



Techniques for unlocking cash traps: where to look for direct tax, indirect tax and customs duty savings

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wts global

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WTS Global at a glance



Founded in 2003 by WTS Germany



Locally rooted - Globally connected:

Present in more than 100 countries with more than 3,500 tax professionals



Tax-focused:

Coverage of the entire range of tax advisory services



Independent & free of conflict:

No audit



Quality assurance:

Stringent quality reviews



Diverse customer base:

From multinationals to private clients



Central management & coordination:

Centrally managed global tax practice

Strong local presence on all continents

Our network firms include (amongst others)



Agenda

1 Tax overview in Asia Pacific

2 Indirect tax

3 Tax savings and supply chain

4 Q&A



Tax overview in Asia Pacific

Tax overview in Asia Pacific

	Corporate income tax	VAT	Customs duty (average rate)
China	25% (15% for high-tech company and 20% for small-scale company)	Goods at 13% Service at 6% or 9%, depending the type of services	Depend on HS code, FTA, etc. Average rate 8% - 10%
India	Varies from 25% to 40% (exclusive of surcharges, cesses, etc.), depending upon the type of taxpayer.	<ul style="list-style-type: none"> » GST rate is based on the classification of the goods and services supplied. » GST rate slabs are: (a) 0%, (b) 5%, (c) 12%, (d) 18% and (e) 28%. Special rate of 0.25% and 3% is prescribed for supply of certain precious stones and metals. 	<ul style="list-style-type: none"> » Rate varies upon HS Code and is subject to FTAs / RTAs and specific exemptions. » Peak Basic customs duty (BCD) rate is 10%. Social Welfare Surcharge (SWS) is 10% of the BCD and in addition, Integrated GST is applied.
Indonesia	22%	10% (11% from 1 April 2022)	Depend on HS code, FTA, preferential tariffs, etc. Average 5% -10%
Malaysia	24%	Services at 6% Goods, generally at 10%	Actual rates are much lower than nominal rates due to wide FTA application.
Singapore	17%	GST at 7%	Customs duty is only applicable to intoxicating liquors, tobacco products, motor vehicles, petroleum products and biodiesel blends
Thailand	20%	VAT at 7%	Actual rates are much lower than nominal rates due to wide FTA application. Within ASEAN mostly 0%, China and India as well under FTA

Tax overview in Asia Pacific

	Corporate income tax	VAT	Customs duty (average rate)
Australia	25% (base rate entities) 30% (all other corporations)	10%	5% Different rates apply to tobacco products and alcoholic beverages.
Japan	23.2% (15%: Taxable income of 8 million yen or less Applicable to corporations with a capital of 100 million yen or less, (unless the capital of the parent company exceeds 500 million yen)	10% (8%:Applies to the following items » Food and beverages, excluding alcoholic beverages and foodservice » Newspapers published at least twice a week (based on a subscription contract)	
Pakistan	29%	Goods: 17%; Services: 16%, 13%, 15%, 5%	Average rate : 20% approx.. Rates: 0% to 100% depending upon classification of goods and applicability of FTA. Reduced rates: 0%-5%. Generally reduced rates are applicable for Plant & Machinery (0%-5%)
Philippines	25%; 20% for domestic corporations with net taxable income not exceeding PHP 5 million and total asset does not exceeding PHP100 million	12%	<ul style="list-style-type: none"> » The Philippines implemented the 2017 version of the ASEAN Harmonized Tariff Nomenclature (AHTN). » The Philippines' simple average Most Favored Nation (MFN) applied tariff rate was 6.1% in 2019. » The Philippines' simple average MFN applied tariff rate was 9.8% for agricultural products and 5.5% for non-agricultural products in 2019. » The Philippines bound 66.9% of its tariff lines in the World Trade Organization (WTO), with a simple average final bound tariff rate of 25.7%.

Tax overview in Asia Pacific

	Corporate income tax	VAT	Customs duty (average rate)
South Korea	<p>Four-layer of progressive tax rates depending on the size of taxable income. In most of case, 22% is common.</p> <p>11% up to KRW 200 Mil. 22% up to KRW 20 Bil. 24.2% up to KRW 300 Bil. 27.5% more than KRW 300 Bil.</p>	10%	Basic rate is 8%. However, it depends on various HS codes, FTA, preferential tariffs, etc.
Taiwan	20%	5%	<p>Average nominal rate in 2020 and 2019</p> <ul style="list-style-type: none"> » Agricultural product: 15.06%(2020)/15.12%(2019) » Industrial product: 4.14%(2020)/4.16%(2019) » All kinds of product: 6.34%(2020)/6.37%(2019) <p>Average actual rate in 2019</p> <ul style="list-style-type: none"> » Agricultural product: 7.8% » Industrial product: 1.09% » All kinds of product: 1.41
Vietnam	<p>General CIT rate 20%</p> <p>For petroleum prospecting, exploration and exploitation: varies from 32% to 50%</p> <p>For prospecting, exploration and extraction of precious and rare natural resources: 50% or 40% (conditional)</p>	<p>Regular: 10 %</p> <p>Some cases: 5%</p> <p>Exported goods, services: 0%</p>	Depends on HS code, FTA, preferential tariffs, quota etc.

