at the prescribed rates. However, zero-rating and concessionary rates of customs duty are generally applicable for industrial raw materials, semi-finished goods and capital goods, particularly if these are not being manufactured in Pakistan.

Federal Excise Duty (FED) is levied on specified goods imported or manufactured, and specified services provided and rendered in Pakistan including excisable services originated outside but rendered in Pakistan at varied prescribed rates. However, a zero percent FED rate is applicable to exported or specified goods. Special Excise Duty is also applicable in addition to FED, however, it is not chargeable on wholesale, distribution or retail stage.

Stamp duty, a provincial tax, is levied on specified instruments including instruments executed by any person outside Pakistan relating to any property situated, or to any matter or thing done or to be done, in Pakistan and received in Pakistan. Annual property tax is levied on urban immovable properties by the provincial governments at rates ranging from 10 to 20 percent on the annual value of properties, excluding some exempt properties.

Director's liability to tax

Salary received by a non-resident director, as a result of their employment with a Pakistan resident company, shall be Pakistan-source income to the extent to which the salary is received from any employment exercised in Pakistan, regardless of wherever it is paid. Withholding of tax would be required under the Ordinance.



Philippines

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on the setting up of businesses. However, the Foreign Investments Negative List (FINL) provides limitations as to the business sectors which foreign investors may engage in. Further, there are certain minimum paid-in capital requirements depending on the type of entity established.

Businesses in the regulated sectors, such as banking and insurance, must first register with the relevant government agency such as the Bangko Sentral ng Pilipinas (BSP) (the central bank) for banks and financial institutions.

A person must register a business entity with the Philippines Securities and Exchange Commission (PSEC) before carrying on business in the Philippines. It must also register with the Bureau of Internal Revenue (BIR), the Social Security System (SSS), the Home Development Mutual Fund (HDMF), the Philippine Health Insurance Corporation (PhilHealth), and the local government unit where its principal office will be located. Registration with these agencies, including the PSEC, usually takes around six weeks to complete.

Commonly used business entities

In general, foreign businesses may operate in the Philippines through the following vehicles registered with the PSEC:

- Subsidiary
- Branch Office
- Representative Office (Rep Office)
- Regional or Area Headquarters (RHQ)
- Regional Operating Headquarters (ROHQ)

Main legal formalities for the formation of a company or registration of a branch

Subsidiary

The name of the company must first be cleared with PSEC. There must be between five and 15 incorporators. They must each own at least one share, and a majority should be residents of the Philippines. At least 25 percent of the authorized capital stock must be subscribed at the time of incorporation, and at least 25 percent of the subscribed stock must be paid. When the capital stock consists of no-par value shares, the subscriptions must be paid in full.

The company must have a set of officers and must be run by a Board of Directors. The articles of incorporation, by-laws, and treasurer's affidavit indicating that the necessary capital has been subscribed and paid-up will have to be prepared and lodged with the PSEC, together with the other prescribed documents for the registration of the Company. The cost of registration will depend on the capital structure of the corporation.

Branch

A Branch may undertake business activities that are not listed under the FINL. Generally, USD200,000 must be inwardly remitted to the Philippines as assigned capital. Those doing business involving advanced technology or are export-oriented may be required to remit a reduced amount as capital.

The Branch does not need a set of officers and may operate with only one resident agent.

Representative Office (Rep Office)

A representative office can undertake activities limited to promotional and liaison functions only. It is not allowed to conduct any profit-making business activities. An initial inward remittance of USD30,000 is required.

Regional or Area Headquarters

An RHQ principally engages in supervision, communications and coordination centre for a multinational company operating in the Asia-Pacific region and other foreign markets. It is a cost centre and may not engage in management of any affiliate nor derive income from the Philippines. An initial inward remittance of USD50,000 is required. Expatriate employees of RHQ are subject to a preferential tax of 15 percent on their gross compensation income.

Regional Operating Headquarters

An ROHQ may engage in various activities for its affiliates and may derive income from the Philippines. An inward remittance of USD200,000 is required similar to a Branch. The ROHQ, however, is entitled to a preferential tax rate of 10 percent on its income. Expatriate employees of a ROHQ are subject to a preferential tax of 15 percent on their gross compensation income.

Currency / monetary restrictions

The foreign exchange controls have been liberalized. However, registration of inward investment with the BSP is recommended to facilitate the future repatriation of capital and profits through the Philippine banking system.

Regulatory requirements for Financial Services

The BSP regulates the banks, quasi-banking and other financial institutions. The insurance industry, however, is regulated by the Insurance Commission. On the other hand, pre-need companies are regulated by the PSEC.

Accounting / Finance for companies and Philippine branches of foreign companies

Financial statements

Annual financial statements must be prepared and lodged with the PSEC. Once lodged, these financial statements will become publicly available.

Audit requirements

Financial statements must be audited annually by a Certified Public Accountant. A company with paid-up capital of less than Philippines' Pesos (Php)50,000.00 is exempted.

Requirements for foreign investors

For a subsidiary, the full name, address, nationality and identification details of the foreign investor and the number of shares held by them in the company, are required to be provided to PSEC.

