

THE ASIAN FAMILY OFFICE



Supplementary Report:
Tax Considerations in
Key Asian Jurisdictions

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FOREWORD

In this report, Ernst & Young Solutions LLP (EY) provides an overview of tax considerations in nine jurisdictions across Asia, which family offices may consider when setting up investment vehicles across the region, and when developing a multi-jurisdiction tax strategy.

This material has been prepared for general use only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice. Unless otherwise stated, the information is correct as at 28 August 2023.

CHINA MAINLAND

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1. Overview of taxation for individuals

The New Individual Income Tax (“IIT”) Law has been reformed since 1 January 2019. Under the reformed IIT Law, it states that “an individual, who has a domicile within the territory of China¹ or who has no domicile but has stayed within the territory of China for 183 days or more, shall pay IIT for his/her income obtained in and/or outside the territory of China according to the provisions of this Law.”

An individual who has a domicile in China refers to an individual who has household registration, family ties or economic interests in China. Individuals with no domicile in China could be exempt from the China IIT on non-China sourced income, after a tax registration with competent tax authorities, if they are China tax residents for no more than six consecutive years.

When an individual resides outside of China for more than 30 consecutive days in any tax year (during which he or she resides in China for 183 days or more) the consecutive year count will be re-started for the purpose of determining whether the individual is

considered to be domiciled in China.

Real estate located in China

In general, China exercises tax jurisdiction over the transfer of real estate or land-use rights located in the territory of China regardless of the holder’s domicile or residency status.

A non-resident who indirectly disposes of offshore companies, of which the underlying investment consists substantially of China real estate, could be subject to IIT on the indirect transfer if certain conditions are met.

Real estate located outside of China

Individuals who are domiciled in China and non-domiciled individuals who have resided in China for more than six consecutive years may be liable for IIT on the gain arising from the transfer of real estate located outside China.

2. Types of tax

Inheritance tax

No statute has been passed to provide guidance on inheritance tax.

Gift tax

No gift tax is levied in China.

Real estate transfer tax

From an estate and succession

perspective, no real estate transfer tax is levied in China. However, an individual’s transfer of real estate or land-use rights in China may be subject to IIT, Value-added Tax (VAT), deed tax, stamp duty, and land appreciation tax.

If a transfer of real estate or land use rights is made without consideration, the property received would be considered a source of “contingent income” to the recipient and subject to IIT at a flat rate of 20%. However, the transfer by virtue of inheritance or gift under the following circumstances will be exempted from IIT:

Gratuitous transfer of land-use rights or real estate to:

- Lineal relatives (i.e. spouse, children, parents, grandparents, grandchildren and siblings)
- Dependents
- Statutory heirs and legatees upon the death of the decedent
- Spouse by virtue of divorce

If the transferee later resells the land-use rights or real estate, such a transfer will be subject to IIT. The tax base will be the proceeds from the sale of land-use rights or real estate, less the original purchase cost of the decedent

¹ Where used in this section, ‘China’ refers to the Chinese mainland jurisdiction.

or the donor, and the expenses and taxes paid by the heir in the transfer.

VAT

Individuals selling non-residential real estate properties would generally be subject to VAT at 5% on a net basis, (i.e total payment collected minus the purchasing cost of the property).

For individuals selling residential real estate properties in areas excluding Beijing, Shanghai, Guangzhou and Shenzhen, the relevant VAT implications are as follows:

- a. 5% VAT rate imposed on the total payment collected for selling residential property acquired within two years.
- b. VAT exemption may be applicable for disposal of residential property if held for a certain period or other criteria are fulfilled.

Gratuitous transfer of land-use rights or real estate to lineal relatives, dependents, statutory heirs and legatees upon the death of the decedent and transfer of land-use rights or real estate as a gift to a spouse by virtue of divorce are exempted from VAT.

Deed tax

Inheritance by statutory successors (i.e. spouse, children, parents, sibling, and grandparents) is exempt from deed tax. However, China levies deed tax on non-statutory successors who acquire real estate or land-use rights by virtue of inheritance or gift.

Deed tax rates range from 3% to 5% depending on the location. Effective 22 February 2016, the tax rate applicable to residential properties (first or second home owned by a single family) was reduced to 1%, 1.5% or 2%, depending on the size and utility of the housing.

Stamp duty

Stamp duty is imposed when a contract of property transfer is concluded. Both signing parties of the contract are liable for stamp duty. The tax rate applicable to the contract concluded for transferring property rights is 0.05%.

Land appreciation tax (LAT)

The sale or compensated transfer of real estate or land-use rights is subject to LAT. A transferor who benefits from the transfer is liable for LAT. However, transfer of real estate or land-use rights without consideration, such as inheritance by statutory successors or gratuitous transfer to lineal family members, is not subject to LAT.

Other tax

China does not impose endowment tax, transfer duty, or net wealth tax. Property tax was piloted in 2011 in Shanghai and Chongqing.

3. Assessments and valuations

The tax base of properties that are acquired by virtue of inheritance or gift is the fair market value (FMV) of the property at the time of the transfer. The specific method of valuation may vary depending on the type

of property.

Land-use rights and real estate

The value of land-use rights and real estate is generally determined based on the value specified in the transfer contract, which should be assessed and approved by the administration offices of land or real estate. In most cases, the tax authority relies on the assessed value. However, if the tax authority considers the assessed value to be far from the FMV, the tax may be levied on a deemed basis.

4. Trusts, foundations and private purpose funds

For the purposes of succession and estate planning, China has not issued specific tax regulations on the income from trusts or foundations.

5. Life insurance

Life insurance compensations are generally exempted from IIT.

6. Exchange controls

The People's Bank of China and the State Administration of Foreign Exchange are responsible for regulating the flow of foreign exchange in and out of the country. The annual quota of settlement and purchase of foreign exchange for individuals is USD50,000.

7. Common Reporting Standards (CRS) regime

CRS legislation has been in force as at July 2018.

8. Philanthropy

Types of charitable organisations

Charitable organisations in China refer to legally established non-profit organisations that meet the requirements specified under the Charity Law with the objective of carrying out charitable activities for the benefit of the society.

A charitable organisation can adopt the form of a foundation, social group, or social service organisation. All foundations, social groups, and social service organisations established will need to apply to be recognised as charitable organisations under the Charity Law.

- Foundations are financial groups formed based on property donated by a natural person, legal person or other organisation for social welfare purposes
- Social groups are a form of social organisation established by Chinese citizens on a voluntary basis, to realise the common will of its members
- Social service organisations are privately established social agencies and differ from social groups and foundations in that they are a direct provider of social services

Tax deduction

For enterprise donors, an enterprise may deduct its expenditures incurred

due to donation for public welfare, with the deduction capped at 12% of the enterprise's total annual profit. Any portion exceeding 12% of the total annual profit can be carried forward and deducted when calculating the taxable income within the following three years.

For individual donors, an individual may claim deduction on charitable donations made in support of education, poverty alleviation and relief when calculating the taxable income, provided that the portion involved does not exceed 30% of the individual's taxable income.

HONG KONG SAR

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1. Overview of taxation for individuals

Individuals earning income that arises in or is derived from a Hong Kong office or Hong Kong employment, or from services rendered in Hong Kong during visits of more than 60 days in any tax year, are subject to salaries tax.

Hong Kong observes a territorial basis of taxation; therefore, the concept of tax residency has no significance in determining tax liability, except in limited circumstances.

Three separate income taxes are levied in Hong Kong instead of a single unified income tax. The following rates are the applicable rates for the three taxes for the period from 1 April 2022 through 31 March 2023:

- Profits tax: levied on non-corporate professional, trade or business income at a flat rate of 15% (or at a rate of 7.5% for the first HK\$2 million of assessable profits, subject to certain conditions)
- Property tax: levied at a flat rate of 15% on 80% of the rent receivable on non-corporate owners of real estate in Hong Kong
- Salaries tax: levied on net chargeable income (assessable income less personal deductions

and allowances) at progressive rates ranging from 2% to 17%, or at a flat rate (maximum rate) of 15% on assessable income less personal deductions, whichever calculation produces the lower tax liability

2. Types of tax

Gift tax

No gift tax is levied in Hong Kong.

Estate tax

Estate duty was abolished, effective from 11 February 2006. Estates of persons who pass away on or after that date are not subject to estate duty.

Social security

Hong Kong does not impose any social security taxes. Employers and employees are each required to contribute the lower of 5% of the employees' salaries or HKD1,500 per month to approved mandatory provident fund schemes unless the employees are covered by other recognised occupation retirement schemes.

Profits tax

Companies carrying on a trade, profession or business in Hong Kong are subject to profits tax on profits arising in or derived from Hong Kong.

However, certain royalties received from a Hong Kong payer by a foreign entity that does not otherwise carry on a trade, profession or business in Hong Kong are liable to a withholding tax in Hong Kong.

The basis of taxation in Hong Kong is territorial. The determination of the source of profits or income can be extremely complicated and often involves uncertainty. It requires case-by-case consideration. To obtain certainty concerning this and other tax issues, taxpayers may apply to the Inland Revenue Department for advance rulings on the tax implications of a transaction, subject to payment of certain fees and compliance with other procedures.

The corporate rate of profits tax is 16.5% (or at a rate of 8.25% for the first HK\$2 million of assessable profits, subject to certain conditions).

Stamp duty

A stamp duty of 0.26% is imposed on share transfers. Stamp duty on land transfers are as follows:

HK\$	Scale 1 duty rates ^{1,2}
Up to 2m	1.5%
2m-3m	3.0%
3m-4m	4.5%
4m-6m	6.0%
6m-20m	7.5%
Over 20m	8.5%

HK\$	Scale 2 duty rates ^{1,3}
Up to 3m	\$100
3m-4.5m	1.5%
4.5m-6m	2.25%
6m-9m	3%
9m-20m	3.75%
Over 20m	4.25%

Flat duty rate: 15%

1. Subject to marginal relief.
2. Subject to note 3 below, the rates are applicable to agreements in respect of non-residential properties executed on or after 23 February 2013 but before 26 November 2020 and agreements in respect of residential properties executed between 23 February 2013 and 4 November 2016.

3. Applicable to a Hong Kong Permanent Resident who does not own any other residential property in Hong Kong at the time of acquiring a residential property and certain other limited circumstances. The rates are applicable to instruments executed on or after 22 February 2023.
4. Subject to note 3 above, the flat rate of 15% is applicable to sale and purchase or transfer agreements in respect of residential properties executed on or after 5 November 2016.

On top of the rates listed above, transfers of residential properties which are acquired on or after 27 October 2012 within three years will be subject to an additional Special Stamp Duty at rates ranging from 10% to 20%.

In addition, residential properties acquired by any person, except a Hong Kong Permanent Resident on or after 27 October 2012, will be subject to an additional Buyer’s Stamp Duty at a flat rate of 15%.

3. Exchange controls

Hong Kong does not impose foreign-exchange controls.

4. CRS regime

CRS legislation has been in force as at January 2017.

5. Philanthropy

Types of charitable organisations

An institution or trust must be established solely for charitable purpose which can be classified into four main purposes:

- Relief of poverty
- Advancement of education
- Advancement of religion
- Other charitable purposes that benefit the Hong Kong community but do not fall into any of the preceding three categories.

Generally, common types of charity structure include:

- Charitable trust
- Society registered under the Societies Ordinance
- Corporation (including company limited by guarantee) established under the Companies Ordinance
- Statutory body established under a specific Ordinance.

Any charitable institution or trust of a public character is exempt from tax under Section 88 of the Inland Revenue Ordinance (“IRO”).

Tax deduction

Individual and business donors who are chargeable to salaries tax, personal assessment or profits tax can claim a deduction for the aggregate of approved charitable donations up to 35% of the assessable income or profits, as the case may be, in the basis period of a year of assessment. Such aggregate must not be less than \$100.

