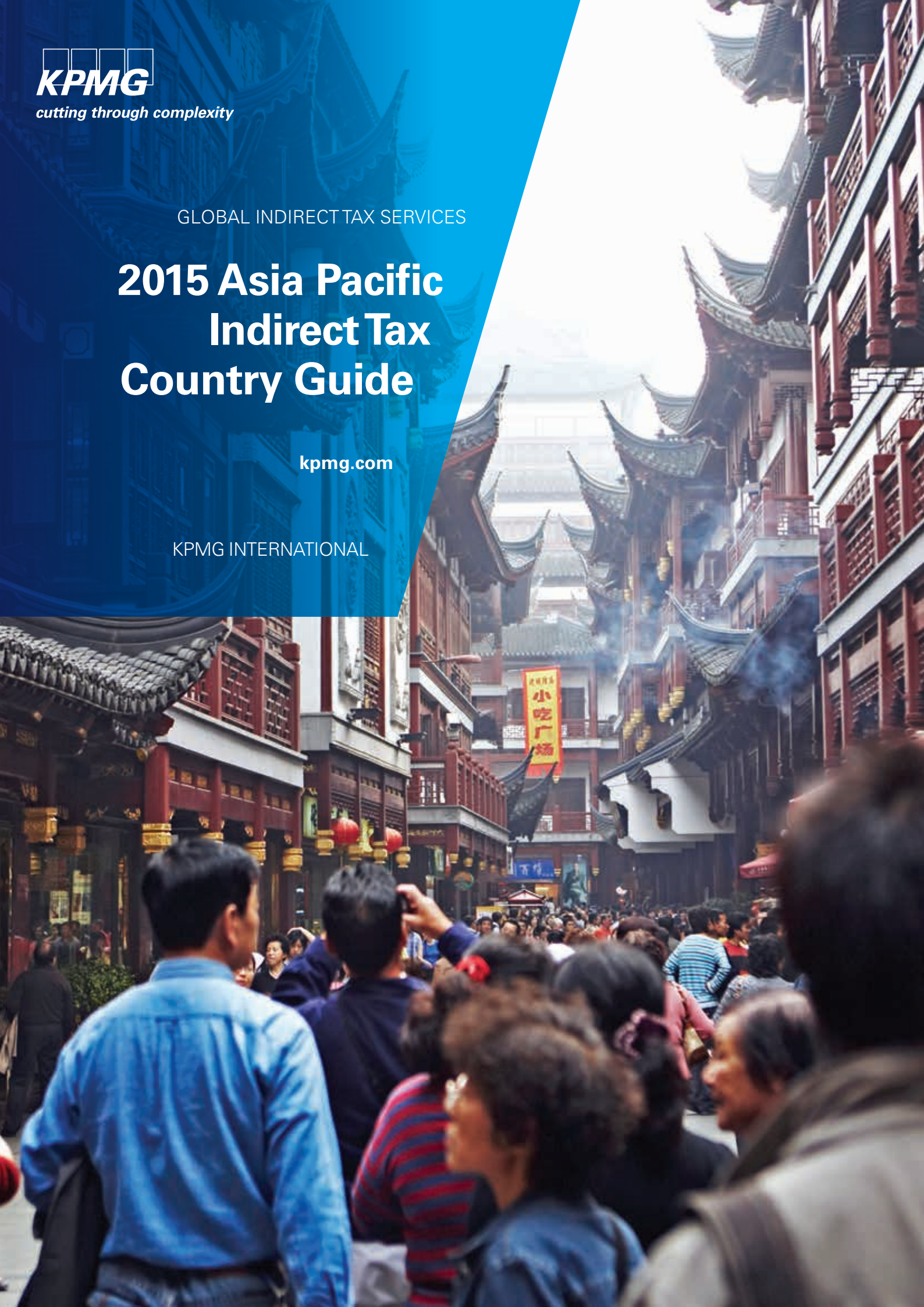


GLOBAL INDIRECT TAX SERVICES

# 2015 Asia Pacific Indirect Tax Country Guide

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**Asia Pacific is a dynamic and diverse region of increasing importance to world trade. That diversity is reflected in the indirect tax regimes and their local application across the region. For businesses seeking to operate across the region it can be a significant challenge in seeking to establish tax efficient supply chains and ensuring compliance with the variety of local requirements. KPMG's network of Indirect Tax specialists across the region are available to assist businesses navigate a path through that complexity.**

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# The future of indirect taxes – 2020 and beyond!

Welcome to the latest edition of KPMG's Global Indirect Tax Services' Asia Pacific Indirect Tax Country Guide

Over the next 5-10 years, the direction of indirect taxes in Asia Pacific is reasonably predictable. China will continue its Value Added Tax ("VAT") reform program, which will eventually result in VAT being applied to all goods and services across its economy, including potentially being amongst the first countries to apply VAT to the financial services sector. Malaysia will commence its new Goods and Services Tax ("GST") with effect from 1 April 2015, and thereafter the debate will undoubtedly shift to increasing its rate from 6 percent. The introduction of GST in India is also now well and truly on the horizon, with previous political obstacles seemingly now removed, and a suggestion that a new GST may commence as early as 2016. Japan and Australia will continue to debate increases in their rates of indirect taxes, potentially triggering other governments in the region to follow suit.

Very shortly, VAT or GST will apply in all major economies of the world, with the exception of the United States. A staggering growth of a tax first introduced in France in 1954; applied in only 48 countries by 1989; and then expanded to over 160 countries around the world by 2015.

But what happens from 2020 and beyond? In this article we engage in crystal-ball gazing and predict two global mega trends which affect indirect taxes, and then most importantly, how each of those mega trends will impact on global developments in the use of data and analytics – more specifically, the Big Data phenomenon.

## First trend – more comprehensive VAT/GST bases

The **first** global trend is the anticipated shift towards more comprehensive VAT and GST bases. The Organisation for Economic Co-operation and Development's ("OECD") recently released

'Consumption Tax Trends 2014'<sup>1</sup> highlights the fact that 21 out of 34 OECD member countries increased their VAT/GST rates at least once over the period from 2009-2014, with the average VAT/GST rate amongst OECD member countries now exceeding 19 percent. The obvious opportunity now is for governments to broaden the base, either because their rates may be starting to reach a natural ceiling; to plug revenue gaps; or to continue the shift from corporate taxes to indirect taxes given the latter's relative ease of collection and stability in times of economic uncertainty.

The uncertainty is whether policy-makers can navigate often treacherous political waters to achieve this policy outcome. The patchwork systems in place in countries like Australia and Malaysia, with broad categories of zero rating and exemptions, is testament to the political compromises often needed to get a new tax initially enacted.

Interestingly, the OECD recently concluded<sup>2</sup> that reduced rates and other concessions were not an efficient way to protect lower income individuals and address the so-called regress nature of indirect taxes, which is the oft-cited reason given by policy-makers for providing such concessions in the first place. A recent OECD study shows that many of these reduced rates actually benefit higher income households more than lower income households. This is particularly the case for reduced VAT rates on restaurant meals, hotel rooms and cultural goods, like books, theatre and cinema tickets. This suggests that a better way to achieve equity and social objectives would be to remove these reduced rates and provide more targeted relief measures, such as income-tested benefits and tax credits.

<sup>1</sup> OECD (2014), 'Consumption Tax Trends 2014', OECD Publishing.

<sup>2</sup> OECD/Korea Institute of Public Finance (2014), "The Distributional Effects of Consumption Taxes in OECD Countries", OECD Tax Policy Studies, No.22, OECD Publishing.

Another ‘concessionary’ area which will be watched closely is financial services. Historically, financial services were exempted from indirect taxes on the basis that it was considered too difficult to measure the value added on a transaction-by-transaction basis. However, the goalposts gradually shifted when countries such as South Africa recognized the ease with which VAT could be applied to financial services remunerated on an explicit fee or commission basis. General insurance policies also became subject to GST/VAT in countries such as Australia, New Zealand, Singapore, and South Africa; and even in Europe, the exemption from VAT has been substituted by insurance premium taxes.

Now countries such as China are experimenting with the idea of taxing all, or nearly all, financial services under a VAT. With governmental regulation over their financial services sector being progressively relaxed, it provides a good testing ground for other countries to observe. If the Chinese do it successfully, expect the debate about reforming financial services to be reignited in Europe and elsewhere. With the entry of market disruptors such as high-tech companies and traditional retailers into financial services; the rise of fee based products; and more sophisticated pricing models used by financial institutions, many of the traditional arguments used to rebut the application of VAT or GST to financial services now appear weakened. The mantra of some governments seems to be that applying indirect taxes to financial services may not produce perfectly pure policy outcomes, but sometimes ‘near enough is good enough’.<sup>3</sup>

A related trend is the shift from multiple rate VAT and GST systems to single rate systems.

Countries such as China with its multiple rates of 3 percent, 6 percent, 11 percent, 13 percent and 17 percent, should inevitably consolidate into a single rate. A similar change may occur in India where the GST is expected to be initially introduced with multiple rates for different goods and services, but which should ultimately be rationalized after a settling in period.

By far and away the country with the most comprehensive indirect tax base is New Zealand. It is the model for countries seeking to implement ‘modern VAT/GST’ systems. It would not be a surprise to see other countries following the New Zealand lead in 2020 and beyond.

### **Second trend – global framework for cross-border services and intangibles**

The **second** trend, though perhaps likely to eclipse a 2020 target, is the shift towards a global framework for applying VAT or GST to cross-border flows of services and intangibles. That global framework is expected to result in a high level of consistency between countries in the VAT/GST treatment of international trade flows, based on the ‘destination principle’. This is the principle that VAT or GST should be levied in the place where goods and services are consumed, not the place from which they originate. The ‘destination principle’ provides a very powerful response, in an indirect tax context, to the base erosion and profit shifting (“BEPS”) debate which is ongoing in a corporate tax context.

As Professor Rebecca Millar recently noted<sup>4</sup> there is a real contrast in the challenge for policy-makers in taxing cross-border transactions under corporate taxes as compared with indirect taxes:

<sup>3</sup> See, for example, Singapore and Malaysia, both of which have a ‘fixed input tax credit recovery’ system for financial institutions to overcome the compliance problems of partial exemption methodologies.

<sup>4</sup> Millar, R. (2014). Looking ahead: potential global solutions and the framework to make them work. *The Future of VAT in a Digital Global Economy 2014*, Vienna, Austria: Presentation.

“Yet the conclusion that “something needs to be done” simply does not have the same significance for VAT as it does for income tax. This is not because VAT on global digital transactions is easy to collect: it is not. Nor is it because VAT raises different collection problems than income tax: for the most part, it does not. What is different about VAT is the almost universal agreement on the substantive jurisdictional principle that should be used to determine the tax base. Some countries might pay lip service to the destination principle, particularly countries with limited tax collection capacity and a high reliance on VAT to meet their revenue needs. Other countries – or their tax administrations and/or courts – might disagree about what the destination principle requires in particular circumstances. Nonetheless, there is little or no significant disagreement on the fundamental principle. Nor is there any significant disagreement about the most important aspect of the neutrality principle, which entails the notion that there should generally be no tax burden on business-to-business (B2B) transactions under a VAT. Thus, whatever it is that needs to be done, it is unlikely to involve a fundamental re-think of the jurisdictional basis upon which decisions are made about which country has the right to tax consumption.”

While a single set of rules to be applied globally may be a pipedream, agreement on framework principles is not. As the OECD has recently recommended<sup>5</sup>, supplies of services and intangibles in a business-to-consumer (“B2C”) context should be taxed based on the place of performance where they are consumed ‘on-the-spot’, such as with services physically performed on a person, accommodation, restaurant and catering services, entertainment and sporting events, exhibitions and trade fairs. B2C supplies should be taxed based on the ‘usual residence’ of the customer for other supplies of services

and intangibles, such as with consultancy, accounting and legal services, financial and insurance services, long-term rental of movable property, telecommunications and broadcasting services, and online supplies of content, storage and gaming. And B2B rules, where the emphasis is on achieving neutrality, should focus not only on where the business customer will use its purchases that final consumers will acquire, but also on facilitating the flow-through of the tax burden to the final consumer.

The logical consequence of this approach is the need for simplified registration and compliance regimes to enable suppliers without a physical presence in that jurisdiction to properly account for VAT/GST. Governments will be incentivized to do so, given that they otherwise run the risk of having to rely on more difficult and costly enforcement and collection mechanisms.

