INWARD INVESTMENT POLICIES OF MAJOR ASEAN COUNTRIES AND MALAYSIA

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Part 1. Tax System

１． Singapore

（1）Corporate Income Tax

Income of a corporation is taxed under the Income Tax Act and the Economic Expansion Incentives (Relief from Income Tax) Act, and is under the jurisdiction of the Inland Revenue Authority of Singapore (IRAS). Tax incentives are under the jurisdiction of the Economic Development Board (EDB), Enterprise Singapore (ESG), and Monetary Authority of Singapore (MAS).

The corporate tax rate is at 17%. The territorial principle is adopted in Singapore, and tax is levied on (1) income generated in Singapore or source income, and (2) income received in Singapore among foreign source income. However, foreign source income, tax exemption, or tax reduction may be applied in the following cases:

・ Tax exemption or tax reduction imposed on specific foreign income earned in countries/regions that have a double taxation prevention agreement with Singapore.

・Tax exemption based on Article 13 (8) of the Income Tax Act ((a) Being subject to taxation in the jurisdiction of the foreign country that received the income, (b) The maximum corporate tax rate of the foreign jurisdiction that received the income is 15% or more at the time of receipt in Singapore, and (c) Dividends, income from overseas branches, and service income will be exempt from tax if they are deemed to be beneficial to the Singapore resident company (paragraph 9 of the same Article)).

・Foreign tax credits on taxes paid in foreign jurisdictions for income that is also taxable in Singapore.

In principle, profits from the sale of real estate, stocks, and financial products in Singapore are not taxable (however, profits from real estate transactions may be taxable).

（2）Withholding Tax

Withholding income tax is levied if income generated in Singapore is paid to a non-resident company abroad for royalties, interest, technical assistance fees, etc. As a general rule, interest and fees paid for loans are taxed at 15%, royalties for the use of intellectual property are taxed at 10%, and technical support fees and management fees are taxed at the corporate tax rate of 17%.

There are some exceptions, such as royalties and interest paid to the Singapore branch of a non-resident company abroad, which are not taxable. In addition, tax reductions or exemptions may be applied when paying to a resident company in a country that has signed a double taxation treaty.

（3）Individual Income Tax

・ Resident’s personal income tax

A progressive tax system is applied to individual residents. The first 20,000 dollars of the income are taxed from 0%, and income over 320,000 dollars is taxed up to a maximum tax rate of 22% (year of assessment until 2023). If a foreigner works in Singapore, in case they reside in Singapore for more than 183 days a year, or reside for a continuous period of at least 183 days over two years, or reside for three consecutive years, they are considered a resident under the Income Tax Act and are obliged to file an income tax return as a resident.

・ Personal income tax for non-residents

The non-resident individual income is taxed at 15% or the tax amount applicable to the resident, whichever higher.

If a foreigner’s annual stay is between 61 and 182 days, they are considered a non-resident and are subject to the non-resident income tax rate. However, if the length of stay is less than 182 days, income tax may be exempted if certain requirements based on the Double Taxation Prevention Treaty are met. In addition, tax exemption will be applied if the length of stay is less than 60 days per year.

（4） Goods and Services Tax (GST)

The standard tax rate is currently 7%, but will be raised to 8% in 2023 and 9% in 2024. Basically, all goods and services are taxable. However, tax exemption is applied to certain international services such as export of goods and international transportation. Moreover, transactions such as financial services, sales/leasing of residential real estate, and gold are not taxable.

Companies with annual taxable sales of more than 1 million dollars are to register with IRAS for GST, and are obliged to impose GST when selling and offering their products and services domestically. However, they can apply for a registration exemption if the following conditions are met:

・ Zero-Rated Transactions exceed 90% of all taxable income

・ The purchase GST (Input Tax) paid to the person registered in the GST exceeds the sales GST (Output Tax) received.

２. Thailand

（1） Corporate Income Tax

This includes corporations, partnerships, joint ventures, for-profit organizations, or foundations, including branches of foreign companies operating in Thailand. For corporations that do not operate business in Thailand, unless there is a tax exemption under the tax treaty, income earned in Thailand such as brokerage fees, service fees, interest, dividends, capital gains, real estate rent, etc. will be taxed. The corporate tax rate is 20% in principle, but the tax rate differs as follows depending on the type of taxpayer:

- Small and medium-sized enterprises (SMEs) with paid-up capital of 5 million baht or less at the end of each fiscal year and revenue of 30 million baht or less in the fiscal year
  0% if net profit is up to 300,000 baht
  15% for over 300,000 to 3 million baht
  20% if over 3 million baht
- Foreign companies engaged in international transportation business accounts are imposed 3% of total revenue
- Dividend income received by foreign companies not doing business in Thailand is 10% of total income
- Income other than dividends received by foreign companies not doing business in Thailand is 15% of total income
- Asset sales revenue of companies withdrawing from Thailand is 10% of sales revenue
- For-profit associations and foundations are imposed 10% of total income (specific income is 2%)

（2）**Withholding Tax**

Withholding income tax is considered prepaid by the income earner and can ultimately be offset against similar tax items. Regarding the tax rate, dividends are 10%, interest is 1% (if the recipient is a taxable organization or foundation, the tax rate is 10%), and loyalty such as patents and copyright and other royalties are 3% (10% for taxable organizations or foundations), advertising fees are 2%, and service fees are 3% (however, 5% if the recipient is a foreign corporation that does not have a permanent branch office). Due to the impact of the new coronavirus, withholding tax payment will be discounted for certain payments if the tax is paid using the e-withholding tax system from October 1, 2020 to December 31, 2022. Remittance of revenues to foreign companies that do not operate in Thailand will be subject to withholding tax of 10% or 15% if there is no tax exemption under the tax treaty.

（3）**Personal Income Tax (PIT)**

Taxable income depends on whether the taxpayer is a resident or non-resident.

- Resident

For residents, income originating in Thailand is subject to progressive taxation of 0%–35% on taxable income. Taxable income is calculated by subtracting all deductible expenses and income deductions from the total income. Income up to the first 150,000 baht will be taxed from 0% and income above 5 million baht will be taxed up to 35%.
Residents are those who have stayed in Thailand for 180 days or more during the calendar year. Residents are obliged to pay income tax on income that is remitted

or brought into Thailand, in addition to income that has a source in Thailand.

・ Non-resident

Non-residents are obliged to pay income tax only on income originating in Thailand.

（4）Value-Added Tax (VAT)

Taxes are levied on the sales of goods, the provision of services, and the import of goods in Thailand. Businesses that continue to provide goods and services and earn more than 1.8 million baht annually are obliged to pay VAT. Overseas digital service providers or operators of electronic platforms for Thailand are also obliged to register as taxpayers and pay VAT tax. The tax rate is generally 7%, but 0% is applied to certain businesses.

（5）Excise Tax

Excise tax is levied on certain goods and services that are considered luxury goods. It is calculated by ad valorem (based on suggested retail price), specific duty (based on quantity/weight), or both. Taxable items include petroleum products, alcoholic beverages, some non-alcoholic beverages, some electrical products, perfumes/cosmetics, crystal glass products, automobiles, motorcycles, yachts, batteries, marble, entertainment services, racecourses, lottery tickets, golf courses, communication services, etc.

（6）Specific Business Tax (SBT)

Specific business tax is levied on specific businesses such as financial institutions, securities, insurance, and real estate sales businesses. A 3% tax is levied on commercial banking, finance, and securities businesses (tax reduced to 0.01% for certain banking businesses), 2.5% on life insurance and quality businesses, and 3% on real estate sales.

A general company may be taxed in case of transfers of land transaction when it receives a loan interest. All individuals and groups obliged to pay specific business tax must submit a registration application to the tax office and register with the SBT system within 30 days from the date of business commencement.

（7）Inheritance Tax

Among the heirs who inherit inheritance taxable assets over 100 million baht, 5% will be levied if they are lineal ancestors or lineal descendants, and 10% if they are not. Properties subject to inheritance tax are real estate, securities stipulated in the Securities and Exchange Law, bank deposits, etc. A corporation subject to inheritance tax is a corporation registered in Thailand or a corporation in which a Thai national holds 50% or more of the shares.

3. Indonesia

(1) Corporate Income Tax

The corporate tax rate is 22% in principle. The rate becomes 19% for public companies that meet certain conditions, such as having at least 40% of the paid-in shares listed, being held by more than 300 general shareholders, and having a shareholding ratio of less than 5%.
Corporate taxpayers with annual sales of 50 billion rupiah or less will have tax reduced by 50% of the standard tax rate in proportion to the taxable income in the total sales up to 4.8 billion rupiah. Certain companies with total sales of less than 4.8 billion rupiah will be subject to a final tax of 0.5% on total sales.
A legal entity established in Indonesia or having an address in Indonesia is treated as a tax resident. Foreign corporations operating through a permanent establishment (PE) in Indonesia generally have similar tax obligations as residential taxpayers.
The corporate tax rate was planned to be reduced to 20%; however, it will be left unchanged at 22% due to the enactment of the Tax Harmonization Law (HPP).