To promote the growth of family office businesses in Hong Kong, a tax concession has been introduced on 10 May 2023 with retrospective effect from 1 April 2022 to exempt certain income derived by family-owned investment holding vehicles ("FIHV") managed by eligible single family office ("ESFO"). Charitable institutions that are exempt from tax under Section 88 of the IRO can directly or indirectly hold up to 25% of the beneficial interest of ESFO or FIHV under the said concession.

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1. Overview of taxation for individuals

Individuals who are resident and ordinarily resident are subject to tax on their worldwide income. Individuals who are resident but not ordinarily resident are taxed only on India-source income, income deemed to accrue or arise in India, income received in India or income received outside India accruing or arising from either a business controlled, or a profession set up in India.

Non-residents are taxed only on India-source income and on income received, accruing or arising in India. Non-residents may also be taxed on income deemed to accrue or arise in India through a business connection, through or from any asset or source of income in India, or through the transfer of a capital asset situated in India.

Individuals are residents if they meet any of the following criteria:

- They are present in India for 182 days or more during the tax year (i.e. the year in which income is earned; India's tax year runs from 1 April to 31 March).
- They are present in India for 60 days or more during the tax year

and present in India for at least 365 days in aggregate during the preceding four tax years (the 60-days condition is increased to 182 days in the case of an Indian citizen who leaves India in any tax year as a member of the crew of an Indian ship or for the purposes of employment outside India, or in the case of a citizen of India or a person of Indian origin who, being based outside India, comes for a visit to India in a tax year).

Effective from the tax year commencing on 1 April 2020, the 60-days condition is replaced by a 120-days condition in the case of a citizen of India or a person of Indian origin who, being outside India, comes for a visit to India and whose total India-source income exceeds INR1.5 million during the relevant tax year.

Indian citizens whose total India-source income exceeds INR1.5 million during the relevant tax year and who are not liable to tax in any other country or territory by reason of their domicile or residence or any other criteria of a similar nature are deemed to be resident in India. However, this will not apply if an Indian citizen in any way qualifies as a resident of India

as per the primary conditions for determination of residency as set out above.

Effective from 1 April 2021, "liable to tax" in relation to a person and with reference to a country is defined to mean that there is an income tax liability on such individual under the law of that country for the time being in force and includes an individual who has subsequently been exempted from such liability under the law of that country.

Individuals who do not meet the above criteria are non-residents.

Once an individual qualifies as resident, the next step is to ascertain whether such individual qualifies as resident and ordinarily resident or as resident but not ordinarily resident.

Individuals are considered resident but not ordinarily resident if, in addition to meeting one of the above tests, they satisfy any of the following conditions:

They were non-resident in India in nine out of the preceding 10 tax years.

- They were present in India for 729 days or less during the previous seven tax years.

- They are Indian citizens or persons of Indian origin who, being outside India, come for a visit to India for 120 days or more but less than 182 days and whose total India-source income exceeds INR1.5 million during the relevant tax year.
- They are Indian citizens qualifying as resident in India on account of the deemed residency provision described above.

Residents who do not qualify as not ordinarily resident are considered to be resident and ordinarily resident.

All employees working in India or resident in India are subject to tax unless they are exempt under the Income Tax Act, 1961, or applicable tax treaties.

Income subject to tax

In general, all income received or accrued or arising or deemed to be received or accrued or arising in India is subject to tax. The taxation of various types of income is described below.

Employment income

All salary income relating to services rendered in India is deemed to accrue or arise in India regardless of where it is received or the residential status of the recipient.

Employees of foreign enterprises who are citizens of foreign jurisdictions are not subject to tax if all of the following conditions are satisfied:

- The foreign enterprise is not engaged in a trade or business in India.
- The employee does not stay in India for more than 90 days in the tax year.
- The compensation paid is not liable to be deducted from the employer's taxable income in India.

Similar exemptions are available under tax treaties if the stay is less than 183 days, but conditions vary.

Self-employment and business income

All individuals who are self-employed or in business in India are subject to tax.

The computation of an individual's income from a business is similar to the computation of income of a corporation. However, an individual may maintain accounts on a cash or accrual basis if the gross receipts exceed a specified limit. Taxpayers may generally deduct from gross business income all business-related expenses. Personal expenses and capital expenditure other than expenditure for scientific research are not deductible. Allowable depreciation must be claimed up to the available limit.

Business losses (other than speculation losses) incurred in the current year can be offset against income under any other sources except for salary income. If business losses in the current year cannot be wholly offset, such business losses may be carried

forward for eight years if the income tax return for the year of the losses is filed on time. However, the losses carried forward can be set off against business income only. Unabsorbed losses from speculative business may be carried forward for four years only and can be set off against profits from speculative business only. Unabsorbed depreciation may be carried forward indefinitely.

Investment income

Dividend

Effective from 1 April 2020, dividend income that was earlier exempt in the hands of recipients is taxable in the hands of shareholders pursuant to a switchover from a "distribution tax" regime in the hands of a dividend-paying company to a "classical" system of dividend taxation in the hands of the shareholder.

Dividend income is subject to withholding tax. The withholding tax rate for resident shareholders is 10%. No tax withholding is required if the payment of dividends does not exceed INR5,000 during a given tax year. Non-residents are subject to a withholding tax rate of 20% (plus surcharge [if applicable] and health and education cess). Non-residents can opt for the lower tax withholding rate as prescribed under an applicable tax treaty, subject to furnishing of necessary documentation.

Dividends received from Indian and foreign companies are subject to tax in the hands of resident individuals at the normal tax rates. Dividends are taxable in the hands of non-residents at the lower of 20% (plus surcharge, if applicable, and health and education cess) or the applicable tax treaty rate.

Interest

Interest earned on securities, investments, advances and bank deposits in India is taxable. Taxes are withheld at source by the banks, cooperative societies and post offices if the interest exceeds INR40,000 (INR5,000 if interest income is earned from other than banks, cooperative societies and post offices) in the tax year, except in certain specified cases. The INR40,000 limit is increased to INR50,000 for resident senior citizens who are 60 or older. The rate of the withholding tax is 10%. This withholding tax is not a final tax.

The following interest is exempt from tax:

- Interest earned on non-resident external (NRE) accounts of individuals who qualify as persons resident outside India according to the exchange control laws (see Section I) or who are permitted by the Reserve Bank of India (central bank) to maintain such accounts
- Interest payable by scheduled banks (on approved foreign-currency deposits) to non-residents and to persons who are resident but not ordinarily resident

Receipts above INR50,000

Receipts above INR50,000 are taxable in certain cases as an anti-abuse measure. Any sum of money in excess of INR50,000 received by an individual without consideration is taxable in the hands of the recipient.

Gifts made by persons resident in India to persons resident outside India are taxed in the hands of the recipients, subject to certain exceptions and conditions as may be prescribed.

Rental income

Rental income received by an individual from the leasing of house property (including buildings or land appurtenant thereto) is taxable at the value determined in accordance with specific provisions. The following deductions from such value are allowed:

- Taxes paid to local authorities on such property
- A sum equal to 30% of the net value (value after allowing deduction of tax paid to local authorities)
- Interest payable on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of property

Capital gains and losses

Assets other than shares and securities
Capital gains derived from the transfer of short-term capital assets are taxed at normal rates. The sale proceeds from a depreciable asset must be applied to

reduce the declining-balance value of the class of assets (including additions during the year) to which the asset belongs. If the sales proceeds exceed the declining-balance value of a relevant class of assets, the excess is treated as a short-term capital gain.

Long-term capital gains are gains on assets that have been held for more than three years. Such gains are exempt from tax in certain cases (subject to certain limits) if the gains or sale proceeds are reinvested in a residential house within a prescribed time period. If, within three years after purchase, the new assets are sold or used as a security for a loan or an advance, the capital gains derived from the sale of the original asset are subject to tax in the year the new assets are sold or used as a security. For purposes of qualifying as a long-term capital asset, the period of holding of immovable property (land and/or building) is two years.

Long-term capital gains (not exceeding INR20 million) accruing to an individual on the sale of a residential house are exempt if the capital gain is invested in two residential house properties in India (at the individual's option). This option can be used by an individual only once in his or her lifetime.

Shares and securities listed on a stock exchange in India

Long-term capital gains (gains derived from listed securities held longer than one year) derived in excess of INR100,000 from the transfer of equity shares or units of an equity-oriented fund listed on a recognised stock exchange in India or units of a business trust in India, on which Securities Transaction Tax (STT) has been paid at the time of transfer and acquisition, are taxed at a rate of 10%.

The requirement of STT payment applies only to shares acquired on or after 1 October 2004. In addition, for equity shares or units acquired before 1 February 2018, gains earned are grandfathered.

Long-term capital gains arising on the transfer of zero-coupon bonds and listed debentures are taxed at a rate of 10% without inflation adjustments.

Short-term capital gains derived from the transfer of equity shares, units of equity-oriented funds on a recognised stock exchange in India or units of a business trust are taxable at a reduced rate of 15% if STT is chargeable on such transaction.

Unlisted shares and securities in India

Long-term capital gains (from shares not listed on any stock exchange in India, including shares of a foreign company listed on stock exchange outside India, and other specified

securities held longer than two years) are taxable at a rate of 20% after inflation adjustments.

For non-residents, the gains are taxable at a reduced rate of 10% without inflation adjustments.

Short-term capital gains derived from the transfer of the above shares and securities are taxed at the normal progressive rates (see Rates).

If the consideration for the transfer of unquoted shares is less than the specified fair market value, the capital gains are taxed at the specified fair market value.

Foreign-exchange assets

Non-resident Indian nationals may be subject to a 10% withholding tax on long-term capital gains on specified foreign-exchange assets. Withholding taxes apply on payment of capital gains to non-residents at applicable rates and on payment to residents at a rate of 1% on the transfer of immovable property (exceeding the specified threshold).

Rates

Normal tax regime

The following tax rates apply to resident and non-resident individual taxpayers for the 2022-23 tax year.

Taxable income (INR)	Tax rate (%)	Tax due (INR)	Cumulative tax due (INR)
First 250,000	0	—	—
Next 250,000	5	12,500	12,500
Next 500,000	20	100,000	112,500
Above 1,000,000	30	—	—

Individuals with income up to INR250,000 do not pay the income tax and health and education cess. The exemption limit is INR300,000 for resident senior citizens aged 60 to 80 at any time during the financial year. For very senior citizens (defined as resident individuals at the age of 80 or above), the exemption limit is INR500,000.

For individuals whose total taxable income exceeds certain levels e.g. INR 10m, they are subject to an additional surcharge on top of the prevailing tax rate e.g.10%.

Health and education cess (H&E cess) is levied at a rate of 4% on the tax payable and surcharge. The following are the maximum marginal tax rates:

Total annual income	Maximum marginal tax rate
<INR5m	31.2% (30% + 4% H&E cess)
>INR5m to ≤INR10m	34.32% (30% + 10% surcharge + 4% H&E cess)
>INR10m to ≤INR20m	35.88% (30% + 15% surcharge + 4% H&E cess)
>INR20m to ≤INR50m	39% (30% + 25% surcharge + 4% H&E cess)
>INR50 million	42.744% (30% + 37% surcharge + 4% H&E cess).

The following table shows the effective tax rates.

Taxable income (INR)	Tax rate (%)	Tax due (INR)	Cumulative tax due (INR)
First 250,000	0	0	0
Next 250,000	5.20	13,000	13,000
Next 500,000	20.80	104,000	117,000
Next 4,000,000	31.2	1,248,000	1,365,000
Next 5,000,000	34.32	1,852,500	3,217,500
Next 10,000,000	35.88	3,734,250	6,951,750
Next 30,000,000	39.00	12,304,500	19,256,250
Above 50,000,000	42.744	—	—

Resident individuals with total taxable income up to INR500,000 are allowed a tax rebate equal to the total amount of tax payable or INR12,500, whichever is less.

