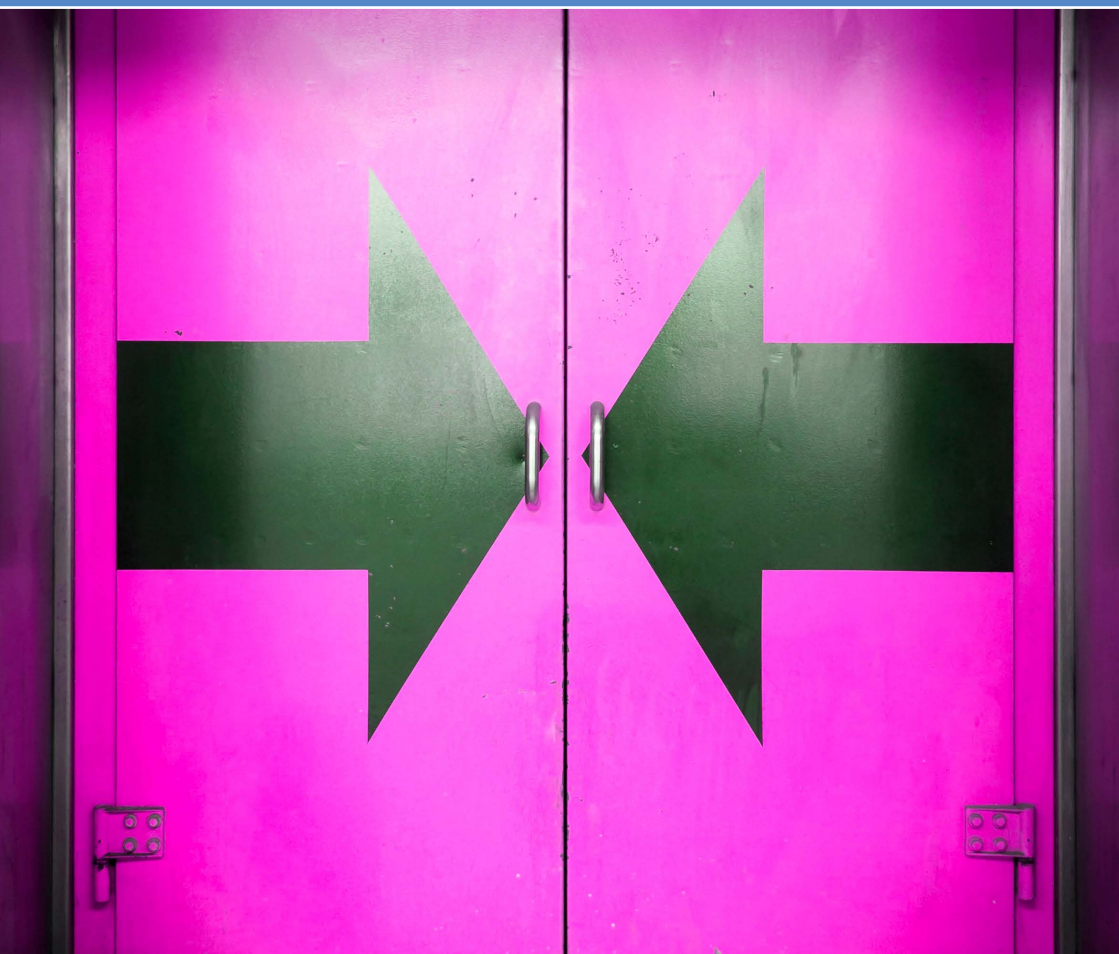


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OPENING DOORS

INTERNATIONAL TURNKEY
CONTRACTING IN ASEAN

Engineering, Procurement and Construction Operations
(EPC) in selected Southeast Asian countries



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“The number of Turnkey Projects or Engineering, Procurement and Construction Operations (EPC) in Southeast Asia has strongly increased in the last two decades, benefiting from the ongoing liberalization of certain economies, particularly the electricity sector.

Due to their complexity, EPC projects do not only require a diligent tax planning, but also a most careful consideration of local investment or manpower / immigration regulations.

With many years of experience on turnkey projects in numerous industries, we are by your side with comprehensive legal, tax and financial guidance throughout all project phases.”

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International Turnkey Projects

Turnkey Projects are commonly understood in international business as arrangements in which a company contracts with another to build complete, ready-to-operate facilities, which commonly includes the supply, erection and commissioning of plants. The major share of these engineering, procurement and construction operations (EPC) are conducted in the field of industrial equipment manufacturing and construction and require specific expertise to assemble and run a complex technological process. The number of EPC projects in South-east Asia has strongly increased in the last two decades amid the ongoing liberalization of certain economies, particularly the electricity sector where deregulation in many countries has enabled independent power producers to enter the market. Operation concessions for investors in certain infrastructures like power plants or water treatment systems allow the flow of private funds into the development of local economies.

The scope of EPC services commonly include design, delivery, construction, installation, commissioning and start-up of equipment on the project owner's site, and most contractors are generally aware of the need to consider local and international tax implications which, depending on the project duration, can trigger a permanent establishment with specific tax risks. But besides the aspects of tax planning, many countries have imposed further requirements in local investment or manpower/immigration regulations which deserve careful consideration as well. In this brochure, we take a comparative look at essential aspects for contractors doing business in Southeast Asia. With many years of experience on turnkey projects in numerous industries, we provide legal, tax and financial guidance in all project phases from planning to operational support, and will be happy to discuss your specific needs in the region.

Please note: The indication "DTA" refers to the Double Taxation Agreement between Germany and the respective country.

TAX CONSIDERATIONS



1. When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between Indonesia and Germany?

Based on Indonesian Income Tax Law, on-site works related to construction projects, installation and assembly automatically trigger a Permanent Establishment without any time test. However, based on the DTA a building site or construction or installation project constitutes a permanent establishment only if it lasts more than six months.

2. Is it a common approach in Indonesia to split EPC contracts in on- and offshore parts to mitigate tax risks?

If the duration of an EPC project leads to a PE creation, the taxable income of a foreign contractor's PE consists of the value of the contracted goods and services. It is common to split onshore and offshore parts in order to differentiate the supplier of goods and the supplier of services carrying out the installation or construction. This approach would limit the taxable income of the PE to the value of the installation or construction services.

The DTA in particular provides a beneficial provision in the DTA Protocol. It states that if machinery or equipment is delivered from the head office or another permanent establishment of the enterprise, or a third person in connection with those activities or independently therefrom, the value of such deliveries shall not be attributed to the profits of the building site or construction, assembly or installation project.

Hence, according to the DTA Protocol, the supply of goods is not attributable to the taxable profit of the PE. Therefore, the PE taxable income is only limited to the value of construction and installation services without the need to segregate the supplier of goods and the supplier of services as mentioned above.

3. Are there any specific taxes to be observed for EPC contracts in Indonesia?

FINAL INCOME TAX

The construction industry is subject to Final Tax in accordance with Government Regulation Number 51/2008. A PE which carries out EPC activities is subject to this final tax provision.

The tax is collected largely through the withholding tax mechanism, whereby the project owner withholds income tax of 2 – 6% from every payment to the EPC contractor. The income tax base commonly is the gross income (contract value).