Already we have seen movement towards the implementation of these principles with the adoption from 1 January 2015 of the European Union’s (EU) ‘mini-one stop shop’, which not only invokes the destination principle for B2C transactions, but also seeks to simplify the compliance burden for business across EU member states. Similar measures have also recently been implemented in Norway and South Africa, with proposals also being considered in Japan. It would not be surprising to see trading blocks, such as the Association of Southeast Asian Nations (“ASEAN”) economic community, banding together to administer collection systems on a more simplified basis.

## Big Data

This decade has seen a seismic awakening in the business world to the power of data and analytics. What was historically the domain of the IT expert, data and analytics is now harnessed to drive business growth; to enter new markets; to drive change across operations, supply chain and finance; to understand and anticipate customer needs; and to implement new business models.

<sup>5</sup> OECD (2014), Discussion Drafts for Public Consultation – International VAT/GST Guidelines, Guidelines on Place of Taxation for Business-to-Consumer Supplies of Services and Intangibles, 18 December 2014.

In a series of articles published by Bloomberg BNA<sup>6</sup>, KPMG experts noted the transformative powers of Big Data and analytics in an indirect tax context, and how this phenomenon is reshaping the way businesses, and tax authorities, operate. The first article showed how tax authorities are increasingly understanding the importance and availability of data from business. The second article examined the impact of Big Data on the formulation and application of indirect tax policy and administration. Here we examine the impact of Big Data on indirect taxes in 2020 and beyond.

At a recent KPMG Global Indirect Tax Services event held in Hampshire, United Kingdom, participants from many of the largest multinational companies around the world debated eight key statements around the future impact of Big Data on indirect taxes. These statements, while deliberately provocative, paint a picture of the potential of Big Data post-2020. The eight propositions are:

- 1. No more periodic returns – tax will be settled in real-time.** Already we have seen innovation in countries such as Brazil, which recently implemented a public system of digital accounting used to approve, store and certify commercial and tax bookkeeping documents, to enable tax authorities to make a complete assessment of their tax accounting information. Similarly, in countries such as China, its Golden Tax System provides a data download of transaction level information to the tax authorities on a monthly basis. While not yet ‘real-time’, that solution is not far away. The experiences in these developing countries beg the question – if Brazil and China can do it, then why not more fully developed economies?
- 2. Big data will close the VAT/GST gap.** While there is an abundance of anecdotal evidence supporting increased requests for data by tax authorities from business, thus far much of that data has not been harnessed. This will change. Data analytics enables tax authorities to develop sophisticated risk profiles and conduct trend analysis, flag potential audit issues, and screen out higher risk cases for deeper investigation –

cutting off avenues for fraud before they even occur. By analogy, just as we expect immigration officials to use data to pre-screen passengers before arriving at their destination, so too will tax authorities. ‘Random’ audits will become a contradiction of terms.

- 3. The tax transparency debate will shift to indirect taxes.** Several recent high profile media cases have highlighted a disconnect between community expectations around the contribution multinational companies should make to tax collections in the countries in which they operate, and their actual contributions. This has led to mandated disclosure obligations in a number of countries, as well as many companies also voluntarily reporting their tax payments. The role of indirect taxes in that debate has been somewhat muted to date, raising issues such as: (1) whether indirect taxes should be reported as part of a company’s total tax obligations; and (2) does a multinational company bear some responsibility if it is legitimately able to provide goods or services into a country without VAT or GST? Arguably the consumer is the winner, but equally it may be contended that the supplier has played a crucial role in securing a competitive advantage over locally-based businesses.
- 4. Data quality and analysis will be the new audit battleground.** The new audit battleground will be around the testing of business systems and processes, to better understand controls around manual interventions, and to see how those systems respond to changes as a result of new products or services, or new rates and indirect tax rules. The debate in tax audits will be around whether one data set is better than another – in other words, whether tax authorities data which shows a certain correlation or trend is more accurate or robust than that of the company being audited.
- 5. You won’t control all your own data anymore.** Banks and credit card processors are already playing an increasing role as ‘de facto’ tax collectors, with their data routinely

<sup>6</sup> Timothy H. Gillis & Philippe Stephanny, “Going beyond the data: tax data is big data”, Bloomberg BNA, September 2014; Niall Campbell, “Tax Policy and Administration in an Era of Big Data”, Bloomberg BNA, December 2014.

being requested for analysis and to validate transaction level data. Interestingly, that same transaction level data which is so critical in an indirect tax context, will increasingly be leveraged by tax authorities in a corporate or personal income tax context.

**6. Your data will become very interesting to others.** Increased information exchanges between governments will facilitate multi-country tax authority audits. Additionally, indirect tax systems will increasingly rely on the VAT/GST registration status of parties, or their address details, and that information will likely become publicly available.

**7. Indirect tax rules will be written with data analytics in mind.** For example, place of supply rules will cease to be based on vague or uncertain concepts such as 'residency' for tax purposes, but instead will use proxies such as the consumer's IP address or credit card information. Interestingly, this could shift the capacity for VAT/GST avoidance into the hands of tech-savvy consumers, able to shop around for the lowest VAT/GST rate using geoblockers. Non-resident or tourist refund schemes could, at least in theory, be abolished in favour of point of sale discounts, although it may be more convenient for governments to continue with inefficient practices to mitigate the financial impact.

**8. You [the tax manager] will be redundant by 2020!** This was a tongue-in-cheek suggestion designed to highlight the changing roles and responsibilities of tax managers as a result of the Big Data phenomenon. In the future tax managers will be more focused on issues such as how systems respond to changes in products, services and technology; testing the integrity of systems; and analysing trends and exception reporting. Big Data demand is expected to reach 4.4 million jobs globally, with two-thirds of these positions remaining unfilled.<sup>7</sup> The point is simple – business needs

to retrain, recruit or upskill their tax staff to respond to the Big Data challenge.

### What does it all mean?

The truly fascinating issue is to consider how these mega-trends will interact? If we have a shift towards a more comprehensive VAT/GST base together with the adoption of a global framework for applying VAT or GST to cross border flows of services and intangibles, what happens when this is overlaid with the Big Data phenomenon?

Consider the following:

1. The place of taxation for cross-border flows of services and intangibles will, in the near future, be based around proxies such as the customer's IP address, their credit card information, or the address they use as part of an ordering process. What this highlights is that data collection will drive the direction of the tax rules, rather than tax rules framing businesses' data collection needs. Put another way, tax rules will need to respond to business needs, rather than business responding to tax rules.
2. The convergence of traditional financial services with the digital economy is likely to compel a broadening of countries' VAT/GST base, at least in the financial services sector. Debates as to the boundaries of exemptions for financial services (such as whether something is or is not a 'payment system'), the problems of cascading of VAT/GST in B2B transactions, and disputes about partial exemption or apportionment methodologies would be rendered obsolete.
3. Real time tax collection potentially represents a 'win-win' for both governments and business – while output tax may be paid more quickly, input taxes should similarly be refunded on a real time basis, and problems such as 'carousel fraud' or 'missing trader fraud' would disappear. In theory this should lead to VAT or GST systems operating in practice more like single layer 'retail sales taxes'.

<sup>7</sup> Gartner (2012), "Gartner says Big Data creates big jobs: 4.4 million IT jobs globally to support Big Data by 2015," Press Release at [www.gartner.com](http://www.gartner.com)

4. The more comprehensive the VAT/GST systems used throughout the world, and the more globally consistent the framework for dealing with cross-border flows of services and intangibles under a VAT/GST, the better able business is to implement powerful tax engines. Auditing, both by business and tax authorities, will be focused on the quality and integrity of their systems, rather than technical detail.

5. Technological development will allow developing countries to make quantum leaps in their tax collection and administration systems. Just as mobile payments in many parts of Africa are enabling more sophisticated banking and financing transactions, so too will it enable the gap between developing and developed countries tax collections to be bridged.

6. Increased volumes of goods now cross borders in non-physical form (for example, digital downloads), and as a result, the focus of collection and enforcement infrastructure

operated by tax authorities will need to respond and adapt. With technological developments we could not have contemplated only a few years ago, such as 3D printing technology, over time the scope of what we deliver electronically is expected to substantially increase.

Only in the past 30 years have computers entered commercial and home use. Only in the past 15 years has internet usage become widespread. Smartphones have developed over the past 10 years, and in the last five years we have become accustomed to doing our banking and our shopping online. Seemingly everywhere we go we leave a digital footprint. Big Data is the recognition of the power and value to be gained in harnessing that data – it's not difficult to foresee its impact in the world of indirect taxes.



**Tim Gillis**

KPMG's Head of Global Indirect Tax  
tgillis@kpmg.com



**Lachlan Wolfers**

KPMG's Asia Pacific Regional Leader,  
Indirect Tax Services  
Leader of the Indirect Taxes Centre  
of Excellence for China,  
KPMG in China  
lachlan.wolfers@kpmg.com



**Kok Shang Lam**

Head of Indirect Tax  
KPMG in Singapore  
kokshanglam@kpmg.com

## Asia Pacific indirect tax overview

|                         | Type of indirect tax               | Standard rate | Reduced rates, zero rates, or exemptions                                             |  |
|-------------------------|------------------------------------|---------------|--------------------------------------------------------------------------------------|--|
| <b>Australia</b>        | GST                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Cambodia</b>         | VAT                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>China</b>            | VAT                                | 17%           | Reduced rates; Zero rated supplies; Exempt supplies                                  |  |
|                         | Business tax                       | 3%–5%         | Increased rates; Exempt supplies                                                     |  |
| <b>Fiji Islands</b>     | VAT                                | 15%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>India</b>            | VAT                                | 4%–15%        | Reduced rates; Increased rates; Zero rated supplies; Exempt supplies                 |  |
|                         | Service tax                        | 12.36%        | Zero rated supplies; Certain abatements in calculating the taxable value of services |  |
| <b>Indonesia</b>        | VAT                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Japan</b>            | Consumption tax                    | 8%            | Exempt supplies; Non-taxable supplies                                                |  |
| <b>Korea</b>            | VAT                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Laos</b>             | VAT                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Malaysia</b>         | GST                                | 6%            | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Mongolia</b>         | VAT                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Myanmar</b>          | Commercial tax                     | 5%            | Exempt supplies                                                                      |  |
| <b>New Zealand</b>      | GST                                | 15%           | Reduced rate; Zero rated supplies; Exempt supplies                                   |  |
| <b>Papua New Guinea</b> | GST                                | 10%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Philippines</b>      | VAT                                | 12%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Singapore</b>        | GST                                | 7%            | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Sri Lanka</b>        | VAT                                | 11%           | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Taiwan</b>           | VAT                                | 5%            | Zero rated supplies; Exempt supplies                                                 |  |
|                         | Gross business receipts tax (GBRT) | 0.1%–25%      | None                                                                                 |  |
| <b>Thailand</b>         | VAT                                | 7%***         | Zero rated supplies; Exempt supplies                                                 |  |
| <b>Vietnam</b>          | VAT                                | 10%           | Reduced rates; Zero rated supplies; Exempt supplies                                  |  |

\*Return frequency can differ electively or mandatorily, depending on the circumstances.