For a branch, generally, the place of incorporation of the foreign company, details of its share capital structure and other information in the prescribed documents must be submitted to PSEC. For a Rep Office, RHQ and ROHQ, other information and documents are also required.

Book year / accounting currency

The accounting year end does not need to coincide with the calendar year. Financial statements can be prepared in the company's functional currency, which can be a currency that is not Php. However, income tax returns are still required to be in Php.

Format

Companies with gross sales/revenue of Php10 million and above are required to file four copies and a diskette of their Audited Financial Statements (AFS) with PSEC. A certification executed under oath by the corporate treasurer that the diskette containing the AFS has the basic and material data shall also be submitted. Companies whose gross sales/revenues are less than Php10 million have the option to file the AFS in diskette form.

Tax

Approval requirements

A business is required to register with the Bureau of Internal Revenue at the start of its business.

Advance tax rulings / advance pricing agreements

A request for a ruling on issue/s or transactions based on hypothetical situations is not permitted.

The BIR has been following the Organisation of Economic Co-operation and Development (OECD) guidelines pending finalization of the regulations on transfer pricing agreements. While under the OECD guidelines an advance pricing agreement may be obtained, this is not currently in practice in the Philippines. However, it is generally possible to secure a ruling from the BIR confirming that the pricing method used is at arm's length.

Income tax compliance

The taxable year depends on whether the taxpayer is on a calendar or fiscal year.

For taxpayers on a calendar year, the tax is payable on April 15 of the following year (e.g. the taxes for January 1, 2008 to December 31, 2008 are due on April 15, 2009). For taxpayers on a fiscal year, the taxes are due on the 15th day of the fourth month following the close of the fiscal year (e.g. the taxes February 1, 2008 to January 31, 2009 are due on May 15, 2009).

Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulation.

Tax return forms are due on the tax payment due dates stated above.

Indirect tax compliance

Value added tax (VAT) of 12 percent is due on the sale, barter, lease, exchange, importation of goods or services. Banks and other entities who are subject to percentage tax are exempt from VAT. Other exemptions are available.

Generally, the VAT and percentage taxes are required to be paid every 20th day of the succeeding month.

Other tax compliance The filing of withholding tax returns and the payment of withholding tax for cross-border payments of royalties, interest, directors' remuneration, technical fees, rental, etc. should to be made every 10th day of the succeeding month.

Documentary stamp tax is modeled on the British system, which imposes specified duties on certain classes of documents and an ad valorem duty on documents such as those for conveyance, assignment and transfer.

Property tax is assessed on immovable property and is payable on or before March 31 of the year. The property tax may range from zero to 80 percent depending on the classification and fair market value of the property. The tax is levied by the local government units where the property is situated.

The local government units also impose a local business tax based on the gross receipts of the preceding year.

Director's liability to tax A director of a company is not automatically subject to tax by virtue of their directorship, but they will be subject to income tax in the Philippines for the remuneration received in their capacity as a director of a Philippine resident company. Where remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



Singapore

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Regulatory / Legal

Setting up business

Generally, there are no restrictions on the setting up of businesses. However, a prescribed list of businesses do require a license or permit to operate, including areas such as banking and finance institutions, tour agencies, food and beverage establishments, private schools and employment agencies.

Commonly used business entities

A person must register a business entity with the Accounting and Corporate Regulatory Authority (ACRA) before carrying on business in Singapore. Approval for registration usually takes less than one day on submission of registration details with ACRA. Depending on the type of vehicle chosen for the business operation, lead time is required for the preparation of relevant paperwork which must be signed by the officers and shareholders of the business entity. In general, foreign businesses may operate in Singapore through one of the following vehicles registered with ACRA:

- A company incorporated in Singapore
- A branch of a company incorporated outside Singapore.

Limited liability partnerships and business trusts are more recently introduced business forms. Representative Offices of foreign companies are also permitted but are registered with International Enterprise Singapore.

Main legal formalities for the formation of a company or registration of a branch

Company

The name of the company must first be cleared with ACRA. A minimum of one director and one shareholder is required. The sole director must be resident in Singapore and over the age of 21. The sole shareholder can be a corporate body or an individual. Generally, there is no restriction on foreign ownership.

The company can be formed with one subscriber who will be required to take up one share in the company. The shares of the company will have no par value and can be denominated in any currency. A registration fee of Singapore dollars (S\$)300 is payable to ACRA, regardless of the size of the paid-up share capital of the company. The company must also have a registered office in Singapore.

A set of memorandum and articles of association will have to be prepared for the company and lodged with ACRA, together with the prescribed information for incorporation.

Branch

The name of the foreign company must be cleared with ACRA. The Companies Act, Cap 50 requires a foreign company to appoint two persons resident in Singapore as its agents to accept service of process and any notices on its behalf. Certain registration documents and information are required to be provided to and lodged with ACRA for registration of a Singapore branch.

Currency / monetary restrictions

Although the Exchange Control Act is still in force, all exchange controls have been removed since June 1978. There are now no restrictions on inward or outward remittances, whether capital or revenue. There are certain consultation procedures regarding the lending of Singapore dollars exceeding S\$5 million for use outside Singapore.