(2) Withholding Tax

When the withholding tax is levied on a particular income item, the payer is generally obliged to withhold the tax. Various withholding taxes are referred to the relevant article numbers of the Income Tax Act as follows:

- Article 21 is a provision regarding salaries and other payments to individuals. The employer is obliged to deduct income tax from the salary paid to the employee and pay it to the national treasury on behalf of the employee. The same applies to other payments to non-resident individuals. Individual taxpayers who do not have a tax registration number will be subject to a 20% surcharge in addition to the usual withholding tax.
- Article 22 is imposed on the import of specific consumer goods, imported auction goods, purchase of goods by governments, purchase of goods by state-owned enterprises, etc.
- Article 23 is levied on certain payments to residents (dividends, interest, royalties, etc.) at a tax rate of 15% or 2% of the total amount.
- Article 26 imposes a 20% tax rate on certain payments (dividends, interest, royalties, etc.) for non-resident payments, unless there is a tax exemption treaty.

(3) Individual Income Tax

Indonesian tax residents are generally taxed on all income, both domestically and internationally. They are taxed progressively by the annual taxable income, and the tax rate is 5% for the annual taxable income of less than 60 million rupiah, 15% for the annual taxable income of more than 60 million rupiah to less than 250 million rupiah, and 25% for annual income of more than 250 million rupiah and less than

500 million rupiah, 30% for more than 500 million rupiah and less than 5 billion rupiah, and 35% for more than 5 billion rupiah.
Those who have an address in Indonesia, or those who have stayed in Indonesia for 183 days or more than a year, or who will stay in Indonesia and live in Indonesia during the tax year are treated as tax residents.
As a general rule, a 20% withholding tax is levied on a non-resident with Indonesian source income.

（4）Value-Added Tax

Tax is levied when taxable goods are delivered, or services are provided in Indonesia. Companies are required to register as a taxable person (PKP) at the tax office if their annual sales are more than 4.8 billion rupiah.
The tax rate is 11% in principle; however, it can be increased or decreased in the range of 5% to 15% by Cabinet Order. Furthermore, it will be increased 12% from January 1, 2025. As a general rule, a tax rate of 0% is applied to the export of goods.

（5）Excise Tax

It is imposed on things that might have a negative impact on society, such as cigarettes and alcoholic beverages.

（6）Luxury Goods Sales Tax

It is imposed only once for the delivery of certain goods, the provision of services, and import. It is possible to tax up to 200%, but the current tax rate is 10%–95%.
This tax is targeted at automobiles, luxury homes, apartments, condominiums, townhouses, balloons, bullets, non-public/commercial planes, helicopters, non-military firearms, non-national/non-public transport cruisers, pleasure boats, ferries, yachts, etc.

（7）Carbon Tax

It is imposed on individuals or corporations who purchase carbon-containing goods or engage in activities that emit carbon.

４． The Philippines

（1）Corporate Income Tax

The tax rate is 25% in principle.
Domestic corporations established under the Philippine law are taxed at a rate of 25% on all taxable income. Domestic corporations with taxable income of 5 million pesos or less and total assets (excluding land where offices, factories, and equipment are located) of 100 million pesos or less are taxed at a tax rate of 20%.

Resident foreign corporations such as branches that engage in business in the Philippines are taxed only on taxable income from the Philippines at the same tax rate as domestic corporations.
Non-resident foreign corporations that do not engage in business in the Philippines are taxed at a tax rate of 25% on total income from the Philippines.
Minimum Corporate Income Tax
The minimum corporate tax is levied when the regular corporate tax amount (25%) is less than the minimum corporate tax amount (MCIT) after the fourth year from the start of business. Even a deficit corporation is obliged to pay taxes.
MCIT is calculated by multiplying the gross income by a tax rate of 2% (1% for the period from July 1, 2020 to June 30, 2023).

（2）**Withholding Tax**

There are two types of withholding tax, which are the expanded withholding tax and withholding tax on compensation.
Extended withholding income tax is 5% for rental contracts of offices, condominiums, company cars, etc., 15% for professional services such as consultation (10% if it does not exceed 720,000 pesos), and 2% is levied on subcontracting services.
Withholding tax on compensation is levied on salary payments.

（3）**Individual Income Tax**

Global income of resident citizens, Philippine source income of non-resident nationals/foreigners, and Philippine source income of non-resident foreigners who have stayed in the Philippines for 180 days or more per year are taxed at a progressive tax rate of 0% to 35%. Non-resident foreigners who spend less than 180 days a year in the Philippines are subject to a flat 25% tax rate on income from sources within the Philippines.

（4）**Value-Added Tax (VAT)**

With certain exceptions, those who sell, exchange, lease, import goods, and provide services are subject to VAT at a tax rate of 12% on their total selling price or total receipt. Tax exemption measures are taken for agricultural products, marine products, and medical services provided by specialists.

（5）**Excise Tax**

Excise tax is levied on certain imported or domestic products. The taxable amount is calculated by the specific duty based on the physical measurement unit such as the weight and quantity of the goods, or the specific duty based on the indicated value such as the selling price of the goods. This includes alcoholic beverages, tobacco products, automobiles, luxury goods (jewelry, perfumes, lotions, etc.), and entertainment/sports vessels such as yachts.

（6）**Percentage Tax**

Financial institutions, insurance companies, telecommunications companies, electric gas, and water companies, etc. are subject to the percentage tax set for each industry instead of VAT.

5．Vietnam

（1）**Corporate Income Tax**

The standard corporate tax rate is 20%. However, tax rates of 32%–50% apply to certain areas such as oil and gas companies. In addition, companies exploring and developing specific mineral resources are subject to a tax rate of 40% or 50%, depending on the area of the project. Domestic corporations that are companies established in accordance with Vietnamese corporate law, and foreign corporations in Vietnam established under foreign laws that have permanent establishments and have income originating in Vietnam are considered as taxable persons.

（2）**Foreign Contractor Tax (FCT)**

Applies to foreign companies and individuals operating business or earning income in Vietnam under a contract. This includes income related to interest, royalties, service fees, leasing fees, insurance premiums, shipping charges, transfer of securities, goods offered, or services provided in Vietnam, etc.

（3）**Value-Added Tax (VAT)**

Taxable items are services and products that are manufactured, sold, and consumed in Vietnam, but also include those imported from abroad. The standard tax rate is 10%; however, 0% or 5% applies to some goods and services.
0% is applied to export products, export services, etc., while 5% applies to essential products/ services, water, fertilizers, educational support, children's books, groceries, pharmaceuticals and medical equipment, livestock products, special agricultural equipment, agricultural products, agricultural services, science and technological services, basic chemicals products, etc.
As a general rule, Vietnam's VAT does not have an annual tax return system. Therefore, if the purchased VAT exceeds the sales VAT, the excess amount can be carried forward to the next taxation period.

（4）**Capital Assignment Profit Tax (CAPT)**

Profit from the sale of a Vietnamese company is subject to 20% corporate tax. Although it may seem similar to corporate tax, it is generally called capital transfer tax. The taxable profit is calculated by deducting the cost price (or the initial capital

contribution for the first transfer) and the transfer cost from the transfer price.
If the transferor is a foreign company, the transferee, which is a Vietnamese company, is obliged to withhold and pay the tax from the payment to the transferor. If the transferee is also a foreign company, the transferred Vietnamese company is obliged to file and pay capital transfer tax.
For the transfer of securities (bonds, stocks of public corporations, etc.) by a foreign company, a corporate tax of 0.1% of the selling price is levied as a deemed tax, but a tax rate of 20% is levied on the gain on the transfer of securities obtained by the resident corporation.

（5）Business License Tax

It is levied on organizations and individuals engaged in production and business activities according to the registered capital amount or annual sales amount.

（6）Environment Protection Tax (EPT)

It is levied on companies/individuals who manufacture or import specific products (gasoline, coal, etc.) that are considered to be harmful to the environment, by multiplying the taxable quantity with the specific tax rate.

（7）Natural Resources Tax (NRT)

It is imposed on the development of oil, minerals, forest resources, marine products, natural water, etc. as specified by Vietnam. The specific tax rate is set in the range of 1% to 40%. The tax rate depends on the natural resources used and is applied to production at a specified tax rate per unit. Oil, natural gas, and coal gas are subject to progressive taxation based on average daily output.

（8）Personal Income Tax (PIT)

Taxable income calculation is stipulated according to each type of income, and the range of taxable income and the tax rate differ depending on the classification of residents and non-residents.
This refers to those who have stayed in Vietnam for 183 days or more, those who have a permanent residence in Vietnam, and those who have a permanent residence (for foreigners, residents registered on the residence permit, etc.) for one calendar year or 12 consecutive months from the date of entry, and those who have a rental housing with a contract period of 183 days or more are classified as residents. Those who do not fall under this category are non-residents.
Residents are taxable regardless of whether the source of their income is inside or outside Vietnam.
As a general rule, non-residents are obliged to pay tax when they generate income originating in Vietnam. Non-residents are subject to personal income tax at a flat rate of 20% on Vietnam-related employment income during the tax year. In addition,

income other than employment income is levied at an individual tax rate. However, it may be subject to tax treaty provisions.