Concessional tax regime

Effective from the tax year beginning on 1 April 2020, an individual can opt for a new concessional tax regime with reduced tax rates. An individual opting for the new concessional tax regime must forgo certain exemptions and deductions to claim the benefit of the following concessional tax rates:

Taxable income (INR)	Tax rate (%)	Tax due (INR)	Cumulative tax due (INR)
First 250,000	0	—	—
Next 250,000	5	12,500	12,500
Next 250,000	10	25,000	37,500
Next 250,000	15	37,500	75,000
Next 250,000	20	50,000	125,000
Next 250,000	25	62,500	187,500
Above 1,500,000	30	—	—

The above tax rates are further subject to similar surcharges and H&E cess applicable to those under the normal tax regime (see Normal tax regime).

The option to avail the benefit of the concessional tax regime can be exercised by an individual having no business or professional income each year at the time of filing of his or her

tax return. The option shall also be mandatorily applied to subsequent tax years (subject to specified conditions).

Special rates for non-residents

For non-resident taxpayers, the tax rate is 10% for royalties and fees for technical services and 20% for dividends.

Non-resident Indian nationals (including persons of Indian origin) may exercise an option to be taxed at a flat rate of 20% on gross investment income (without any deductions) arising from foreign-currency assets acquired in India through remittances in convertible foreign exchange.

Effective from 1 October 2020, a remittance from India of a sum of INR700,000 or more is subject to tax collection at source at a rate of 5% of the amount of the remittance exceeding INR700,000.

2. Types of tax

Stamp duty

Stamp duty is paid in respect of a transaction executed through a document or instrument under the provisions of the Indian Stamp Act of 1899 (central law governing the country) or the State Stamp Acts. Stamp duty is applicable on transfer of movable and immovable property and also on various other transactions, e.g., lease, conveyance, mortgage, partitions, transfers and order passed by the National Company Law Tribunal (NCLT) to sanction a scheme of arrangement.

The rate of duty is generally calculated on an ad valorem basis depending on the nature of the instrument and the state where it is executed. Typically for immovable property, this duty is payable in the state where the property is located. The rates of stamp duty on instruments related to the transfer of immovable property vary from 3% to 10% on the FMV of the property.

Stamp duty on transfer of shares/securities of an Indian company is levied at a rate ranging from 0.0001% to 0.015% on the transaction/fair market value. Exemption from stamp duty for transfer of shares/securities under the depository mechanism has been withdrawn.

No stamp duty is required to be paid for executing a Will or a codicil. Also, no stamp duty is levied on inheritance of property by the legal heirs.

Generally, stamp duty is payable on settlement of property into a trust and distribution of the assets of the trust to the beneficiaries.

Real estate transfer tax

From the estate and succession perspective, no real estate transfer tax is levied in India. However, transfer of real estate in India may be subject to income tax and stamp duty (discussed above in greater detail).

Inheritance tax

India does not levy inheritance tax.

3. Trusts, foundations and private purpose funds

The Indian Trusts Act of 1882 governs the constitution of trusts, which can be set up as either:

- Discretionary trust: where the trustee has discretion with respect to income or corpus on how to distribute (whether, when and how much) and to decide on the extent of distribution to each beneficiary; or
- Determinate trust: where the settlor fixes the entitlement of the beneficiaries, and the trustees have little or no discretion

The rules governing taxation of a trust are quite complex. The taxability of a trust is dependent on the residential status of a trust, which is a fact-specific exercise.

The income of a trust is taxable for the trustee. However, in certain cases, tax authorities may tax either the trustees or the individual beneficiary directly.

Settlement of property in a trust is not taxable for the settlor. Since Indian tax law envisages taxability in the hands of the recipient on receipt of a gift, there may be tax implications for the trust or beneficiary on settlement of property in a trust, depending on the facts of the case. Specifically, exemption from recipient-based taxation may be available in case of Trusts settled solely for the benefit of the relatives of the settlor.

The Indian tax law governing taxability of income earned by a trust depends on the nature of the trust. In the case of a discretionary trust, income is taxable at maximum marginal rate, whereas in case of a determinate trust, generally income is taxable at tax rates applicable to each beneficiary.

While India allows current account convertibility, full capital account convertibility is not allowed. Various restrictions are imposed on cross-border transactions. Due to possible complexity, attention should be given to settlement of trusts involving a non-resident person and/or a foreign asset.

4. Grants

There are no death grants in India.

5. Life insurance

Premiums paid for securing a life insurance policy for oneself, a spouse or children are allowed as deductions while computing the taxable income of an individual up to INR150,000. Any sum received under a life insurance policy on death of a person is tax-exempt, subject to the satisfaction of certain conditions.

A unit-linked insurance plan (ULIP) is a multifaceted product issued by insurance companies that combine insurance coverage and investment exposure in a single offering. The Finance Act 2021 has withdrawn the exemption in respect of ULIP issued on or after 1 February 2021 if the aggregate premium amount exceeds INR250,000. It has also introduced taxation of such proceeds from ULIP issued on or after 1 February 2021 under income arising from capital gains. For policies other than ULIP issued on or after 01 April 2023, the income tax exemption would not be available where the premium for such policy exceeds INR500,000 during any policy term.

6. Estate planning

Trusts are often used as estate and wealth planning and asset protection vehicles. India recognises testamentary and living trusts. Trusts can be oral or written. However, a trust in which immovable property is settled has to be compulsorily written and registered.

Wealthy or internationally mobile Indian families use trusts in addition to conventional wills to facilitate the devolution of assets and to mitigate inter alia issues of probate and asset protection.

7. Succession

The rules of succession differ for different religions with the key legislation being:

- Intestate Succession to the property of Hindus (including Buddhists, Sikhs or Jains) is governed by the provisions of the Hindu Succession Act 1956.
- Succession, intestate and testate, to property of Muslims is governed by the Muslim Personal law, which is not yet codified but is based on religious texts (Sunni and Shia laws).

Succession in all other cases is governed by the Indian Succession Act 1925.

8. Forced heirship

There is no concept of forced heirship in Indian succession laws in respect of self-acquired properties. However, certain laws, such as Muslim Personal law, are exceptions to this rule.

9. Matrimonial regimes and civil partnerships

The Indian law does not recognise civil partnership. Matrimonial rules vary depending on religion. Generally, prenuptial agreements are not recognised under the Indian legal system.

10. Intestacy

Under the Indian Succession Act, the general order of succession that is prescribed for distribution of property upon death of the deceased who dies intestate is as follows:

- If the deceased leaves behind a spouse, but no lineal descendants or persons who are related to him or her, then the whole estate passes to the spouse.
- If the deceased leaves behind a spouse and lineal descendants, the spouse will be entitled to one-third of the estate, while the remaining two-thirds will be divided between the lineal descendants.
- If the deceased leaves a spouse and persons who are kindred to him or her, but no lineal descendant, the spouse inherits half of the estate and those who are kindred shall inherit the other half.
- If there is no spouse or lineal descendant/ persons who are kindred to him or her, the estate passes to the state according to the doctrine of escheat.

Similarly, the Hindu Succession Act 1956 and Muslim Personal law also contain rules for distribution of property where a person dies intestate.

11. Probate

A will for which no probate has been obtained cannot be used to prove that any person named therein is entitled to the estate of the testator. However, the absence of probate does not

debar the executor from dealing with the property of the deceased, e.g., collecting assets or selling property to pay debts.

12. CRS regime

CRS has been in place since 2017.

INDONESIA

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1. Overview of taxation for individuals

Indonesian resident individual taxpayers are subject to tax on their world-wide income. Non-residents are subject to tax on Indonesia sourced income only. Diplomats and representatives of certain international organisations are exempt from Indonesian tax if the countries they represent provide reciprocal exemptions.

An individual is considered to be an Indonesian tax subject if the individual is domiciled or resides in Indonesia; or if present in Indonesia for more than 183 days within a 12-month period; or if the individual presents in Indonesia during a calendar year with the intention to reside in Indonesia.

The resident tax subject shall become a resident taxpayer if he/she has obtained Indonesian-sourced or foreign sourced income and the amount of such income exceeds the Non-Taxable Income.

Resident tax rate

The table below shows the statutory marginal income tax rates for an individual resident taxpayer on its worldwide income:

Taxable income bracket (IDR)	Tax rate (%)
Up to 60 million	5
Over 60 million but not exceeding 250 million	15
Over 250 million but not exceeding 500 million	25
Over 500 million but not exceeding 5 billion	30
Over 5 billion	35

Non-resident

Individuals who do not fulfil the criteria as resident tax subjects, as mentioned above, who run business or conduct activities through permanent establishment in Indonesia or receive or obtain income from Indonesia which is not derived from running a business or conducting activities through permanent establishment in Indonesia shall constitute non-resident tax subjects.

Non-resident tax subjects are only taxed on Indonesian-sourced income, in accordance with the applicable tax treaty between the governments (i.e., tax treaty to avoid double taxation).

Non-resident tax rate

The tax rate for a non-resident taxpayer who receives Indonesian-sourced income is 20% (final).

2. Types of tax

Wealth tax

There is no wealth tax in Indonesia. However, Indonesian income tax law states that an increment in wealth originating from income not yet subject to tax is taxable. In the Indonesian individual income tax return, the individual is required to declare assets and liabilities owned at the end of the fiscal year. From this figure, the tax office will assess whether there is any increment or addition of assets which may be originating from income not yet reported in the tax return.

Stamp duty

Stamp duty is imposed on certain documents and not on transactions. In general, documents (i.e. letters, notarial deed, securities, checks and deposit checks) are subject to stamp duty with tariff up to IDR10,000. The requirement to impose stamp duty depends on the use and purpose of the document.

Gift and grant tax

Indonesian income tax law stipulates that gifts from parents directly to children, or vice versa, and gifts or grants received by religious organisations, educational organisations, or social organisations, as stipulated by the Minister of Finance (MoF), are not taxable as long as there is no business, employment, ownership, or control relationship among the parties concerned.

Real estate transfer tax

The transfer of real estate is subject to a final tax. The details of the final tax rate can be found in point 4 below.

Acquisition duty

A land and building acquisition duty of 5% (varies by region, maximum 5%) is payable on the tax base when a person obtains rights to land or a building. The tax base refers to:

- a. transaction price, in the event of sale and purchase;
- b. transaction price as mentioned in the minutes of auction (risalah lelang), in the event of sale via auction;
- c. market price (for transactions other than a and b above); or
- d. Sales Value of Taxable Object (NJOP) in the case that the abovementioned tax base cannot be identified or lower than NJOP used to determine the tax on land and building in the acquisition year.

To compute the land and building acquisition duty, the duty rate is multiplied by the abovementioned tax base that has been subtracted by the non-taxable threshold (NPOP), which varies by region with a minimum of IDR80 million (for inheritance-hibah wasiat or will-waris, a minimum tax free threshold of IDR300 million) for the taxpayer's first right (hak pertama) in the area where the duty is owed. Both thresholds will be further determined by regional government regulation.

A number of exemptions may apply to certain transactions or events, such as land and/or building for diplomatic and consular representatives based on the principle of reciprocal treatment, individual or entity for religious purposes, etc. The acquisition duty is governed by regional tax regulation.

Estate income

When an individual passes away, his/her estate will be considered as a "taxpayer" entity. The tax obligation of the "deceased's estate" will be fulfilled by his/her heir. The tax obligation will be considered complete at the time the estate is distributed.

Other taxes

There is no inheritance tax, endowment tax, or net wealth tax (refer to wealth tax above) in Indonesia.

3. Key local country considerations when relocating overseas**Possibility of changing tax residency**

The possibility of changing tax residency depends on the qualification of the individual to the tax subject criteria as mentioned above.