Regulatory requirements for Financial Services

The Monetary Authority of Singapore regulates the Financial Services industry.

Accounting / Finance for companies and Singaporean branches of foreign companies

Financial statements

Annual financial statements must be prepared and lodged with ACRA. Once lodged, these financial statements will become publicly available.

Accounting standards

Singapore's Financial Reporting Standards are very closely aligned with International Financial Reporting Standards.

Audit requirements

Financial statements must be audited annually. However, an audit exemption is generally available for a dormant company and an exempt private company (EPC). An EPC is a private company which has not more than 20 shareholders and none of its shares are beneficially held by another company. An EPC will qualify for audit exemption if its annual turnover does not exceed S\$5 million during the financial year. A Singapore branch which is dormant during the financial year may apply to ACRA for a waiver from preparing audited accounts.

Requirements for foreign investors

For a Singapore company, the full name, address, nationality and identification number of the foreign investor and the number of shares held by it in the company are required to be provided to ACRA.

For a Singapore branch generally, the place of incorporation of the foreign company, details of its share capital structure and other information in the prescribed documents to be submitted to ACRA are required to be disclosed.

If the Singapore company or Singapore branch needs to apply for a particular license to carry out its business operation, additional information on the foreign investor may have to be provided to the relevant government authority.

Book year / accounting currency

The accounting year end does not need to coincide with the calendar year. Financial statements can be prepared in the company's functional currency, which can be a currency that is not Singapore dollars.

Format Singapore incorporated companies (except certain companies whose activities are regulated by the Monetary Authority of Singapore) are required to file their financial statements in Extensive Business Reporting Language (XBRL) format with ACRA. Currently, there are no rules requiring standard software for tax compliance.

Tax

Approval requirements A business does not require prior approval from the local tax authorities to start business.

Advance tax rulings / advance pricing agreements It is generally possible to obtain advance tax rulings and / or advance pricing agreements, subject to the prevailing policies and guidelines, including obtaining clearance on incentive programs.

Income tax compliance The tax year is usually referred to as the year of assessment. The year of assessment runs from January 1 to December 31. Income tax for a year of assessment is computed based on the income derived in the preceding calendar year from each source of income (e.g. the 2008 year of assessment would generally refer to the period January 1, 2007 to December 31, 2007). The preceding calendar year is referred to as the basis year.

In the case of a trade, business, profession or vocation, the Inland Revenue Authority of Singapore normally accepts the accounting year as the basis year for the purpose of assessing the profits from the trade, business, profession or vocation.

Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulation.

Tax return forms (Form C) for income tax purposes are usually issued in January and are required to be completed and submitted by the date as stipulated by the government Gazette. The filing deadline for the 2008 year of assessment is November 30, 2008 and for the 2009 year of assessment is October 30, 2009.

Indirect tax compliance All goods and services supplied for domestic consumption by a GST registered person and goods imported into Singapore will be liable to GST at the prevailing standard rate (currently seven percent). The reverse-charge provision is currently suspended. Exemptions for GST apply to supplies of financial services and residential properties.

The accounting period for GST is normally the accounting quarter of the registered trader i.e. a trader with an accounting year end of December 31 will have GST accounting periods ending March 31, June 30 and so on. The option is given for a shorter accounting period of one month.

GST returns must be filed electronically within one month from the end of the relevant accounting period. Payment is also due one month after the end of the relevant accounting period.

Other tax compliance

The filing of withholding tax returns and the payment of withholding tax for cross-border payments of royalty, interest, directors' remuneration, technical fees or rental of moveable equipment to non-residents need to be made to Comptroller of Income Tax by the 15th day of the month following the date of payment.

Stamp duty is modeled on the British system, which imposes specified duties on certain classes of documents and an ad valorem duty on documents such as those for conveyance, assignment and transfer.

Property tax is assessed on immovable property and is payable in advance in January by the landowner or the registered leaseholder. With effect from July 1, 2001, the rate of property tax is ten percent. A concessionary rate of tax of four percent is assessable on the annual value assessed on owner-occupied residential property.

Director's liability to tax

A director of a company is not automatically subject to tax by virtue of the directorship, but he will be subject to income tax in Singapore for the remuneration received in the capacity of director of a Singapore resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



South Korea

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Regulatory / Legal

Setting up business

There are few restrictions on setting up a business in Korea. Foreign investment is generally welcomed by the Korean government. In administering the Korean Commercial Code (KCC), the government exercises a certain level of control over business activities to achieve desired economic results.

The general procedure to establish a foreign investment consists of providing foreign investment notification; remittance of the investment capital; registration of incorporation (by application to the district court), business registration, and Foreign Direct Investment (FDI) company registration (made with the relevant tax authority and foreign exchange bank / Korean bank).

Commonly used business entities

The company forms recognized by the commercial law include a general partnership company, limited partnership company, incorporated company or private company. As most companies take the form of an incorporated company, the focus below will be on the procedures relating to an incorporated company.