\*\*\*Temporary rate value until 30 September 2015.

|  | Voluntary registration possible for an overseas company? | Typical frequency of returns                                             | Can an overseas company recover VAT/GST if it is not registered? | Typical time taken to obtain a refund?                  | Are there specific requirements for the content of invoices to be considered valid? | Does a reverse charge or indirect tax withholding mechanism apply? |
|--|----------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------|
|  | Yes                                                      | Quarterly*                                                               | No                                                               | 1 month                                                 | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Monthly                                                                  | No                                                               | Differs                                                 | Yes                                                                                 | No                                                                 |
|  | No                                                       | Monthly*                                                                 | No                                                               | Typically, excess credits must be carried forward       | Yes                                                                                 | Yes                                                                |
|  | N/A                                                      | Monthly*                                                                 | N/A                                                              | N/A                                                     | No                                                                                  | Yes                                                                |
|  | No                                                       | Monthly*                                                                 | No                                                               | 2–6 months                                              | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Varies at a State level, and also depending on turnover or tax liability | No                                                               | 1–2 years                                               | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Twice annually                                                           | No                                                               | 1–2 years                                               | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Monthly                                                                  | No                                                               | Many months, can be years                               | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Annually*                                                                | No                                                               | 1–2 months                                              | Yes                                                                                 | No                                                                 |
|  | No                                                       | Quarterly                                                                | No                                                               | 1 month                                                 | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Monthly                                                                  | No                                                               | 6 weeks                                                 | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Quarterly                                                                | No                                                               | 14–16 days                                              | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Monthly                                                                  | No                                                               | Officially 69 working days, often difficult in practice | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Quarterly                                                                | No                                                               | 1 year                                                  | Yes                                                                                 | No                                                                 |
|  | Yes                                                      | Two monthly*                                                             | No                                                               | 2–3 weeks                                               | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Monthly                                                                  | No                                                               | 1–4 months                                              | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Monthly and quarterly                                                    | No                                                               | Many months – years, difficult process                  | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Quarterly*                                                               | No                                                               | Aligned with the frequency of returns                   | Yes                                                                                 | No                                                                 |
|  | Yes                                                      | Quarterly*                                                               | No                                                               | Within 3 years                                          | Yes                                                                                 | No                                                                 |
|  | No                                                       | Two monthly*                                                             | Yes, in limited circumstances                                    | 2 months                                                | Yes                                                                                 | Yes                                                                |
|  | No                                                       | Two monthly                                                              | No                                                               | N/A                                                     | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Monthly                                                                  | No                                                               | 3–6 months                                              | Yes                                                                                 | Yes                                                                |
|  | Yes                                                      | Monthly or quarterly                                                     | No                                                               | Officially 6–40 days, often longer                      | Yes                                                                                 | Yes                                                                |



# Australia

|                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Type of indirect tax</b>                                                                     | Goods and services tax (GST).                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>What supplies are liable to the standard rate?</b>                                           | Any form of supply which is made for consideration, in the course or furtherance of an enterprise, is connected with Australia; and the entity is either registered or required to be registered.                                                                                                                                                                                                                                                                            |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>There are no reduced rates.</p> <p>GST-free (zero rated) supplies include exports; some food products; most medical and health products and services; most education courses; child care; religious services; water, sewerage, and drainage services; and international transport.</p> <p>Input taxed (exempt) supplies include financial supplies; residential rent and sales of residential premises; and fund-raising events conducted by charitable institutions.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | <p>An entity that is carrying on an enterprise, whose current or projected annual turnover is 75,000 Australian Dollars (AUD) or more (excl. GST).</p> <p>Non-profit bodies are not required to be registered unless their current or projected annual turnover is AUD150,000 or more (excl. GST).</p> <p>Taxi operators are required to be registered regardless of their annual turnover.</p>                                                                              |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Typical frequency of returns</b>                                                             | Usually quarterly. Where a business' annual GST turnover exceeds AUD20 million, monthly returns are required. In very limited situations, an election can be made to lodge annually.                                                                                                                                                                                                                                                                                         |
| <b>Are there any items that a registered business cannot recover GST on?</b>                    | An entity cannot recover GST on acquisitions of a private or domestic nature; acquisitions that relate to making input taxed supplies such as financial supplies or residential rent (although there are exceptions to this rule); certain acquisitions where income tax deductions are not allowable (e.g. entertainment expenses); and acquisitions of freehold interests in land, stratum units, or long-term leases subject to the margin scheme.                        |

|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Can an overseas company recover GST if it is not registered?</b>                                         | No.                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>What is the typical time taken to obtain a GST refund?</b>                                               | If all required information has been provided to, and lodgements are up-to-date with, the Australian Taxation Office (ATO), the ATO will generally process refunds within a month.                                                                                                                                                                                                               |
| <b>Are there specific requirements for the content of invoices to be considered valid for GST purposes?</b> | Yes. Among other requirements, an invoice should broadly contain the supplier's identity and Australian Business Number (ABN); the recipient's identity or ABN (for supplies with a total price of AUD1,000 or more); a description of the supply; the date the invoice was issued; and the amount of GST payable. An invoice must satisfy the requirements in order to claim input tax credits. |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                            | Yes, a non-resident supplier can, with the agreement of the Australian resident recipient, elect to reverse charge the supply, subject to other requirements. A compulsory reverse charge mechanism can also apply to the supply of offshore intangible supplies to an enterprise which would not be eligible for a full input tax credit (e.g. certain acquisitions from offshore by banks).    |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>               | Yes, an entity may apply for a private binding ruling.<br>Informal rulings are not issued.                                                                                                                                                                                                                                                                                                       |
| <b>Are there any other indirect taxes that apply in the country?</b>                                        | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• customs duty</li> <li>• state taxes, including stamp duty and land tax</li> <li>• wine equalization tax</li> <li>• luxury car tax</li> <li>• fuel tax.</li> </ul>                                                                                                                                           |
| <b>Further detail available online:</b>                                                                     | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                          |



# Cambodia

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| <b>Type of indirect tax</b>                                                                     | Value-added tax (VAT).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>What supplies are liable to the standard rate?</b>                                           | Supplies of goods and services in Cambodia and imported goods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rate – exported goods and services, and certain charges in relation to international transportation of people and goods. Also, this zero rating is applicable for any goods and services supplied by supporting industries Qualified Investment Project/contractors to particular export industries.</p> <p>Exempt supplies include public postal services; certain medical and dental goods and services; wholly state-owned public transportation services; insurance services; primary financial services; importation of articles for personal use that are exempt from customs duties; and non-profit activities in the public interest recognized by the Ministry of Economy and Finance.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | <p>An enterprise which is making taxable supplies, if it falls under one of the following criteria:</p> <ul style="list-style-type: none"> <li>• all types of corporation, importer-exporter and investment enterprises</li> <li>• any other enterprise with turnover in respect of goods sold exceeding 125 million Cambodian Riel (KHR), or in respect of services exceeding KHR60 million for the preceding 3 consecutive months or in the next 3 consecutive months</li> <li>• any enterprise which, at the beginning of any 3 consecutive months, has any government contracts which will produce taxable turnover exceeding KHR30 million.</li> </ul>                                                 |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Typical frequency of returns</b>                                                             | Monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                    | Yes, VAT generally cannot be recovered – when incurred in making exempt supplies; for non-business-related purposes, such as entertainment; purchases or imports of automobiles; and purchases or imports of certain petroleum products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| <b>Can an overseas company recover VAT if it is not registered?</b>                                         | No.                                                                                                                                                                                                                                                                                                                                             |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                      | The VAT regulation provided a specific timeframe based on the amount of refund and category of the taxpayer such as gold/silver/normal taxpayers. However, in practice, the time taken to obtain the VAT refund is very time consuming as a VAT refund audit is required to be conducted by the Tax Office first prior to approving the refund. |
| <b>Are there specific requirements for the content of invoices to be considered valid for VAT purposes?</b> | Yes, valid VAT invoices shall disclose the name and VAT number of both the supplier and the customer, the invoice date, the invoice number, and a description of the supplies including place/timing and the VAT amount.                                                                                                                        |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                            | No.                                                                                                                                                                                                                                                                                                                                             |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>               | No.                                                                                                                                                                                                                                                                                                                                             |
| <b>Are there any other indirect taxes that apply in the country?</b>                                        | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• accommodation tax</li> <li>• specific tax on certain merchandises and services</li> <li>• tax for public lighting</li> </ul>                                                                                                                               |
| <b>Further detail available online:</b>                                                                     | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                         |



# China (VAT)

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| <b>Introduction</b>                                                                             | <p>There are three main forms of indirect taxes operating in mainland China: VAT, business tax, and consumption tax.</p> <p><i>The special administrative regions of Hong Kong and Macau operate separate tax regimes from mainland China. There is currently no VAT or equivalent indirect tax in these regions.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>VAT Pilot Program</b>                                                                        | <p>In 2012 the Chinese Government embarked upon extensive indirect tax reforms. The reforms introduced a VAT pilot program which replaces BT with VAT for the transportation, asset leasing and modern services sectors. 'Modern services' includes research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, certification and consulting services, radio, film and television services, postal and telecommunications services. It has been foreshadowed that the VAT pilot program will be expanded to other industries during 2015, with the expectation that by the end of 2015 BT will have been wholly replaced by VAT.</p>                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Standard rate</b>                                                                            | 17 percent (VAT)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>What supplies are liable to the standard rate?</b>                                           | <ul style="list-style-type: none"> <li>• Sale and importation of goods;</li> <li>• Provision of repair, replacement and processing services;</li> <li>• Leasing of tangible and moveable assets subject to the VAT pilot program.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <ul style="list-style-type: none"> <li>• 3 percent – 'Small scale taxpayers,' being those without sophisticated business, accounting and auditing systems, and whose turnover is below certain thresholds (discussed below); and certain transactions subject to simplified levy method.</li> <li>• 6 percent – 'Modern services' subject to the VAT pilot program (defined above).</li> <li>• 11 percent – Transportation services and some telecommunication services subject to the VAT pilot program.</li> <li>• 13 percent – The sale of food grains and vegetable oils, heating, air-conditioning, certain gas supplies, books, newspapers, and magazines.</li> <li>• Zero rated – exported goods; and international transportation services, exported research and development and design services subject to the VAT pilot program.</li> <li>• Exempt: <ul style="list-style-type: none"> <li>– agricultural products, contraceptive drugs and devices, antique books, and other items declared by the State Council</li> <li>– a number of exported services subject to the VAT pilot program.</li> </ul> </li> </ul> |

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| <b>Who is required to register, and what is the threshold?</b>                                  | <p>Business taxpayers may register as a 'general VAT taxpayer' which entitles them to claim input VAT credits and issue VAT invoices. All other businesses are classified as 'small scale taxpayers' and pay VAT at 3 percent, with no eligibility for input tax credits on purchases and no eligibility to issue VAT invoices. A business will be classified as a small scale taxpayer if its turnover of annual sales is not more than:</p> <ul style="list-style-type: none"> <li>• 800,000 Chinese Yuan Renminbi (RMB); or</li> <li>• RMB5 million if engaged solely or mainly in the production of goods or provision of taxable services not subject to the VAT pilot program; or</li> <li>• RMB5 million if providing services that are subject to the VAT pilot program.</li> </ul> <p>The VAT liability threshold for individuals varies between regions and ranges from sales of RMB5,000-20,000 per month or RMB300–500 per transaction.</p> |
| <b>Is voluntary registration possible?</b>                                                      | <p>Yes.</p> <p>It is possible for taxpayers that would otherwise be 'small-scale taxpayers' to register as 'general taxpayers.' They need to demonstrate a sound accounting system and provide accurate tax information, as well as having a fixed place of business in China.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | <p>No.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Typical frequency of returns</b>                                                             | <p>Monthly. However, depending on the taxpayer's activities, returns can be required more frequently, in some cases as often as daily.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| <p><b>Are there any items that a registered business cannot recover VAT on?</b></p>                                                 | <p>Yes.</p> <p>There are a number of restrictions on the recovery of input tax credits, the most significant of which is that only general VAT taxpayers are potentially eligible to claim supported by VAT special invoices. As such, assuming the taxpayer is a general VAT taxpayer and holds a special VAT invoice, then further restrictions include an inability to claim for:</p> <ul style="list-style-type: none"> <li>• inputs related to activities subject to BT</li> <li>• inputs related to activities subject to simplified levy method</li> <li>• inputs related to the sale of tax-exempt items</li> <li>• inputs related to group welfare activities (e.g. employee canteens and employee benefits)</li> <li>• those for personal consumption</li> <li>• inputs used in deriving extraordinary or abnormal losses.</li> </ul> <p>For completeness, it should also be noted that many exports of goods do not result in full recovery of VAT – that is, there may be a leakage in export VAT recovery.</p> |
| <p><b>Can an overseas company recover VAT if it is not registered?</b></p>                                                          | <p>No.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Typical time taken to obtain VAT refund following return filing</b></p>                                                       | <p>Where input tax exceeds output tax in any given period, generally the excessive input tax credit must be carried forward (potentially indefinitely) rather than being refunded.</p> <p>The main exceptions to this are for exported goods, and certain exported services which are zero rated under the VAT pilot program, such as international transport, research and development and design services.</p> <p>First-time providers can be required to wait 6 months or greater before they receive the refund.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Are there specific requirements for the content of invoices, for the invoice to be considered valid for VAT purposes?</b></p> | <p>Yes.</p> <p>China operates the 'Golden Tax System,' a nationwide e-tax system focused on producing a more efficient tax and data collection system, while reducing fraud. VAT invoices (known as 'special VAT invoices') must be issued on government issued and regulated machines using government issued and numbered invoicing paper. Businesses must obtain a 'special VAT invoice' and take it to the tax authority for verification before an input VAT credit can be claimed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>              | Yes. A VAT withholding system applies where services are provided by an overseas party to a business or individual (or an agent) in China.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b> | No.<br><br>However, the Chinese tax authorities are considering implementing an advance tax rulings system by way of a pilot program. The pilot program is initially expected to be limited to large enterprises that have entered into tax compliance agreements with the tax authorities.                                                                                                                                                                                                                                                                                       |
| <b>Are there any other indirect taxes that apply in the country?</b>                          | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• business tax, which applies to the provision of all other services, the transfer of intangible assets and the sale of immovable property</li> <li>• consumption tax, which applies to the manufacturing, processing, importation or selling of 14 different kinds of goods, principally luxury goods</li> <li>• customs duty</li> <li>• stamp duty</li> <li>• various local levies</li> <li>• various real estate specific taxes, motor vehicle taxes, and mining specific taxes.</li> </ul> |
| <b>Further detail available online:</b>                                                       | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                            |