Tax overview in Asia Pacific



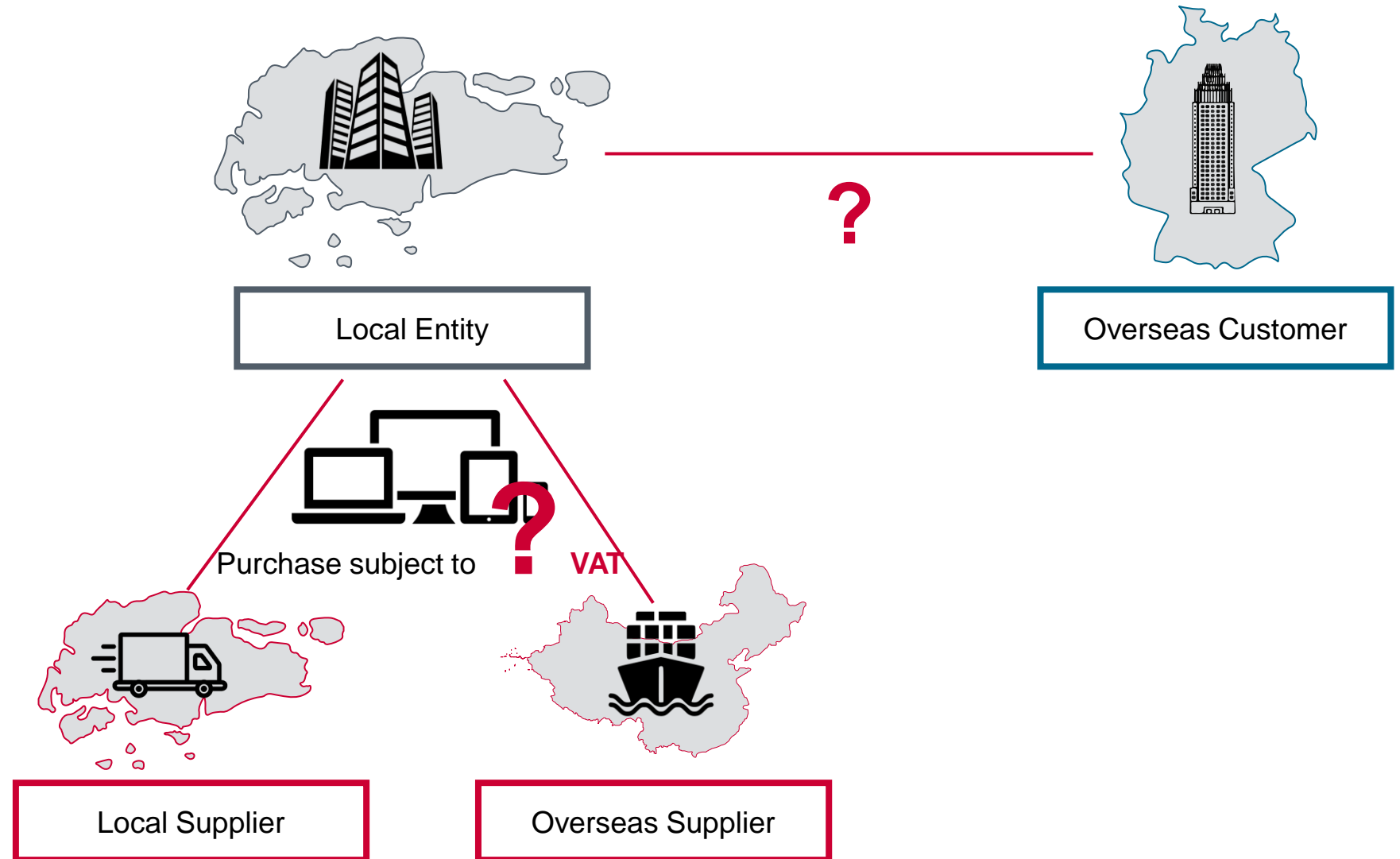


Indirect tax

Case Study: VAT

VAT

A local company has products with materials which are either imported or bought locally. Their sales are 100% abroad. This means they have to pay X% VAT on all goods bought (local VAT or import VAT) plus customs duty.