In general, foreign businesses operate in Korea through either an incorporated company or a branch of a foreign company.

Representative offices of foreign companies are also permitted. Sole proprietorships, partnerships and limited partnerships can also be used to establish a business in Korea.

Main legal formalities for the formation of a company or registration of a branch

Korean company

In establishing an incorporated company, there are two routes to incorporation: promotion; and subscription. The promotion of a company means that promoters accept all shares issued at the time of the company is set up. For a subscription-based incorporation, promoters accept part of the total shares issued at the time of establishment and collect shareholders for the remaining shares.

Korean Branch

The establishment of a domestic branch is not recognized as a foreign investment for the purpose of the Foreign Investment Promotion Act (FIPA).

The branch should be registered with the district court and the relevant tax authority.

Currency / monetary restrictions

Korea does not restrict the flow of Korean or foreign currency into or out of the country. However, certain reporting obligations must be met for amounts over USD 10,000, or foreign currency equivalent.

Regulatory requirements for
Financial Services

The Financial Supervisory Service (FSS) is the regulator of the financial services industry.

**Accounting / Finance for companies
and South Korean branches of foreign
companies**

Financial statements

The basic financial statements consist of a balance sheet; an income statement; a statement of appropriation of retained earnings or statement of disposition of deficit; a statement of changes in financial position; and notes to the financial statements.

Currently, the Securities Supervisory Board(SSB) within the Korean Securities and Exchange Commission (KSEC) concerning the promulgation of accounting standards is working to update the Korean GAAP. Businesses wishing to apply IFRS are permitted to do so from 2009. From 2011, it will become compulsory for all listed companies, including those on the KOSDAQ exchange, to apply the IFRS for their Korean financial statements.

Audit requirements

All listed companies and all Korean companies with 7 billion KRW or more in total assets (at the end of the previous business year) are required to have their financial statements audited by certified public accountants.

Requirements for foreign investors

There are no specific additional requirements for foreign investors themselves, however foreign investors, either as a shareholder or directors of a Korean incorporated company, should note that their names and addresses would be included in the registration particulars filed when incorporating the company.

Also, there are no restrictions on shareholding of a foreign investor in a Korea company.

Book year / accounting currency

Companies can choose any date as the accounting year end. Financial statements are presented for the period ending on the accounting year end which generally covers a period of 12 months. Financial statements can be prepared in the company's functional currency, which may be a currency other than the Korean Won.

Format

Korean incorporated companies are required to prepare their financial statements according to Korean GAAP.

Tax

Approval requirements

A business does not require approval from the National Tax Service (NTS) to start a business. However taxpayers should obtain a business certificate number from the NTS.

Companies and other entities carrying on an enterprise in Korea should also have a Corporate Registration Number which is the main reference for dealings with the Korean Government.

Advance tax rulings / advance pricing
agreements

On October 1, 2008, the NTS introduced the Advance Ruling Service to provide a clear and expedited ruling with regard to a "specific transaction" of a taxpayer's business.

Unilateral, bilateral or multilateral APAs can be sought in Korea.

Income tax compliance

Corporate taxpayers generally must file their annual tax returns within three months from their fiscal year-end, typically the same as the accounting year end. When establishing a Korean company the year end date should be notified to the relevant tax authority.

Indirect tax compliance

Value Added Tax (VAT) is a tax levied on added value in each step of production and distribution. In principle, VAT is a general consumption tax levied on the consumption of all goods and services, and at the same time, a form of indirect tax for which the transfer of tax burden can be anticipated.

Persons subject to the VAT rules should file their VAT returns, along with the payment, within 25 days from the end of each quarter.

The filing periods and due dates for VAT returns are as follows:

Classification	VAT period	Due date
Preliminary return for the 1 st half of a year	January 1 – March 31	April 25
Final return for the 1 st half of a year	April 1 – June 30	July 25
Preliminary return for the 2 nd half of a year	July 1 – September 30	October 25
Final return for the 2 nd half of a year	October 1 - December 31	January 25 of the following year

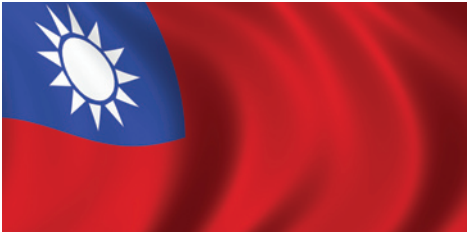
Other tax compliance

Other significant national and local taxes relevant to many foreign investors include:

- Acquisition tax
- Registration tax
- Residential tax
- Property tax
- Business office tax

Director's liability to tax

A director of a company, who knows or intentionally causes the company not to declare or to under-declare tax, or not pay withheld tax to the tax administration, is personally liable for the taxes to be paid. Also, he will be subject to salary tax for the remuneration received in the capacity of director of a resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.



Taiwan

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Regulatory / Legal

Setting up business

Details of the business scope of a profit-seeking enterprise in Taiwan must be registered with the authorities, and licenses must be obtained prior to commencement of operations.

Some business activities cannot be carried out in the form of a corporation. These include cram schools, professional accounting, legal and medical services and other specified businesses.