# China (business tax)

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| <b>Type of indirect tax</b>                                                                     | <p>Business tax (BT).</p> <p>It is a turnover tax in the sense that it is not creditable in business-to-business transactions; it applies in each stage of the supply chain.</p> <p>As the VAT reforms in China progress, BT is gradually being replaced by VAT. We anticipate that BT will be completely replaced by VAT by the end of 2015.</p>                                                                                                                                                                                         |
| <b>Standard rate</b>                                                                            | 3 percent to 5 percent, with the exception of entertainment services which can be as high as 20 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>What supplies are liable to the standard rate?</b>                                           | <p>Services not covered by the VAT pilot program.</p> <ul style="list-style-type: none"> <li>• 3 percent – Construction, cultural activities, and sports.</li> <li>• 5 percent – Finance and insurance services, hotels, restaurants, catering, tourist, rental, leasing and transfer of immovable property.</li> <li>• 5 percent to 20 percent – Entertainment services.</li> </ul>                                                                                                                                                      |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>The main exemptions are:</p> <ul style="list-style-type: none"> <li>• services subject to the VAT pilot program (transportation, post, telecommunication tangible and movable asset leasing and modern services)</li> <li>• services provided by employees to their employers</li> <li>• waste disposal services</li> <li>• certain other services which are specifically exempt (e.g. nursing services, medical services, educational services)</li> <li>• certain offshore outsourcing services and technology transfers.</li> </ul> |
| <b>Who is required to register, and what is the threshold?</b>                                  | <p>Businesses and other 'units' automatically incur BT liability.</p> <p>Individuals incur BT liability if one of the following thresholds is met or exceeded:</p> <ul style="list-style-type: none"> <li>• RMB300-500 per day, where tax is paid on a transaction basis</li> <li>• RMB5,000-20,000 per month where tax is paid on a fixed basis.</li> </ul>                                                                                                                                                                              |
| <b>Is voluntary registration possible?</b>                                                      | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| <b>Typical frequency of returns</b>                                                           | Monthly. However, depending on the taxpayer's activities, returns can be required more frequently, in some cases as often as every 5 days.                                                                                                                                                                                                                                      |
| <b>Are there any items that a registered business cannot recover BT on?</b>                   | Not applicable.<br>BT is not creditable like a VAT.                                                                                                                                                                                                                                                                                                                             |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>              | Yes. A BT withholding system applies where services are provided by an overseas party to a business or individual (or an agent) in China.                                                                                                                                                                                                                                       |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b> | No.<br>However, the Chinese tax authorities are considering implementing an advance tax rulings system by way of a pilot program. The pilot program is initially expected to be limited to large enterprises which have executed Tax Compliance Agreements with the tax authorities.                                                                                            |
| <b>Are there any other indirect taxes that apply in the country?</b>                          | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• VAT (see preceding section)</li> <li>• consumption tax applies principally to certain luxury goods</li> <li>• customs duty</li> <li>• stamp duty</li> <li>• various local levies</li> <li>• various real estate specific taxes, motor vehicle taxes, and mining specific taxes.</li> </ul> |
| <b>Further detail available online:</b>                                                       | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                         |



# Fiji

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Standard rate</b>                                                                            | 15 percent.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>What supplies are liable to the standard rate?</b>                                           | Supplies of goods and services or the import of goods made by a registered person.                                                                                                                                                                                                                                                                                                                                               |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>There are no reduced rates.</p> <p>VAT exempt supplies include financial services; residential rent; education by an educational institution; life and medical insurance; and goods and services donated by a non-profit body.</p> <p>Zero rated supplies include exports; some basic food products; water and sewerage services; international transport services; and international inbound telecommunication services.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | <p>Every person who carries on a taxable activity with annual turnover exceeding 100,000 Fijian Dollars (FJD).</p> <p>Produce suppliers and persons providing exempt supplies are not required to be registered.</p>                                                                                                                                                                                                             |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No, unless that overseas company is carrying on business in Fiji and making taxable supplies.                                                                                                                                                                                                                                                                                                                                    |
| <b>Typical frequency of returns</b>                                                             | Entities with annual turnover exceeding FJD300,000 are required to file monthly VAT returns. Entities with a turnover of less than FJD300,000 may apply to the Commissioner for quarterly annual filing.                                                                                                                                                                                                                         |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                    | Where VAT input credits are associated with non-taxable activity, a corresponding VAT output adjustment is required to be made to offset the initial VAT input claimed.                                                                                                                                                                                                                                                          |

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| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                  |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | Two months to 6 months. The obtaining of VAT refunds needs to be 'managed' (i.e. followed up with the tax authority, as refunds are generally not automatically/systematically approved).                                                                                                                            |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | Yes. Invoices must include the words "tax invoice," the name and Tax Identification Number of the registered person; and, the VAT amount charged. However where a supply is made by a retailer for an amount less than FJD100, a statement on the Tax Invoice that the price is 'VAT Inclusive (VIP)' is sufficient. |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes.                                                                                                                                                                                                                                                                                                                 |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | No. While the law provides for the possibility of seeking a ruling, in practice it has not been implemented and taxpayers are unlikely to obtain a ruling if an application is made.                                                                                                                                 |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• stamp duty</li> <li>• customs duty</li> <li>• gambling turnover tax</li> <li>• service turnover tax.</li> </ul>                                                                                                                 |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                              |



# India (VAT)

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| <b>Introduction</b>                                                                             | <p>The Indian government is proposing to replace the current VAT, excise duty and service tax with a comprehensive dual GST. The roadmap for the implementation of the GST remains uncertain, and it is not expected to commence before 2016. However, a white paper has been released by the government, and it summarizes some aspects of the expected GST in order to assist businesses in preparing their systems, supply chains, and processes in readiness for the future introduction.</p> <p>The proposals remain under discussion and can change.</p> |
| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Standard rate</b>                                                                            | <p>Either 4/5 percent or 12.5/15 percent, depending upon the nature of the goods.</p> <p>The rates of VAT vary across states and an additional surcharge ranging from 0.5 percent to 5 percent is levied in certain states.</p>                                                                                                                                                                                                                                                                                                                                |
| <b>What supplies are liable to the standard rate?</b>                                           | The sale/purchase of goods made by a taxable person in the course of a business carried on by that person.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <ul style="list-style-type: none"> <li>• Zero rated – export of goods.</li> <li>• Exempt goods include various food products, agricultural products and tools; books, periodicals, and journals; electric energy.</li> <li>• 1 percent – Certain categories of goods, including gold, silver, precious stones, and articles or ornaments made from them.</li> <li>• Certain categories of goods are charged at higher rates of 20 percent or above, including petroleum products; natural and other gases used as fuel; liquor, and beer.</li> </ul>           |
| <b>Who is required to register, and what is the threshold?</b>                                  | The registration threshold varies across states and ranges between taxable sales of approximately NIL–2 million Indian Rupees (INR). However, in most states, if a person brings in goods from outside the state for sale in the state, they are required to register, regardless of the quantum of sales.                                                                                                                                                                                                                                                     |
| <b>Is voluntary registration possible?</b>                                                      | Yes, in most states.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes. However, most states require there to be a place of business within that state.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Typical frequency of returns</b>                                                             | The frequency of filing of returns varies and may depend on the category of taxable person/ turnover of sales/tax liability of the respective taxpayer in preceding year or expected during the current year. VAT return filing could be monthly, quarterly, or half-yearly. Most states also require the submission of an additional annual return/VAT audit report.                                                                                                                                                                                          |

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| <b>Are there any items that a registered business cannot recover VAT on?</b>                            | Yes, inputs used in producing exempt products. In addition, some states provide that VAT cannot be recovered on certain items including motor vehicles, petroleum products, office equipment, consumables, and natural gas. These provisions vary from state to state.                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | At least 1 to 2 years depending upon the facts of the case.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes. There could be a levy of purchase tax in certain circumstances.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes in most states, subject to certain conditions being fulfilled.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• customs duty is levied on import/export of goods in/from India</li> <li>• excise duty is levied on manufacture of excisable goods within India</li> <li>• service tax on provision of services in India (see separate fact sheet on Service tax)</li> <li>• central sales tax is levied on the sale of goods occasioning movement across states</li> <li>• entry tax/Octroi is levied on the entry of goods within the municipal territories of a particular state</li> <li>• other local levies including stamp duty, entertainment tax, and luxury tax.</li> </ul> |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to KPMG's VAT/GST essentials: <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



# India (service tax)

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| <b>Introduction</b>                                                                             | <p>The Indian government is proposing to replace the current VAT, excise duty and service tax with a comprehensive dual GST. The roadmap for the implementation of the GST remains uncertain, and it is not expected to be introduced before 2016. However, a white paper has been released by the government, and it summarizes some aspects of the expected GST in order to assist businesses in preparing their systems, supply chains, and processes in readiness for the future introduction.</p> <p>The proposals remain under discussion and could change.</p> |
| <b>Type of indirect tax</b>                                                                     | Service tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Standard rate</b>                                                                            | 12.36 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>What supplies are liable to the standard rate?</b>                                           | Supplies of all services in India are taxable, barring the ones mentioned in the negative list (17 services) and the mega-exemption notification (46 services).                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated – export of services.</p> <p>Certain abatements in calculating the ‘taxable value’ of services are available, subject to various conditions.</p>                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Who is required to register, and what is the threshold?</b>                                  | <p>A person rendering taxable services in a financial year in excess of the prescribed threshold level of INR1 million.</p> <p>Also, in respect of the certain specified services, a service recipient who is liable to pay service tax under the reverse charge mechanism is required to register (the threshold limit does not apply).</p>                                                                                                                                                                                                                          |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes, provided they have a place in India which can be registered with the service tax authorities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Typical frequency of returns</b>                                                             | Twice annually.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Are there any items that a registered business cannot recover service tax on?</b>            | <p>Yes, taxes/duties paid on goods and services used in providing exempt services.</p> <p>In addition, a service provider cannot recover service tax paid on certain specified services including services in relation to setting up a place of business, car rental services, catering services, and services used for the personal consumption of employees.</p>                                                                                                                                                                                                    |

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| <b>Can an overseas company recover service tax if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Typical time taken to obtain service tax refund following return filing</b>                                  | Typically 1–2 years, depending on the facts of the case.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Are there specific requirements for content of invoices to be considered valid for service tax purposes?</b> | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                                | Yes, for specified services from service providers outside India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>                   | Yes, in certain circumstances.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Are there any other indirect taxes that apply in the country?</b>                                            | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• customs duty is levied on import/export of goods in/from India</li> <li>• excise duty is levied on manufacture of excisable goods within India</li> <li>• VAT is levied on sale of goods within an Indian state (see a separate fact sheet on VAT)</li> <li>• central sales tax is levied on the sale of goods occasioning movement across the Indian states</li> <li>• entry tax/Octroi is levied on the entry of goods within the municipal territories of a particular state</li> <li>• other local levies including stamp duty, entertainment tax, and luxury tax.</li> </ul> |
| <b>Further detail available online:</b>                                                                         | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