（9）**Special Sales Tax (SST)**

Taxes are levied on cigarettes and liquor, vehicle with less than 24 seats, airplanes, yachts etc., dance halls, massages, casinos, and other services by multiplying the taxable price by each tax rate. Imported goods for donations and re-exports, planes and yachts for the transportation of cargo and passengers are exempted from tax.

6. **Malaysia**

（1）**Income Tax**

Corporate income tax is levied under the Income Tax Act (1967) and is under the jurisdiction of the Internal Revenue Board of Malaysia (IRBM).

Companies are classified into resident and non-resident companies, and if the company is managed and controlled during the taxable period in Malaysia, it is a resident company. If the board of directors meets at least once a year in Malaysia and the minutes of the board of directors are prepared, it is considered a resident company.

Taxable income has a local nature, and foreign-sourced income received in Malaysia was previously exempted from tax, however since January 1, 2022, foreign-sourced income received in Malaysia are also subjected to be taxed. Income attributable to establishments located in Malaysia is treated as income originating from Malaysia.

The corporate tax rate is 24%. However, the corporate tax rate for companies with paid-in capital of 2.5 million ringgit or less and annual sales of 50 million ringgit or less is set at 17% for taxable income up to 600,000 ringgit, and 24% for taxable income over 600,000 ringgit.

（2）**Withholding Tax**

If a non-resident earns income in Malaysia, the income is considered to be from Malaysia and is taxable. Withholding tax is levied on non-resident interest, royalties, service remuneration, factories and machine installation fees, rent of personal property, and service portion of contract work.

The tax rate is 15% for interest, 10% for royalties, 10% for service remuneration and installation fees, and 13% for the service portion of the construction contract price.

（3）**Individual Income Tax**

A progressive tax rate (0%–30%) is applied to each resident’s income for each income range. On the other hand, a uniformity tax rate of 30% is applied to the income of non-residents. However, if the employee works in Malaysia within 60 days, the tax exemption is applied under the Income Tax Act.

The following are those who are categorized as residents: ① Those who have stayed in Malaysia for 183 days or more; ② If the number of days in Malaysia is less than 182 days, but stays for 182 days or more from the previous year of assessment or consecutively in the nextyear of assessment; ③ Stays in Malaysia for 90 days or more during the levy and has been considered a resident in three out of the four previous years of assessment, or if staying in Malaysia for 90 days or more; ④ Has become a resident in the past three years of assessment and immediately after.

（4）**Sales Tax**

Sales tax and service tax have been introduced since September 1, 2018. Sales tax and service tax are collectively known as SST.

Sales tax is levied on goods imported into Malaysia and goods manufactured by manufacturers who are taxable businesses. The sales tax rate is 10%, but due to policy considerations, tax exemption measures (food, mineral products, some machinery, etc.) and reduction measures to 5% (processed foods, processed foods, etc.) building materials, office equipment, etc.) are taken.

Manufacturers with a sales value of manufactured taxable goods exceeding 500,000 ringgit in the past 12 months or in the next 12 months are registered as taxable businesses and are obliged to collect sales tax from customers and pay them to the Customs and Tariff Bureau. The taxable person must file and pay sales tax within one month from the end of every two months' taxable period.

（5）**Service Tax**

Service tax is levied when the taxable service is provided in Malaysia. Taxable services change widely and frequently, so businesses need to be aware of the latest developments. Specific examples include restaurants, lawyers, accountants, engineers, architecture, consulting, information technology (IT) services, management services, human resources services, security, insurance, and advertising.

In principle, the actual transaction price is the tax base. Nevertheless, in the case of transactions with related organization or free service, the price that is expected to be applied in normal transactions is the tax base. The service tax rate is a flat rate at 6%.

Businesses which transaction price exceeds the amount specified for each service (500,000 ringgit in principle) in the past 12 months or the next 12 months are registered as taxable businesses and have the obligation to collect service tax from customers and pay to the Customs and Tariff Bureau. The taxable person must file and pay the service tax every two months within one month from the end of the taxable period.

（6）**Excise Duty**

Excise duty is levied on certain items such as beer and other alcoholic beverages, certain sugar-sweetened beverages, tobacco, motor vehicles, and playing cards. The tax rate depends on the taxable item.

Manufacturers of excise taxable goods must obtain a license to manufacture the goods.

（7）**Stamp Duty**

Stamp duty is levied on certain certificates and documents. The tax rate depends on the certificate, the content of the document, and the valuation of the transaction target.

The tax rate is 1% to 4% for documents related to asset transfer such as land, business rights, and accounts receivable, a uniform 10 ringgit for general contracts and memorandums, and 0.5% of the loan amount for loan contracts other than education loans (rounding up to 1,000 ringgit), 0.3% of the selling price or valuation of the stock, whichever higher (rounding up to RM100), and 0.1% for service contracts such as construction contracts.

（8）**Real Property Gains Tax (RPGT)**

Profit from the transfer of real estate or shares of a company that most of the assets are real estate located in Malaysia will be subject to real property gains tax.

Holding period	Companies	Individual	
		Malaysians and Permanent Residents	Foreigners
Within 1–3 years	30%	30%	30%
4 years	20%	20%	30%
5 years	15%	15%	30%
6 years and above	10%	0%	10%

The buyer must withhold 3% of the value paid to the seller (7% if the seller is a foreigner who is not a permanent resident) and pay it within 60 days from the date of transfer.

（9） **Others**

a. Taxation on non-resident cargo management

If a non-resident manages cargo through a permanent establishment (a place

where the business is conducted in whole or in part), corporate income tax will be levied in Malaysia. If they only own the cargo for storage and display, it is not recognized as a permanent establishment, but may be taxed at the tax enforcement level.
In addition, delivery of cargo outside the bonded area is subject to SST taxation.

b. Costs incurred for real estate
Although it is not a tax, there are quit rent (equivalent to land property tax) and assessment (equivalent to building property tax), similar to Japan’s property tax system.

Part 2. Investment Incentives

１. Singapore

（1）Tax incentive

Tax incentives in Singapore are based on the Income Tax Act and the Economic Expansion Incentives (Relief from Income Tax) Act. The conditions to receive these incentives include a considerable capital investment, a project related to advanced technology and manufacturing technology, and provision of special technology and specialized services. Therefore, the incentives promote investment in high value-added industries in Singapore.

a. Tax Exemption Scheme for New Start-Up Companies

This targets newlyestablished companies. It is a system that exempts corporate tax on 75% of the first 100,000 dollars and 50% of the next 100,000 dollars of taxable income for three years from their establishment.

The scheme applies to all companies except those whose main activity is holding an investment, developing real estate for sale, or investing, or both. However, the companies must meet the following requirements:

・ Being a company established in Singapore
・ Being a resident corporation under the tax law of Singapore in the taxable year
・ During the tax year, there are no more than 20 shareholders and all shareholders are natural persons, or one or more natural person shareholders own at least 10% of the shares.

ｂ. Partial Tax Exemption Scheme for Companies

This targets companies that are not subject to the tax exemption system for new companies. Corporate tax is exempt on 75% of the first 10,000 dollars and 50% of the next 190,000 dollars of taxable income.

c. Pioneer Certificate Incentive (PC)

Companies certified as pioneer companies are exempt from corporate tax for five to fifteen years.

The certification takes into account the importance of Singapore to industrial development, the development of research and development (R&D) and innovation capabilities, and the spillover effect on the economy as a whole, based on product type, investment scale, technology level, etc. The approval deadline is December 31, 2023 (Economic Expansion Encouragement Law Part 2, 3).

d. Development and Expansion Incentive (DEI)

This system is intended for companies that were previously certified as pioneer companies, as well as companies that were not certified as pioneer companies. To be certified for a development/expansion incentive, companies need to implement a new project, or expand and enhance their business in Singapore. The certification is based on criteria such as fixed asset investment, total business expenditure in Singapore, technology/capacity development, project quality, and content of technological innovation. Companies that meet the requirements will be given a reduced tax rate of 5% or 10% for up to ten years. The approval deadline is December 31, 2023 (Economic Expansion Encouragement Law Part 4).

e. Land Intensification Allowance (LIA)
This is targeted to businesses in the manufacturing and logistics sectors. When a certain industrial building is acquired by one or more businesses in the area specified by the Urban Redevelopment Authority (URA), 25% depreciation and 5% annual depreciation are allowed for costs directly incurred for the construction, renovation, or expansion of buildings and structures. Annual depreciation of 5% is allowed up to 100% of capital spending. The applicable period is until December 31, 2025 (Income Tax Law, Article 18C).

f. IP Development Incentive (IDI)
Introduced for the purpose of promoting the use and commercialization of intellectual property (IP) rights resulting from R&D activities. Application to EDB and approval is required between July 1, 2018 and December 31, 2023, and approved companies will receive a reduced tax rate of 5% or 10% on consideration for commercial use of IP rights. The period of initial incentives cannot exceed ten years, and extension shall not exceed ten years (Income Tax Law, Article 43X).