Commonly used business entities

A company may be formed as an unlimited company, an unlimited company with limited liability shareholders, a limited company or a company limited by shares. A limited company and a company limited by shares are the most common in Taiwan.

A branch office of a foreign company may also be used.

Main legal formalities for the formation of a company or registration of a branch

Company

A limited company and a company limited by shares are the most common forms in Taiwan. A comparison of these two types of corporations is detailed below.

Capital and Shareholder, Management Requirements

Limited Company

- Generally requires a minimum capital contribution of NT\$250,000 (New Taiwan Dollars)
- Should have at least one shareholder
- Should have at least one, but not exceeding three, directors; no supervisor required.

Company Limited by Shares

- Generally requires a minimum capital contribution of NT\$500,000
- Should have at least one corporate shareholder or two individual shareholders
- Shares held by promoters shall not be transferred until one year following incorporation
- Should have at least three directors and at least one supervisor.

Branch

A branch office of a foreign company is a simpler form of business than a corporation, as it is merely an extension of the foreign head office. A branch needs only a representative for litigious and non-litigious matters within the Republic of China and a branch manager (who may be the same person), and must satisfy the minimum capital requirement. The branch manager can must be domiciled or living in Taiwan, although they do not need to be a Taiwanese citizen.

The litigious and non-litigious representative may be domiciled in a foreign country. When applying for permission to establish a branch office within Taiwan, the head office must provide certain information for examination by the Taiwanese authorities.

This information required includes, but is not limited to, the paid-in capital of the head office, the list of directors, the business scope of the head office and the head office's location. The working capital appropriated for the exclusive use of the branch must be remitted into Taiwan by the foreign head office. The business scope of the head office must cover the branch's business scope. The head office's liability is not limited to the branch's working capital, but is also liable for all of the branch's outstanding liabilities.

Currency / monetary restrictions

Currently, the ROC Central Bank of China imposes a foreign exchange limitation of USD50 million and USD5 million per year for business entities and resident individuals, respectively, with respect to any foreign exchange transfer, inward or outward, other than trading or service revenue. Any foreign exchange transactions under NT\$500,000 would not be counted towards the limitation, nor need to be declared. No foreign exchange restrictions are imposed on transfers related to tangible and intangible trade.

Regulatory requirements for Financial Services

Taiwan's financial administration is under the jurisdiction of the Financial Supervisory Commission. The Financial Supervisory Commission (FSC) is an independent agency that directly reports to the Executive Yuan. Its responsibilities include supervision, examination and investigation of the banking, securities, futures, and insurance industries as well as financial holding companies.

Accounting / Finance for companies and Taiwan branches of foreign companies

Financial statements

Taiwan GAAP for local statutory financial statements.

Audit requirements

There is a mandatory financial auditing requirement for any company with paid-in-capital exceeding NT\$30 million.

In general, if the total revenue of an accounting period exceeds NT\$100 million, the corporate income tax return should be certified by a Certified Public Accountant (CPA).

Requirements for foreign investors

Foreign Investment Approved (FIA) investments require approval from the Investment Commission pursuant to the Statute for Investment by Foreign Nationals or the Statute for Investment by Overseas Chinese.

Book year / accounting currency

Taiwanese companies generally use the calendar year (the fiscal year for tax purposes) as their accounting year although Profit Seeking Enterprise (PSE) may, with permission, adopt a different year for tax purposes.

Accounts should be presented in New Taiwan Dollar currency.

Format

The format of financial statements is set forth in statements of financial accounting standards issued by the Accounting Research and Development Foundation. Public companies are required to follow the format and guidance prescribed by the Securities and Futures Bureau (the Taiwanese capital markets regulatory body).

Tax

Approval requirements

A business is required to register with the local tax authority prior to commencement of business.

Advance tax rulings / advance pricing agreements (APA)

Enterprises meeting certain criteria can apply to negotiate with the tax authorities for an APA. The application should be made in the prescribed form before the first accounting year-end of the controlled transactions to be covered in the APA.

Generally, an APA would be valid for three to five years. Where an enterprise's business nature has not materially changed, a one-off, maximum five-year extension may be requested.

Income tax compliance

A PSE will usually file annual income tax returns for each calendar year. A PSE may be permitted to adopt a fiscal year other than the calendar year, but prior consent from the tax authorities is required.

PSEs that are corporate entities must use the accruals basis to report their taxable income for income tax purposes. In principle, taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulations. Moreover, 10 percent surtax will be imposed on the retained earnings generated in the previous tax year but which remain undistributed at the end of the current tax year.

Alternative Minimum Tax (AMT) applies in Taiwan. Where the regular income tax amount is less than the basic tax amount (BTA calculated under the AMT system), taxpayers are required to pay the regular income tax plus the difference between the BTA and the regular income tax.

Corporate income tax returns are due within five months of the end of the company's fiscal year. The income tax due should be paid prior to filing of the return.

Indirect tax compliance

Business tax is imposed on the sale of goods and services within Taiwan as well as importation of goods into Taiwan. There are two systems of business tax:

- GBRT – used by financial institutions, special vendors of beverages and food, and small businesses
- VAT – used by the remaining taxpayers, the current rate of which is five percent.