# Indonesia

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>What supplies are liable to the standard rate?</b>                                           | The delivery of taxable goods by an entity in Indonesia; the importation of taxable goods; the rendering of taxable services in Indonesia; utilization in Indonesia of intangible taxable goods from outside Indonesia; utilization of offshore taxable services in Indonesia; export services by an entity in Indonesia (except for exports of certain services, that are toll manufacturing services, repair and maintenance services, and construction services); self-construction activities; and the disposal of fixed assets.                                                                                                                                                                                                                                                                            |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated – exports of goods; and exports of certain services, including toll manufacturing services, repair and maintenance services, and construction services.</p> <p>Exempt – Deliveries and/or import of taxable goods designated as strategic goods by the government; and certain goods or other services in order to support the achievement of certain national objectives.</p> <p>VAT not collected – a) deliveries of goods to a bonded zone and b) deliveries of goods and services to a free trade zone</p> <p>VAT free (not subject to VAT) – There are certain goods and services which are not subject to VAT, for example: goods that are taken directly from their source (e.g., crude oil, natural gas, coal), financial services (e.g., banking, insurance and finance lease), etc.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Indonesian taxpayers (companies and individuals) with turnover of more than 4.8 billion Indonesian Rupiah (IDR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Typical frequency of returns</b>                                                             | Monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>Are there any items that a registered business cannot recover VAT on?</b>                            | <p>Such items include:</p> <ul style="list-style-type: none"> <li>• goods and services from outside Indonesia, before the entrepreneur is deemed a taxable entrepreneur</li> <li>• goods and services unrelated to business activities or related to non-VAT-able business activities</li> <li>• acquisition and maintenance of certain motor vehicles, except as commodities or rentals</li> <li>• goods and services from outside Indonesia with invalid tax invoices</li> <li>• goods or services where the input tax is collected by issuing a tax assessment</li> <li>• acquisition of taxable goods or services where the input tax is not reported in monthly VAT returns and is discovered during audit</li> <li>• acquisition of taxable goods, other than capital items, before a taxable entrepreneur starts production</li> <li>• input VAT more than 3 months from the end of the period in which it is incurred.</li> </ul> |
| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | VAT refunds can only be claimed in the December VAT return (except for certain types of businesses). VAT refund claims usually result in a tax audit being opened and can take many months, sometimes years, before they are resolved and any refund payment is made.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | Yes, an invoice must show a code and serial number; details of the supplier; details of the purchaser; details of the goods and services; price; discount (if any); advanced payments (if any); the tax collection basis; the amount of VAT payable; sales tax on luxury goods (if applicable); date; and name and signature.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes. It is possible to apply for a formal advance ruling from the tax authority. However, there is no specific timeline when a ruling request will be formally responded to.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• sales tax on luxury goods</li> <li>• stamp duty</li> <li>• excise and customs duty.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to KPMG's VAT/GST essentials available on <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |



# Japan

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| <b>Type of indirect tax</b>                                                                     | Consumption tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Standard rate</b>                                                                            | <p>The current consumption tax rate is 8 percent that was increased from 5 percent on 1 April 2014.</p> <p><i>By virtue of a bill passed in August 2012, the tax rate was slated to be increased again to 10 percent on 1 October 2015. However, in November 2014, Prime Minister Shinzo Abe decided to postpone the additional increase to 1 April 2017 and made more time to reexamine economic policy.</i></p>                                                                                                                                                                                         |
| <b>What supplies are liable to the standard rate?</b>                                           | The sale or lease of an asset in Japan, or the supply of services in Japan, when carried out for consideration as part of a business carried on by an individual or company.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Non-taxable supplies include the sale or lease of land; certain sales of securities and similar instruments; monetary transactions including loans, guarantees, distributions from joint operation trusts or other investment trusts and insurance premiums; medical treatment under public medical insurance law; social welfare activities; school tuition and examination services.</p> <p>Exempt supplies include export supplies, including the transfer or lease of goods representing an export from Japan as well as other export-related activities such as international transportation.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | A business which makes taxable supplies in Japan, exceeding 10 million Japanese Yen (JPY) in the base period, automatically becomes a taxpayer.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Typical frequency of returns</b>                                                             | A final/annual tax return is due for all relevant taxpayers within 2 or 3 months of the end of the fiscal period for companies or calendar year for individuals respectively. Interim returns and payments may be required if the tax payable exceeds certain thresholds. The tax payable can be based on the tax payable for the prior year or on actual transactions for the current period. Any remaining net balance is payable when the annual return is due.                                                                                                                                        |
| <b>Are there any items that a registered business cannot recover consumption tax on?</b>        | <p>No.</p> <p>However, the amount of creditable input tax can be restricted, based on specified formulae. The input consumption tax which is identified to correspond to non-taxable sales is not creditable.</p>                                                                                                                                                                                                                                                                                                                                                                                         |

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| <b>Can an overseas company recover consumption tax if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Typical time taken to obtain consumption tax refund following return filing</b>                                  | Usually within 1 or 2 months of filing the return.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Are there specific requirements for content of invoices to be considered valid for consumption tax purposes?</b> | <p>Yes. However, please note that Japan's consumption tax law has not adopted the VAT invoicing system, although Japan's consumption tax works like a credit method consumption tax. Instead Japan requires taxpayers to either maintain books and records to support amounts claimed for the credit or to use a simplified system for estimating the credit.</p> <p>All valid tax invoices must contain the following particulars:</p> <ul style="list-style-type: none"> <li>• the full name of the supplier</li> <li>• the date of the taxable transaction</li> <li>• the description of the taxable transaction</li> <li>• the total amount charged on the taxable transaction</li> <li>• the full name of the person to whom the goods or services are supplied.</li> </ul> |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                                    | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>                       | Yes, however given the practical aspects of the formal ruling system, taxpayers generally seek informal verbal comments from the tax authority.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Are there any other indirect taxes that apply in the country?</b>                                                | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• Liquor Tax</li> <li>• Tobacco Tax</li> <li>• Special Tobacco Tax</li> <li>• Gasoline Tax</li> <li>• Liquefied Petroleum Gas Tax</li> <li>• Aviation Fuel Tax</li> <li>• Petroleum and Coal Tax</li> <li>• Local Gasoline Tax</li> <li>• Motor Vehicle Tonnage Tax</li> <li>• Promotion of Power-Resources Development Tax</li> </ul>                                                                                                                                                                                                                                                                                                                                                 |
| <b>Further detail available online:</b>                                                                             | For more detailed information, please refer to KPMG's VAT/GST essentials: <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



# Korea (Republic of)

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>What supplies are liable to the standard rate?</b>                                           | The supply of all goods and services and the importation of all goods into Korea.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Any there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated supplies include the export of goods; the supply of services outside Korea; the supply of international transportation services by vessel or aircraft; the supply of certain goods or services, the compensation for which is received in foreign exchange.</p> <p>Exempt supplies include various food products; tap water; briquettes and anthracite coal; various medical and health services; educational services; various passenger transportation services; certain postage stamps; revenue stamps; certificate stamps; notary certificates; goods subject to the control of the Office of Monopoly; certain banking and insurance services; certain leases of residential housing and land associated with such housing; land; and the personal services of writers, composers, and other persons specified by Presidential Decree.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Every business person engaged in the business of supplying goods or services, whether or not for profit. Business persons include individuals, corporations, the national and local governments, and unincorporated organizations and associations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Is voluntary registration possible?</b>                                                      | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes. However, a physical place of business in Korea is required to register for VAT. It has been proposed that the VAT laws be revised so that a foreign company which does not have a permanent establishment in Korea which provides digital products to Korean users, would be required to have a VAT registration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Typical frequency of returns</b>                                                             | Quarterly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                    | <p>Items that a registered business cannot recover VAT on include non-business-related expenditure; rental and/or maintenance of small passenger vehicles; expenditures that have a similar nature to entertainment expenses or equivalent; purchase of land related to capital expenditures and input VAT incurred more than 20 days prior to filing an application for VAT registration.</p> <p>A valid VAT invoice is required in order to claim any input tax.</p>                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | <p>No. Exception: A foreign corporation which does not have a permanent establishment in Korea is eligible to claim a VAT refund when the foreign corporation purchases goods or received services from a supplier who is doing a certain business in Korea as listed below:</p> <ul style="list-style-type: none"> <li>• Food and lodging services;</li> <li>• Advertisement services;</li> <li>• Electronic and telecommunication services;</li> <li>• Real estate leasing services;</li> <li>• Goods and services purchase necessary in operating an office of a foreign corporation in Korea – which are purchase of fixture and furniture in an office in Korea; maintenance services of fixture and furniture; leasing of fixture and furniture.</li> </ul> <p>Please note that there is a condition that the refund of the VAT is allowable only when the relevant foreign country allows Korean companies to recover the local VAT or similar taxes [Reciprocity rule].</p> <p>The foreign corporation should claim a VAT refund for the purchase of goods/ services during the period from January 1 to December 31 by the end of June 30 of the following year. The amount of VAT to be refund for one calendar year should be KRW 300,000 or more to apply a VAT refund.</p> |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | <p>Typically, within 30 days of the tax return filing due date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | <p>Yes. Invoices must contain the suppliers name and registration number; the registration number of the buyer; the tax base; the VAT amount; and the date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | <p>Yes. A taxpayer who receives services or intangibles from any one of the following entities and uses those services for its VAT-exempt business is required to pay VAT on behalf of the service provider:</p> <ul style="list-style-type: none"> <li>• a non-resident or a foreign corporation that does not have a business place in Korea</li> <li>• a non-resident or a foreign corporation that does have a business place in Korea but provides services that are not effectively connected to the business place (as stated by the Presidential Decree).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | <p>Yes. Rulings are published in the Korean language here: <a href="http://taxinfo.nts.go.kr/index.jsp">http://taxinfo.nts.go.kr/index.jsp</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• stamp tax</li> <li>• customs duty</li> <li>• liquor tax</li> <li>• securities transaction tax</li> <li>• individual consumption tax.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Further detail available online:</b>                                                                 | <p>For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



# Laos

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>What supplies are liable to the standard rate?</b>                                           | Goods and services produced and consumed domestically or being imported into Laos.                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Any there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rate – goods and services for export. Exempt supplies include the following:</p> <ul style="list-style-type: none"> <li>• crop seeds and animals for breeding, pesticides, vaccines, organic, and chemical fertilizers</li> <li>• certain imports related to air transport</li> <li>• certain educational operations</li> <li>• specified financial services operations</li> <li>• specified medical services</li> <li>• certain vehicles for specific purposes.</li> </ul> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Business operators who have a minimum annual business turnover of 400 million Lao Kips (LAK).                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes, if the business has a place of business within Laos.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Typical frequency of returns</b>                                                             | <p>VAT returns are submitted monthly and the submission shall not later than the 15th of the following month.</p> <p>Importers of goods and services must declare and pay VAT on every importation, at the same time as the declaration of customs duties.</p>                                                                                                                                                                                                                      |
| <b>Are there any items that a registered business cannot recover VAT/GST on?</b>                | Yes. Examples include VAT paid on matters not related to the main business or incorrect or incomplete receipts of payment.                                                                                                                                                                                                                                                                                                                                                          |
| <b>Can an overseas company recover VAT/GST if it is not registered?</b>                         | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| <b>Typical time taken to obtain VAT refund following return filing</b>                                      | <p>VAT refund will be obtained within 15 official days, however, KPMG's experience is that a refund can typically be expected within six weeks of filing.</p> <p>However, any advice herein is based on the facts provided to us and on current laws including judicial and administrative interpretation. The laws are subject to continual change, at times on a retroactive basis. Should the facts provided to us be incorrect or incomplete or should the laws or its interpretation change, our advice may be inappropriate. We are not responsible for updating our advice for changes in laws or interpretation after the date hereof.</p> <p>Furthermore, any excess input-VAT amount cannot be carried forward more than 6 months.</p> |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT/GST purposes?</b> | <p>Yes. Invoices should contain the name and business address, bank name and bank account number (if any), telephone number and Tax identification number of the supplier and purchaser; the description of services, sale price excluding VAT; the sale price including VAT; any fee received; and the VAT amount.</p> <p>At the end of invoice should have a signature and stamp of the supplier and purchaser.</p>                                                                                                                                                                                                                                                                                                                            |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                            | <p>Yes.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>               | <p>No. However, Laos's VAT and other legal enactments are being updated. Therefore, informal or formal rulings may be available in the future.</p> <p>And in practical, some companies can request advance ruling from the tax authority to clearly comply with their business which is case by case.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there any other indirect taxes that apply in the country?</b>                                        | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• excise tax</li> <li>• customs duty</li> <li>• stamp duty.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Further detail available online:</b>                                                                     | <p>For more information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