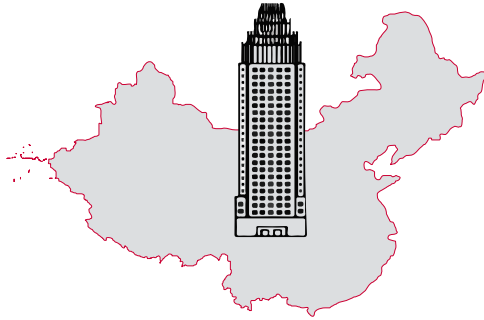




Tax savings and supply chain

Cash Trap in Payment Withholding Taxes

1 Domestic entities



Local company

Payment for:
a) Services
b) Purchase of goods



Local company

2 Permanent establishment



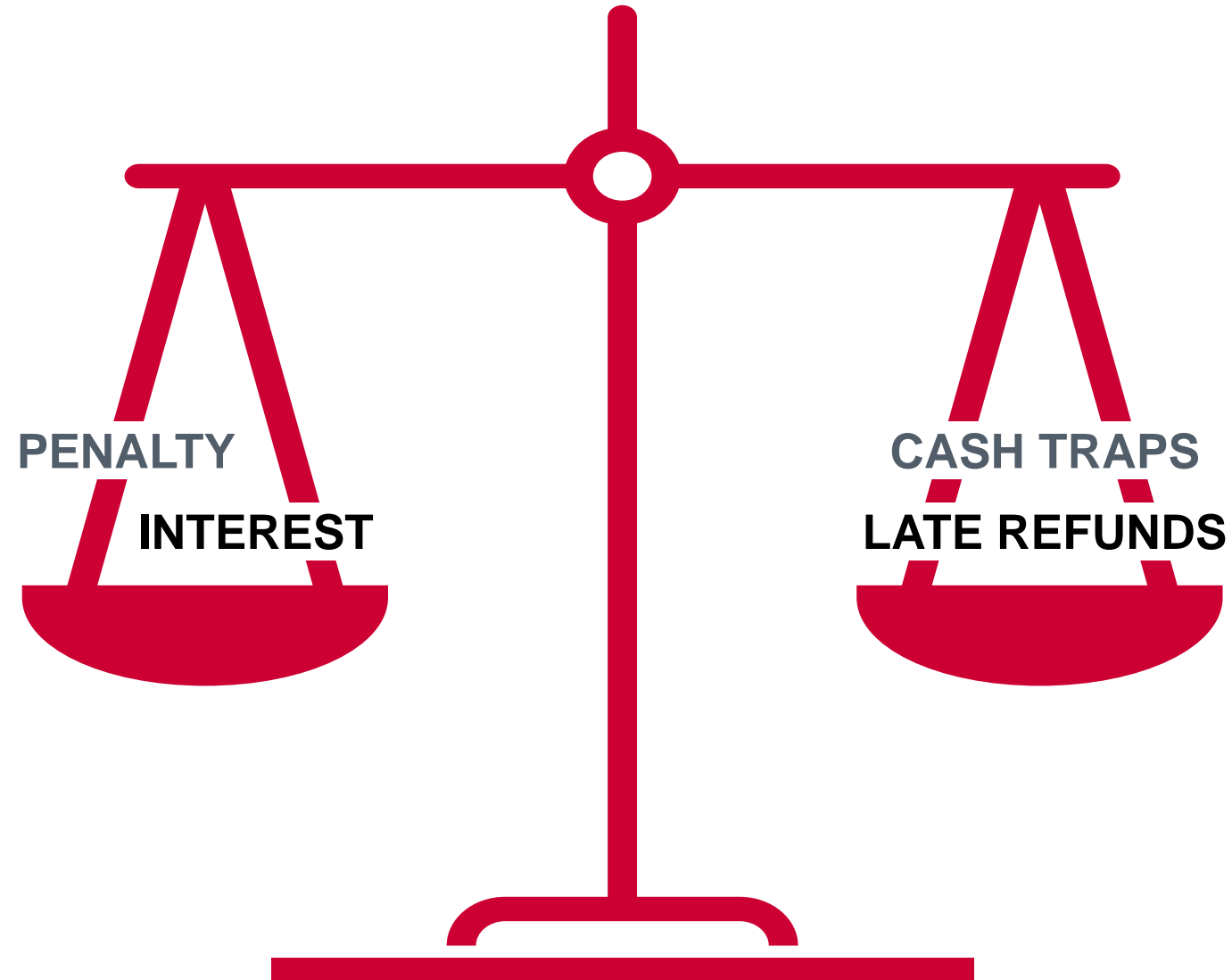
Permanent establishment
of foreign company

Payment for:
a) Services
b) Purchase of goods



Local company

Corporate Tax Estimates

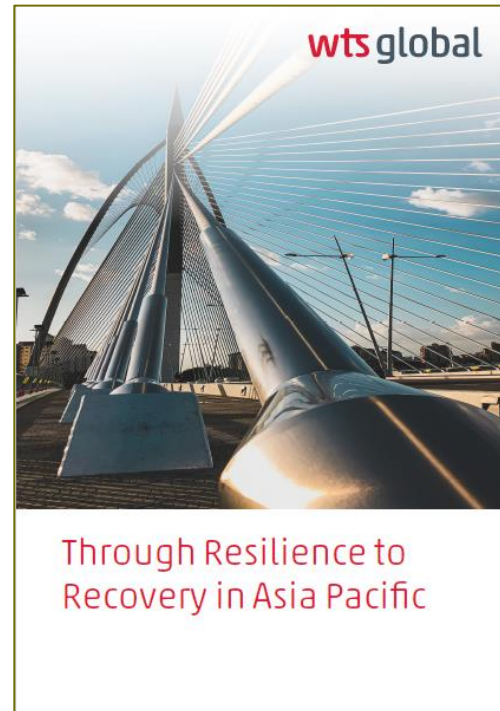


Read regular COVID-19 related tax updates from over 50 countries



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