（2）**Subsidy**
Enterprise Development Grant
Grants for consultant costs, software and equipment, and internal labor costs. It aims to assist projects that support business transformation, innovations, and ventures abroad. Approval will be evaluated by ESG based on the scope of the project, outcomes, and the capabilities of the service provider. The qualification requirements are as follows:
・ Being a business entity registered and operating in Singapore
・ Holds at least 30% of local shares
・ Be financially feasible to start and complete a project
In addition, there are subsidy systems for start-up companies, IT and international business companies, and companies that are considering corporate reforms and employee capacity development. There is also provision of loans for these companies.

２． **Thailand**
（1）**Basic benefits**
a. Industry-based benefits

Corporate tax is exempted for up to eight years for the following industries. In addition, there are incentives such as exemption from import duties on machinery and one year exemption on import duties on raw materials and necessary materials, and non-tax benefits (foreign engineers/experts' entry/work permit, land ownership permit, permit for foreign currency remittance to outside Thailand, etc.).

・ Agriculture/biotechnology/medical industry
・ Advanced manufacturing industry
・ Basic industry/supporting industry
・ Creation, digital industry, high value-added services
・ Digital trading platform for agricultural products, agricultural food industry area.

b. Technology-based benefits

Corporate tax is exempted for up to ten years for the following industries. Similarly, there are incentives and non-tax benefits such as exemption from import duties on machinery and one year exemption on import duties on raw materials and necessary materials.

・ Biotechnology
・ Nanotechnology
・ Advanced material technology
・ Digital technology

（2）**Additional benefits from benefits**

a. Additional benefits to improve competitiveness

Corporate tax exemption (amount for investment or expenditure) as follows:

・ 300% for R&D of technology and innovation
・ 100% for support for technology and human resources development funds, educational institutions, and specialized training centers in the field of science and technology
・ 200% for training or vocational training to improve technical and innovation skills for internship students in the field of science and technology
・ 200% for license fee for technology developed in Thailand
・ 200% for advanced technical training
・ 200% for development of raw materials and parts manufacturers in Thailand
・ 200% for product and package design

b. Additional benefits for regional decentralization

For companies located in 20 prefectures with low national income per capita for a specific industry, the corporate tax will be reduced by 50% for five years, or the corporate tax exemption period will be added for three years.

c. Additional benefits for industrial land development

For companies located in an industrial complex or an encouraged industrial area for a particular industry, an additional corporate tax exemption period of one year will be provided.

（3） **Other policies and special measures**

a. **Investment incentives in the southern border area and investment incentives based on model city planning in the southern border** provinces (application needs to be submitted by the last business day of 2022)

It is a system aimed at promoting investment in southern border provinces, realizing model city planning, and generating inhabitant income. The industries targeted for investment incentives are manufacturing of body care products, manufacturing of high-pressure concrete products for building materials and public facility projects, manufacturing of plastic products for daily necessities, manufacturing of pulp or paper products, and development of manufacturing factories and warehouse buildings, etc. As a condition, the minimum investment amount (excluding land cost and working capital) is 500,000 baht or more, the use of secondhand machinery is limited to 10 million baht, and the investment toward new machineries should be more than a quarter of the cost of the secondhand machinery.

As for the benefits, they include exemption for machinery import duty, eight years of corporate tax exemption (no upper limit), deduction of up to twice the transportation, electricity, and water utility fees, and 25% deduction of infrastructure construction costs.

b. Investment incentives in the Special Economic and Technological Development Zone (SEZ) (application needs to be submitted by the last business day of 2022)

It is an investment measure in the Special Economic and Technological Development Zone (SEZ), which is stipulated in preparation for the establishment of economic cooperation with neighboring countries and the establishment of the ASEAN Economic Community.

For a specific industry, eight years of corporate tax exemption up to the amount equivalent to the investment amount, five years of additional 50% corporate tax reduction, exemption of machine import duty, eight years of corporate tax exemption (no upper limit), ten-year deduction for up to twice the transportation, electricity, and water costs, and 25% deduction for infrastructure installation or construction costs.

c. Efficiency improvement measures (application needs to be submitted by the last business day of 2022)

The measures aiming to improve production efficiency, energy saving, use of alternative energy, machine replacement to reduce environmental burden, support

for R&D and engineering design, and promote the introduction of digital technology. In order to receive the benefit of this measure, the business must fall under the investment incentive industry announced by the Investment Committee established at the time of application for incentive, the corporate income tax exemption or tax reduction period has expired, or the project has no corporate income tax exemption benefit.
As a condition, the investment amount excluding land and working capital must be more than 1 million baht. However, small and medium-sized enterprises (the shareholder ratio of Thai nationals is 51% or more of the capital, added with the income of all incentive and non-encouragement businesses of the incentive applicant, and the total annual income for the first three years from the date of the first income generated by the operation of the incentive project is less than 500 million baht) are required to have an investment amount of 500,000 baht or more, excluding land and working capital.

３． Indonesia

（１） Tax incentive

a. Tax holiday system

Of the fields designated as investment priority business fields, mainly for companies that make new investments in 18 fields that are considered to be pioneer industries, corporate tax is reduced by 50% or 100% for five to twenty years, depending on the amount of investment. For another two years after the initial number of years, the corporate tax amount may be reduced by 25% for investment between 100 billion rupiah to 500 billion rupiah, and by 50% for investment more than 500 billion rupiah. At present, the application deadline is October 8, 2024.

b. Tax incentives

This system provides the following incentives for existing investments in specific business fields and specific regions for 183 fields designated as investment priority business fields.

・ Up to 30% of the investment amount is deducted from taxable income by 5% per year for six years.
・ Reduced useful life of the depreciation period to half the normal life.
・ Reduced tax rate on dividends to foreign countries to 10%.
・ Extension of the deferral period of losses up to ten years if certain conditions are met.

（２） Other incentives

a. Special deduction incentives

Deduction from net income evenly over a specific period up to 60% of the value

invested in form of property, plant, and equipment (including land used for the main business) for labor-intensive industries.
For human resource development and training in a specific skill, it is deducted from the total profit up to 200% of the total cost spent on the activity.
For certain R&D activities in Indonesia, maximum 300% of the value spent on those activities will be deducted from the total profit.

b. Special Economic Zone System

There are 18 special economic zones in Indonesia, and if certain conditions are met, the tax will be reduced about 20% to 100% for up to 25 years, and VAT on the import of raw materials is exempted. In addition, foreign investors investing in special economic zones can own assets and obtain residence permits.

４．The Philippines

On April 11, 2021, the Corporate Recovery and Tax Incentives for Enterprise (CREATE) law came into effect in the Philippines. The law was enacted in response to the impact of the new coronavirus pandemic. In order to attract domestic and foreign investment in the Philippines, measures are aimed at boosting the economy, such as corporate tax cuts, and they include the organization and rationalization of various incentives provided by investment attracting organizations.
With the enactment of the law, the authority to recognize incentives has been centralized to the Fiscal Incentives Review Board (FIRB). In addition, the Strategic Investment Priority Plan (SIPP) will be implemented under the law, and a notification to approve the plan came into effect on June 10, 2022. The plan sets out priority areas for the following incentives: The 2020 Investment Priority Plan, which has been implemented since 2020, is classified as Tier 1 of SIPP.

（1） Priority field

a. Tier 1 (The 2020 Investment Priority Plan)
・ Businesses with high potential for job creation
・ Inefficient products and services that are essential to daily life
・ Businesses that provide essential support to the sectors necessary for industrial development
・ Realizing a potential competitive advantage

This includes businesses related to goods and services that are necessary for responding to the new coronavirus pandemic, agriculture, forestry and fisheries processing, medical and disaster risk reduction services, low-priced housing, infrastructure, and logistics.

b. Tier 2

・Businesses that provide production and brokerage services for supplies that are not locally produced and are essential for industrial development and import substitution.

These include green ecosystem, health care, defense-related, food safety-related, etc.

c. Tier 3

- Research and development that brings high-paying jobs through added value, productivity, efficiency improvement, and breakthroughs in science and health.
- Generation of new know-how and intellectual property
- Commercialization of patents, designs, copyrights, and utility models
- Highly technological manufacturing and businesses that are indispensable for structural transformation of the economy and require reasonable progress.

These include R&D, digital technology, advanced manufacturing, and the construction of facilities that promote innovation.

（2） **Preferential treatment**

a. Corporate tax exemption

Income tax exemption

- A tax exemption period of four to seven years will be granted for the target business (additional three years for relocation from the metropolitan area, additional two years if located in an area recovering from a disaster or conflict).

Preferential tax rate

- A certain period of preferential tax rate will be granted for the target business.
- A 5% special corporate income tax is applied to the gross profit on sales (exporting companies only), or an enhanced deduction is applied under the general corporate tax rate.

Deduction

- Depreciation (10% for buildings, 20% for machinery)
- Personnel expenses (150%)
- R&D (200%)
- Training fee (200%)
- Domestic input cost (150%)
- Electricity cost (150%)
- Reserve for reinvestment in manufacturing (up to 50%)

b. Value-Added Tax (VAT)

VAT exemption for imports of goods or services used directly and exclusively for projects within the special economic zone, 0% for domestic procurement.

c. Customs duty
Import duties are exempted on capital equipment, raw materials, parts, etc. used for registered projects.