The VAT computation adopts the tax credit method. In other words, the business tax payable or overpaid by a business entity should be the difference between the input VAT and the output VAT for that VAT return period.

A business entity should, by the 15th day of every odd month, file the bi-monthly VAT return to the tax authorities. Any VAT due should be paid prior to filing of the return.

Other tax compliance

A company is required to withhold tax on various payments at the prescribed tax rate where payment is made to a non-resident person. The company should pay the tax withheld to the National Treasury and file the related withholding tax documents according to the relevant withholding tax regulations.

There are various transaction taxes and property taxes in Taiwan which businesses setting up in Taiwan should consider.

Director's liability to tax

A director is the responsible person of a company (the Chairman of Board of Director for company limited by shares). When there is underpaid tax for the company, the responsible person of the company may be responsible to handle the matter of the underpaid tax or subject to a departure restriction.



Thailand

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Regulatory / Legal

Setting up business

Generally, it is advantageous for a foreign investor to have Thai participation in a business venture, although foreign investment is restricted only in certain key industries.

Certain businesses require approvals or licenses and a Thai shareholding is generally helpful to ensure the approval is granted. These include key industries such as transportation, alcoholic beverages, cigarettes, communications, construction, banking, insurance, securities trading and forestry.

Commonly used business entities

A person, Thai or foreigner, may engage in business in the form of a sole proprietorship, limited company, partnership, joint venture, branch of a foreign corporation, or a representative / regional office.

Branches of foreign companies, representative and regional offices are required to obtain an alien business license from the Ministry of Commerce prior to commencing operation in Thailand.

Generally, foreign businesses operate in Thailand through limited companies.

Main legal formalities for the formation of a company or registration of a branch

Company

A minimum of three promoters are required to register a limited company with the Department of Business Development (DBD) at the Ministry of Commerce. Upon registration the promoters become shareholders.

The initial step in forming a limited company is to reserve a name with the DBD. A Memorandum of Association must be registered within 30 days after approval for the use of the company name.

The Memorandum of Association must include the full name of the company and the province where it will be located, details of its business objectives, the registered capital (i.e. the total number of shares and par value), the personal details of the promoters and the number of shares subscribed to by each of them.

There are no minimum capital requirements, however the amount of capital should be sufficient for the purposes of the company. The registration fee is 50 baht per 100,000 of registered capital, the minimum fee is 500 baht, the maximum is 25,000 baht.

The promoters must then prepare a list of all share subscribers including names, addresses and the number of shares being subscribed to. This must then be presented at a statutory meeting, where the Articles of Association and bylaws are approved.

The company's directors are then required to call for payment of at least 25 percent of each share's par value.

Once the subscription payment is made, the directors should apply for registration of the establishment of the company within three months of the statutory meeting taking place. Company registration fees are 500 baht per 100,000 of registered capital. The minimum fee is 5,000 baht, the maximum capped to 250,000 baht.

Once registered the company must apply for a taxpayer ID number and identity card from the Revenue Department within 60 days of incorporation and also register for value added tax (VAT).

Branch

Foreign corporations wishing to do business through a branch, representative office or regional office must submit the relevant documents to the DBD of the Thai Ministry of Commerce. All documents must be notarized by a Public Notary or certified by the local Thai consulate or embassy.

Branches of foreign companies, representative and regional offices are required to obtain an alien business license from the Ministry of Commerce prior to commencing operations in Thailand.

Currency / monetary restrictions

The Bank of Thailand administers the Exchange Control Act, which imposes controls over the exchange of currencies in Thailand. The controls have been substantially relaxed, and as such the majority of foreign exchange transactions can be conducted by authorized banks without government control.

Thai residents must exchange foreign currency, or place it in a foreign currency account, within 360 days of receipt. The daily balance of a Thai resident's foreign currency account must not exceed USD100 million for juristic entities.

Regulatory requirements for Financial Services

The securities market is regulated by the Stock Exchange of Thailand (SET), which is in turn supervised by the Thai Securities and Exchange Commission. The Bank of Thailand supervises the banks and finance companies. Ultimately, the Ministry of Finance supervises all aspects of the Thai financial markets.

Accounting / Finance for companies and Thai branches of foreign companies

Financial statements

Although Thailand has not yet adopted the International Financial Reporting Standards, International accounting principles are generally recognized and practiced in Thailand.

Audit requirements

Audited financial statements of juristic entities (including companies, branches, representative and regional offices etc) must be certified by an authorized auditor and lodged with the Revenue Department and the Commercial Registrar for each accounting year.

Requirements for foreign investors

Branches of foreign companies and representative offices or regional offices of foreign companies are required to prepare financial statements for each accounting period and submit them to the Revenue Department and the Commercial Registrar.

Book year / accounting currency

A newly established company should close its accounts within 12 months from the date of registration. The accounting year is generally the calendar year. If a company wishes to change its accounting period it must obtain written approval of the Director-General of the Revenue Department.