No.	Type of Income / Activities	Income Tax Rate
1	Income from Construction Execution services (including for the EPC contract base)	2% for small scale certified contractors
		3% for medium and large certified contractors
		4% for non-certified contractors
2	Income from Construction Planning and Supervisory services	4% for certified contractors
		6% for non-certified contractors

BRANCH PROFIT TAX (BPT)

A PE is also subject to Branch Profit Tax of 20% referring to the domestic Income Tax Law. BPT is similar to tax on dividend or profit distribution to home country, which is calculated on the profit after Corporate Income Tax. Whilst the Corporate Income Tax is imposed on taxable profit, the Branch Profit Tax is imposed on the residual profit after Corporate Income Tax. The tax rate may be reduced in accordance with applicable tax agreements. Based on the DTA, the branch profit tax rate amounts to 10%.



1. Are there specific investment or other permits/licenses necessary for EPC works in Indonesia?

Engineering-Procurement-Construction falls within the activity of 'construction services'. To carry out construction services, a service provider is required to obtain the corresponding business licenses (Perizinan Berusaha). Under the current regime in Indonesia, the type of business licenses required for certain business activities is determined based on the risk level and the rating of the business scale of said activity.

From a regulatory perspective, business activities conducted by foreign parties must be classified as large scale business. Further, under the current regime, large scale construction services are rated as having 'Medium High' risk and therefore require a Business Registration Number (Locally known as Nomor Induk Berusaha or "NIB") and the standard certificate as business licenses.

In addition to NIB and the standard certificate, a foreign construction service provider is also required to obtain a Business Entity Certificate (locally known as Sertifikat Badan Usaha or "SBU"). Other additional permits and requirements such as the construction work competency certificate, water resources utilization permit and road parts utilization permit would also be applicable depending of the type of the construction services to be provided.

2. Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in Indonesia?

No, a mere tax registration of a PE would not be sufficient to obtain the business licenses required to provide construction services. In order to obtain these business licenses, foreign construction service providers shall either (i) open a representative office ("RO") or (ii) establish a foreign investment company ("PMA Company") in Indonesia.

If the foreign construction service provider decides to open an RO only, please note that the RO is required to form a joint operation ("JO") with a large scale local construction service provider (which has also obtained the required business licenses) in order to provide construction services in Indonesia.

3. Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

Technically, a PE can open a bank account in Indonesia and subsequently handle IDR or foreign currency payments.

However, since a project must be carried out by a JO or a PMA Company (please refer to the explanations above) as opposed to a mere PE, payments with respect to such project shall also be handled by the respective JO or PMA Company accordingly.

MANPOWER CONSIDERATIONS



1. Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in Indonesia?

Foreign workers (for temporary work) must have a work visa and stay permit based on the work permit granted by the Ministry of Manpower. The temporary work permit can be granted to foreign workers working in Indonesia for temporary work such as a one-time work or work to be completed within less than 6 months.

In general, the requirements to obtain a work permit for foreigners include (i) a Foreign Workers Utilization Plan (“RPTKA”) approval from the Ministry of Manpower. This approval of the RPTKA cannot be extended for a temporary work permit; and (ii) a payment of the Compensation Fee for the Use of Foreign Workers (“DKPTKA”). The DKPTKA must be paid according to the foreign workers’ duration of employment, in the amount of US\$100 (one hundred US dollar) per position, per person and per month.

2. Can work permits, if required, be applied for by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

Local entity involvement is required for the application of foreigner work permits. This local entity will be the sponsor / guarantor for the foreign worker.

3. Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in Indonesia? Under which conditions are foreigners required to pay income tax?

The employer/sponsor in Indonesia must register foreign workers working in Indonesia for more than 6 months in the national social security program (BPJS Ketenagakerjaan) or in corresponding insurance programs, if the working period is less than 6 months.

Foreigners who work in Indonesia for 183 days or less in a 12-months period and/or hold a limited stay permit, are categorized as non-tax resident in Indonesia. Income sourced from Indonesia received by non-tax residents is subject to Article 26 Income tax at 20% from the gross amount.

Foreigners staying in Indonesia for more than 183 days in a 12-months period and / or hold a working permit / stay permit valid for more than 183 days, are categorized as resident taxpayers in Indonesia. Resident taxpayers are obliged to obtain a tax-ID and to file an Individual Income tax return in Indonesia based on their worldwide income. The applicable individual income tax for resident taxpayer are illustrated below:

No.	Taxable Income Bracket (IDR)	Income Tax Rate
1	0 up to 50.000.000	5 %
2	>50.000.000 up to 250.000.000	15 %
3	>250.000.000 up to 500.000.000	30 %
4	>500.000.000	35 %

Your contact in Indonesia:

STEFAN EWERS

stefan.ewers@roedl.com

TAX CONSIDERATIONS



1. When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between Malaysia and Germany?

Generally, a permanent establishment is triggered where the foreign company establishes a fixed place of business in Malaysia through which they carry, wholly or in part, their business operations. The term permanent establishment especially includes a place of management, a branch, an office, a factory, a workshop and a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

Under the DTA, a building site, a construction, installation or assembly project only constitutes a permanent establishment if it lasts for more than nine months.

2. Is it a common approach in Malaysia to split EPC contracts in on- and offshore parts to mitigate tax risks?

Yes, it is a common practice to split the EPC contracts based on the supply of goods / services onshore or offshore. This is not only a tool to mitigate tax risks, but also to address other non-tax considerations such as limiting the liability for the contractor and reducing the cost of complying with local licensing regulations.

3. Are there any specific taxes to be observed for EPC contracts in Malaysia?

There is no specific tax regime for EPC contracts in Malaysia. Income Tax would be a major tax for consideration, followed by Sales and Services Tax (depending on the type and extent of the supply of goods / services). Withholding Tax should also be taken into consideration.



1. Are there specific investment or other permits/licenses necessary for EPC works in Malaysia?

Yes, companies that wish to be involved or undertake to carry out and complete any construction, installations, extensions, repairs, maintenance, transfers, modifications, alterations, renovations or demolitions projects in Malaysia are required to apply for a Contractor License with the Construction Industry Development Board (“CIDB”).

There are different types of CIDB Contractor Licenses, subject to the equity shareholding. The different licenses have, among others, an impact on the capital requirements for companies that intend to participate in public tenders.

We have listed the different CIDB Contractor Licenses below:

- a) Local Contractor: Companies incorporated in Malaysia with at least 70 % local equity shareholding. However, there are certain exemptions for foreign equity shareholding:
 - (1) Foreign equity should not exceed 30 % equity shareholding of the company;
 - (2) Foreign equity from another ASEAN country should not exceed 51 % equity shareholding of the company;
 - (3) Foreign equity under Free Trade Agreements is regulated as follows:
 - Malaysia – Australia: ≤ 49 % equity shareholding;
 - ASEAN–Australia– New Zealand: ≤ 49 % equity shareholding;
 - ASEAN–Korea: Not more than 30 % equity shareholding;
 - ASEAN–China: ≤ 30 % equity shareholding;
 - Malaysia–Pakistan: ≤ 49 % equity shareholding;
 - Malaysia–Japan: ≤ 30 % equity shareholding;
 - Malaysia–New Zealand: ≤ 49 % equity shareholding; and
 - Malaysia–India Comprehensive Economic Cooperation Agreement: ≤ 51 % equity shareholding

The Local Contractor license will expire after two years from the date of payment of the license fee for the first approval, and the applicant may renew the license for one to three years, subject to the license renewal requirements.