5． Vietnam

（1）Incentives based on investment incentives, regions and conditions

Vietnam's tax incentives can be broadly divided into tax incentive rates and tax exemptions. The content of preferential treatment varies depending on the business content and the nature of the establishment area. Investment incentives apply to new and extended investment projects. The specific degree of preferential treatment for each type of investment incentive is in accordance with the provisions of laws and regulations. The following incentives are available if specific investment incentives, regions, or conditions apply.

a. Contents of incentives

・ Preferential tax rate
Depending on the nature of the business and the area of establishment, a preferential tax rate of 10%, 15%, or 17% will be applied.
・ Tax reduction and exemption
Depending on the nature of the business and the area of establishment, a four-year tax exemption, followed by 50% tax reduction for nine years, a six-year tax exemption, followed by 50% tax exemption for 13 years, or a two-year tax exemption, followed by 50% tax exemption for four years will be applied.
The tax exemption period is calculated from the taxable period in which taxable income was generated in a single year. However, if there is a deficit for the third consecutive term after the first income is generated from the project subject to the tax exemption, the tax exemption period will automatically start from the fourth year.
In addition, there are preferential treatments such as exemption of import tax on imports to form fixed assets, reduction of land rent, and increase in deductible costs.

b. Investment preferential field (Investment Law, Article 16, Paragraph 1)

In Vietnam, the areas of preferential investment are defined as follows:
・ High-tech activities, high-tech auxiliary industrial products, research and development
・ New materials, new energy, clean energy, renewable energy, products with added value of more than 30% and energy-saving products
・ Production of electronic products, heavy machinery, agricultural machinery, automobiles, automobile parts, and shipbuilding
・ Textile/apparel industry, leather/footwear industry, etc.

・ Production of IT, software, and digital content products
・ Cultivation and processing of agricultural products, forest products and marine products, forest planting and protection, salt production, biotechnology product production, etc.
・ Waste collection, treatment, and recycling
・ Investment in infrastructure development, operation and management, development of public passenger transportation in cities
・ Pre-employment education, compulsory education, vocational education
・ Scientific research on medical examination, treatment, production of pharmaceutical products, pharmaceutical technology for producing various new drugs, and biotechnology
・ Investing in sports facilities for people with disabilities or professional athletes, protecting and developing cultural heritage
・ Elderly housing with care center, mental care center, care center for disabled people, orphans, etc.
・ Credit funds, small financial institutions

c. Preferred investment area (Investment Law, Article 16, Paragraph 2)
Preferred investment area is defined as an area with difficulties or particularly difficult economic and social conditions or industrial zones, export processing zones, high-tech parks, and economic zones.

d. Other conditions
・ A project with total capital of 6 trillion dong or more and paid to Vietnam within three years from the acquisition of the license, which meets one of the following requirements:
i. Annual sales exceed 10 trillion dong from the first year to the fourth year of operation
ii. The number of employees exceed 3,000 people from the first year to the fourth year of operation.
・ The total capital is more than 12 trillion dong, which are paid to Vietnam within five years from the acquisition of the license, and the business has reputational technology based on the related regulations.

（2）**Other incentives**
a. Preferential treatment for science and technology companies
Corporate tax incentives
Companies that earn income from the production and trading of science and technology products are entitled to a four-year tax deduction and a 50% tax reduction for the next nine years. However, if the income generated from the production and trading of scientific and technological products is less than 30% of

the total income in a fiscal year, the corporate income tax exemption cannot be obtained in that fiscal year.

b. Preferential treatment for environmental protection projects

Environmental protection project can receive corporate tax incentives under certain conditions.

New investment in the targeted projects can receive a preferential tax rate of 10% for 15 years. If certain conditions are met, such as for large-scale projects and advanced technology fields, the preferential tax rate can be extended up to 30 years.

New investments in the target business are eligible for a four-year tax exemption and a nine-year tax reduction of 50%.

The tax reduction period begins in the year in which taxable income is generated from the targeted projects. However, if taxable income is not generated for three years from the year when the first income generated, tax reduction will start from the fourth year after income is generated.

c. Preferential treatment for the development of supporting industries

The main targets are the textile/sewing industry, leather/footwear industry, electronics industry, automobile manufacturing/assembly industry, machine manufacturing industry, and supporting industrial products for the high-tech industry.

・ First-time investment or investment made independently from the existing business

・ Investment in new equipment and new manufacturing processes that increase manufacturing capacity by 20% or more through scale expansion, productivity improvement, and technological innovation in the expansion of existing businesses.

With regard to corporate tax, a 10% preferential tax rate can be applied for 15 years to certain high-tech supporting industrial products, sewn products, leather products, footwear, electronics, automobile assembly, and machinery manufacturing industries.

Preferential treatment includes exemption from import tax on fixed assets, minimum interest rate set by the State Bank of Vietnam for short-term loans denominated in Vietnamese dong on specific periods, and reduction in or exemption of land leasing fees for SMEs.

６． Malaysia

（1）Tax incentive

In Malaysia, tax incentives are granted under various laws and regulations such as the Promotional of Investment Act 1986, Income Tax Law, Customs Law, and Goods Tax Law.

a. Pioneer status

Under the Pioneer Status, 70% of the statutory income is exempt from tax for five years from the start of production for all or part of the income earned from promoted activities or from producing promoted products (manufacturing, food processing, agriculture, hotels, R&D, tourism, etc.).

Full exemption of statutory income may be granted if the promoted activities are located in promoted areas such as Sabah and Sarawak, or if the activities are defined as high-tech activities (state-of-the-art materials industry, medical equipment industry, biotechnology, alternative energy industry, etc.).

In addition, for nationally and strategically important projects, a full income tax exemption may be granted for ten years.

Undisposed losses and unprocessed deductions during the Pioneer Status period can be carried forward for up to seven years from the end of the Pioneer Status period and can be deducted from the income of the same promoted activities or promoted product.

b. Investment Tax Allowance (ITA)

Investment tax allowance is granted to companies that operate promoted activities or manufacture promoted products (manufacturing, food processing, agriculture, hotels, R&D, tourism, etc.) for five years from the date of the first qualifying capital expenditure. A deduction of 60% of qualified capital spending (expenditure on factories, machinery, etc.) is granted.

This deduction amount can be used to deduct up to 70% of the statutory income for each year of assessment. Unused deductions can be carried forward to the next year or later.

This investment deduction cannot be used in combination with the Pioneer Status.

c. Reinvestment allowance (RA)

The reinvestment allowance allows companies that meet certain conditions, such as being a resident company that has been in business for 36 months or more, to receive an investment deduction of 60% of qualified capital spending on factories, machinery, and equipment.

This allowance amount can be used to deduct up to 70% of the statutory income for each levy year. Unused deductions can be carried forward to the next year or beyond.

Companies using the Pioneer Status or investment tax allowance may not use the reinvestment allowance together during that period.

The reinvestment allowance began for eligible capital expenditures incurred during the 15-levy period from the year of application. Under the 2020 Short-term Economic Recovery Plan, companies that have run out of the 15-year reinvestment deduction period will be granted a special reinvestment deduction for eligible capital expenditures from the 2020 and 2022 levies. In addition, a special reinvestment deduction will be extended to the 2024 year of assessment based on the 2022 national budget.

（2）**Automation incentives**

Incentives have been set up to encourage automation for labor-intensive manufacturing industry.

Rubber, plastic, wood, furniture, and textile manufacturing (Category 1) industries will be granted 20% + 80% accelerated depreciation for the first 4 million ringgit on eligible capital spending associated with automation by the year 2023 and 100% tax exemption. Manufacturing industries other than Category 1 (referred to as Category 2) will be granted 20% + 80% accelerated depreciation and 100% tax exemption equivalent to the first 2 million ringgit on eligible capital expenditures associated with automation by the year 2023.

This applies to corporations that have been established in Malaysia and have been in the manufacturing business for 36 months or more. Moreover, automation must be equipment used directly in manufacturing.

（3）**Industry 4.0 (Industry 4WRD)**

Industry 4.0 aims to improve the productivity of SMEs in Malaysia and promote smart manufacturing.

a. Readiness Assessment (RA)

First, a readiness assessment (RA) will be conducted for companies interested in incorporating Industry 4.0 to diagnose the readiness status for technology implementation at the production site. For SMEs with a Malaysian capital of 60% or more, the government will bear all RA costs. In the case of large companies and multinational companies, if RA is carried out at their own expense, it can be deducted up to 27,000 ringgit. The application is open to local SMEs in the manufacturing industry or manufacturing-related services, with three years of establishment.

b. Industry4WRD Intervention Fund

Companies that have implemented RA can apply for grant for the expenses spent for the actual automation based on the results of RA. It is a matching grant whereby the government and the company will bear the cost at a 70:30 ratio. The maximum amount of government grant is 500,000 ringgit.

c. Industry 4WRD Domestic Investment Strategic Fund (DISF)
Companies that have implemented RA may apply for subsidy for R&D and training for Industry 4.0, modernization and renewal of equipment, license acquisition and purchase of new technologies, and acquisition of international standards/certification. It is a matching grant in which the government and the company will bear the cost at a 60:40 ratio.