An individual of Indonesian nationality who is overseas shall be deemed as a non-Indonesian tax resident if he/she fulfils the following requirements:

1. Residing permanently in a place outside Indonesia which is not a stopover (permanent resident). It can be proven by one of the official identity documents still valid as an overseas resident, namely: green card, identity card, student card, validation of address overseas on the passport by the Diplomatic Representative Office of the Republic of Indonesia overseas, statement from the Embassy or Representative Office of the Republic of Indonesia overseas, or officially written representation on the passport by the Immigration Office of the relevant country.
2. Having Centre of Vital Interest (i.e. personal, economic, and social ties) outside Indonesia
3. Having habitual abode outside Indonesia
4. Being Tax Resident of another country
5. Having completed any tax obligations during the time of being an Indonesian Domestic Tax Resident

6. Having obtained the required Certificate issued by the Director General of Tax

Individual Tax Subjects shall be deemed as intending to reside in Indonesia in the following events:

- Individual Tax Subject firmly shows his/her intention to reside in Indonesia, which can be proven by work visa or limited stay permit for more than 183 days or contract/ agreement to conduct work, business, or activities in Indonesia for more than 183 days; or
- Individual Tax Subject takes action showing that he/she will reside in Indonesia or is preparing to reside in Indonesia, including renting a place of residence in Indonesia, moving his/her family members, or obtaining a place made available by another party

Deemed disposals

There is no deemed disposal in Indonesia.

4. Rates

Real estate transfer tax

The final tax rate for resident taxpayers is as follows:

- 1% of the gross transfer value (tax base) for the transfer of a basic house and basic flat by a Taxpayer whose main business is transfer of land and/ or building
- 0% of the gross transfer value (tax base) for the transfer of land and/ or building for public interest to

the Government

- 2.5% of the gross transfer value (tax base) for transfer of land and/ or building other than specified above

The gross transfer value (tax base) refers to:

- a. value based on decision of the authorised government official, in the event of a transfer of rights to the government;
- b. value based on minutes of auction (“risalah lelang”), in the event that the transfer of rights is in accordance with the auction regulation (Vendu Reglement Staatsblad Year 1908 Number 189 and its amendment(s) thereto);
- c. value which should be received or earned, in the event that the transfer of rights to land and/ or building is made between related parties, other than transfers as intended in points a and b above;
- d. value which is actually received or earned, in the event that the transfer of rights to land and/ or building is not made between related parties, other than the transfer as intended in points a and b above; or value which should be received or earned based on market value, in the event that the transfer of rights to land and/ or buildings is conducted by exchange, waiver of rights, transfer of rights, grant, inheritance, or other manners as agreed upon by the parties.

Rent of land and/ or building

This is subject to final tax with statutory rate 10% on the gross rent.

5. Exemptions and reliefs

For real estate transfer tax, an exemption is available under the following conditions:

- The transfer of land and/ or buildings as part of a gift/ grant, as long as the transfer is in accordance with the requirements mentioned in the gift/ grant tax section above
- The transfer of land and/ or buildings as part of an inheritance
- The transfer of land and/ or buildings where the transfer value is less than IDR60 million by an individual whose annual income is less than the threshold of non-taxable income (i.e. IDR54 million)
- The transfer of land and/ or buildings as part of a gift/ grant by an individual or corporate to a religious organisation, education foundation, or social organisation
- The transfer of land and/ or buildings by an individual under the arrangement of build-operate-transfer, build-transfer-operate, or utilisation of State-owned assets
- The transfer of land and/ or building by an individual who is exempted from the definition of Indonesian tax subject

6. Trusts, foundations and private purpose funds

Indonesia does not recognise the trust concept, and there is no specific tax regulation concerning trusts, foundations and private purpose funds.

7. Life insurance

An insurance premium paid by an Indonesian employer to an insurance company is considered as taxable income of the employee, and is subject to employee income tax withholding with the progressive tax rates (5% to 35%). If it is self-paid by the individual, the premium paid is not deductible for tax purposes. Further, when there is a claim for a health, accident, scholarship, and life insurance benefit, the amount received is not taxable to the beneficiary.

8. Civil law on succession

Under Indonesian law, there are two ways to receive an inheritance: as heirs based on the law or beneficiaries appointed in a testamentary will.

9. Exchange controls

Indonesia adopts an open capital account with some transaction limitations. Of these limitations, only authorised banks may carry out foreign trade-related operations and the central bank requires the submission of evidence of underlying transactions to support the purchase of foreign currency exceeding US\$100,000 per month.

It is mandatory for all domestic transactions to be conducted in Rupiah.

10. CRS regime

CRS legislation has been in force as at July 2018.

11. Philanthropy

Tax treatment for donation recipients (donees)

The donation received will be exempted from tax as long as the recipient is:

- A non-profit religious organisation which manages place of worship and/or perform religious activity as its main activity
- A non-profit educational organisation which performs educational activity as its main activity
- A non-profit social institution including foundation whose main activity is as follows:
 - Healthcare
 - Taking care of the elderly or nursing home
 - Taking care of orphans and/or disabled
 - Handling social disability, neglect, and behavioural deviations
 - Handling compensation and/or assistance to victims of natural disasters, accidents, and the like
 - Provision of scholarship
 - Environmental preservation
- A cooperative (“koperasi”) as regulated in the cooperative law;
- Individuals who run micro

and small enterprises with the following criteria:

- Net worth amounting to IDR 500.000.000 at the maximum excluding land and building
- Gross turnover amounting to IDR 2.500.000.000 per annum at the maximum.
- And there are no business relationship, ownership, or control between the recipient and the donor.

Tax treatment for donors

Generally, capital gain derived from the segregation of assets due to donation are subject to normal capital gains tax at the hands of the donor as the alienator. However, such capital gains tax will not be applicable as long as the donation is given to the above organisations/persons and there are no business relationship, ownership, or control between the recipient and the donor.

On the other hand, only the donation expenses below can be treated as deductible expenses for the computation purpose of the Donor’s corporate income tax:

- Donation in the context of handling national disaster which is stipulated under a Government Regulation
- Donation in the context of research and development that is conducted within Indonesia which is stipulated under a Government Regulation
- Donation in the form of expenses for developing social infrastructures

- which is stipulated under a Government Regulation
- Donation of educational facilities which is stipulated under a Government Regulation; and
- Donation for sport development which is stipulated under a Government Regulation

MALAYSIA

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1. Overview of taxation for individuals

Resident and non-resident individuals are subject to income tax on all income derived in Malaysia.

Generally, employment income is deemed to be derived in Malaysia when employment is exercised in Malaysia or performed outside of Malaysia for the purposes of the employment in Malaysia. Some benefits and amenities may be tax-exempt if specific circumstances exist or conditions are met.

Short-term visitors to Malaysia receive a tax exemption on employment income if the employment does not exceed any of the following:

- A period totalling 60 days in a calendar year
- A continuous period or periods totalling 60 days spanning two calendar years
- A continuous period totalling 60 days spanning two calendar years, plus other periods in either of the calendar years

Individuals who carry on a business in Malaysia (a profession, a vocation, or a trade) are taxed on the profits derived in Malaysia.

Foreign Source Income (FSI)

Effective from 1 January 2022, FSI (except for gains that are capital in nature) received in Malaysia by a resident individual is subject to Malaysian income tax at the following tax rates:

- From 1 January 2022 to 30 June 2022, FSI would be subject to a flat Malaysian income tax rate of 3% on the gross amount of FSI received in Malaysia.
- Thereafter, FSI received in Malaysia will be subject to Malaysian income tax at the prevailing tax rate. For resident individuals, they will be taxed according to the graduated tax rates between 0% to 30% depending on the chargeable income (net of tax deduction and tax relief claimed) for the year.

Notwithstanding, resident individuals are given exemption on Malaysian income tax until 2026 in respect of FSI received in Malaysia (except for income from a partnership business in Malaysia), subject to certain conditions. Where the FSI received in Malaysia is subject to tax in both Malaysia and the country of origin, foreign tax credit may be applicable to resident individuals when submitting their annual Malaysia personal income tax returns for the relevant year of assessment (YA).

Residence status

Individuals are considered residents in the following circumstances:

- Physically present in Malaysia for 182 days or more during the calendar year
- Physically present in Malaysia for less than 182 days during the calendar year, but physically present in Malaysia for at least 182 consecutive days in the second half of the immediate preceding calendar year or in the first half of the immediate following calendar year
- Periods of temporary absence are included in a period of consecutive presence if the absence is related to the individual's service in Malaysia, personal illness, illness of an immediate family member, or social visits not exceeding 14 days
- Physically present in Malaysia for at least 90 days during the calendar year, and have been resident or present in Malaysia for at least 90 days in any three of the four preceding years
- Have been resident for the three preceding calendar years and will be resident in the following calendar year
- This is the only case in which an individual may qualify as a resident without being physically present

in Malaysia during a particular calendar year

A tax resident is subject to tax at graduated tax rates between 0% and 30% depending on the chargeable income (net of tax deduction and personal reliefs claimed). A non-tax resident is taxed at the flat rate of 30% and is not entitled to claim any personal reliefs.

Individual income tax rates

Income tax is payable by resident individuals at the following graduated tax rates:

Taxable income band (MYR)	Tax rate	Tax due (MYR)	Cumulative tax due (MYR)
First 5,000	0%	0	0
Next 15,000 (5,001 to 20,000)	1%	150	150
Next 15,000 (20,001 to 35,000)	3%	450	600
Next 15,000 (35,001 to 50,000)	6%	900	1,500
Next 20,000 (50,001 to 70,000)	11%	2,200	3,700
Next 30,000 (70,001 to 100,000)	19%	5,700	9,400
Next 300,000 (100,001 to 400,000)	25%	75,000	84,400
Next 200,000 (400,001 to 600,000)	26%	52,000	136,400

(Next 1,400,000 (600,001 to 2,000,000))	28%	392,000	528,400
Above 2,000,000	30%	-	-

Non-resident individuals are subject to withholding taxes on certain types of income (e.g. royalty income). Other income derived from Malaysia is taxed at a rate of 30%.

2. Types of tax

Stamp duty/Transfer duty

Stamp duty is imposed on instruments and documents, and is levied at rates depending on the type of instrument or document executed.

Examples of the applicable stamp duty rates are as follows:

Subject of transfer	Stamp duty rate	Chargeable person
Property or land	i. 1% on the first MYR100,000 ii. 2% on any amount in excess of MYR100,000 but not exceeding MYR500,000 iii. 3% on any amount in excess of MYR500,000 but not exceeding MYR1,000,000; iv. 4% on any amount in excess of MYR1,000,000 on the higher of consideration or market value of the property or land	Transferee
Shares	0.3% on the higher of price or value of the shares on the date of transfer	Transferee

A stamp duty exemption is provided for transfers of immovable property between a husband and wife.

Effective from 1 April 2023, the transfer of immovable property between a parent and child, as well as grandparent and grandchild are accorded full stamp duty exemption for property value up to MYR1,000,000, provided the recipient of property is a Malaysian citizen. Any amount in excess of MYR1,000,000 would qualify for 50% stamp duty remission.

For properties transferred to a legatee or beneficiary under a will, the instrument of transfer will generally be subject to nominal stamp duty.

Real estate transfer tax

Real property gains tax (RPGT) is levied on capital gains derived from the disposal of chargeable assets, which generally comprise of real property located in Malaysia, and shares of closely controlled companies with substantial real property interests.