- b) Foreign Contractor: A company incorporated in Malaysia or outside Malaysia with more than 30% foreign (individual or corporate) equity shareholding. The expiry date of a Foreign Contractor license will be after two years from the completion of the project (defect liability period);
- c) International Contractor: A Local Contractor which is registered with the CIDB, and will or has carried out construction work outside of Malaysia. The expiry date of an International Contractor license will be the same as for the Local Contractor license.
- d) Joint-Venture or Consortium Contractor: A Joint Venture of two or more companies which are incorporated outside of Malaysia. The expiry date of a Joint-Venture or Consortium Contractor license will be after two years from the completion of the project (defect liability period).

2. Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in Malaysia?

A mere tax registration might not be sufficient as a foreign company which intends to carry on business in Malaysia must register under the Companies Act 2016 (“CA”). The CA defines “carrying on business in Malaysia” based on a negative list. Activities listed in this list would not constitute business carried on.

As turnkey projects are neither expressly mentioned nor implied in any of the exceptions, the foreign company that intends to provide EPC works should register with the Companies Commission of Malaysia as a Registered Foreign Branch Office or establish a subsidiary Company Limited.

3. Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

In general, a PE might be able to open a bank account in Malaysia subject to the particular requirements of certain banks. Based on our experience, certain banks would require at least a justification for the account opening of a foreign company which is not registered with the Companies Commission of Malaysia, as well as one Malaysian citizen as director who is also residing in Malaysia.

MANPOWER CONSIDERATIONS



1. Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in Malaysia?

There are a few types of employment passes available for foreign employees to work in Malaysia. For short term employment, foreign employees may apply for the Professional Visit Pass (“PVP”) subject to satisfying a number of requirements.

PVPs are usually issued to foreign employees with accepted professional qualifications or specialist skills.

Companies intending to send a foreign employee for training purposes or expertise transfer are encouraged to use the PVP.

The PVP is suitable for a short term period of working in Malaysia, not exceeding 12 months. The foreign employee is required to be outside of Malaysia at the time of application. The PVP involves some restrictions, e.g. holders of a PVP are not entitled to apply for a dependent pass for their family members, the foreign employee may only apply for the PVP once in their lifetime. The position has to be a non-salaried position, meaning the foreign employee is remunerated in their home country. The foreign employee is only permitted to work for the company named in the PVP.

2. Can work permits, if required, be applied for by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

Employment passes must be applied for through a local entity. The local entity would be required to be registered with the Expatriate Service Division (“ESD”) of the Immigration Department of Malaysia. For the local entity to be registered with the ESD, the following criteria must be satisfied:

Must be registered with:

- a) The Companies Commission of Malaysia (SSM) under Companies Act 1965; OR
 - The Registry of Societies Malaysia (ROS) under the Organization Act 1966; or
 - Firms incorporated under specific acts, e.g. Law firms and Accounting firms; or
 - Organizations supported by Ministries/ Government Agencies; or
 - International organizations certified by the Ministry of Foreign Affairs.
- b) The local entity must satisfy the paid-up capital requirements which vary based on the equity holding.

Once the local entity is successfully registered with the ESD, the local entity may submit the foreign employees’ applications.

3. Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in Malaysia? Under which conditions are foreigners required to pay income tax?

Individuals, whether resident or non-resident (for tax purposes), are taxed on income accruing in or derived from Malaysia. Individuals are generally considered tax resident if they are in Malaysia for 182 days or more in a calendar year.

Employees are taxed on employment income for work performed in Malaysia, regardless of where the payment is made. Employment income includes salary, allowances, perquisites, benefits-in-kind, tax reimbursements, and rent-free accommodation provided by the employer.

In Malaysia, the employing company would need to deduct monthly tax payments from each employees remuneration, when the employee is working and receiving income from Malaysia. The tax payments are based on an estimated amount calculated from the monthly remuneration received, benefits provided and any tax reliefs or exemptions.

Furthermore, social security would need to be paid, as long as the foreign employee is employed and working in Malaysia. Foreign individuals can also opt to contribute in the Employee Provident Fund and apply for withdrawal when they are leaving Malaysia. This fund acts similar to a pension fund for individuals in Malaysia.

Your contact in Malaysia:

JÜRGEN BAUR

juergen.baur@roedl.com

TAX CONSIDERATIONS



1. When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between Myanmar and Germany?

Under the Myanmar Companies Law, every foreign natural person or legal entity that conducts any business activity in Myanmar for more than 30 days and /or with more than one transaction being involved, will have to register a legal entity with the Directorate of Investment and Company Registration in Myanmar. This also applies to activities which do not generate profit, such as quality control.

There is no double-taxation agreement in place between Germany and Myanmar.

2. Is it a common approach in Myanmar to split EPC contracts in on- and offshore parts to mitigate tax risks?

Due to the transition period and changing legal framework as well as the current political situation, there is no common approach for split contracts yet.

3. Are there any specific taxes to be observed for EPC contracts in Myanmar?

Other than the Commercial Tax of mostly 5 % on goods and services, Corporate Income Tax at a rate of 22 % (since 1 October 2021), Withholding Tax (between 2 and 15 %) and Specific Goods Tax (between 5 and 60 %), Personal Income Tax calculated by layers, ranging between 0 and a maximum of 25 %, and Stamp Duty which should be considered, no specific other taxes for EPC contracts apply.

INVESTMENT CONSIDERATIONS



1. Are there specific investment or other permits/licenses necessary for EPC works in Myanmar?

Depending on the business sector, investment amount, necessity of long term property lease agreements and other factors, permits and licenses may be required or beneficial from a tax perspective.

2. Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in Myanmar?

Despite the statutory registration with the tax authorities, for most activities the registration of an Overseas Branch Office or Company Limited is necessary if the project exceeds 30 days.

Certain kinds of investment require additionally a permit from the Myanmar Investment Commission, the so called MIC-Permit. The MIC-Permit is required for large capital investments and investments which (i) are strategic to the Union, (ii) have a potential large ecological impact and /or strong impact on local communities, (iii) involve state-owned land or (iv) are described as mandatory by the government.

3. Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

Opening and handling of local as well as foreign currency accounts for PEs is possible, but the banking sector provides very limited services, especially after the military takeover. Transactions to and from Myanmar are still very cumbersome, if possible at all.

MANPOWER CONSIDERATIONS



1. Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in Myanmar?

A business visa needs to be applied for in advance with a passport validity of at least 6 months. Due to the ongoing pandemic as well as the current political situation in Myanmar, an additional recommendation letter from the responsible line ministry needs to be acquired in order to apply for a business visa. There are currently no scheduled flights available for the time being but so called “relief-flights”. A work permit is generally neither yet required nor available but depending on the place of employment (e.g. Special Economic Zone or restricted areas) foreign employees may be obliged to further registrations despite those with the Social Security Board and labor department.