(4) Preferential treatment for environmental technology (green technology)
Companies that have acquired assets subject to the Environmental Investment Tax Reduction (GITA) as approved by the Malaysian Environmental Technology Corporation (MyHIJAU) may apply for a 100% investment deduction for the assets. Assets subject to environmental investment tax reduction are assets that contribute to the environment in energy efficiency, renewable energy, waste treatment, water treatment, and buildings.
Companies that carry out environmental technology projects and companies that provide environmental technology-related services can be exempted from income earned from the services upon application.

(5) Preferential treatment for shipbuilding and ship repair industry
New companies in the shipbuilding and ship repair business will be exempt from tax based on 70% of their statutory income for five years since commencement of production.

(6) Export incentives
a. Export credit refinancing (ECR) system
The export credit refinancing (ECR) system is a system that provides short-term loans to exporters, and the loans are provided through commercial banks refinanced by the Export-Import Bank of Malaysia. There are two types of ECR loans, with a limit of 10,000 ringgit to 50 million ringgit.

① Export credit refinancing before shipping
It is a loan provided as a fund for purchasing products from domestic or overseas suppliers before shipping products to overseas buyers.
In case of loan based on export order, companies can get a 95% loan of the export order amount by presenting the export order or purchase order. It is also possible to obtain a loan using the export certificate. The maximum loan period is 120 days.

② Export credit refinancing after shipping
It is a loan provided to direct exporters after shipping products to overseas buyers. It is based on bill discounting, and companies can obtain a financing by submitting a set of export documents to a commercial bank. The maximum loan period is 183

days.

b. Double deduction for export credit insurance
Payment of export credit premiums is subject to double deduction.

c. Double deduction of export promotion costs
Certain expenses spent by a resident company to promote the export of Malaysian industrial products and agricultural products are subject to double deduction.
The range of deductible costs is wide, including overseas advertising costs, overseas free sample provision costs, export market research costs, contract negotiation or conclusion costs, exhibition costs, transportation costs, on-site labor costs, utility costs, costs for providing technical information to overseas, costs for registering patents and trademarks overseas, and licensing costs for goods.

（7）Non-residents' cargo management within the cargo management and maintenance area
a. Cargo management within the bonded area
Non-residents may not manage the cargo in their own name, but may appoint a general agent and the agent may manage the cargo within the bonded area. Non-residents may also store their cargo in a yard within the Free Trade Area (FZ) by appointing an agent as described above.

b. Cargo management outside the bonded area
Outside the bonded area, it is considered to be a Malaysian domestic cargo, but in this case, cargo management can be carried out even in the name of a non-resident. However, it is practically difficult to manage cargo in Malaysia remotely from a foreign country, and it is common to outsource the management to a local warehouse company.

Part 3. Preferential Treatment for Regional Headquarters

１． Singapore

（1）Finance and Treasury Centre Incentive (FTC)

Companies with departments that provide finance, investment, or financial services to offices or affiliates in Singapore may be granted a reduced tax rate of 8% if approved under the scheme. Moreover, they may be exempted from interest on bank loans for approved activities. The application period is until December 31, 2026. The underlying law is Article 43E of the Income Tax Act.

（2）Global Trader Program (GTP)

This program targets companies engaged in international trade in energy, chemical products, metals/minerals, agricultural products, consumer goods, electronic devices, etc., and position Singapore as a base for their offshore trade activities, business management, investment/market development, financial management, and distribution management. If approved under the scheme, a reduced tax rate of 5% or 10% will be applied for three to five years. The application period is until December 31, 2026. The underlying law is Article 43I of the Income Tax Act.

２． Thailand

International Business Center (IBC)

An investment incentive for companies engaged in regional management projects such as management, finance, procurement, R&D, technical support, financial advisory, and international trade, with the aim of providing various services to affiliated companies in Thailand and overseas. Companies that meet certain conditions will receive the following benefits:

Benefits from the Board of Investment (BOI):

・ 100% foreign ownership is allowed
・ Permission to own land
・ Exemption of import duties on machinery (for R&D and training activities only)
・ Entry visa for skilled workers and professional engineers engaged in promoted investment activities

Benefits from the Revenue Department

In case the annual expenditure on service revenue from affiliated companies in Thailand and overseas is 60 million baht or more, tax reduction is up to 8%. In case the annual expenditure is 300 million baht or more, tax reduction is 5%, whereas if the annual expenditure is 600 million baht or more, tax reduction is up to 3%. Corporate tax is exempted for dividends received from affiliated companies in Thailand and overseas.

３． Indonesia

None

４．The Philippines

（１）Regional Headquarters (RHQ)

A branch office that functions as the management headquarters of multinational companies that conduct international transactions. Not allowed to earn income within the Philippines. It is obligatory to remit an amount equivalent to 50,000 US dollars a year to cover operating costs. Companies can receive various incentives with the establishment of RHQ.

（２）Regional Operating Headquarters (ROHQ)

A branch that functions as a headquarters for providing services such as management operations/planning, business planning/coordination, raw material procurement, and financial advisory services to affiliated companies, subsidiaries, and branches operating in the Philippines, Asia-Pacific region, and other foreign markets.

Unlike RHQ, companies are allowed to earn income in the Philippines, but are required to pay at least 200,000 US dollars' worth of capital. Same preferential treatment as RHQ will be granted.

（３）Regional Warehouses (RW)

Multinational corporations that have established or simultaneously established RHQ or ROHQ may open regional warehouses. The purpose of the regional warehouse is to carry out packing, packaging, cutting, marking, raw material storage, and warehouse management of goods. It is not allowed to directly conduct business or promote sales in the regional warehouse itself. Various incentives are available as a regional warehouse.

５．Vietnam

None

６． Malaysia

（１）Principal Hub

From May 1, 2015, the Principal Hub system was introduced as a new incentive to replace the existing International Capital Procurement Center (ICP), Regional Distribution Center (RDC), and Operational Headquarters (OHQ).

Principal hub is a Malaysian subsidiary that executes, manages, and supports important functions such as risk management, policymaking, strategic business activities, trade, finance, and personnel in Malaysia as a base for conducting global business operations.

Under Principal Hub 3.0, new companies recognized as principal hubs will be

subject to a corporate tax rate of 0% or 5% on eligible income for five years, and the application of the same tax rate can be extended. In case of existing companies, a corporate tax rate of 10% is levied on eligible income for five years, assuming that certain conditions are met, and the same tax rate can be extended.
The Principal Hub system has been used by many Japanese companies since May 1, 2015 when it was introduced, and as of July 2022, companies like Sharp, Daikin, Hitachi, etc. are using this incentive.

（2）Global Trading Center

The Global Trading Center incentives have been introduced to separate the incentives for trading businesses from the principal hub. Companies that meet certain conditions, such as being a company established under the Companies Act 2016 and utilizing Malaysia as an international trading base for strategic procurement and supply of materials, parts, and products regardless of trading partners may apply for this incentive.
Companies that meet certain conditions and are eligible for the Global Trading Center incentives are subject to a corporate tax rate of 10% for five years.

（3）Multimedia Super Corridor

The Multimedia Super Corridor aims to make Malaysia a base for IT development in Asia and provides a place for the Malaysian government to create, distribute, or use multimedia products and services.
The Malaysia Digital Economy Corporation has designated multiple regions as cyber cities, including Kuala Lumpur City Center and Bayan Lepas in Penang.
Companies with 50 or more employees with a monthly salary of 5,000 ringgit or more, or 30 or more employees with a monthly salary of 10,000 ringgit or more, and with annual business expenses of 3.5 million ringgit or more, will be exempt from tax (100% for the targeted income).
In addition, a company of 30 or more employees with a monthly salary of more than 5,000 ringgit, or 20 or more employees with a monthly salary of more than 8,000 ringgit, and the annual business expenses are more than 1 million ringgit, 70% of the target income will be exempted from tax.

Part 4. One-Stop Center

The organizational outline and main functions of investment attracting organizations in each country are described below. Although they exist as a division of government agencies in Vietnam and as an affiliated agency of government agencies in the Philippines, the one-stop centers in Singapore, Thailand, Indonesia, and Malaysia are positioned as independent organizations under the jurisdiction of their respective ministries. In addition, one-stop centers in Indonesia and Vietnam basically unify all industries with no specified industry, whereas for Singapore, Thailand, the Philippines, and Malaysia, they target specified industrial fields. Each country provides various types of investment support, not only for new investors but also for existing investors.

1. Singapore

Singapore Economic Development Board (EDB)

- **Function:** Investment promotion, industrial development, investment policy formulation, investment support, etc.
- **Personnel composition of officers:** Chairman, Managing Director, 14 others (labor union, business federation, company representative, education personnel)
- **Target field:** Manufacturing industry and service field where international transactions are possible
- **URL (description of function):** EDB Overview | EDB Singapore, Work With Us | Singapore EDB

The Economic Development Board (EDB) is a government agency established in 1961 under the Economic Development Board Act 1961, and is established under the Ministry of Trade and Industry. There are 19 overseas offices including Japan (Tokyo).