PGT applies to gains derived by both residents and non-residents. The RPGT rates are as follows:

- Where the disposer is a company:

Category of disposal	Tax rate
Disposal within three years after the date of acquisition	30%
Disposal in the fourth year after the date of acquisition	20%
Disposal in the fifth year after the date of acquisition	15%
Disposal in the sixth year after the date of acquisition or thereafter	10%

- Where the disposer or executor of the estate is a Malaysian citizen or permanent resident (PR):

Category of disposal	Tax rate
Disposal within three years after the date of acquisition	30%
Disposal in the fourth year after the date of acquisition	20%
Disposal in the fifth year after the date of acquisition	15%
Disposal in the sixth year after the date of acquisition or thereafter	Nil

- Where the disposer or executor of the estate is neither a Malaysian citizen nor PR:

Category of disposal	Tax rate
Disposal in the fifth year after the date of acquisition	30%
Disposal in the sixth year after the date of acquisition or thereafter	10%

In addition, in special circumstances the disposer is deemed to have received no gain and suffered no loss on the disposal and thereby suffers no RPGT liability. These circumstances include (but are not limited to):

- Gifts between family members (i.e. between husband and wife, parent and child, or grandparent and grandchild), provided that the disposer is a Malaysian citizen
- Devolution of a deceased person’s assets to his legatee

Generally, losses incurred on a disposal of real property may be carried forward to offset against future real property gains. However, losses incurred on

a disposal of shares subject to RPGT are disregarded.

Estate income

All income accrued by a deceased individual up until the date of death is taxable under the name of the deceased individual. All income accruing thereafter forms the income of the estate of the deceased, and is taxable under the name of the executors.

In addition, Malaysia also imposes income tax on income arising from a settlement (e.g. any disposition, trust, covenant, arrangement or agreement and any transfer of assets or income) created by a person (settlor) for the benefit of another person (beneficiary). For income tax purposes, the income could be deemed as income of the settlor based on the facts and circumstances of the creation of the settlement.

Other taxes

Malaysia does not have inheritance tax, wealth tax, gift tax, endowment tax, or net wealth tax.

3. Exemptions and reliefs

In determining taxable income, an individual resident in Malaysia may subtract from his total income the following types of personal deductions:

Type of allowance	Amount (MYR)
Self	9,000

Additional relief for personal disability	6,000
Spouse (if has no source of income or is jointly assessed)	4,000
Additional relief for spouse's disability	5,000
Child <ul style="list-style-type: none"> • Younger than 18 years of age • For each child 18 years of age or older receiving full-time education or serving under articles 	2,000 8,000
Disabled child (in addition to child deductions) <ul style="list-style-type: none"> • For each disabled child studying in a recognised institution of higher learning in or outside of Malaysia 	6,000 8,000
Medical expenses for parents	Up to 8,000
Purchase of basic support equipment for self, spouse, child or parent who is disabled	Up to 6,000
Study fees incurred for courses of study (including post-graduate studies) at recognised institutions or professional bodies in Malaysia for the purpose of acquiring any skill or qualification (including up to MYR2,000 for courses of study undertaken for the purpose of up-skilling and self-enhancement)	Up to 7,000
Life insurance premiums or takaful paid for self or spouse	Up to 3,000
Approved provident fund contributions (obligatory or voluntary)	Up to 4,000
Contribution to private retirement scheme and deferred annuity	Up to 3,000
Contribution to Social Security Organisation (SOCSO) under the Employees' Social Security Act 1969, and Employment Insurance System (EIS)	Up to 350
Medical and educational insurance premiums paid for self, spouse, or child	Up to 3,000
Medical expenses for self, wife, or child with serious disease (including up to MYR1,000 for complete medical examination expenses, vaccination expenses and MYR4,000 for learning disability diagnosis and early intervention expenditure or rehabilitation treatment of learning disability)	Up to 10,000

Lifestyle expenses (internet, newspapers (including electronic newspapers), books, smartphones, tablets and computers, sports equipment, and gymnasium membership fees)	Up to 2,500
Purchase of breastfeeding equipment (for female taxpayer only)	Up to 1,000
Additional relief for purchase of sports equipment, rental or entry fees for sports facilities and registration fees in sports competition	Up to 500
Fees paid to registered childcare centers and kindergartens for children 6 years old and younger	Up to 3,000
Payment for installation, rental, purchase including hire-purchase of equipment or subscription fees for use of electronic vehicle charging facility	Up to 2,500

4. Trusts and foundations

Trusts

A trust body (comprising the trustees) is a chargeable person for income tax purposes, subject to income tax at a rate of 24% on income derived in Malaysia by the trust.

Each beneficiary to the trust is responsible to file his or her own income tax return in relation to his or her entitlement to income from the trust. To avoid double taxation, income tax payable by the trust is generally given as a tax credit to the beneficiaries of the trust. The trustees are responsible for income tax administrative matters, and for the payment of income tax relating to the trust.

Donations to charitable institutions or organisations

An institution or organisation established in Malaysia receiving donations from the public and spending monies on charitable activities without any intention to make profits could be subject to tax on the surplus on grounds that there are organised activities to collect the donations and to spend the funds for charitable activities.

Approved institutions or organisations

However, such an organisation or institution may apply for its income to be exempted from tax if it is established for the purpose of carrying out charitable or non-profit activities. Generally, the activities to be carried out by such an organisation or institution need to benefit the public at large in order to qualify for the tax exemption (e.g. medical or educational advancement, animal protection or preservation, etc.). To be eligible to apply, an institution or organisation must be in operation for at least two years (24 months). Such an application has to be supported by the latest two years of audited financial statements and other supporting documents from relevant government departments or agencies.

Tax deduction

Donations or gifts of money to an approved institution or organisation are generally allowed as tax deductions to the donor (individuals

and corporations), subject to certain statutory limits.

Tax benefit and restriction on individual donors

Donations are only tax deductible if they are made to an approved institution, organisation or fund and the donor must keep the receipt of the donation. However, this is restricted to 10% of the aggregate income of an individual. Therefore, it is pertinent that individual donors understand the eligibility and conditions to claim deductions on donations.

5. Life insurance

Personal life insurance pay outs are not taxable in Malaysia.

6. Exchange controls

Over the years, the Foreign Exchange Administration (FEA) rules have been progressively liberalised and simplified. The following are notable extracts from these rules:

General rules applicable to non-resident individuals

Non-residents are free to make direct or portfolio investments in ringgit assets in Malaysia. No restrictions are imposed on the repatriation of capital, profits, or income arising from these investments in Malaysia. However, repatriation must be made in foreign currency.

General rules applicable to resident individuals

Resident individuals are free to undertake investment abroad, although there are some restrictions in respect to the source of funds, such as:

- Up to MYR10 million equivalent of foreign currency borrowing is permitted from a licensed onshore bank or a non-resident
- Up to MYR 1 million equivalent in aggregate per calendar year using funds from conversion of ringgit, or transfer from Trade Foreign Currency Account

7. CRS regime

CRS legislation has been in force as at July 2018. The Malaysian Government adopts the use of the Tax Identification Number (TIN) for CRS purposes, with a TIN issued to all Malaysian citizens of age 18 years old and above.

PHILIPPINES

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1. Overview of taxation for individuals

Philippine-residents are subject to tax on worldwide income. Non-resident citizens, resident aliens, and non-resident aliens are subject to tax on Philippine-sourced income.

Employees of a Philippine entity who are working abroad for most of the tax year but remain on the local payroll are resident citizens, and their income earned is subject to withholding tax in the Philippines.

For foreign nationals, residence is determined by the length and nature of an individual's stay in the Philippines. If an alien makes his or her home temporarily in the Philippines because an extended stay is necessary for the accomplishment of the individual's purposes, the individual becomes a resident. Individuals who reside in the Philippines with the intention to remain permanently are considered residents. Foreign individuals who acquire residence in the Philippines remain residents until they depart with the intention of abandoning that residence.

Non-resident aliens are classified as either engaged or not engaged in trade or business in the Philippines.

A non-resident alien who stays in the Philippines for more than a total of 180 days during any calendar year is deemed to be engaged in trade or business in the Philippines. As a result, he/she will be liable to tax at graduated rates of 5% to 32%, for all years of assignment in the Philippines.

2. Types of tax

Estate tax

The Philippines imposes estate tax which applies on the fair market value (FMV) of a decedent's estate at the time of the person's death. The value of the gross estate includes the FMV of all properties, real or personal, and tangible or intangible, regardless of their location.

With respect to non-resident aliens, only properties located in the Philippines are subject to estate tax. Intangible personal properties of non-resident aliens will be excluded in the gross estate if the foreign country did not impose a transfer tax, in respect of intangible personal property of Philippine citizens residing in that foreign country (reciprocity rule). The estate tax is now a flat rate of 6% beginning 1 January 2018 based on FMV at the time of death.

Stamp duty

A documentary stamp tax (DST) is applicable on any transfer/ disposition of real property or shares of stock in a domestic company during the lifetime of the person.

Gift tax

Residents and non-residents are subject to gift tax, which is payable by the donor on total net gifts made in a calendar year.

Donor's tax is a flat rate of 6% beginning 1 January 2018 based on FMV at the time of donation, whether the recipient is a stranger or related to the donor. Also, the first Philippine Peso (PhP) 250,000 for every donation is not subject to donor's tax. Hence, the 6% will only apply in excess of the PhP250k.

Real estate transfer tax

In the Philippines, a real estate transfer tax is imposed on all transfers of real estate, including transfer by way of inheritance. This is referred to as local transfer tax (LTT) and is imposed by the local government unit having Jurisdiction over the location of the property. For cities, the maximum rate of LTT is 75% of 1% of the FMV, zonal value, or consideration received, whichever is higher of the three.

On the other hand, municipalities cannot impose a LTT that is higher than 50% of 1% of the FMV, zonal value, or consideration received, whichever is higher.

Other tax

There is no inheritance tax, endowment tax, transfer duty, or net wealth tax in the Philippines.

3. Exemptions and reliefs

Estate tax exemptions

The following transmissions are not subject to estate tax:

- The merger of usufruct in the owner of the naked title
- The transmission or delivery of the inheritance or legacy by the fiduciary heir or legatee to the fideicommissary
- The transmission from the first heir, legatee or donee in favour of another beneficiary, in accordance with the desire of the predecessor
- All bequests, devises, legacies or transfers to social welfare, cultural and charitable institutions, no part of the net income of which inures to the benefit of any individual; provided, however, that no more than 30% of the said bequests, devises, legacies or transfers shall be used by such institutions for administration purposes

Donor's tax

The following donations of a Philippine resident during his or her lifetime are also exempt from donor's tax:

- Gifts made to or for the use of the national government or any entity created by any of its agencies that is not conducted for profit, or to any political subdivision of the said government
- Gifts in favour of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organisation, trust or philanthropic organisation or research institution or organisation provided, however, that no more than 30% of said gifts shall be used by such donee for administration purposes

4. Assessments and valuations

The estate shall be appraised at its FMV as of the time of death, at the higher of:

- The FMV as determined by the Commissioner; or
- The FMV as shown in the schedule of values fixed by the provincial and city assessors

With respect to usufruct, the value of the right of usufruct, use or habitation, as well as that of annuity, there shall be taken into account the probable life of the beneficiary in accordance with the latest Basic Standard Mortality Table approved by the Secretary of Finance, upon recommendation of the Insurance Commissioner.

The book value based on the latest audited financial statements of the company is presumed to be the FMV of the shares of stock of a domestic

company for estate tax purposes.

For shares that are listed and traded in the stock exchange, the market price nearest to the date of death is considered the FMV of the listed shares.

5. Trusts, foundations and private purpose funds

Irrevocable trusts

As an estate planning tool, only irrevocable trusts can be used to reduce the estate and minimise estate tax. However, transfers to an irrevocable trust are considered full transfer of all rights and ownership over the assets that are placed in the trust, and they are considered as a donation inter vivos (donation during the lifetime of the giver) and hence are subject to donor's tax.

For the trust to be considered irrevocable, the trustor must not retain any right to amend, alter, or revoke the trust. The trustor must not also retain the power to possess or enjoy the property or any of its fruits or income.