# Malaysia (GST)

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| <b>Type of indirect tax</b>                                                                           | GST (GST will be introduced from 1st April 2015. The current sales tax and service tax will be abolished).                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Standard rate</b>                                                                                  | 6 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>What supplies are liable to the standard rate?</b>                                                 | Domestic supplies of goods and services which are not zero-rated, or exempt, or given relief; and imported goods and services.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Are any reduced rates, zero rates or exemptions expected, and if so, what would they apply to?</b> | <p>There will be no reduced rates. Zero rated supplies will include exports of goods and services; basic foods; supply of the first 300 units of electricity to domestic users for a minimum period of 28 days per billing cycle; and supplies of water to domestic users.</p> <p>Exempt supplies will include financial services; sale and lease of residential property (including land); toll highway; private healthcare and education; domestic public transport; land for agricultural purposes and land for the purposes of burial ground, playground or religious building.</p> |
| <b>Who would be required to register?</b>                                                             | Businesses with an annual turnover exceeding MYR500,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Is voluntary registration expected to be possible?</b>                                             | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Will voluntary registration be available for an overseas company, or a fiscal representative?</b>  | Registration of a foreign principal who does not belong in Malaysia and who makes taxable supplies in Malaysia is allowed with the condition that he appoints a local agent to act on his behalf for all matters pertaining to GST.                                                                                                                                                                                                                                                                                                                                                     |
| <b>Typical frequency of returns</b>                                                                   | Quarterly filing can be made for those with annual turnover less than MYR 5million. However, registered persons with annual turnover of MYR5 million and above will be required to file monthly.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there expected to be any items that a registered business cannot recover GST on?</b>           | Yes. Items blocked from GST recovery are: supply to or importation of passenger motor car or hiring of passenger motorcar, repairs, maintenance and refurbishment expenses relating to a passenger motor car, club subscription fee, medical and personal accident insurance premium or takaful contribution, medical expenses (to the extent such expense is not an exempt supply), family benefits and entertainment expenses (except for existing clients/employees), expenses relating mainly to making exempt supplies.                                                            |

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| <b>Might an overseas company recover GST if it is not registered?</b>                                                      | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Typical time taken to obtain GST refund following return filing</b>                                                     | Expected to be 14 days for electronic filing and 28 days for manual filing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Are there expected to be specific requirements for the content of invoices to be considered valid for GST purposes?</b> | Yes. Invoices should contain the word 'tax invoice' in a prominent place, tax invoice number, date of issuance of the invoice, name, address and GST identification number of the supplier, name and address of the person to whom the goods or services are supplied, a description sufficient to identify the goods or services supplied, for each description the type of supply, the quantity of the goods or the extent of the services supplied and the amount payable (excluding tax), any discount offered, the total amount payable excluding tax, the rate of tax and the total tax chargeable shown as a separate amount and the total amount payable including the total tax chargeable. |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                                           | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Would it be possible to apply for formal or informal advance rulings from the tax authority?</b>                        | Yes. There will be public rulings and advance rulings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Other indirect taxes that apply in the country?</b>                                                                     | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• excise duty</li> <li>• customs duty</li> <li>• windfall profit levy</li> <li>• cess.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Further detail available online:</b>                                                                                    | For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



# Mongolia

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>What supplies are liable to the standard rate?</b>                                           | Goods imported into Mongolia; and goods produced or sold, work performed or services performed in Mongolia.                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated supplies include exports of goods and services; international transport services; and services related to international air travel.</p> <p>Exempt supplies include gold; certain food products produced domestically; education services, medical services, governmental organization's services, public transport services, tour operator services, and specific financial services; small and medium manufacturing purpose equipment; civil aviation aircrafts and spare parts.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Any entity or individual with sales revenue which exceeds 10 million Mongolian Tughrig (MNT) a year.                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Is voluntary registration possible?</b>                                                      | Yes, provided the entity's sales revenue has reached MNT8 million, or it has invested 2 million US Dollars (USD) or more in Mongolia.                                                                                                                                                                                                                                                                                                                                                               |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Typical frequency of returns</b>                                                             | Monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Are there any items that a registered business cannot recover VAT/GST on?</b>                | <p>Yes. Registered entities cannot recover VAT paid in the course of import or purchase of the following goods, work, or services:</p> <ul style="list-style-type: none"> <li>• automobiles and its components and spare parts</li> <li>• goods or services purchased for personal or employee uses</li> <li>• goods, work, or services imported or purchased which are exemptible.</li> </ul>                                                                                                      |
| <b>Can an overseas company recover VAT/GST if it is not registered?</b>                         | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Typical time taken to obtain VAT refund following return filing</b>                          | Under the VAT law, a refund should be obtained within 69 working days after submitting an application to the tax authority. In practice however it is often difficult to obtain a VAT refund for excess input tax credits.                                                                                                                                                                                                                                                                          |

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| <b>Are there specific requirements for content of invoices to be considered valid for VAT/GST purposes?</b> | <p>Yes. A VAT invoice is only considered valid if it includes the following:</p> <ul style="list-style-type: none"> <li>• both parties' names and registration numbers (if applicable)</li> <li>• date of issue of the document</li> <li>• name of goods, work, and service and its code, measurement and quantity</li> <li>• total amount of goods, work, and service, excluding VAT</li> <li>• the VAT amount</li> <li>• the total amount, including VAT</li> <li>• signatures</li> <li>• company stamps.</li> </ul> |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                            | <p>Yes. If an entity that does not reside in Mongolia obtained income from goods sold, work performed, and services performed in the territory of Mongolia, the registered entity is responsible to impose and to withhold VAT on the purchase payment, if it exceeds MNT10 million, and to transfer the payment to the tax authority.</p>                                                                                                                                                                             |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>               | <p>Yes, the Mongolian Tax Authority responds to requests for the clarification of uncertain tax treatments by a formal letter; however, such a letter is not binding on the Authority.</p>                                                                                                                                                                                                                                                                                                                             |
| <b>Are there any other indirect taxes that apply in the country?</b>                                        | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• customs duty</li> <li>• excise tax</li> <li>• stamp duty</li> <li>• tax on petroleum and diesel fuel</li> <li>• fees for mineral exploration and mining licenses</li> <li>• air pollution payment</li> <li>• water pollution payment.</li> </ul>                                                                                                                                                                           |
| <b>Further detail available online:</b>                                                                     | <p>For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a>.</p>                                                                                                                                                                                                                                                                                                                                                              |



# Myanmar

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| <b>Type of indirect tax</b>                                                                     | Commercial tax.                                                                                                                                                                                                                                      |
| <b>Standard rate</b>                                                                            | Generally, 5% standard rate applies to most products and services. Commercial tax on certain special items (such as alcohol, cigarettes and petroleum products and vehicles) ranges from 8 percent to 100 percent.                                   |
| <b>What supplies are liable to the standard rate?</b>                                           | Goods and services supplied in Myanmar, and the importation of goods from abroad. The tax is also imposed on exports.                                                                                                                                |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | There are certain products which include basic food and medicine which are exempted. In addition, certain services such as housing rental, financial services and public transportation are exempted as well.                                        |
| <b>Who is required to register, and what is the threshold?</b>                                  | Anyone (personal, self-employed, and company) carrying out production/ manufacturing and services in the country and importing goods into the country. There is no de minimis threshold for registration.                                            |
| <b>Is voluntary registration possible?</b>                                                      | Not applicable.                                                                                                                                                                                                                                      |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                  |
| <b>Typical frequency of returns</b>                                                             | Quarterly returns are required within 1 month of the end of each quarter. Monthly payment is required based on actual revenue within 10 days.                                                                                                        |
| <b>Are there any items that a registered business cannot recover commercial tax on?</b>         | There are various rules depending on particular business circumstances. In broad general terms, however, note that the production and manufacturing businesses may be able to offset input and output commercial tax, but service businesses cannot. |

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| <b>Can an overseas company recover commercial tax if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Typical time taken to obtain commercial tax refund following return filing</b>                                  | A refund can typically be obtained within 1 year from the date of refund notification, subject to satisfying the requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Are there specific requirements for content of invoices to be considered valid for commercial tax purposes?</b> | <p>According to Notification 104/2012 Commercial tax rules, invoices should contain the following information:</p> <ul style="list-style-type: none"> <li>• enterprise registration number issued under the commercial tax regulation</li> <li>• if the buyer of the good is an owner of the enterprise, his name, address, and enterprise registration number issued to him under the commercial tax regulation</li> <li>• date of sale, description of goods, category, quantity, unit price and selling price</li> <li>• commercial tax due on the proceeds of sale.</li> </ul> |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                                   | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>                      | There are no specific laws and regulations on this. However, in practice, it may be possible to seek a ruling from the Internal Revenue Department.                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Are there any other indirect taxes that apply in the country?</b>                                               | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• stamp duty</li> <li>• customs duties</li> <li>• property tax.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Further detail available online:</b>                                                                            | For more information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                         |



# New Zealand

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| <b>Type of indirect tax</b>                                                                     | GST.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Standard rate</b>                                                                            | 15 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>What supplies are liable to the standard rate?</b>                                           | Supplies of goods and services made in New Zealand, by a registered person, in the course or furtherance of a taxable activity other than exempt supplies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated supplies include exports; supplies of going concerns; certain supplies of fine metal; supplies of financial services to GST-registered persons making predominantly (75 percent) taxable supplies; and supplies of land after 1 April 2011, where both the vendor and the purchaser are registered for GST.</p> <p>Exempt supplies include financial services that are not zero rated; residential rent; supplies of fine metals that are not zero rated; and supplies of donated goods by non-profit bodies.</p> <p>A reduced rate of 9 percent applies to the provision of accommodation in hotels, motels, and similar for longer than 4 weeks.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Any person that is carrying on a taxable activity and whose current or projected annual turnover in New Zealand is 60,000 New Zealand Dollars (NZD) or more.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes if the overseas company is making taxable supplies in New Zealand or if the overseas company wishes to claim GST on expenses even if they are not making taxable supplies in New Zealand.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Typical frequency of returns</b>                                                             | <p>Six monthly, if the value of total taxable supplies is less than NZD500,000 in a 12 month period and IRD approval has been granted.</p> <p>Two monthly, if annual taxable supplies are NZD24 million or less. Monthly, if annual turnover (including group turnover) is greater than NZD24 million.</p> <p>Businesses can elect to apply a six monthly, two monthly or monthly taxable period if IRD approval has been granted.</p>                                                                                                                                                                                                                               |

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| <b>Are there any items that a registered business cannot recover GST on?</b>                            | <p>GST is not recoverable on expenses to the extent that they are incurred to make exempt supplies.</p> <p>GST is not recoverable on entertainment expenditure to the extent that the expenditure is treated as non-deductible.</p>                                                                                                                        |
| <b>Can an overseas company recover GST if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                        |
| <b>Typical time taken to obtain GST refund following return filing</b>                                  | 2–3 weeks.                                                                                                                                                                                                                                                                                                                                                 |
| <b>Are there specific requirements for content of invoices to be considered valid for GST purposes?</b> | Yes. A valid tax invoice must normally contain the words ‘tax invoice’ in a prominent place; the name and registration number of the supplier; the name and address of the recipient (unless the value is less than NZD1,000); the date upon which the invoice is issued; a description of the goods and services supplied; and the amount of GST charged. |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes.                                                                                                                                                                                                                                                                                                                                                       |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes, it is possible to apply for a public, private, or product ruling. Additionally, indicative opinions on the GST consequences of a transaction can be obtained by writing to the IRD, but are not binding.                                                                                                                                              |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• customs duty</li> <li>• excise duty.</li> </ul>                                                                                                                                                                                                                |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the VAT/GST essentials available on <a href="https://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                       |



# Papua New Guinea

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| <b>Type of indirect tax</b>                                                                     | GST.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>What supplies are liable to the standard rate?</b>                                           | All supplies of goods or services unless zero rating or exemption applies to the particular supply.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated supplies include exports; international transport; most medical supplies; certain fine metals; certain supplies of unprocessed petroleum; supplies to resource companies, other than cars; supplies to religious, charitable, or educational institutions; supplies to prescribed foreign aid providers; and sale of businesses as going concerns.</p> <p>Exempt supplies include most financial services; educational services; medical services; most fine metals; public road transport; newspapers; betting, lotteries and games of chance; postage stamps; and housing or motor vehicles provided by the employer.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Any person who carries on a taxable activity and the total value of supplies (excluding exempt supplies) has exceeded 250,000 Papua New Guinean Kina (PGK) in the last 12 months, or is expected to exceed PGK250,000 in the coming 12 months.                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Typical frequency of returns</b>                                                             | Monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Are there any items that a registered business cannot recover GST on?</b>                    | <p>Yes, supplies of motor vehicles and accommodation to employees and other inputs for making exempt supplies.</p> <p>In addition, items that are not deductible for income tax purposes to employers when provided to employees, like club subscription or fees, payment of domestic services, or expenditure on electricity, gas or security relating to an employee and entertainment expenses.</p> <p>GST incurred on goods and services for a personal or private purpose is not refundable.</p>                                                                                                                                     |
| <b>Can an overseas company recover GST if it is not registered?</b>                             | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| <b>Typical time taken to obtain GST refund following return filing</b>                                  | Refunds of GST are subject to a desk review by the IRC and can take from 4 weeks to upward of 4 months. A refund request must be made and accompanying documentation such as supplier listings, invoices and/or bank statements may be required.                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there specific requirements for content of invoices to be considered valid for GST purposes?</b> | <p>Yes. Requirements include:</p> <ul style="list-style-type: none"> <li>• the words 'tax invoice' in a prominent place</li> <li>• the name, address, and registration number of the supplier</li> <li>• the name and address of the recipient</li> <li>• the date upon which the tax invoice is issued</li> <li>• a description of the goods and services supplied</li> <li>• the quantity or volume of the goods and services supplied and the total amount of the tax charged, the amount payable, excluding tax, and the consideration, inclusive of tax for the supply.</li> </ul> |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Formal rulings are available.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• stamp duty</li> <li>• customs duty</li> <li>• excise duty</li> <li>• royalty, mining and development levy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the VAT/GST essentials available on <a href="https://www.kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                |