The agency promotes investment and industrial development in the manufacturing sector and internationally tradeable service areas. The industry under its jurisdiction accounts for more than one-third of Singapore's annual GDP. In addition to promoting investment, it has a mission to create sustainable economic growth in Singapore by promoting the transformation and productivity improvement of existing businesses and promoting new businesses development in the country. Through the Corporate Investment Unit (EDBI), which was established in 1991, the agency attracts investment in IT development, emerging technologies, health care, and other competitive technology fields, as well as supports companies that aim for global growth.

It also carries out tax incentives, subsidies, and formulating incentives.

The agency provides support for new investments and for growing and expanding

existing businesses. For example, companies can receive support for business establishment, tax, legal issues, networking with government agencies and private companies that support financial services, and advice on important regulations for doing business in Singapore.
The agency's personnel are composed of the following trade unions, business federations, corporate representatives, and educators.
The board consists of Chairman, Managing Director, Assistant Secretary-General of the National Labor Union Conference (NTUC), Vice Chairman and Honorary Finance Director of the Singapore Business Federation, CEO of Deloitte Asia Pacific Services Limited, COO of Grab, Chairman and Group CEO of Sea Limited Founder, Deputy Director of General Education (Schools), Ministry of Education, Director of Schools, CEO of Singapore Exchange Limited, CEO of Keppel Corporation Limited, INSEAD Governor, Managing Director of India and Southeast Asia Singapore General Atlantic Private Limited, CEO of Enterprise Singapore, President of Procter & Gamble (Asia Pacific, Middle East, and Africa), Global Operations Western Digital (WD) Vice President, and CEO of Pepsi Co APAC.

2. Thailand

Thailand Board of Investment (BOI)

- **Functions:** Investment promotion, incentive policy formulation, investment support, etc.
- **Personnel composition of officers:** Chairman (Prime Minister of Thailand), Deputy Chairman (Minister of Industry), five Advisors (related Minister, Governor of Central Bank of Thailand, Representative of Thai Development Institute), ten members (related Minister, Company Representatives, etc.), one secretary
- **Target fields:** Medical industry, advanced manufacturing industry, creative digital industry, etc.
- **URL (description of function):** ○ BOI: The Board of Investment of Thailand

The Thai Board of Investment (BOI) is a government agency established in 1966 under the Industrial Promotion Act and is established under the Office of the Prime Minister. There are 16 overseas offices including Japan (Tokyo, Osaka). In addition to the secretariat, there are a one-stop service center (visa/work permit), a one-start one-stop investment center (OSOS), and seven regional secretariats providing investment support.
The board's mission is to promote inward investment in Thailand and investment abroad, increase the country's competitiveness, overcome the "middle-income trap", and achieve sustainable growth.
The board decides and carries out changes in tax incentives and non-tax

incentives for specific industries (medical industry, advanced manufacturing industry, creative digital industry, basic/supporting industry, high-value services, etc.).
In addition, they provide advice and information on investment promotion rules and investment regulations, connect investors with government agencies and private companies, promote business operations such as company establishment and work license application, and provide counseling on overseas investment. They also provide support such as training on overseas investment to Thai investors.
The board consists of the Chairman (Prime Minister of Thailand), Vice Chairman (Minister of Industry), five advisors (Deputy Prime Minister and Minister of Energy of Thailand, Representative of National Higher Education Science Research and Innovation Policy Council (NXPO), Chairman of Chotiwat Manufacturing Public Co. Ltd., President of the Central Bank of Thailand, Representative of the Thai Development Institute), ten members (Minister of Transport, Minister of Finance, Representative Director of T.K.S. Technologies Public Co. Ltd., Representative Director of PTT Public Company Limited, etc.), and one secretary.

３． Indonesia

Indonesian Investment Coordinating Board (BKPM)

- **Functions:** Investment promotion, investment policy implementation, investment approval, investment support, etc.
- **Personnel composition of officers:** Chairman, six Deputy Chairmen, Investment Committee, Secretariat, Chairman Special Staff, Chairman Special Advisor, Inspector, Data and Information Management Center Representative, Education and Training Center Representative
- **Target fields:** Manufacturing, power generation, oil and gas, tourism, etc. (almost all sectors)
- URL (description of function): Tugas & Fungsi Kementerian Investasi / BKPM | BKPM,

The Ministry of Investment of Indonesia (BKPM) is a direct agency of the President of the Republic of Indonesia, which was established in 1973. There are eight overseas offices including Japan (Tokyo).
The ministry is led by the Chairman under BKPM Secretary Rule no. 90 / 2007. The ministry's mission is to improve the investment environment and promote direct investment at home and abroad as a major point of contact between companies and the government. In addition to increasing domestic and foreign investment, it seeks high-quality investment that can drive the Indonesian

economy and absorb a large labor force.
The ministry is mandated to handle investment approvals in almost every sector, including manufacturing, power generation, oil and gas, and tourism.
In addition, the PTSP Center (Integrated One-Stop Service Center) was established in 2015, consolidating the functions of 22 ministries and government agencies into one place. The PTSP Center provides services that facilitate various consultations and inquiries, provides services that facilitate document procedures for expansion, and handles investment-related licensing matters.
Since the investment permit procedure is carried out in one system, it becomes easier to cooperate with related parties at the national level, and it is possible to shorten the processing time, synchronize the procedure, avoid duplication, and shorten the procedure.
The ministry has set up a representative office in Tokyo called "Indonesia Investment Promotion Center (IIPC Tokyo)", which provides investment advice, support for license applications, matching with local partners, and bridging with other government agencies. It helps Japanese companies to seize opportunities and maximize profits by investing in Indonesia.
The board consists of Chairman, six Deputy Chairmen, Investment Committee, Secretariat, Chairman Special Staff (departments related to economic conditions, regional relations, bureaucratic reform, domestic entrepreneur development, and inter-institutional communication), and Chairman Special Advisor (departments related to investment competitive enhancement, macroeconomy, inter-institutional relations, investment priority sector development, information technology/system integration), inspector, representative of data/information management centers, and representative of education and training centers.

４． The Philippines

Philippine Board of Investments (BOI)

- **Functions:** Investment promotion, investment policy implementation, investment support, etc.
- **Personnel composition of officers**: Seven board members, members (five industrial development services, two investment support centers, three investment promotion services and four management services)
- **Target fields:** Fields specified in the investment priority plan (many fields such as goods and services related to new coronavirus pandemic measures, manufacturing, agriculture, fisheries, forestry, strategic services, etc.)
- **URL (description of function):** About BOI | Board of Investments, How We Can Help |

The Philippine Board of Investments (BOI) is one of the attached agencies under the jurisdiction of the Ministry of Trade and Industry (DTI). Under the Omnibus Investments Code of 1987 (Executive Order No. 226), the Commission provides tax exemption and other incentives to companies engaged in activities listed in the Investment Priority Plan (IPP) (goods and services related to new coronavirus measures, manufacturing, agriculture, fishery, forestry, strategic services, etc.)
The committee functions as a one-stop center for operating business in the Philippines and helps Filipino and foreign investors start their businesses. They provide services for pre-investment and after investment support, including business procedures, requirements, and preferential treatment.
A program called the Investment Promotion Unit Network (IPU-NET) was launched in 2007 with the aim of improving the business environment in the Philippines by rationalizing procedures and coordinating with related government agencies regarding issues and concerns related to investors and businesses.
The Philippine Economic Zone Authority (PEZA) formulates and manages preferential treatment for special economic zones.
Regarding tax incentives, the Financial Incentives Review Board (FIRB) has the authority under the “Corporate Reconstruction and Tax Incentives for Companies” (CREATE Act). However, for projects with investment capital of 1 billion pesos or less, it is delegated to investment promotion organizations such as BOI and PEZA.
The composition of the officers consist of seven board members (Chairman (Secretary of the Ministry of Trade and Industry), Vice chairman (Undersecretary of Industrial Development and Trade Policy Group, Ministry of Trade and Industry)) and members (five members in industrial development services, two members in investment support centers, three members in investment promotion services, and four members in management services).

５．Vietnam

Foreign Investment Agency (FIA)

- **Functions:** Investment promotion, investment regulation management, supervision, investment support, etc.
- **Personnel composition of officers:** Director General, four Deputy Director General, and other departments under the jurisdiction
- **Target field:** All industries
- **URL (description of function):** Info (mpi.gov.vn)

The Foreign Investment Agency (FIA) is a division of the Ministry of Planning and Investment and functions as an investment promotion agency in Vietnam. The agency has been established based on the Ministry of Planning and Investment decision (Decision No. 1895 / QD-BKHDT) dated December 22, 2017. The agency aims to support the advancement of Japanese companies into specific industries that the agency has divided into Southern Investment Promotion Center (IPCS), Northern Investment Promotion Center (IPCN), and Central Investment Promotion Center (IPCC). Each center has set up a Japan desk. The Japan desk functions as a contact point in FIA, and provides consultation on investment and business expansion, organizes seminars and study sessions, business matching, and cooperation with local agencies and organizations in both Japan and Vietnam.
Furthermore, the functions and authorities of the agency include the following:
・ Acts as the main institution to oversee domestic and foreign direct investment in national economic planning
・ Provides solutions to problems related to foreign direct investment
・Formulates policies in comprehensive cooperation with legal and policy-related organizations in foreign investment policy,
・ Manages and reviews investment regulations and coordination with related enforcement agencies
・ Manages coordination with relevant executive bodies to provide guidelines for investment procedures
・ Receives and examines BOT (Build-Operate-Transfer method), BTO (Build-Transfer-Operate method), and BT (Build and Transfer method) applications and submits them to the Ministry of Planning and Investment
・ Receives and examines applications for foreign direct investment projects and submits them to the Ministry of Planning and Investment
・ Acts as a main institution that oversees investment promotion activities and coordinates with related institutions for strategy, planning, and policy formulation of domestic and foreign direct investment
・ Performs other operations under the direction of the Ministry of Planning and Investment
The organization consists of one Director General and four Deputy Director Generals and a few departments, namely Northern Investment Promotion Center, Southern Investment Promotion Center, Central Investment Promotion Center, Secretariat, Foreign Investment Department, Investment Promotion Department, Policy Department, and Information Gathering Department.