Life insurance trust

Since the proceeds of life insurance are not considered as part of the gross estate, such proceeds may be placed in a trust and be the subject of certain conditions, such as a gradual and periodic release of funds, in order to ensure that an improvident child-beneficiary, for example, will not be able to squander the entire amount.

Generation-skipping trust

The merger of usufruct in the owner of the naked title is not subject to estate tax, and a trust may be formed whereby the naked title to the asset of the trust can be placed in the name of a grandchild but the usufruct or right to use the same can be given to the immediate child of the decedent. Hence, when the child of the decedent dies, the usufruct and the title on the asset will merge in the grandchild, which is exempt from estate tax. Thus, one generation of estate tax is saved.

However, this can only be done on properties that are not part of the legitime of forced heirs, as legitime cannot be the subject of any condition, burden, or substitution.

Foundations

The formation of foundations is useful in terms of reducing the taxable estate and retaining valuable assets (e.g. expensive paintings) within the family line.

Donations to foundations created for charitable purposes are exempt from donor's tax, and such donations even become tax-deductible expenses if the foundation is an accredited donee institution.

6. Grants

From an estate tax perspective, grants forming part of the estate of the decedent at the time of his estate are considered subject to estate tax. Grants given by the decedent during

his lifetime are subject to donor's tax unless they will qualify as one of the donations exempt from donor's tax as enumerated above.

7. Life insurance

Premiums paid, as well as proceeds of the life insurance, do not form part of the gross estate for estate tax purposes provided:

- It is taken out of the life of the decedent
- The beneficiary is other than decedent, his estate, executor or administrator
- The designation of the beneficiary is irrevocable

If any of these conditions are not met, then the proceeds of the life insurance should be included in the gross estate and will become subject to estate tax.

8. Civil law on succession

Estate planning

As briefly mentioned above, there are several estate planning tools that can be used to cushion the impact of estate tax. such as donations or gifts, life insurance, trusts, foundations, straight sale and tax-free exchange.

Sale of asset

This mode of transfer during the lifetime of the decedent is the simplest way to reduce an estate, and the tax implications of a sale transaction can be lower than donor's tax and estate tax over time for assets that tend to appreciate like real property.

It should be noted that transfer by the way of sale of real estate properties that are classified as ordinary assets is not recommended since this will entail higher taxes.

Tax free exchange

This is more popularly known as a "property-for-shares swap" and is a very tax-efficient tool for transferring real properties that normally appreciate in value over time.

Philippine tax laws require that the transferor (e.g., parent) gain control, that is, 51% of the transferee corporation (NewCo) so that the property-for-shares swap will qualify as a tax-free exchange. The CGT on the exchange is deferred until the shares are sold by the parent. The transfer of the real property is also exempt from stamp duty. Stamp duty will only apply to the new issuance of shares at the rate of PHP2 for every PHP200, or fraction thereof, of the par value of the shares subscribed.

The next step would be for the parent to sell his or her NewCo shares to his or her child at par value. The sale of shares to the child is subject to 15% CGT on net gain (book value or selling price of the shares, whichever is higher, less historical cost of the land). The sale of shares is also subject to stamp duty of PHP1.50 for every PHP200, or fraction thereof, of the par value of the shares sold.

Please note that the Bureau of Internal Revenue issued a revenue regulation that requires the incremental increase in value of the underlying real property to be included in the computation of the book value of the shares in case of sale of shares. The revenue regulation purportedly is meant to capture the gain from the increase in value of the real property.

The transferor in a tax-free exchange has, of course, the option of retaining ownership of the shares until he or she passes on, in which case the incremental increase in value of the underlying real property will not be included in the computation of the book value of the shares of stock for estate tax purposes.

However, the BIR recently issued a revenue regulation that requires the incremental increase in value of the underlying real property to be included in the computation of the book value of the shares. The revenue regulation purportedly is meant to capture the gain from the increase in value of the real property. However, the transferor in a tax-free exchange has the option of retaining ownership of the shares until he or she dies, in which case the incremental increase in value of the underlying real property will not be included in the computation of the estate tax.

Succession

The Philippines has institutionalised the concept of compulsory heirs and their

legitimate. Thus, regardless of the wishes and desires of a testator as provided in his or her will, the legitimate of compulsory heirs must be respected. Legitimate cannot be the subject of any burden, restriction, condition or substitution.

Intestacy

Intestate succession rules will govern when a citizen dies without a will.

When a citizen dies with a will, the will has to be probated in court where the extrinsic (formal and intrinsic (substantive) validity of the will and testament will be determined.

For aliens, resident or not, the formal validity of wills is determined by the rules of the jurisdiction in which the will was executed. Generally, the rules of succession of the foreign country of his/her nationality will determine the hereditary rights of the heirs. The rules of the country of domicile/residence may also come into play. In some cases, Philippine rules on succession will apply if his/her country of nationality or residence adheres to the renvoi doctrine.

Probate

As long as a will exists, a probate proceeding has to take place during which the validity or invalidity of the will is determined. If the entire will is invalidated for violating formal or substantive rules in making a will, the intestate succession will be determined in the same proceeding.

9. Exchange controls

The Philippines has adopted liberal foreign-exchange policies. In general, no restrictions are imposed on the repatriation of capital, profits or income earned in the Philippines. Foreign loans and foreign investments may be registered with the Philippine Central Bank (BSP). Only loans registered with the BSP are eligible for servicing through the use of foreign exchange purchased from the banking system. However, the registration of a foreign investment is required only if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings is sourced in the banking system.

10. Philanthropy

Types of charitable organisations

Charitable foundations can be used by family businesses as their Corporate Social Responsibility (CSR) arm. To set up a foundation, it requires a minimum capital of Php 1,000,000.00 (about US\$20,000.00) to be registered with the Philippines Securities and Exchange Commission (SEC).

The foundation needs to be accredited by the Philippine Council for NGO Certification (PCNC) so that donations to the foundation will become fully deductible expense for income tax purposes.

Tax treatment for donors

Donations to a charitable foundation

are also exempt from donor's tax of 6%. Donations to nongovernmental organisations (NGOs) can be deductible in full as well provided that they are accredited by PCNC.

NGOs are non-profit domestic corporations that:

- are organised and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, or a combination thereof, no part of the net income of which inures to the benefit of any private individual
- use their resources directly for the active conduct of the activities constituting the purpose or function for which they are organised and operated
- have a level of administrative expense which shall, on an annual basis, conform with the rules and regulations to be prescribed by the Secretary of Finance, upon the recommendation of the Commissioner of Charities, but in no case to exceed 30% of the total expenses
- have assets which, in the event of dissolution, would be distributed to another non-profit domestic corporation organised for similar purpose or purposes, or to the state for public purpose, or would be distributed by a court to another organisation for use in achieving the original objective.

SINGAPORE

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1. Overview of taxation for individuals

In general, income which is sourced in Singapore or received in Singapore from sources outside Singapore will be subject to tax.

Resident individuals who derive income from sources outside Singapore are not subject to tax on such income. However, this exemption does not apply if the foreign-sourced income is received through a partnership in Singapore. Foreign-source dividend income, foreign branch profits, and foreign-source service income received by any individual resident in Singapore through partnerships may be exempted from Singapore tax if certain prescribed conditions are met. Foreign-source income received in Singapore by a non-resident is specifically exempt from tax.

Individuals are considered tax residents in Singapore if they reside in Singapore (excluding temporary absences as may be unreasonable and inconsistent with a claim by such persons) in the year preceding the assessment year. This also includes persons who are physically present or who exercise employment (other than as a director of a company) in Singapore for at least

183 days during the year preceding the assessment year.

A concession is available for foreign employees whose employment period straddles two calendar years (the “two-year administrative concession”). Under the two-year administrative concession, the individual is considered a resident for both years if he stays or works in Singapore for a continuous period of at least 183 days straddling the two years, even if fewer than 183 days were spent in Singapore in each year.

Non-resident individuals employed for not more than 60 days in a calendar year in Singapore are exempt from tax on their employment income derived from Singapore. This exemption does not apply to a director of a company, a public entertainer, or a professional in Singapore.

Tax residents are subject to graduated rates ranging from 0%-24%. Non-residents are taxed based on a flat rate of 15% (without personal relief) or the resident rates (with personal reliefs), whichever is higher.

Income subject to tax

Employment income: For employees, taxable employment, include cash

remuneration, wages, salary, leave pay, directors’ fees, commissions, bonuses, gratuities, perquisites, gains received from employee share plans and allowances received as compensation for services. Benefits-in-kind derived from employment, including home-leave passage, employer-provided housing, employer-provided automobiles and children’s school fees, are also taxable.

Self-employment and business Income: individuals who carry on a trade, business, profession or vocation in Singapore are taxed on their profits. Whether an individual is carrying on a trade is determined based on the circumstances of each case.

Investment income: Many forms of Singapore-source investment income are tax exempt. For example, under the one-tier system, dividends paid by Singapore tax-resident companies are exempt from income tax in the hands of shareholders, regardless of whether the dividends are paid out of taxed income or tax-free gains. In addition, interest derived directly by individuals from specified financial instruments, including standard savings, current and fixed deposits, is exempt from tax. Examples of such income include

interest from debt securities, annuities and distributions from unit trusts. Net rental income from properties located in Singapore aggregated with other types of income are taxed.

Capital gains

Capital gains are not taxed in Singapore, provided the individual is not regarded by the Inland Revenue Authority of Singapore to be carrying on a trade. The determination of whether such gains are taxable is based on a consideration of the facts and circumstances of each case.

Social security

The Central Provident Fund (CPF) is a statutory savings scheme to provide for employees’ old-age retirement in Singapore. Only Singapore citizens and permanent residents working in Singapore are required to contribute to the CPF.

Both employees and employers must contribute to the fund. The employer and employee contribution rates depend on the age of the employee and there are transitional contribution rates that apply to foreigners who become Singapore permanent residents.

2. Types of tax

Singapore generally does not impose inheritance tax, endowment tax, transfer duty, or wealth taxes. However, there are tax implications for certain residential property sales, transfers not

made in accordance to the will or law, gifts, estates that continue to generate income after death, and trusts.

Stamp duty

If a document was executed before 19 February 2011, a nominal fixed duty remains payable upon the distribution of property to a beneficiary of a deceased’s estate. The fixed duty of S\$10 is payable if the properties are distributed in accordance with the individual’s will, the Intestate Succession Act, or the Muslim Law of Inheritance.

If the distributions are not in accordance with the above, the documents are then regarded as a transfer by way of gift.

For any conveyance or transfer operating as gifts, the documents are chargeable with stamp duty as if it were a conveyance or transfer on sale. In such instances, for transfers involving immovable properties and shares, the stamp duty will be computed based on the amount or value of the consideration.

The stamp duty rates are as follows:

- 1% on first S\$180,000
- 2% for the next S\$180,000
- 3% for the remainder

For transfers involving private limited company shares, the stamp duty rate is 0.2% on the amount or value of the consideration.

Real estate transfer tax

For residential properties acquired on or after 20 February 2010, there may be the Seller’s Stamp Duty (SSD) payable upon the sale of a property that was transferred to a beneficiary at death. SSD is also due for any other form of sale or transfer of residential property outside of that transferred via inheritance.