After arrival of the Employee in Myanmar, the Form C needs to be applied for.

Depending on the course of the ongoing pandemic and the unresolved political situation, requirements for the immigration of foreigners may change quickly.

2. Can work permits, if required, be applied for by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

N/A

3. Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in Myanmar? Under which conditions are foreigners required to pay income tax?

Foreigners earning income derived from work in Myanmar are generally subject to income tax in Myanmar. When a foreigner stays/works in Myanmar for more than 183 days per domestic financial year (1 April to 31 March of the following year), the status of non-resident changes to resident-foreigner which entitles the employee to tax deductions such as the basic relief amount, spouse and children relief amounts, among others. For resident foreigners, theoretically the worldwide income becomes taxable in Myanmar.

When a company has 5 or more employees, both the entity as well as the employees need to be registered with the Social Security Board, and the regular monthly social security contributions have to be filed. This also applies to non-resident foreigners.

Your contact in Myanmar:

ALEXANDER RINDFLEISCH

alexander.rindfleisch@roedl.com

TAX CONSIDERATIONS



1. When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between Singapore and Germany?

Under the Singapore domestic tax law, a PE is triggered in Singapore where, among others, a person (which includes corporations) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project. Do note that there is no minimum time threshold stipulated for PE exclusion.

Under the DTA, among others, a building site or construction or installation or assembly project constitutes a PE only if it lasts more than 6 months.

2. Is it a common approach in Singapore to split EPC contracts in on- and offshore parts to mitigate tax risks?

Yes, it is common practice to split the EPC contracts based on supply of goods / services onshore or offshore. This is not only a tool to mitigate tax risks, but also to address other non-tax considerations such as limiting the liability for the contractor and reducing the cost of complying with local licensing regulations.

3. Are there any specific taxes to be observed for EPC contracts in Singapore?

There is no specific tax regime for EPC contracts in Singapore. Income Tax would be a major tax to be considered, followed by Goods and Services Tax (depending on the type and extent of the supply of goods / services). Withholding Tax should also be taken into consideration. Other taxes / fees may include import and stamp duties, local construction and property license fees and duties.



1. Are there specific investment or other permits/licenses necessary for EPC works in Singapore?

There are no specific investment permits/licenses required for investing in EPC works in Singapore. Generally, depending on the form of investments, licenses may be required for a firm carrying out investment activities. If the investment firm wishes to conduct regulated fund management activities, it must be registered with the Monetary Authority of Singapore, or hold a capital market services license to operate as a registered fund management company or licensed fund management company. Managers of venture capital funds need to apply for MAS as well. Currently, the most common mode of financing EPC works in Singapore is debt financing.

With respect to EPC works, yes, several permits, approvals and licenses are required for setting up a construction company in Singapore to provide EPC works. Firms which provide professional engineering services must be licensed by the Professional Engineers Board under the Professional Engineers Act. In addition, workmen performing certain tasks may require specialized licenses. For example, electrical works, welding etc.

2. Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in Singapore?

Generally speaking, a suitable vehicle is determined based on tax efficiency and on the question whether tax treaty provisions need to be relied upon. That being said, a mere tax registration of a PE is sufficient, whereby the PE would be filing income tax return in Singapore as a separate entity for Singapore tax purposes. There is no mandatory investment requirement or investment vehicle required in Singapore in relation to a PE.

3. Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

Yes.



1. Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in Singapore?

Foreign staff performing certain activities in Singapore for a short period of time can come to Singapore without a work pass.

In order to be eligible for a work pass exemption, the foreign staff must (a) be engaged to perform the work pass exempt activity before entering Singapore; (b) have a valid short term visit pass issued by the Immigration & Checkpoints Authority of Singapore allowing them to stay during the activity; (c) notify the Ministry of Manpower of their intention to work in an exempted activity after entering Singapore and before the start of the activity; (d) comply with other specific legal requirements in Singapore, if applicable.

The notification to the Ministry of Manpower is to be done online by the foreign staff: <https://www.mom.gov.sg/eservices/services/e-notification-to-perform-work-pass-exempt-activities>. The foreign staff will be allowed to perform the work pass exempt activity for any number of visits up to a total of 90 days in a calendar year.

Work pass exempt activities include providing expertise relating to (a) commissioning or audit of any new plant and equipment; (b) installing, dismantling, transfer, repair or maintenance of any machine or equipment; and (c) transfer of knowledge on the process of new operations in Singapore.

The exemption does not apply to the following, for which a work pass is needed: (a) conducting activities that involve the sale of products or services to the public; (b) manufacturing any products to be sold; and (c) providing renovation or carpentry services.

2. Can work permits, if required, be applied for by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

Companies not registered in Singapore need to get a local sponsor to submit a work pass application on behalf of the foreign staff. The relationship between the overseas employer and the sponsor company in Singapore, as well as the reasons why the sponsor company needs the foreign staff to work in Singapore, ought to be explained.

3. Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in Singapore? Under which conditions are foreigners required to pay income tax?

Foreigners working in Singapore (whether temporarily or permanently) are exempted from participating in Singapore's social security scheme – the Central Provident Fund (“CPF”).

Participation in the CPF is required for Singapore Permanent Residents and Singapore citizens.

The employment income of non-residents who work in Singapore for 60 days or less in a calendar year is exempt from tax. The income of non-residents who work in Singapore for 61 – 182 days in a calendar will be taxed at 15 % or at the progressive resident rates, whichever gives rise to a higher tax amount. Individuals who work in Singapore for 183 days or more in a calendar year will be considered as tax residents and their income will be taxed at the progressive resident rates.

Your contact in Singapore:

DR. PAUL WEINGARTEN

paul.weingarten@roedl.com

TAX CONSIDERATIONS



1. When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between Thailand and Germany?

In general, the Thai Revenue Code defines Permanent Establishment rather widely. The law assumes a permanent establishment if

- a foreign company has an employee, an agent or a go-between for carrying on business in Thailand and
- receives income in Thailand.

Under the DTA, the rule is that a company has a permanent establishment in Thailand in case of construction after:

- 6 months in case of installations or setting up of plant equipment or machinery including auxiliary construction; and
- 3 months in all other cases.

The Thai Revenue Department takes a wide approach to assessing the time of the construction. Time spent setting up the construction site is included in the aforementioned timeline. Thus, most projects would lead to a taxable PE in Thailand.

2. Is it a common approach in Thailand to split EPC contracts in on- and offshore parts to mitigate tax risks?

Yes, in general you should consider a contract split to minimize Withholding Tax (WHT) in Thailand. Simplified, the offshore part typically covers delivery of goods and materials, and the onshore part covers services and works. In this case, only the onshore part would be subject to a Withholding Tax of 3 %; the offshore part would not be taxed in Thailand.

In contrast: If a foreign company establishes a PE in Thailand and does not split the contract, the entire contract value would be subject to 5 % Withholding Tax. The rate could be lowered to 3 % in case a permanent establishment has a permanently established branch office in Thailand.

3. Are there any specific taxes to be observed for EPC contracts in Thailand?

The main relevant taxes are Withholding Tax (WHT), Value Added Tax (VAT) and Stamp Duty.