6. Malaysia

In Malaysia, there is no one-stop center that controls all industries and investments in Malaysia. Nevertheless, the Malaysian Investment Development Authority (MIDA) exists as an organization that mainly promotes investment in the manufacturing sector. In addition, efforts to coordinate and facilitate investment projects, such as in references 1 and 2 below, are handled under MIDA.

Malaysian Investment Development Authority (MIDA)

- **Functions:** Investment-related policy recommendations, manufacturing licenses and expatriate posts, evaluation of tax incentive application applications, support for corporate project implementation and operation, information exchange and coordination with related organizations engaged in industrial development, advice to investors by staff from related institutions, etc.
- **Officer staff:** CEO, three Deputy CEOs, and eight Executive Directors. The executive directors are individually in charge of investment facilitation, corporate management services, investment policy support (service industry/manufacturing industry), investment promotion, development of manufacturing (non-resource type/resource type), and service development.
- **Target fields:** Manufacturing, agriculture, biotechnology industry, environmental technology (green technology) department, research and development, training, shipping/transportation industry, information and communication technology, etc.
- **URL (description of function):** Home --MIDA | Malaysian Investment Development Authority, Our Principles --MIDA | Malaysian Investment Development Authority

The Malaysian Investment Development Authority was established in 1967 under the Malaysian Investment Development Authority (MIDA) Act. The purpose of MIDA's establishment is to promote investment in the manufacturing and service industries and to implement plans for the development of the Malaysian industry.
The main office is in Kuala Lumpur. There are 12 branches domestically, including East Malaysia, and 20 overseas, including Tokyo and Osaka.
The functions and authorities of the agency are as follows:
・ Proposes policies and strategies for industrial promotion and development to the Ministry of International Trade and Industry
・ Evaluates applications for tax incentives for manufacturing licenses, expatriate posts, manufacturing activities, tourism, R&D, training institutions, software development, raw materials, parts, and machinery
・ Supports the implementation and operation of projects by companies, and provides support through direct consultation and joint operation with relevant authorities at the federal and state levels.
・ Promotes information exchange and coordination between organizations related to industrial development
・ To further strengthen MIDA's role in investor support, senior staff from major institutions (including staff from the Ministry of Human Resources, Malaysian

Immigration, Malaysian Customs, Environment, Telekom Malaysia) are seconded to MIDA Headquarters in Kuala Lumpur to advise investors on government policies and procedures.

Eight executive directors have their own areas of responsibility, and the departments are divided within those areas of responsibility. The departments are Domestic Investment Division, Foreign Investment Division, Post-Investment Division, Investment Compliance Division, Investment Statistics Division, Industrial Talent Management and Expatriate Division, Tariff Division, Corporate Management Division, Human Resources Management Division, Finance and Account Management Division, Legal and Government Relations Division, Strategic Planning/Policy Advocacy (Manufacturing) Division, Strategic Planning and Policy Advocacy (Service) Division, Business Service and Regional Operation Division, Electrical and Electronic Division, Information Technology System Development Division, Machinery/Metal Engineering Division, Building Technology and Lifestyle Division, Transportation Technology Division, Chemicals a d Advanced Materials Division, Life Science ad Medical Technology Division, Food Technology and Resource-Based Industry Division, Circulation Bio-Economy (CBE) Unit, Advanced Technology Research and Development Division, Oil and Gas , Marine and Logistics Service Division, Green Technology Department, Health Care, Education, and Hospitality Division.

Reference 1（Project Acceleration and Coordination Unit, PACU）

In September 2020, MIDA established the Project Acceleration and Coordination Office in Kuala Lumpur as a project-based support tool to provide one-stop support for investment projects regardless of industry. The unit is run by staff assigned from the Post Investment and Infrastructure Support Division and inquiries can be made online.

The unit is under the jurisdiction of MIDA and aims to work closely with state authorities, power and telecommunications carriers, customs, and environmental agencies to facilitate the process from approval to implementation of the project. In addition, by bridging investors with related organizations as described above, it is possible to work on solving the problems faced after obtaining approval. Therefore, it is also possible to check the progress of various permits and licenses in the system. These units can be utilized not only for those who are considering new businesses, but also for existing companies.

Reference 2 (Digital Investment Office, DIO)

In February 2021, the Malaysian government announced “MyDIGITAL”, a ten-year plan up to the year 2030 that aims to improve the lives of Malaysians through the growth of the digital economy. In April 2021, MIDA and the Malaysia Digital

Economy Corporation (MDEC) established the Digital Investment Office (DIO) in Kuala Lumpur to attract investment in digital-related fields in collaboration with both institutions.

DIO is a joint platform between MIDA and MDEC, and is operated by staff from the Service and Regional Management Division. It is basically operated through an online system; however, it is also possible to make physical inquiries.

The purpose is to consolidate and realign investment attraction policies of the digital industry that were previously scattered across MIDA, MDEC, state governments as well as economic corridors. Based on the integrated information, DIO would be able coordinate the type of organization and level of support to be provided to investors, and can provide various kinds of support regarding investment approval procedures.

Part 5. Incentives for Local Recruitment

１． Singapore

（1）Jobs Growth Incentive (JGI)

It aims to support the recruitment of local employees (Singapore nationals or permanent residents) between September 2020 and September 2022. The support period depends on the time of hiring and the characteristics of the employee (example: age).

Phases are set on a semi-annual basis from September 2020, and Phase 4 is from April to September 2022. Phase 4 requires an increase in the total number of local employees and increase in the number of local employees with monthly wages of 1,400 Singapore dollars or more as compared to March 2022. However, this does not apply to Singapore and foreign government agencies, representative offices, dormant companies, etc. Phase 4 applies to companies established by February 17, 2022.

For newly hired healthy persons, persons with disabilities, or former convicts who have not worked for at least six months and are over 40 years old, an incentive of 40% of the first 6,000 dollars of their monthly salary for the first six months, and 20% of the first 6,000 dollars of their monthly salary for the subsequent six months will be given.

（2）Progressive Wage Credit Scheme（PWCS）

Introduced in the 2022 budget, it is a system that provides subsidies of wages to adapt to compulsory wage increases of low-wage workers or voluntarily raise wages for low-wage workers.

・ Singapore nationals and permanent residents are eligible

・ From 2022 to 2026, 15%–50% will be subsidized for the monthly total wage increase (up to 2,500 dollars) (50% in 2022 and 2023, 30% in 2024 and 2025, 15% in 2026).

・ From 2022 to 2024, a 15%–30% subsidy will be provided for salary increases from 2,500 dollars to 3,000 dollars (30% in 2022 and 2023, 15% in 2024).

・ The average monthly total wage increase for each eligible year must be at least 100 dollars.

・ Eligible annual salary increases will be subsidized for two years.

２．Thailand

None

３．Indonesia

Corporate tax deduction and net income reductions for labor-intensive

industries

For new or expanded investment in labor-intensive industries targeting 45 fields designated as investment priority business, corporate tax will be reduced by receiving reduction measures of net income up to 60% (10% every year for six years from the start of commercial operation) of the investment amount of property, plant, and equipment (including land). As a condition, the company needs to have least 300 Indonesian workers.

４．The Philippines
None

５． Vietnam
None

６． Malaysia
MYFutureJobs
From January 1, 2021, in order to provide Malaysians with a wide range of opportunities to apply for available posts, companies are required to advertise for 30 days on the MYFutureJobs portal, a governmental employment portal, before companies could proceed to apply for expatriate employment passes or foreign workers' work permits.
MYFutureJobs is part of a government initiative to prioritize local employees in filling vacancies before opening the posts to foreign workers and expatriates.
However, some expatriate positions are automatically exempted. Specifically, (1) senior positions (CEO, CFO, etc.), important positions, expatriates with monthly income of 15,000 ringgit or more, chief executive officers, etc. (2) The employer is a representative office/regional office. (3) Investor/shareholder/company owner. (4) Intra-company transfer/secondment/transfer based on trade agreement. (5) Employer is an international institution, etc.
Through the Short-term Economic Recovery Plan (PENJANA) initiative, including the Hiring Incentive Programme, employers are given monthly financial incentives of 800 ringgit to 1,000 ringgit as announced by the government on June 5, 2020. Skill training programs are also offered to newly hired local workers.

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