For residential properties transferred because of inheritance or right of survivorship in joint tenancy, the SSD will be payable if the property is disposed of within four years of the property being acquired by the deceased if acquired on or after 14 January 2011, or within three years if acquired on or after 10 March 2017. The rate of the SSD in this scenario is applied to the consideration or value, whichever is applicable, of the residential property, as follows:

Residential property acquired between 20 February 2010 and 29 August 2010 (inclusive)	Disposal within one year: 1% on the first S\$180,000 2% on the next S\$180,000 3% on the remainder
	Disposal after one year: No SSD payable

Residential property acquired between 30 August 2010 and 13 January 2011 (inclusive)	Disposal within one year: 1% on the first S\$180,000 2% on the next S\$180,000 3% on the remainder
	Disposal after one year of ownership but not exceeding two years: 0.67% on the first S\$180,000 1.33% on the next S\$180,000 2% on the remainder
	Disposal after two years of ownership but not exceeding three years: 0.33% on the first S\$180,000 0.67% on the next S\$180,000 1% on the remainder
	Disposal after three years: No SSD payable
Residential property acquired between 14 January 2011 and 10 March 2017 (inclusive)	Disposal within one year: 16% Disposal after one year of ownership but not exceeding two years: 12% Disposal after two years of ownership but not exceeding three years: 8% Disposal after three years of ownership but not exceeding four years: 4% Disposal after four years: No SSD payable
Residential property acquired on or after 11 March 2017	Disposal within one year: 12% Disposal after one year of ownership but not exceeding two years: 8% Disposal after two years of ownership but not exceeding three years: 4% Disposal after three years: No SSD payable

SSD is imposed on industrial properties that are bought/ acquired on and after 12 January 2013 and sold/disposed of within three years. The SSD rates in these cases are as follows:

- Within one year: 15% of the amount of consideration or value (whichever is applicable)
- Within two years: 10% of the amount of consideration or value (whichever is applicable)
- Within three years: 5% of the

amount of consideration or value (whichever is applicable)

For industrial properties acquired prior to 12 January 2013 no SSD will be levied.

Estate income

Assets left behind by the deceased may continue to produce income after his/her death. Income derived during the period from one day after death until the end of the administration period is termed estate income.

When an estate is no longer under administration and there are more investments and assets left in the estate, these will be held in trust for the beneficiaries. Income derived from assets belonging to the trust is covered later in Section 4.

For joint bank accounts, upon the death of a joint account holder, the balance in the account will lapse to the survivor(s), and any interest income earned after the date of death is estate income and therefore shall not be taxable under this provision.

Deemed gains, etc.

Please refer to the above overview on the taxation of individuals in Singapore as well as the above definition of tax residency in Singapore. Generally, there is no specific rule governing the considerations when an individual relocates overseas.

Tax clearance must be sought on leaving Singapore and/or leaving employment in Singapore, unless you are a Singapore Permanent Resident merely changing employment in Singapore. Employment reporting form, Form IR21, must be filed by the company one month prior to you leaving employment/Singapore and the company is required to withhold monies due to you at this time. All outstanding taxes should be paid prior to departure from Singapore/leaving of employment. As part of this process any stock options and stock awards granted to you on or after 1 January 2003 during Singapore employment will be deemed to be taxable. Tax will be due on any deemed gains at this time.

3. Exemptions and reliefs

Personal tax reliefs are available in Singapore.

4. Trusts, foundations and private purpose funds

Trust income is taxed in the same way as estate income as outlined above. If final tax is payable at the trustee level, the rate is 17%.

Generally, for trusts constituted for succession planning, the trust income derived is typically not distributed yearly. Hence, the trustee (on behalf of the trust) is subject to tax in Singapore and any subsequent trust distributions are not taxable in Singapore in the hands of the beneficiaries.

The trustee, on behalf of the trust, may not suffer actual Singapore tax if tax exemptions applies to the trust. These tax exemptions are available to locally-administered trusts (where some or all of the settlor and/or beneficiaries are citizen or resident in Singapore) or foreign trusts (where beneficiaries are neither citizen nor resident in Singapore) administered by Singapore trustees.

For Singapore-administered trust arrangements where the beneficiaries are Singapore tax resident and trust income (i.e. income arising from assets held under the trust) are distributed yearly or where its beneficiaries are beneficially entitled to the annual trust income, such beneficiaries may be subject to Singapore tax on their share of the trust income i.e. the tax transparency treatment. For example, if the trust deed stipulates that the rental income arising from a property held by a trust be paid to the beneficiaries (who are Singapore tax resident) in the same year that the income is received, the beneficiaries will have to pay tax on the income as if they had received the rental income directly.

5. Grants

This is not applicable in Singapore.

6. Life insurance

Personal life insurance pay outs for Singapore resident policy owners are not taxable as estate tax has been abolished. Singapore-resident

beneficiaries who receive insurance pay outs are also not subject to tax if the pay outs are deemed to be capital in nature (e.g. non-regular pay outs contingent to insurable events).

7. Estate planning

This is not applicable in Singapore.

8. Intestacy

If a person dies without a will with possessed property in Singapore, the property or the proceeds thereof (after payment of expenses due on administration) shall be distributed among persons entitled to succeed them beneficially, as follows:

- If an intestate dies leaving a surviving spouse, no issue and no parent, the spouse shall be entitled to the whole of the estate.
- If an intestate dies leaving a surviving spouse and issue, the spouse shall be entitled to one-half of the estate.
- Subject to the rights of the surviving spouse, if any, the estate (both as to the undistributed portion and the reversionary interest) of an intestate who leaves children shall be distributed by equal portions per stirpes, to and among the children of the person dying intestate and such persons who legally represent those children, in case any of those children are dead.
- If an intestate dies leaving a surviving spouse and no children but a parent or parents, the spouse shall be entitled to one-half of the

estate and the parent or parents to the other half of the estate.

- If there are no descendants, the parent or parents of the intestate shall take the estate, in equal portions if there are two parents, subject to the rights of the surviving spouse (if any) as provided in the rule above.
- If there are no surviving spouse, descendants or parents, the brothers and sisters and children of deceased brothers or sisters of the intestate shall share the estate in equal portions between the brothers and sisters, and the children of any deceased brother or sister shall take, according to their stocks, the share that the deceased's brother or sister would have taken.
- If there are no surviving spouse, descendants, parents, brothers and sisters, or children of such brothers and sisters but grandparents of the intestate, the grandparents shall take the whole of the estate in equal portions.
- If there are no surviving spouse, descendants, parents, brothers and sisters, or their children or grandparents but uncles and aunts of the intestate, the uncles and aunts shall take the whole of the estate in equal portions.
- In default of distribution under the foregoing rules, the government shall be entitled to the whole of the estate.

9. Probate

Where there is a will, the estate vests in the executor who has the authority to conduct the deceased's affairs the moment the deceased dies, and any action undertaken on behalf of the deceased will be held valid. However, the executor will normally apply for a grant of probate, as any third parties will usually require the grant before entering into any transactions. In intestacies, the administrator's authority stems from the grant of letters of administration, and until the grant is obtained the administrator has no authority to act on behalf of the estate.

10. CRS regime

CRS legislation has been in force as at July 2018

11. Philanthropy

Charity status

Registered charity

A registered charity is one that is established for exclusively charitable causes and is subject to the control of the High Court. Such an entity enjoys automatic income tax exemption. Any properties used for exclusively charitable purposes may be exempted from property tax in full or partially. A registered charity could take either of the following forms:

- Institute of Public Character (IPC): An IPC is expected to apply its charitable funds wholly or substantially to benefit the Singapore public. It is thus authorised to issue tax deduction receipts for qualifying donations received.
- Grantmaker: A Grantmaker can be a non-profit entity which only gives out grant monies to specific charitable causes. This could take the form of private foundations, community foundations, businesses' giving programmes etc. Compared to an IPC, a Grantmaker typically does not conduct fundraising campaigns and is subject to a simpler set of reporting requirements as compared to an IPC.

Non-profit organisation

An NPO refers to any person – not registered or exempt under the Charities Act – not established for the objective of deriving a profit. The income and property may only be applied for furtherance of objectives and not distributable to shareholders, members, except as reasonable compensation. NPOs can apply for tax exemption under Section 13R of the Income Tax Act (Exemption of income for not-for-profit organisation) through the Singapore Economic Development Board, subject to fulfilment of commitments e.g. headcount, expenditure projections.

Tax deduction

Donors – individuals and corporations
– can enjoy tax deductions of 250% the

qualifying donation amount when they donate to any approved Institution of a Public Character (IPC).

Under the Philanthropy Tax Incentive Scheme for Family Offices, from 1 January 2024 onwards, qualifying donors with family offices that benefit from the Sections 13O and 13U tax exemption in Singapore are able to enjoy 100% tax deduction for overseas donations which are made through qualifying local intermediaries. The tax deduction is capped at 40% of the donor's statutory income.

TAIWAN

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1. Overview of taxation for individuals

Resident and non-resident individuals are subject to consolidated (personal) income tax on the income derived from Taiwan sources.

Individuals are considered a tax resident in Taiwan if they have been domiciled and resided in Taiwan for at least 31 days, the individual is deemed to have met the life and economic substance in Taiwan or they have resided in Taiwan for at least 183 days within a tax year. In determining tax residency in Taiwan, whether or not individuals have “economic substance” in Taiwan shall be taken into consideration.

Income tax rates for Tax Year 2022:

For residents:

- Progressive tax rates:

Taxable income (TWD)	Tax rate (%)	Tax due (TWD)	Cumulative tax due (TWD)
First 560,000	5	28,000	28,000
Next 700,000	12	84,000	112,000
Next 1,260,000	20	252,000	364,000
Next 2,200,000	30	660,000	1,024,000
Above 4,720,000	40	-	-

- Alternate Minimum Tax (AMT) rate: 20%. Income subject to AMT includes Taiwan sourced income, foreign-sourced income, and other AMT taxable items (less NTD 6.7 million of annual exemption of AMT)
- Tax payable for dividend income (obtained from Taiwanese companies):
 - Option 1: calculated by applying progressive tax rates ranging from 5% to 40% in accordance with the Income Tax Regulations. However, 8.5% of the dividend income shall be deemed as a tax credit, deductible from the tax payable, but capped at TWD80,000
 - Option 2: calculated by applying a flat tax rate of 28%

For non-residents:

Income tax for non-residents is at a flat rate based on the type of income received:

Type of income	Tax rate
Salary income, Severance payments, Retirement payments	18
Interest income, Commissions, Rentals, Royalties, Gains from competitions or lotteries, Income from independent professional practice	20
Dividends	21

2. Types of tax

Employment income

For resident individuals, income tax is levied on the income derived from Taiwan sources after exclusions, deductions and exemptions, at the progressive rates of 5%, 12%, 20%, 30%, and 40%. For non-resident individuals, income tax is withheld at the source at flat rates in accordance with the types of income received.

Resident individuals should calculate both the tax liability under the Income Tax Act and Alternative Minimum Tax (AMT) regulations, and pay the greater amount. To determine the income subject to AMT, the following items should be added back to the net income:

- Foreign sourced income, if such income for each filing household unit exceeds NTD1 million in a tax year
- Insurance payments from onshore life insurance policies or annuities contracted on or after 1 January 2006 where the purchaser and the beneficiary are not the same person, and that such payments exceed NTD33,300,000. The amount of the insurance payments to be added back, should be the excess amount of the aforesaid NTD33,300,000

- Capital gains derived from transactions of the securities on the following items:
 - Stocks, certificates of entitlement to new shares, certificates of payment and documents of title to shares issued or privately placed by companies not listed on the stock exchange or traded on over-the-counter markets, except for those companies that have been approved by the central authority in charge of relevant enterprises as high-risk innovative startups and incorporated for less than five years.
 - Beneficiary certificates of privately placed securities investment trust funds.
- Deductions claimed for non-cash charitable contributions
- CFC (Control Foreign Company) income calculated based on the resident individual's direct holding percentage of the CFC. Any resident individual and his/her related parties 1) directly or indirectly holding 50% or more of the shares or capital of a foreign enterprise registered in a low-tax burden country or jurisdiction, or 2) having a significant influence on such a foreign enterprise, the foreign enterprise is a CFC of the individual. (This provision has been in force on 1 January 2023.)
- Other items published by the Ministry of Finance (MOF)

Inheritance tax

Estate tax is imposed on the estate(s) of a decedent who was a Taiwan resident or who has owned a property/properties in Taiwan. If the decedent was a Taiwan resident and was regularly domiciled in Taiwan, estate tax is levied on all properties, wherever located. If the decedent was a foreign national or a Taiwan resident regularly domiciled outside of Taiwan, estate tax is levied only on properties located in Taiwan. The net amount of the estate value, after exclusions, deductions and exemptions, is taxed at the progressive rates of 10%, 15%, and 20%.