# Philippines

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Standard rate</b>                                                                            | 12 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>What supplies are liable to the standard rate?</b>                                           | Sale, barter, exchange of goods and/or properties in the course of trade or business in the Philippines; sale of services in the course of trade or business in the Philippines; and importation of goods into the Philippines, whether or not in the course of trade or business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rate transactions include export sales; sale of goods or services rendered in the Philippines to a non- resident person/entity not engaged in business in the Philippines, wherein the service fee is paid for in foreign currency in accordance with the rules and regulations of the Philippines' central bank; and sale of power or fuel generated through renewable sources of energy.</p> <p>Exempt transactions include certain residential sales or leases; educational services; employment; services rendered by regional or area headquarters established in the Philippines by multinational corporations; and the sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment, and spare parts for domestic or international transport operations.</p>                                                             |
| <b>Who is required to register, and what is the threshold?</b>                                  | <p>Any person or entity who, in the course of trade or business, sells, exchanges, or leases goods or properties, or renders services, and any person who imports goods.</p> <p>However, if gross sales or receipts per annum are 1,919,500 Philippine Pesos (PHP) or less, the taxpayer may opt to be exempted from VAT, but will then be subject to percentage tax of 3 percent of gross quarterly sales or receipts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Typical frequency of returns</b>                                                             | <p>In general, every taxpayer liable to pay VAT shall file the following returns:</p> <ul style="list-style-type: none"> <li>• monthly VAT declaration within 20 days after the end of the month</li> <li>• quarterly VAT return within 25 days following the close of taxable quarter</li> <li>• if applicable, Remittance Return of VAT and Other Percentage Taxes Withheld for those required to withhold VAT.</li> </ul> <p>However, taxpayers registered under the Electronic Filing and Payment System (eFPS) shall be required to file monthly VAT declarations within the period prescribed in the VAT Regulations depending on the business industry classification of the taxpayer. The quarterly VAT returns of eFPS filers will still be filed within 25 days following the close of the taxable quarter, regardless of the business industry classification.</p> |

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| <b>Are there any items that a registered business cannot recover VAT on?</b>                            | Yes, for instance, input tax attributable to exempt sales may not be used as credit against output tax.                                                                                                                         |
| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No, an overseas company cannot register for VAT purposes, as a rule. If an overseas company would be subject to VAT in the Philippines, e.g., sale of service, the Philippine payee is required to withhold the applicable VAT. |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | A VAT refund in the Philippines is a difficult process, and the proper substantiation of sales (output tax) and purchases (input tax) is critical including compliance with invoicing requirements.                             |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | Yes. Note that invoices and official receipts are effectively pre-approved by the tax authority in the process of obtaining an Authority To Print (ATP) prior to actual printing.                                               |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes, a withholding system applies to supplies made by overseas companies in the Philippines.                                                                                                                                    |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes.                                                                                                                                                                                                                            |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• percentage taxes</li> <li>• excise taxes</li> <li>• customs duty.</li> </ul>                                                               |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the VAT/VAT essentials available on <a href="https://www.kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                        |



# Singapore

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| <b>Type of indirect tax</b>                                                                     | GST.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Standard rate</b>                                                                            | 7 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>What supplies are liable to the standard rate?</b>                                           | Taxable supplies of goods and services made in Singapore by taxable persons, and all imports of goods (except for investment precious metals) into Singapore, unless import relief or one of the import GST schemes applies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated supplies include the following:</p> <ul style="list-style-type: none"> <li>• export of goods from Singapore</li> <li>• provision of international services</li> <li>• supply of a prescribed tool or machine used in the manufacture of goods in Singapore including the development of prototypes of the tool or machine, as well as any services rendered directly in connection with the tool or machine to an overseas person</li> <li>• goods supplied for use on board or installation on a qualifying ship</li> <li>• goods sold or rented to 'Approved Marine Customers' for use or installation on a 'commercial ship' wholly for international travel.</li> </ul> <p>Exempt supplies include the sale/lease of residential properties, supply of investment-grade gold, silver and platinum, and most financial services.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | A person is liable to register for GST when his taxable turnover has exceeded 1 million Singapore Dollars (SGD) in a 12-month period, or he is currently making taxable supplies and his annual taxable turnover is expected to exceed SGD1 million in the next 12 months.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes, if it makes taxable supplies in Singapore. An overseas entity that registers for GST in Singapore must appoint a local agent to be responsible for all its GST matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Typical frequency of returns</b>                                                             | Typically every 3 months in line with the taxpayer's accounting periods. However, there is an option for monthly or half-yearly accounting periods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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| <b>Are there any items that a registered business cannot recover GST on?</b>                            | Social and recreational club subscription fees; medical and accident insurance premiums (with some exclusions); medical expenses (with some exclusions); benefits provided to employees' family members; any transaction involving betting, sweepstakes, lotteries, fruit machines, or games of chance; and expenses incurred on motor cars.                                                       |
| <b>Can an overseas company recover GST if it is not registered?</b>                                     | Generally, No.                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Typical time taken to obtain GST refund following return filing</b>                                  | The refund due date for GST is 1 month, 3 months, and 6 months (after the IRAS receives the GST returns) for monthly, quarterly, and half-yearly prescribed accounting periods, respectively.<br><br>However, GST registrants usually receive the refund earlier than the due date unless a desk audit is performed on the return.                                                                 |
| <b>Are there specific requirements for content of invoices to be considered valid for GST purposes?</b> | Yes. Tax invoices must be issued for standard-rated supplies made to taxable persons. There are various requirements for a tax invoice including the words 'tax invoice' in a prominent place, invoice number and date, the supplier's name and address, the supplier's GST registration number, the GST rate applied, the amounts both exclusive and inclusive of GST, and the total GST payable. |
| <b>Does a reverse charge or indirect tax withholding mechanism apply?</b>                               | No, the reverse charge is currently suspended in Singapore.                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• customs and excise duties</li> <li>• stamp duty</li> <li>• property tax</li> <li>• casino tax, betting and sweepstake and private lotteries duties.</li> </ul>                                                                                                                                                |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes. The Inland Revenue Authority of Singapore (IRAS) offers taxpayers a system of formal advance rulings. The rulings issued are private and are legally binding. A fee is payable to the IRAS to apply for a formal ruling. Informal, non-binding, rulings can also be sought.                                                                                                                   |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the GST/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                |



# Sri Lanka

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Standard rate</b>                                                                            | 11 percent effective 1 January 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>What supplies are liable to the standard rate?</b>                                           | All supplies of goods or services that do not come under the zero rate and exempt supplies are liable at the standard rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rate supplies include goods supplied for export; and certain services that are either exported or are provided in relation to exported goods, or goods outside Sri Lanka.</p> <p>Exempt goods include paddy, rice, wheat, sugar and flour; drugs, medicines, aids, and implements used by handicapped persons; ayurvedic preparations; aircraft and helicopters; books, periodicals, and journals; certain petroleum, oil, and similar products; cellular mobile phones; agricultural machinery and fertilizer; certain agricultural tools and implements; textiles; prawns; machinery and equipment for the leather or footwear industry, manufacture of bags, manufacture of grain mixed bakery products; and locally developed software.</p> <p>Exempt services include insurance, certain financial services, education, health and welfare and telecommunications, and the supply of services to a unit trust by a unit trust management company.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | Any person or partnership engaged in a business of wholesale or retail sale and making supplies (including exempt or excluded supplies) exceeding 100 million Sri Lankan Rupees (LKR) per quarter; and every person who imports goods into Sri Lanka and/or carries on a taxable activity where the value of the supply exceeds LKR15 million per year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes, although an overseas entity must appoint a fiscal representative.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Typical frequency of returns</b>                                                             | Typically quarterly, but exporters and some other businesses must file monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                    | Yes. A business cannot recover VAT on exempt supplies; supplies not related to its taxable activity; and other specific expenses, including expenses on vehicles used for traveling.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | A VAT refund in Sri Lanka is a difficult process and includes a tax audit to substantiate sales and purchases. The guideline is that a refund will be received within 3 years of filing, although in practice this is not always the case.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | <p>Yes. A tax invoice shall set out the following:</p> <ul style="list-style-type: none"> <li>• the name, address, and the registration number of the supplier</li> <li>• the name and address of the person to whom the supply was made</li> <li>• the date on which the tax invoice was issued and its serial number</li> <li>• the date of supply and description of the goods or services</li> <li>• the quantity or volume of the supply</li> <li>• the value of the supply, the tax charged and the consideration for the supply, and</li> <li>• the words 'tax invoice' at a conspicuous place in such invoice.</li> </ul> |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes. Committee to issue advanced ruling – formal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• nation building tax</li> <li>• customs duty</li> <li>• excise duties</li> <li>• stamp duty</li> <li>• cess</li> <li>• ports and airports development levy</li> <li>• construction industry guarantee levy.</li> </ul>                                                                                                                                                                                                                                                                                                                 |
| <b>Further details available online:</b>                                                                | For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



# Taiwan (VAT)

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Standard rate</b>                                                                            | 5 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>What supplies are liable to the standard rate?</b>                                           | The sale of goods and services in Taiwan, as well as the importation of goods into Taiwan, excluding financial institutions; special vendors of beverages and food; and small businesses (as these are subject to GBRT).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rate – exported goods or certain goods sold by duty-free shops; services relating to export or services provided in Taiwan but used in a foreign country; certain international transportation, vessels, and aircraft used in international transportation and deep-sea fishing boats, and goods and maintenance services provided to such; goods or services sold to a bonded zone business entity for its operational use; certain goods sold by a bonded zone business entity.</p> <p>Exempt – sale of land; water supplied to farmland for irrigation; certain medical services; certain social welfare services; certain educational services; certain educational or academic publications; the goods or services sold by student-run shops of vocational schools which do not serve outsiders; certain publications produced and sold by legally registered newspaper and magazine publishers, news agencies, and television and broadcasting stations; the goods or services sold to their members by cooperatives managed in accordance with the law; and business consigned by government to cooperatives, etc.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | The head office of a business entity and its branches with fixed places of business in Taiwan must each register for VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Is voluntary registration possible?</b>                                                      | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Typical frequency of returns</b>                                                             | Typically bi-monthly. However, a company eligible for zero rate VAT may file monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                    | <p>Yes, they include the following:</p> <ul style="list-style-type: none"> <li>• purchases for which certain supporting documents are not obtained or kept according to the law</li> <li>• purchases not for the use of principal and ancillary business operation, except purchases for the support of national defense, provision of morale services to the troops, or contribution to the government</li> <li>• entertainment expenses</li> <li>• goods or services rewarded to individual employees</li> <li>• passenger cars for personal use.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No. One exception is that input VAT may be refundable if it relates to a foreign company participating in exhibitions or conducting temporary business activities such as market investigation, training, procurement, etc., in Taiwan provided certain conditions are met.                                                                                                                                                                                                                           |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | Generally, refund on input VAT relating to zero rate sales and purchase of fixed assets can be obtained within 2 months of the return filing.<br><br>However, refund on accumulated input VAT upon cessation of business or due to other reasons may take longer, as a special refund application is required.                                                                                                                                                                                        |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | Yes. The seller should issue a Government Uniform Invoice (GUI) to the buyer. GUIs must contain the buyer name; buyer business number; date; details of transaction; quantity; unit price; item subtotal; selling amount; tax category & tax amount; and grand total.                                                                                                                                                                                                                                 |
| <b>Does a reverse charge or indirect tax withholding mechanism apply?</b>                               | Yes. The VAT on services supplied by a foreign entity without a fixed place of business in Taiwan should be accounted for by the buyer. The buyer should report such purchase and calculate the related VAT on its VAT return. However, if the buyer is a business entity which engages in VAT-taxable business only and the purchased services are used solely in the taxable business, or if the purchase value is no more than 3,000 New Taiwan Dollars (TWD) (VAT inclusive), such VAT is exempt. |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• commodity tax</li> <li>• tobacco and liquor tax</li> <li>• amusement tax</li> <li>• special goods and services tax (luxury tax)</li> <li>• customs duty.</li> </ul>                                                                                                                                                                                                                                              |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                   |