Format	Documents may be prepared in any language, provided that a Thai translation is attached. All accounting entries should be written in ink or printed.
Tax Approval requirements	<p>Generally, an entity does not require prior approval from the local tax authorities to start business in Thailand.</p> <p>The Board of Investment (BOI) is the government agency responsible for administering incentives to encourage private sector investment in certain key areas. Any entity seeking BOI status should apply prior to commencing business operations.</p>
Advance tax rulings / advance pricing agreements	It is generally possible to obtain tax rulings from the Revenue Department. This process can be lengthy, and may take up to six months.
Income tax compliance	<p>Generally, the tax year runs from January 1 to December 31.</p> <p>All juristic companies are required to lodge a tax return within 150 days from the closing date of an accounting period. Taxable income is computed by reference to the accounting profit before tax with adjustments prescribed by tax law and regulation.</p> <p>Tax is payable bi-annually. In addition to the full year tax return, a company must estimate its net profit or loss at the end of six months from the start of the accounting period and file a return and pay tax in respect of that six month period within two months from the end of the period.</p>
Indirect tax compliance	<p>VAT is chargeable on a wide range of goods and services supplied in Thailand and also on the importation of goods. Taxable supplies attract VAT at either the standard rate (currently seven percent) or are zero rated. Certain supplies are exempt from VAT. VAT eventually impacts the final consumer, so a supplier is entitled to a credit or refund for the tax paid.</p> <p>All VAT operators must file a monthly VAT return within 15 days of the following month, regardless of whether any goods have been sold or services rendered during that month.</p> <p>Any excess input tax can be claimed as a refund or used as a credit towards subsequent VAT liabilities.</p>
Other tax compliance	<p>Payers of assessable income who are residents of Thailand are liable to deduct tax at source from certain domestic and cross-border payments, including interest, dividends, royalties, professional fees, rent of property etc. The payer is responsible for deducting the tax, remitting the tax and filing a return by the seventh day of the month following the month in which the payment was made.</p> <p>Stamp duty is payable on a number of documents and transactions as described in the Stamp Duty Schedule, including leases, security transfer documents, loan agreements and hire of work contracts. Documents executed in Thailand must be stamped within 15 days of execution while documents executed outside Thailand must be stamped within 30 days of being brought into Thailand.</p> <p>Customs duty is levied on imports and certain exports. This is generally payable prior to the goods being released by Customs.</p>
Director's liability to tax	A director of a juristic company will be subject to income tax in Thailand for their remuneration received in the capacity as director of a Thai resident company. Where the remuneration is paid / payable to a non-resident director, withholding tax provisions may apply.

Abbreviations

AAR	Authority for Advance Ruling – India	FBR	Federal Board of Revenue – Pakistan
ABN	Australian Business Number	FBT	Fringe Benefits Tax - Cambodia
ACRA	Accounting and Corporate Regulatory Authority – Singapore	FDI	Foreign Direct Investment
AFS	Audited Financial Statements	FED	Federal Excise Duty – Pakistan
AGM	Annual General Meeting	FEFTL	Foreign Exchange and Foreign Trade Law – Japan
AMT	Alternative Minimum Tax – Taiwan	FIA	Foreign Investment Approved
APA	Advance Pricing Agreement	FIE	Foreign Investment Enterprises - China
APRA	Australian Prudential Regulation Authority	FIEL	Financial Instruments and Exchange Law – Japan
ASBJ	The Accounting Standards Board of Japan	FIFTA	Foreign Investment and Foreign Trade Agency– Mongolia
ASIC	Australian Securities and Investments Commission	FIL	Foreign Investment Law – Laos
AT	Accommodation tax - Cambodia	FIPA	Foreign Investment Promotion Act - South Korea
ATO	Australian Tax Office	FIPB	Foreign Investments Promotion Board – India
BIR	Bureau of Internal Revenue – Philippines	FIRB	Foreign Investment Review Board - Australia
BKPM	Investment Coordinating Board – Indonesia	FNPF	Fiji National Provident Fund
BOI	Board of Investment (of Pakistan or Thailand as relevant to the context)	FRA	Financial Reporting Act 1993 – New Zealand
BRO	Business Registration Office – Hong Kong	FSA	Financial Services Agency – Japan
BSP	Bangko Sentral ng Pilipinas – Philippines (the Central Bank of The Philippines)	FSC	Financial Supervisory Commission – Taiwan
BT	Business Tax	FSS	Financial Supervisory Service - South Korea
BTT	Business Turnover Tax – Laos	FTIB	Fiji Islands Trade and Investment Bureau
CA	Corporations Act 2001 (Cth) - Australia; Companies Act, 1965 – Malaysia (as relevant to the context)	FTR	Final Tax Regime – Pakistan
CAS	Cambodian Accounting Standards	GAAP	Generally Accepted Accounting Principles
CBEC	Central Board of Excise and Customs – India	GK	Godo Kaish – Japan (a limited liability company)
CCM	Companies Commission of Malaysia	GST	Goods and Services Tax
CGT	Capital Gains Tax	GTD	General Tax Department – Cambodia
CIT	Corporate Income Tax	GTT	Gambling Turnover Tax – Fiji
CJV	Sino-foreign Co-operative Joint Ventures - China	HDMF	Home Development Mutual Fund – Philippines
CO	Companies Ordinance, 1984 – Pakistan	HTT	Hotel Turnover Tax – Fiji
CPA	Certified Public Accountant – Taiwan	IASB	International Accounting Standards Board
CPMI	Committee for Promotion and Management of Investment – Laos	ICA	Imputation Credit Account - New Zealand
CRO	Company Registrars Office – Nepal	IDR	Indonesian Rupiah (Indonesian currency)
CT	Consumption Tax	IFRS	International Financial Reporting Standards
DBD	Department of Business Development – Thailand	INR	Indian Rupees – India
DIN	Identification Number – India	IPA	Investment Promotion Authority - Papua New Guinea
DOI	Department of Industry – Nepal	IRC	Internal Revenue Commission - Papua New Guinea
DTA	Double Tax Agreement	IRD	Inland Revenue Department - Hong Kong or New Zealand as relevant to the context
ECM	Exchange Control of Malaysia	IRS	Inland Revenue Service – Fiji
EEFC	Exchange Earner’s Foreign Currency – India	ITA	Malaysian Income Tax Act, 1967
EJV	Sino-foreign Equity Joint Ventures – China	ITO	Indonesian Tax Office
EPC	Exempt Private Company	KCC	Korean Commercial Code (Republic of Korea / South Korea)
ETP	Estimate of tax payable	KHR	Cambodian Riels (Currency of Cambodia)
FATA	Foreign Acquisitions and Takeovers Act 1975 (Cth) - Australia	KICPAA	Kampuchea Institute of Certified Public Accountants and Auditors