Regulations concerning WHT are outlined in No.2 above. Additionally, Corporate Income Tax will apply in case of a PE at a rate of 20 %.

Both, the importation of goods as well as any services rendered or used in Thailand is subject to VAT at a rate of 7 %.

Stamp Duty is applicable in many cases at the rate of 0.1 % on the contract value.

INVESTMENT CONSIDERATIONS



1. Are there specific investment or other permits/licenses necessary for EPC works in Thailand?

A foreigner would require a Foreign Business License prior to engaging into construction works or services in Thailand. Each activity rendered in Thailand is usually assessed individually; however, in practice, the relevant authority might opt to issue a single license covering the entire project, including construction works and services.

Providing engineering services in Thailand is practically almost impossible for foreigners. Prior to be recognized as engineer, the applicant has to pass a test and obtain a license from the Thai Council of Engineers. While the subjects might not differ too much from other jurisdictions, the test will be fully in Thai language.

2. Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in Thailand?

A tax registration is not sufficient. The foreign company has to apply for a Foreign Business License in Thailand in order to conduct business. Engaging in business activities without a license is a crime and can be punished by imprisonment. The authorities can issue an order banning the permanent establishment from engaging in any further business activities. Violations will usually be sanctioned with daily fines.

3. Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

Yes.

MANPOWER CONSIDERATIONS



1. Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in Thailand?

Foreign employees need a business visa and a work permit in Thailand. In terms of visa, the length of stay is relevant. If the stay is only 90 days, a normal business visa is sufficient.

However, should a foreigner stay longer, an application for a longstay visa might be necessary (1 year). In this case, the employer in Thailand has to have a ratio of Thais to Foreigners of not less than 4 to 1. In case of a permanent establishment, the ratio is lowered to 1 to 1. Should the employer be promoted by the BOI, an exemption from the ratio can apply in case of foreign experts.

Any foreigner requires a work permit when performing work in Thailand. The definition of work is rather wide, and as a rule of thumb, any type of activity can be considered work unless it is explicitly exempted (for example: business meetings or attending lectures are not considered work). Thus, in general, a work permit is required.

Issuing a work permit will require a registered capital of not less than THB 2 million per work permit for a locally registered company as employer, or THB 3 million per work permit in case of a PE. Furthermore, the foreign employee has to receive a certain minimum salary. The exact amount depends on the nationality. For Germans, the current rate is not less than THB 50,000. Such income is taxable in Thailand.

Should a worker stay in Thailand for only two weeks, an urgent duty work permit can be considered. While the process and requirements for such UDWP are lowered, it can only be obtained for certain types of works. Furthermore, while the UDWP can be extended, it usually requires leaving Thailand for a certain period of time, and is limited to a maximum of 45 days. However, the specifics should be checked with the issuing Labor Department in advance and therefore might differ from province to province.

2. Can work permits, if required, be applied for by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

A work permit requires a local entity or registration, for example a Thai company or a registered permanent establishment. There are also certain service providers that provide outsourcing services.

3. Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in Thailand? Under which conditions are foreigners required to pay income tax?

The income received for work in Thailand (or for a Thai employer) is taxable in Thailand. The personal income tax in Thailand is calculated based on progressive rates from 0 – 35%; thus, the final taxation depends on the overall income earned in Thailand.

Furthermore, employees in Thailand are required to make contributions to the social security. In general, the rate is 5%; however, the maximum contribution is THB 750 (approx. EUR 20 per months). Should the foreigner leave Thailand, paid contributions can be refunded in certain cases. However, in practice, the trouble and related costs might outweigh the benefits of the refund.

Your contact in Thailand:

MARTIN CHROMETZKA

martin.chrometzka@roedl.com

TAX CONSIDERATIONS



1. When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between Vietnam and Germany?

According to the DTA, a building site or construction or installation project constitutes a PE only if it lasts more than six months.

It should be noted that under the Vietnamese guidance on DTAs, the period of 6 months is calculated from the date the contractor commences the preparation for the construction in Vietnam, such as establishing its office and planning the construction design, until the completion and transfer of the entire construction project in Vietnam, including the time of discontinuance of the project for any reasons.

If there are sub-contractors engaged, the execution time of projects for the determination of the PE for main contractors shall be the sum of the time required for the execution of all contractual components by sub-contractors and the time of execution by the main contractor.

Although not explicitly expressed in the written guidance by the tax authorities, based on the rule “substance over form” provided under local tax management laws, if there are connected activities carried out at the same building or construction site, assembly or installation project during different periods of time, these different periods of time shall be added to the period of time during which the enterprise has carried on activities at that building site or construction, assembly or installation project.

2. Is it a common approach in Vietnam to split EPC contracts in on- and offshore parts to mitigate tax risks?

Foreign Contractor Withholding Tax („FCWT“) is applicable to foreign business organizations doing business in Vietnam, or earning income in Vietnam under contracts, agreements or commitments between the foreign contractor and a Vietnamese entity, or between a foreign contractor and a foreign sub-contractor to perform parts of a main contract. FCWT is a combination of Value Added Tax („VAT“) and Corporate Income Tax („CIT“) components; both are applied together.

EPC contractors can choose to declare FCWT under one out of three methods: (i) the credit method, (ii) the hybrid method and (iii) the withholding method.

- a) The default method is the Withholding Method by which deemed VAT and CIT rates apply on gross income, and all administration and tax payment responsibilities rest with the Vietnamese customer. This is the most commonly adopted method.
- b) The Credit Method entails the foreign contractor to register for tax in Vietnam and to pay VAT on actual input and output invoices, and to pay CIT based on actual net profits.
- c) The Hybrid Method, which is a combination of the above two methods whereby the Contractor registers for tax in Vietnam, pays VAT on actual input and output invoices, but is subject to CIT based on deemed rates.

Generally, the Credit Method and Hybrid Method are applicable where the foreign entity fulfills certain conditions for the tax registration, including that there must be a PE in Vietnam, a sufficient duration of the PE's existence, and adoption of Vietnamese Accounting Standards for such PE. If EPC contractors apply the Credit Method, the split of EPC contracts in on- and offshore parts would not further mitigate tax risks.

In the Withholding Method or Hybrid Method, splitting EPC contract in on and offshore parts might optimize FCWT, especially in case the machinery and equipment are supplied by the EPC contractors while other services like construction or supervision are performed by onshore personnel.

3. Are there any specific taxes to be observed for EPC contracts in Vietnam?

The general tax to be applied to foreign contractors is FCWT.

Besides, import tax will be applicable to machinery and equipment (M&E) imported for the purpose of executing the Vietnamese project.

Personal Income Tax ("PIT") shall be applied on income earned by individuals working for the projects in Vietnam.



1. Are there specific investment or other permits/licenses necessary for EPC works in Vietnam?

Engineering – Procurement – Construction (“EPC”) works must be formalized in an EPC contract by the parties. The EPC contract is usually regarded as sub-category of a construction contract according to the Construction Law.