Stamp duty

The stamp duty of Taiwan is chargeable on certain documents drawn up within the territory of Taiwan and not on transactions. In the context of this publication, the relevant stamp duties with regard to wealth transfer (such as sale of movables or real estate) shall include the following:

- Deeds for sale of movables at TWD 12 per contract
- Contracts for the sale, transfer and partition of real estate at 0.1% of the contracting price, or the assessed standard price announced by the government

Gift tax

Gift tax is imposed on gifts made by a donor who is a resident of Taiwan or who owns a property/properties in Taiwan.

If the donor is a Taiwan resident regularly domiciled in Taiwan, the tax is levied on any donated property, wherever located. If the donor is a foreign national or Taiwan resident regularly domiciled outside of Taiwan, tax is levied solely on the donated property/properties located in Taiwan. The net amount of the gift value, after exclusions and exemptions, is taxed at the progressive rates of 10%, 15%, and 20%.

Real estate transfer tax

Transfer of real estate is subject to income tax and land value increment tax if such transfer is completed through a buy and sale transaction. In respect of income tax, two implications (Old Regime and New Regime) shall be applied, depending on the acquiring date of the transferred real estate property:

- Old regime is applicable for real estate property acquired before 31 December 2015 (exception: for real estate acquired between 2014 and 2015, and where the holding period of the real estate before transfer is less than two years, the new regime shall apply.) Tax basis is the sales gain of the house or the taxable income at sales gain of the house less deductible costs (acquisition costs and transfer expenses).

Taxable gain for residents is reported within individual's income tax return, at income tax progressive tax rates ranging from 5% to 40%. Non-residents are taxed at a flat rate of 20%.

- New regime is applicable for real estate properties acquired after 1 January 2016. Tax basis is the sales gain of the land and the house or the taxable income at sales price of the land and the house less deductible costs (acquisition costs and transfer expenses) and total amount of land value increment.

Different tax rates shall apply based on the usage and the holding period of the transferred real estate property:

For residents:

In respect of the holding period

Real estate property	Tax rate (%)
Within 1 year	45
Within 2 years, but more than 1 year	35
Within 10 years, but more than 2 years	20
Over 10 years	15

In respect of the usage (preferential tax rate)

Real estate property	Tax rate (%)
Transaction due to job transfer, 20 involuntary separation from employment, or any other involuntary causes announced by the MOF within the holding period of no more than 2 years	20
The house was jointly constructed with a business entity and then sold within 2 years before acquiring the parcel of land	20
For qualified self-use residence purpose	10

For non-residents:

In respect of the holding period

Real estate property	Tax rate (%)
Within 1 year	45
More than 1 year	35

Other taxes

There is no endowment tax, wealth tax, net wealth tax, or transfer duty in Taiwan, nor is there estate income tax in Taiwan as the income that is derived from the decedent's estate after death would be allocated to the successors.

3. Who is liable?

Estate and gift tax shall be imposed on all properties that are located within and outside of Taiwan for Taiwan residents that reside in Taiwan continuously. For foreigners and Taiwan residents that do not reside continuously in Taiwan, taxes shall be levied solely on the properties located within Taiwan.

4. Domicile

Estate tax rate:

Net taxable estate (TWD)	Tax rate (%)	Tax due (TWD)	Cumulative tax due (TWD)
First 50,000,000	10	5,000,000	5,000,000
Next 50,000,000	15	7,500,000	12,500,000
Above 100,000,000	20	-	-

5. Exemptions and reliefs

Estate and gift tax deduction on avoiding double taxation

Foreign estate tax or gift tax paid in respect of any property situated within such foreign country may be deducted from the Taiwan estate tax or gift tax payable, provided the taxpayer presents proof of tax payment issued by the foreign local tax authority. However, the deduction claimed shall not exceed the increase in tax computed by the applicable tax rate in Taiwan.

6. Assessments and valuations

The market value or the net asset value shall be considered during assessment. Specifically, for real estate properties, the basis for valuation is the government assessment value.

7. Trusts, foundations, and private purpose funds

The tax implications for trusts include both income tax and gift tax, depending on how the trust is set up (e.g., revocable or irrevocable, reserved power or non-reserved power, the class of beneficiary, etc.). The gift tax

is incurred for the settlor either at the time when the trust is set up, or at the time when the trust interest is distributed. The income tax is incurred for the settlor or the beneficiary when income is derived from the trust assets, depending on how the trust is set up, the location of the trust asset, the tax residency of the settlor/the beneficiary.

8. Grants

There are no grant rules in Taiwan.

9. Life insurance

The death proceeds received from life insurance shall be excluded from the gross estate of the decedent. However, any amount in excess of TWD33,300,000 of the insurance proceeds (per income tax reporting household) shall be added back to the minimum income in calculating the AMT.

10. Exchange controls

Taiwan adopts limited foreign exchange control. For individuals, if the requested foreign exchange settlement amount exceeds US\$500,000 per settlement, the bank is required to review the relevant contracts or letters of approval to confirm that the declared reason of remittance denoted under the Declaration Statement is consistent and reasonable. If an individual's accumulated annual foreign exchange settlement amount exceeds US\$5 million in a calendar year, an advanced regulatory approval is required.

11. CRS regime

CRS legislation has been in force as at January 2019.

12. Philanthropy

Charity status

Registered charity

The charitable organisation or institution shall be a charitable corporation or a charitable foundation licensed and duly registered with the authority-in-charge. Income derived by such organisations or institutions, which are in conformity with certain criteria, from the operations of their own and their subsidiaries shall be exempted from the income tax.

Tax deduction

Donations made to officially registered charities by a resident individual in a total amount not in excess of 20% of the gross consolidated income is deductible under the income tax.

Other tax

For Estate and Gift tax purpose, the property donated to a charitable foundation excludes from the gross estate or the total amount of or gifts; however, the exemption is not applicable for the property donated to a charitable corporation.

THAILAND

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1. Overview of taxation for individuals

All resident and non-resident individuals earning Thailand sourced income are subject to personal income tax (PIT). A Thailand resident is also subject to PIT on self-employment and business income from overseas sources if the income is remitted to Thailand. Individuals are considered a resident if they reside in Thailand for a period or periods aggregating 180 days or more during a calendar year. Income earned overseas by Thai residents is also subject to PIT if it is remitted to Thailand in the year it is earned.

Rates

Personal income tax is levied on an individual's net assessable income at the following progressive rates:

Net assessable income (THB)	Tax rate (%)	Tax due (THB)	Cumulative tax due (THB)
0 – 150,000	Exempt	0	0
150,001 – 300,000	5	7,500	7,500
300,001 – 500,000	10	20,000	27,500
500,001 – 750,000	15	37,500	65,000
750,001 – 1,000,000	20	50,000	115,000
1,000,001 – 2,000,000	25	250,000	365,000
2,000,001 – 5,000,000	30	900,000	1,265,000
5,000,001 and above	35	To be determined	To be determined

The taxation of various types of income is described below:

Employment income

All benefits derived from employment are assessable, unless expressly exempt by law. Examples of assessable benefits are wages, salaries, per diem allowances, bonuses, bounties, gratuities, directors' fees, pensions, house rental allowances, the monetary value of rent-free accommodation provided by an employer, and income tax paid and borne by an employer on behalf of an employee.

Self-employment and business income

Taxable self-employment and business income consists of assessable income less deductible expenses and allowances. Generally, all types of income are assessable unless expressly exempt by law.

Investment income

Interest, dividends and other investment income are subject to PIT. A tax credit is granted for dividend income received by an individual domiciled in Thailand from locally incorporated companies.

Capital gains

Gains derived from sales of shares are generally subject to PIT. However, gains derived from sales of securities listed on the Stock Exchange of Thailand are exempt from tax. Gains derived from sales of real property are subject to PIT. A standard allowance is deductible, depending on the number of years of ownership. This tax also applies to gains derived from sales of real property used in a trade or business.

Taxation of employer-provided stock options

Employees are subject to tax on the benefit derived from shares provided either for free or at a favourable price by the employer. The taxable benefit is the difference between the price paid by the employee, if any, and the fair market value of the shares.

PIT filing

All individuals who earn income in Thailand during a calendar year must file personal income tax returns with the Revenue Department by the end of the following March.

2. Other personal taxes

Inheritance tax

Under the Inheritance Tax Act, which was enacted in 2015, inheritances received are taxable only on the accumulated value in excess of THB100 million per benefactor, at a rate of 5% in the case of descendants or parents or 10% in all other cases. The tax filing must be completed within 150 days from the date of receipt or penalties and surcharges are applied.

Gift tax

In general, gifts are taxed at a flat rate of 5%. However, gifts received from a legitimate parent, child or spouse (up to THB20 million per tax year) or in a ceremony or on occasions in accordance with custom and tradition (up to THB10 million per tax year) are exempt from tax.

Relevant taxes on the transfer of properties

Transfer taxes are summarised in the table below:

Nature of transaction	Applicable tax	Tax rate	Payable by
Transfer of immovable properties	Specific business tax	3.3% on the higher of official appraised value or transfer value	Seller
	Transfer fee	2% on official appraised value	Seller and buyer equally

Nature of transaction	Applicable tax	Tax rate	Payable by
Transfer of movable properties	Value added tax	7% on transfer value	Seller but charged to buyer
	Stamp duty	0.5% on vehicle transfer value	Seller
Transfer of shares	Stamp duty	0.1% on the higher of paid-up or transfer value	Seller

A relief from particular taxes may be granted under the tax-saving business transfer scheme provided by Thai Revenue Department.

Other taxes

Endowment tax and net wealth tax are not applicable in Thailand.

3. Trusts, foundations and private purpose funds

On 10 July 2018, the Thai Cabinet approved the draft Private Trust Act bill. However, there are certain proceedings which must be completed before the bill is legislated. Meanwhile, private trusts established under the laws of other jurisdictions can be established for succession planning purposes.

4. Grants

Assets granted for free of charge are considered gifts. However, certain gifts received are tax exempted (refer to gift tax). The granting of assets received by religious institution, educational institution, or social charity institution, as stipulated by the Minister of Finance, can be tax exempted.

5. Life insurance

Group life insurance premiums paid by the employer to an insurance company operating in Thailand on behalf of its employees are tax-exempt benefits if the duration of the group insurance policy does not exceed one year. Further, when there is a claim for a life insurance benefit, the amount received is not taxable to the beneficiary. The life insurance benefit received by the beneficiary from the policy of the deceased person is not subject to Inheritance tax.

6. Civil law on succession

Under Thailand Estate law, there are two ways to receive an inheritance: as heirs based on the laws or appointed in a testament.

7. Exchange controls

All foreign exchange transactions are to be conducted through commercial banks and through authorised non-banks, by the Minister of Finance. Generally, the Bank of Thailand will grant approval through commercial banks for the remittance of money outside Thailand providing that the substantiation for the payments can be sufficiently submitted. That is, the repatriation of investment funds and repayment of overseas loans can be remitted upon submission of supporting documents to an authorised bank.

For repatriation of investment funds, evidence of sale or transfer of such investment shall be submitted. For loan repayment, evidence of inward remittance of such loan and loan agreement shall be submitted.

Based on the Bank of Thailand, transfers in foreign currency for direct and portfolio investments in Thailand are permitted.

Proceeds must be surrendered to an authorised bank or deposited in a foreign currency account with an authorised bank in Thailand within 360 days.

8. CRS regime

Thailand is committed to implement the Common Reporting Standard (CRS) by September 2023.



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