Abbreviations

KK	Kabushiki Kaisha – Japan (a joint-stock company)	RBF	Reserve Bank of Fiji
KSEC	Korean Securities and Exchange Commission	RBI	Reserve Bank of India
LAK	KIP – Laos unit of currency	RHQ	Regional or Area Headquarters
Laos	Lao People's Democratic Republic	RM	Malaysian Ringgit
LLC	Limited Liability Company	RMB	Yuan Renminbi (RMB) – Currency of China
LLCO	Limited Liability Company by Quota – Macau	RO	Representative Offices
LO	Liaison Office – India	ROC	Registrar of Companies – India
MCMPRB	Macau Commercial and Movable Property Registration Bureau	ROHQ	Regional Operating Headquarters
MCT	Macau Corporate Tax	RPC	Real Property Company – Malaysia
MFB	Macau Finance Bureau	RPGT	Real Property Gains Tax – Malaysia
MFRS	Macau Financial Reporting Standards	S\$	Singapore dollar
MGFRS	Macau General Financial Reporting Standards	SAFE	State Administration of Foreign Exchange - China
MNT	Mongolian Tugrug (currency of Mongolia)	SAIC	State Administration of Industry and Commerce - China
MoC	Ministry of Commerce (of Cambodia or Laos as relevant to the context)	SAP	Substituted Accounting Period
MoEF	The Ministry of Economy and Finance	SAS	Self-Assessment System – Malaysia
MOFCOM	Ministry of Commerce - China	SBP	State Bank of Pakistan – Pakistan
MPT	Macau Professional Tax	SEBI	Securities Exchange Board of India
NPWP	Taxpayer Identification Number – Indonesia	SECP	Securities and Exchange Commission of Pakistan
NRP	Non-Resident Person – Pakistan	SET	Stock Exchange of Thailand
NT\$	New Taiwan Dollar	SRA	State Registration Agency – Mongolia
NTR	Normal Tax Regime – Pakistan (as opposed to a final tax regime for corporate income tax)	SSB	Securities Supervisory Board - South Korea
NTS	National Tax Service - South Korea	SSS	Social Security System
OIA	Overseas Investment Act 2005 - New Zealand	STCMS	Specific tax on certain merchandise and services - Cambodia
ORC	Office of the Registrar of Companies	STD	Schedular Tax Deduction System – Malaysia
PAN	Permanent Account Number – India	TALP	Tax Agents Lodgement Program – Fiji
PAYE	Pay As You Earn - New Zealand	TFN	Tax File Number
PAYG	Pay As You Go	ToP	Tax on Profit - Cambodia
PE	Permanent Establishment	TPL	Tax on public lighting - Cambodia
PGK	Kina - Papua New Guinea currency	VAT	Value Added Tax
PhilHealth	Philippine Health Insurance Corporation	WFOE	Wholly Foreign Owned Enterprises - China
Php	Philippine Peso	YA	Year of Assessment
PKR	Pakistan Rupees		
PMA	Penanaman Modal Asing – Indonesia (limited liability company with foreign ownership)		
PNG	Papua New Guinea		
PO	Project Office – India		
PPT	Prepayment of Profit Tax - Cambodia		
PRC	People's Republic of China		
PSE	Profit Seeking Enterprise		
PSEC	Philippines Securities and Exchange Commission		
PT	Perseroan Terbatas – Indonesia (limited liability company)		

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