Unlike domestic contractors, foreign contractors must be granted a construction operation license (in Vietnamese: giấy phép hoạt động xây dựng) as a key license for their construction activities in Vietnam. A foreign entity undertaking EPC activities in Vietnam without the required license does act illegally.

There are formal requirements in respect of the issuance of a construction license such as professional licenses and minimum experience requirements of key staff involved, and also the awarding of sub-contracts to local contractors.

2. Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in Vietnam?

As mentioned in Part I, in principle, the creation of a PE in Vietnam is determined by the application of the domestic laws and the tax treaties signed between Vietnam and other countries, i.e. DTAs.

Vietnamese regulations contain a very wide definition of PE, whereby many activities of a foreign company will be regarded as constituting a PE in Vietnam. In particular, a PE is defined as a production or business establishment through which a foreign enterprise conducts all or a part of their production and business activities in Vietnam, including, among others, branches, operational offices, plants, workshops, construction sites, construction, installation and assembly works, etc. Almost all EPC activities require an operational office to be established subject to the relevant licensing (see above), which in turn constitutes a PE. Tax registration is optional for EPC contractors, regardless if there is a PE or not. A tax registration is only required if the EPC contractor applies the Credit Method or the Hybrid Method. Under these 2 methods, EPC contractors will directly file and pay taxes with the tax authority.

For the Withholding Method, EPC contractors are not required to register for tax purposes. Instead, the Vietnamese customer will be required to register for tax purposes, to withhold and pay FCWT on the income of the EPC contractor when making payments to EPC contractors.

3. Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

According to the regulations, the law on investment and other guidance instruments of the State bank of Vietnam, it is stated that an organization legally established in Vietnam is entitled to opening a payment bank account in Vietnam.

Thus, a PE operated in a specific form (i.e. branches, operational offices under PCA) with all required establishment licenses can open bank accounts in Vietnam.

In respect of forex transactions, open payment bank accounts in foreign currency are generally permissible, and the relevant procedures/conditions shall be subject to the regulation of each licensed bank in Vietnam.

MANPOWER CONSIDERATIONS



1. Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in Vietnam?

In Vietnam, foreign employees are normally required to obtain a visa and a work permit, which are two separate documents and used for different purposes. A visa is an official endorsement allowing a foreigner to enter and to remain within Vietnam, while a work permit is the permission for a foreign worker to work in Vietnam. A visa can be replaced by a temporary residence card (“TRC”) which grants a foreign worker the right to stay in Vietnam for a certain period of time. If a foreigner wants to stay and to work in Vietnam, a work permit and a visa or a TRC will be required.

The period of validity of a visa for working is normally 3 months, while in compliance with the duration of a work permit, a TRC is valid for a period of maximum 2 years.

Foreign employees temporarily deployed to work on-site, however, are not subject to a work permit if the duration of their stay in Vietnam is less than 30 days per stay, and not more than 3 times a year, or when they have a spouse who is a Vietnamese citizen.

Usually, the issuance of visa takes 7 days. However, under the impact of Covid 19, the procedure to obtain a visa is more complicated and time consuming.

The timeline to get a work permit is around a month and to a TRC 7 days.

2. Can work permits, if required, be applied for by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

The general principle is that all foreign individuals (i.e. non-Vietnamese citizens) require a Work Permit issued by the Department of Labor, Invalids and Social Affairs (“DOLISA”) before they commence and undertake any employment in Vietnam, unless they fall into work permit exemption cases mentioned above. The local entity must be the sponsor who signs necessary documents in order for the foreign individuals to obtain the work permit. Positions required to obtain a work permit:

Manager / CEO	Specialist	Technician
Managerial position that is entitled to enter into transactions on behalf of the company and which is registered in the company’s license / Charter.	At least 5 years of work experience and practicing license satisfying job requirement (Guidance on this to be expected), or	Technical training or other specialized training at least 1 year, and at least 3 years of work experience in trained field, or
CEO is appointed (if registered in the license, manager definition above applies).	Bachelor’s degree (or higher) and at least 3 years of work experience in relevant area for proposed position.	At least 5 years of work experience and practicing license satisfying the job requirements.

Work permits are issued by the local DOLISA where the foreign employees are working. They are issued for a maximum period of 2 years and may be renewed for one time only.

3. Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in Vietnam? Under which conditions are foreigners required to pay income tax?

Under current regulations, the employees of EPC contractors working for the Vietnamese project are subject to PIT (Personal Income Tax) in Vietnam, irrespective of their presence in the country.

The Vietnamese customer has to notify EPC contractors of the obligations to pay Personal Income Tax incurred by the foreign employees. There is also the obligation to provide information to the tax authorities about the foreign employees, including their names, nationalities, passport numbers, working duration, positions, and incomes for the Vietnam customer. The Vietnamese customer has to provide such information for the tax authority at least 7 days before the foreign employee starts to work in Vietnam.

Vietnam has a compulsory social and health insurance scheme („SIHI“) applicable to foreign individuals working in Vietnam under labor contracts with an employer in Vietnam. Contributions are to be borne by both, the employer and the employee. If the operational office signs a labor contracts with the employees (it is not compulsory for Executive Offices to sign labor contracts with the employees), the Executive Office in Vietnam is obliged to withhold the contribution portion of the employee and to transfer the amount together with the employer's portion.

Your contact in Vietnam:

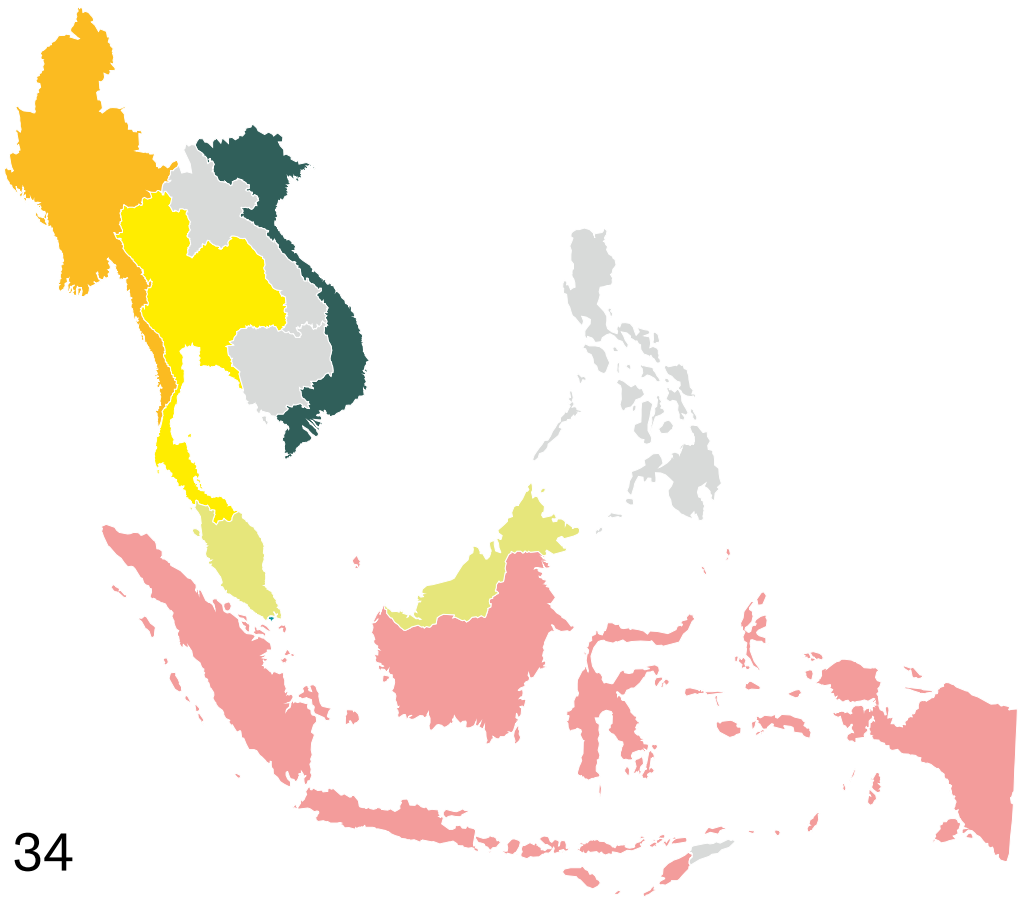
MICHAEL WEKEZER

michael.wekezer@roedl.com

Comparative Summary

ABBREVIATIONS

ID	Indonesia
MY	Malaysia
MM	Myanmar
SG	Singapore
TH	Thailand
VN	Vietnam



PART I: TAX CONSIDERATIONS

When is a permanent establishment (PE) generally triggered for on-site works? Is this issue treated differently in a double taxation agreement between your jurisdiction and Germany?

ID	Based on Indonesian Income Tax Law, on-site works related to construction, installation and assembly automatically trigger PE without any time determination. According to DTA, such project constitutes PE if duration exceeds six months.
MY	PE triggered with fixed place of business to conduct business operations, incl. place of management, branch, office, factory, workshop. Under DTA, building site, construction, installation or assembly project constitutes PE only if duration exceeds nine months.
MM	Under Myanmar Companies Law foreign natural or legal persons doing business onshore for more than 30 days and / or involving more than one transaction, need to register legal entity with Directorate of Investment and Company Registration. No DTA with Germany.
SG	Under domestic tax law, PE is triggered where i.a. a person (incl. corporations) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project. No minimum time threshold for PE exclusion, but under DTA, PE is deemed if project duration exceeds 6 months.
TH	Revenue Code defines PE rather widely and assumes this if foreign company has employee, agent or go-between for carrying on business and receives income onshore. DTA deems PE after (i) 6 months in case of installations or setting up of plant equipment or machinery including auxiliary construction and (ii) 3 months in all other cases.
VN	Under DTA, PE is defined as building site or construction or installation project which lasts more than six months. Under Vietnamese guidance on DTAs, a 6 months period is calculated from the date contractor commences preparation for onshore construction, including time of discontinuance of project.

Is it a common approach in your jurisdiction to split EPC contracts in on and offshore parts to mitigate tax risks?

ID	Yes. In case EPC project triggers PE, taxable income of foreign contractor would consist of contracted goods and services value, which can be differentiated with split to limit local taxable income to onshore services. Particularly under DTA Protocol, supply of goods is not attributable to taxable profit of PE.
MY	Yes, contract split is commonly based on supply of goods/services onshore or offshore. Besides mitigating tax risks aspects such as limiting liability for contractor and local licensing cost are considered.
MM	Due to transition period and changing legal framework as well as current political situation, there is no common approach for split contracts yet.
SG	Yes, commonly based on supply of goods/services. Besides mitigating tax risks considerations include limiting liability for contractor and cost reduction to comply with local licensing regulations.
TH	Yes, generally to minimize withholding tax. Simplified, offshore part typically covers delivery of goods and materials and onshore part services and works, the latter being subject to a 3 % WHT. Otherwise PE's entire contract value is generally subject to 5 % WHT.
VN	EPC contractors can choose to declare Foreign Contractor Withholding Tax under one out of three methods: (i) the Credit Method, (ii) the Hybrid Method and (iii) the Withholding Method. In Withholding or Hybrid Method, EPC contract splitting might optimize FCWT, esp. if machinery and equipment are supplied by EPC contractors, while other services like construction, supervision are performed by onshore personnel.

Are there any specific taxes to be observed for EPC contracts in your jurisdiction?

ID	PE with EPC activities is subject to final tax, collected largely through withholding tax mechanism, whereby owner withholds 2% – 6% from contractor’s gross income (contract value). PE is also subject to branch profits tax of 20 % (comparable to dividend taxation) under domestic Income Tax Law; under DTA 10%.
MY	No specific tax regime for EPC contracts, income tax would be major issue for consideration followed by sales and service tax as well as withholding tax.
MM	Commercial Tax, Corporate Income Tax, Withholding Tax, Special Goods Tax, Personal Income Tax and Stamp Duty should be considered; no further specific taxes for EPC contracts apply.
SG	No specific tax regime. Income tax would be major for consideration, followed by goods and services tax depending on type and extent of supply. Other taxes/fees include withholding tax, import and stamp duties, local construction and property license fees and duties.
TH	The main relevant taxes are withholding tax, 7 % value added tax and stamp duty at commonly 0.1 % on contract value. Further, corporate income tax will apply in case of PE at a rate of 20 %.
VN	Foreign Contractor Withholding Tax is generally applied, consisting of CIT and VAT elements. Besides, import tax applicable to imported machinery and equipment imported for the purpose of project execution and personal income tax on income earned by individuals working onshore for the projects.

PART II: INVESTMENT CONSIDERATIONS

Are there specific investment or other permits / licenses necessary for EPC works in your jurisdiction?

ID	EPC is deemed as construction service and requires certain business licenses (NIB and standard certificate), determined with risk level assessment and rating as large scale business. Further, Business Entity Certificate is required and other permits such as construction work competency certificate, water resources / road parts utilization permits may apply.
MY	Yes, companies are required to apply for contractor license with Construction Industry Development Board. There are different license types, subject to equity shareholding, which respectively apply to local, foreign, international or joint venture / consortium contractors.
MM	Depending on business sector, investment amount, necessity of long term property lease agreements and other factors, permits and licenses may be required or beneficial from tax perspective.
SG	No specific investment permits / licenses required, but several permits, approvals and licenses to set up a construction company to provide EPC works e.g. professional engineering services must be licensed by Professional Engineers Board.
TH	Foreign Business License required prior to engaging in construction works or services, respective admin proceedings may be complex and time-consuming; engineering services practically hardly possible for foreigners due to vast local requirements.
VN	Works must be formalized in an EPC contract, which is legally regarded as sub-category of a construction contract. Foreign contractors must be granted a construction operation license to operate legally, subject to certain requirements like professional licenses and minimum experience requirements of key staff.

Would a mere tax registration of a PE be sufficient or is a certain investment vehicle required in your jurisdiction?