# Taiwan (gross business receipts tax)

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| <b>Type of indirect tax</b>                                                                     | Gross business receipts tax (GBRT).                                                                                                                                                                                                                                          |
| <b>Standard rate</b>                                                                            | Financial institutions – 2 percent for core business revenue, 1 percent for reinsurance premiums of insurance enterprises, or 5 percent for non-core business revenue.<br><br>Special vendors of beverages and food – 15 or 25 percent. Small businesses – 1 or 0.1 percent. |
| <b>What supplies are liable to the standard rate?</b>                                           | The sale of goods and services in Taiwan from financial institutions; special vendors of beverages and food; and small businesses.                                                                                                                                           |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | Generally not applicable.                                                                                                                                                                                                                                                    |
| <b>Who is required to register, and what is the threshold?</b>                                  | The head office of a business entity and its branches with fixed places of business in Taiwan must each register for GBRT.                                                                                                                                                   |
| <b>Is voluntary registration possible?</b>                                                      | No.                                                                                                                                                                                                                                                                          |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | No.                                                                                                                                                                                                                                                                          |
| <b>Typical frequency of returns</b>                                                             | Typically bi-monthly.                                                                                                                                                                                                                                                        |
| <b>Are there any items that a registered business cannot recover GBRT on?</b>                   | Generally not applicable.                                                                                                                                                                                                                                                    |

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| <b>Can an overseas company recover GBRT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                             |
| <b>Typical time taken to obtain GBRT refund following return filing</b>                                  | Generally not applicable.                                                                                                                                                                                                                                                                                       |
| <b>Are there specific requirements for content of invoices to be considered valid for GBRT purposes?</b> | Yes, invoices must contain the buyer name; buyer business number; date; details of transaction; quantity; unit price; item subtotal; selling amount; tax category & tax amount; and grand total.                                                                                                                |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                         | Yes. The GBRT on services supplied by a foreign entity without a fixed place of business in Taiwan should be accounted for by the buyer. The buyer should report such purchase and calculate the related GBRT on its GBRT return. However, if the purchase value is no more than TWD3,000, such GBRT is exempt. |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>            | Yes.                                                                                                                                                                                                                                                                                                            |
| <b>Are there any other indirect taxes that apply in the country?</b>                                     | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• commodity tax</li> <li>• tobacco and liquor tax</li> <li>• amusement tax</li> <li>• special goods and services tax (luxury tax)</li> <li>• customs duty.</li> </ul>                                                        |
| <b>Further detail available online:</b>                                                                  | For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                             |



# Thailand

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Standard rate</b>                                                                            | 7 percent. This is a temporary rate, reduced from the standard rate of 10 percent introduced by a special Royal Decree, valid until 30 September 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>What supplies are liable to the standard rate?</b>                                           | Importation of goods into Thailand; sale of goods in Thailand; provision of services which are performed and used in Thailand; and provision of services outside Thailand and used in Thailand.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rated supplies include the export of goods; bringing domestic goods into a duty free zone; provision of services performed in Thailand but used outside Thailand; provision of services for the manufacture of goods within a duty free zone or provision of services within a duty free zone for the manufacturing of goods in Thailand for export; certain provision of international transport services; sale of goods and provision of services to government authorities under a foreign loan or assistance project; and sale of goods and provision of services between a bonded warehouse and other bonded warehouses or between a duty free zone and other duty free zones.</p> <p>Exempt supplies include fertilizers; fish meals; animal feeds; newspapers, magazines or textbooks; educational services; healthcare services; services of domestic transport; services of international transport by land; rent of all immovable property; and the import of goods brought into a duty free zone when re-exported.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | A supplier carrying on the business of selling goods and providing services, if the annual tax base of its business exceeds 1.8 million Thai Baht (THB).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes, but an overseas company must appoint a fiscal representative and meet certain conditions prescribed by the Director-General of Revenue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Typical frequency of returns</b>                                                             | Monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                    | Yes. VAT input tax is not recoverable if there is no tax invoice, failure to show a tax invoice without a reasonable cause, or an incorrect or incomplete invoice; input tax is not directly related to the carrying on of business; input tax arises from expenses on guest-entertaining or a similar activity; tax invoice issued by unauthorized persons; and input tax as prescribed by the Director-General with Minister's approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | Three to 6 months, depending on the filing history of the VAT operator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | <p>Yes. A tax invoice shall contain at least the words 'tax invoice' in a prominent place; the name, address, and taxpayer identification number of the supplier; the name and address of the purchaser; the serial number of the tax invoice; the description, type, category, quantity, and value of goods or services; the amount of VAT on the goods or services; the date of issuance; and any other particulars as prescribed by the Director-General.</p> <p>Particulars in a tax invoice shall be in the Thai language, Thai currency and Thai or arabic numeral; however, a VAT operator may issue a tax invoice in English and use a foreign currency on approval from the Director-General of Revenue.</p> |
| <b>Does a reverse charge or indirect tax withholding mechanism apply?</b>                               | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> <li>• specific business tax</li> <li>• customs duty</li> <li>• excise duty</li> <li>• stamp duty</li> <li>• house and land tax</li> <li>• local maintenance tax</li> <li>• signboard tax.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the VAT/GST essentials available on <a href="http://kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |



# Vietnam

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| <b>Type of indirect tax</b>                                                                     | VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Standard rate</b>                                                                            | 10 percent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>What supplies are liable to the standard rate?</b>                                           | Goods and services used for the purposes of production, trading, and consumption in Vietnam.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?</b> | <p>Zero rate – exported goods or services; construction and installation in overseas and in non-tariff zones; international transportation; and certain airline and marine services.</p> <p>Exempt – there are 26 categories of VAT exempt supplies including, but not limited to, certain agricultural products; salt products; transfer of land use rights; life insurance, financial, medical, public postal, telecommunications; construction work related to cultural work; education and vocational training; radio and television broadcasting; publication; and public transportation; temporary imported goods for re-export; technology transfer.</p> <p>5 percent – The provision of certain essential goods and services including, but not limited to, clean water; fertilizer; agricultural activities, products and equipment; fresh foodstuffs; medical and education equipment; and scientific and technology services</p> <p><i>VAT ignorable transactions</i></p> <p>There are also some transactions whereby the supplier is not required to charge VAT but is generally allowed to claim the input VAT associated with such transactions. These transactions include, but are not limited to, payments of indemnities, bonuses; financial assistance or other financial receipts, some services rendered by foreign contractors such as repair of means of transportation, advertising, brokerage services; disposal of assets owned by non VAT-registered owners; certain intercompany transfer of fixed assets; capital contributions in the form of assets; receipts from insurance claims against a third party; receipts on behalf of a third party.</p> |
| <b>Who is required to register, and what is the threshold?</b>                                  | VAT registration is compulsory to all organizations and individuals producing and trading taxable goods and services in Vietnam and importing taxable goods or purchasing taxable services from overseas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Is voluntary registration possible?</b>                                                      | Yes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Is voluntary registration available for an overseas company, or a fiscal representative?</b> | Yes. Voluntary registration is available to eligible overseas companies carrying on business in Vietnam as ‘foreign contractors’, subject to their satisfaction of accounting and bookkeeping requirements under Vietnamese Accounting Standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|                                                                                                         |                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Typical frequency of returns</b>                                                                     | Monthly or quarterly.                                                                                                                                                                                                                                                                                              |
| <b>Are there any items that a registered business cannot recover VAT on?</b>                            | Yes. These include, and are not limited to, input VAT suffered on purchases for purposes other than producing taxable goods or services; input VAT on invalid invoices; export transactions that do not satisfy bank remittance requirements.                                                                      |
| <b>Can an overseas company recover VAT if it is not registered?</b>                                     | No.                                                                                                                                                                                                                                                                                                                |
| <b>Typical time taken to obtain VAT refund following return filing</b>                                  | The tax administration law generally requires the tax authorities to process a refund application within a maximum period of 6-40 days following receipt of all required documents from the applicant. In practice, delays are common.                                                                             |
| <b>Are there specific requirements for content of invoices to be considered valid for VAT purposes?</b> | Yes, invoices should be in Vietnamese and must contain name of invoice type; symbols of invoice, and invoice number pattern; names of copies of invoice; serial number of invoice; details of seller and buyer, especially their tax code numbers; details of goods/services; signatures of buyer and seller; etc. |
| <b>Does a reverse charge or <u>indirect tax</u> withholding mechanism apply?</b>                        | Yes.                                                                                                                                                                                                                                                                                                               |
| <b>Is it possible to apply for formal or informal advance rulings from the tax authority?</b>           | Yes.                                                                                                                                                                                                                                                                                                               |
| <b>Are there any other indirect taxes that apply in the country?</b>                                    | Other indirect taxes include the following: <ul style="list-style-type: none"> <li>• special consumption tax</li> <li>• import and export duties</li> <li>• environment protection tax.</li> </ul>                                                                                                                 |
| <b>Further detail available online:</b>                                                                 | For more detailed information, please refer to the VAT/GST essentials available on <a href="https://www.kpmg.com/indirecttax">kpmg.com/indirecttax</a> .                                                                                                                                                           |

## Contacts

### Tim Gillis

**Global Head of Indirect Tax  
KPMG in the US**  
T: +202 533 3700  
E: tgillis@kpmg.com

### Lachlan Wolfers

**Regional Leader, Asia Pacific  
Indirect Tax  
KPMG in China**  
T: +852 2685 7791  
E: lachlan.wolfers@kpmg.com

### Adrienne McStocker

**Regional Leader  
Asia Pacific Indirect Tax  
Center of Excellence**  
T: +65 6597 5810  
E: amcstocker1@kpmg.com.sg

### Australia

**Dermot Gaffney**  
T: +61 2 9455 9398  
E: dgaffney1@kpmg.com.au

### Cambodia

**Michael Gordon**  
T: +855 23 216 899  
E: mgordon@kpmg.com.kh

### China

**Lachlan Wolfers**  
T: +852 2685 7791  
E: lachlan.wolfers@kpmg.com

### Fiji Islands

**Lisa Apted**  
T: +679 3301 155  
E: lisaapted@kpmg.com.au

### India

**Sachin Menon**  
T: +91 22 3090 2682  
E: sachinmenon@kpmg.com

### Indonesia

**Roy Tedja**  
T: +62 21 5704888  
E: roy.tedja@kpmg.co.id

### Japan

**Masaharu Umetsuji**  
T: +81 3 6229 8070  
E: masaharu.umetsuji@jp.kpmg.com

### Laos

**Ganesan Kolandavelu**  
T: +856 21 900 344  
E: ganesan@kpmg.co.th

### Malaysia

**Bob Kee**  
T: +60 3 7721 7029  
E: bkee@kpmg.com.my

### Mongolia

**Enkhsaikhan D**  
T: +976 7012 8102  
E: eenkhsaikhan@kpmg.com

### Myanmar

**Thomas Chan**  
T: +95 1 860 3363 ext. 204  
E: tchan8@kpmg.com

### New Zealand

**Peter Scott**  
T: +64 9 367 5852  
E: pcscott@kpmg.co.nz

### Papua New Guinea

**Dick Nijdam**  
T: +675 321 2022 ext. 227  
E: dniijdam1@kpmg.com.au

### Philippines

**Manuel Salvador III**  
T: +63 2621 0824  
E: msalvadoriii@kpmg.com

### Singapore

**Kok Shang Lam**  
T: +65 6213 2596  
E: kokshanglam@kpmg.com.sg

### South Korea

**Dong Suk Kang**  
T: +82 2 211 20966  
E: dongsukkang@kr.kpmg.com

### Sri Lanka

**Suresh Perera**  
T: +94 1 1542 6502  
E: sperera@kpmg.com

### Taiwan

**Willis Yeh**  
T: +886 2 8101 6666  
E: wyeh@kpmg.com.tw

### Thailand

**Chayanuwat Varee**  
T: +66 2677 2454  
E: varee@kpmg.co.th

### Vietnam

**Nhan Huynh**  
T: +84 8 3821 9266  
E: nnhuynh@kpmg.com.vn

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