ID	No, to obtain business licenses foreign contractor needs to either (i) open a representative office, which needs to form a joint operation with local licensed large scale construction service provider, or (ii) establish foreign investment company (PMA).
MY	Mere tax registration not sufficient as foreign company performing onshore EPC works needs to register under Companies Act 2016 as a registered foreign branch office.
MM	Despite statutory registration with tax authorities, registration of a Branch or Company Limited is required, certain kinds of investment additionally require permit from Myanmar Investment Commission.
SG	A mere tax registration of PE is sufficient whereby PE needs to file income tax return as separate entity for tax purposes. No mandatory investment requirement or investment vehicle required in relation to PE.
TH	Foreign Business License application requires a local company or branch. Doing business without license is deemed as crime and can be punished by imprisonment; authorities can also ban PE from engaging in further business. Violations are usually sanctioned with daily fines.
VN	Under Vietnamese regulations many foreign activities will be regarded as constituting a PE. Almost all EPC activities requires an operational office to be established subject to the relevant licensing. Tax registration is required only in case EPC contractor applies credit or hybrid method, otherwise employer needs to file tax registration and withhold FCWT.

Can the PE get own bank accounts and handle local currency payments as well as FOREX transactions for the project?

ID	Technically, PE could open bank account in Indonesia and handle IDR or forex payments. However, since in practice EPC project must be carried out by joint operation or PMA, payments shall be handled by respective entity.
MY	PE could generally open bank account subject to particular requirements of banks. Practically, however, certain banks require at least a justification for account opening if company is not registered with Companies Commission of Malaysia with one Malaysian citizen as resident director.
MM	Opening and handling of local as well as forex accounts for PEs is possible but banking sector provides very limited services, especially after the military takeover. Transactions to and from Myanmar are still very cumbersome, if possible at all.
SG	Yes.
TH	Yes.
VN	An organization legally established in Vietnam is entitled to opening payment bank account. Thus, PE operated in specific form (i.e., branches, operational offices under PCA) may open bank accounts. Foreign currency bank accounts are generally permissible and relevant procedures/conditions shall be subject to regulation of each licensed bank.

PART III: MANPOWER CONSIDERATIONS

Which immigration requirements commonly apply for foreign staff temporarily deployed to work on-site in your jurisdiction?

ID	Foreigners working temporarily on-site must have work visa and stay permit based on the work permit granted by the Ministry of Manpower; additionally a monthly compensation fee for use of foreign workers applies at amount of 100 USD per person.
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MY	<p>Certain types of employment passes are available for foreign staff. For short term employment, i.e. not exceeding 12 months, a Professional Visit Pass can be applied, subject to several requirements. PVPs usually issued to foreigners with accepted professional qualifications or specialist skill, and only issued once in lifetime.</p>
MM	<p>Business visa required. Due to ongoing pandemic and political situation, additional recommendation letter from responsible line ministry to be acquired. Work permit not required but depending on place of employment (e.g. SEZ or restricted areas) further registrations may apply despite those with the Social Security Board and Labor Department.</p>
SG	<p>Foreign staff performing certain activities for a short period of time, such as commissioning or audit of new plant and equipment as well as installing, dismantling, transfer, repair, or maintenance of machine or equipment, can come to Singapore without work pass. Exemption requirements include foreign staff i.a. to be engaged to perform activity before entering Singapore and have valid short term visit pass.</p>
TH	<p>Foreign staff needs business visa and work permit. Capital requirement per work permit in PE is increased from commonly 2 to 3 Mio THB and minimum salary requirements need to be observed. If the stay is up to 90 days, normal business visa is sufficient, otherwise longstay visa can be issued up to 1 year. Usual employment ratio of 4:1 Thai to foreign staff lowered to 1:1 in case of PE.</p>
VN	<p>Foreign employees normally require visa and work permit, issued to managers, specialists and technicians. No work permit required i.a. if duration of stay is less than 30 days per stay and not more than 3 times a year. Working visa is normally 3 months while the duration of a temporary residence card in compliance with duration of work permit is maximum 2 years.</p>

Can work permits, if required, be applied by an overseas company or the foreign individuals directly or is the involvement of a local entity required?

ID	Local entity involvement is required for application of foreigner work permits; local entity acts as sponsor / guarantor of foreign staff.
MY	Employment passes must be applied through a local entity, which must be registered with the Expatriate Service Division of the Immigration Department of Malaysia.
MM	Currently no work permits required.
SG	A local sponsor needs to submit work pass application on behalf of foreign staff. Relationship between overseas employer and local sponsor and need for foreign staff on-site have to be explained.
TH	Application requires local entity or registration, e.g. Thai company or registered PE; outsourcing to service providers is possible.
VN	Local entity must be sponsor who signs necessary documents in order for foreign individuals to obtain work permit issued by Department of Labor, Invalids and Social Affairs.

Are there taxes or social security contributions applicable for foreign staff temporarily working on-site in your jurisdiction? Under which conditions are foreigners required to pay income tax?

ID	Employer/sponsor in Indonesia must register foreign staff working on-site > 6 months in national social security program or, for < 6 months, in insurance programs. Foreigners working 183 days or less in 12-month period with limited stay permit are categorized as non-tax resident; income sourced domestically is subject to 20% from gross amount. If local stay exceeds 183 days, categorization as resident taxpayer with obligation to obtain tax-ID and file tax return based on worldwide income, slide tax rate from 5 – 35%.
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MY	<p>Individuals are taxed on income accruing in or derived from MY. Tax residency considered from 182 days or more in a calendar year. Employees are taxed on income for work in MY regardless where payment is made. Income includes salary, allowances, perquisites, benefits-in-kind, tax reimbursements, and rent-free accommodation. Social security applies for onshore work duration.</p>
MM	<p>Foreigners earning income onshore are generally tax liable. Work exceeding 183 days per domestic financial year (1st April to 31st March) changes status of non-resident to resident-foreigner which entitles to certain tax deduction, but worldwide income may be taxable in Myanmar. Companies with 5 or more employees need to register with Social Security Board and file regular monthly social security contributions.</p>
SG	<p>Foreigners are exempted from participation in Singapore's social security scheme, except permanent residents. Employment income of non-residents working onshore for (i) 60 days or less in a calendar year is tax exempt, (ii) 61 – 182 days taxed at 15% or progressive resident rates, whichever gives rise to higher tax amount and (iii) 183 days or more considered tax resident and taxed at progressive resident rates.</p>
TH	<p>Income received for work onshore is taxable in Thailand, personal income tax at progressive rates from 0 – 35%. Employees in Thailand are required to contribute to social security; general rate 5%, capped at THB 750.</p>
VN	<p>Foreign staff working for EPC project are subject to personal income tax, irrespective of presence in Vietnam. Local customer needs to inform tax authorities about their names, nationalities, passport numbers, working duration, positions, and incomes. Compulsory social, health insurance scheme applicable to foreign individuals under labor contracts with an employer in Vietnam.</p>

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Your contact

● ASEAN / PACIFIC

JUERGEN BAUR
Director South East Asia / Pacific

Empire Tower 3, 25th Floor
1 South Sathorn Road
Yannawa, Sathorn, 10120 Bangkok

T +66 2 0263 258
juergen.baur@roedl.com

● GERMANY

MARKUS SCHLUETER
Head of South East Asia Desk Germany

Kranhaus 1
Im Zollhafen 18
50678 Cologne

T +49 221 9499 09 342
markus.schlueter@roedl.com



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