



2016 Asia Pacific indirect tax country guide

Global Indirect Tax Services

KPMG International

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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.

In 2016, KPMG was recognized by the International Tax Review with the award for Asia Indirect Tax Firm of the Year.

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Introduction

Spotlight on indirect taxes in the Asia Pacific region

Welcome to the 2016 edition of KPMG's Global Indirect Tax Services' Asia Pacific indirect tax country guide.

In this article we focus on the longer term indirect tax trends which we are seeing both internationally, and which are emerging in countries across the Asia Pacific region. However, before doing so, we apply a special focus to the China value added tax (VAT) reforms which commenced on 1 May 2016, which is timely given the launch of this publication coinciding with KPMG's Asia Pacific Tax Summit in Beijing in May 2016. Given that China's VAT reforms adopt many 'world first' approaches to indirect taxes, it will be interesting to watch as these changes are considered and then potentially adopted by other countries around the globe.

The completion of China's VAT reforms

At its most basic level, China's indirect tax system has transformed over the past 4.5 years from a bifurcated system — with VAT applying to the sale and importation of goods, and business tax (BT) applying to services — into a single unified VAT system.

I was fortunate to relocate to Shanghai just prior to the commencement of the reforms back in 2011, and have watched in awe at the speed and depth of how change has been effected. There is a famous quote that "laws, like sausages, cease to inspire respect in proportion as we know how they are

made."¹ However, that has not been my experience in China — the depth of policy understanding and research which is developed by the government officials, and the extent of their consultation, is impressive. While they are no doubt grappling with a range of 'teething problems', it is important to remember that these tend to be of short-term duration.

In the longer term these reforms will fundamentally change the nature of how taxation applies in China, when you consider that indirect taxes comprise over 60 percent of the government's total tax revenue. China has moved from an antiquated and inefficient BT system, which was a cascading tax on business, into a modern VAT system — all designed to promote the growth and development of the services sector. In so doing, over 11 million taxpayers² have registered for VAT purposes; the fiscal relationship between the central government and local governments has been forever changed (given that BT was a tax collected by, and retained by, local governments, whereas VAT is collected by the central government, with 75 percent being retained by them and the remaining 25 percent going to local governments³); and in the process over 641.2 billion Chinese yuan renminbi (CNY) of taxes has been handed back to businesses in the form of a reduction in the tax burden impact from 2012 to 2015,⁴ with a further reduction of around CNY500 billion expected during 2016.⁵

The final stage of China's VAT reforms which took effect on 1 May 2016 represents a 'big bang' approach, with all remaining sectors transitioning

from BT to VAT nationwide. The three final services industries to transition from BT to VAT were financial services and insurance, real estate and construction and lifestyle services (which encompasses hospitality, food and beverage, healthcare, education, cultural and entertainment services, and a general residual category of any other services which were still subject to BT).

China's VAT system is now among the broadest based systems in over 160 countries in the world which have now implemented a VAT or goods and services tax (GST). It is unique by international standards in applying VAT to virtually all financial services (including interest income), and in applying VAT to real estate transactions involving not only business-to-business (B2B) and business-to-consumer (B2C) transactions, but consumer-to-consumer (C2C) transactions as well — an outcome not known to exist in any other country.

If you consider that for many years, governments around the world have sought out different ways in which they can collect VAT on the 'value added' by banks, insurers, asset managers, funds, trusts and securities companies, yet in most cases, have concluded it could not be done. The European Union (EU) has spent years studying how it can be done, but political challenges in securing the agreement of 28 member states stand in their way. New Zealand took baby steps towards that goal in applying a GST to insurance products. Australia, Malaysia, Singapore and South Africa took further

¹ John Godfrey Saxe (1816–1887), though the quote is sometimes attributed to Otto von Bismarck.

² "Hotels in China raise rates — and ire — despite lower taxes" South China Morning Post, 26 April 2016, quote from China's Finance Minister Lou Jiwei <http://www.scmp.com/news/china/economy/article/1938931/hotels-china-raise-rates-and-ire-despite-lower-taxes>.

³ Though these arrangements are modified in respect of the revenues for the VAT pilot program.

⁴ "Hotels in China raise rates — and ire — despite lower taxes" South China Morning Post, 26 April 2016, quote from China's Finance Minister Lou Jiwei <http://www.scmp.com/news/china/economy/article/1938931/hotels-china-raise-rates-and-ire-despite-lower-taxes>.

⁵ "China's biggest tax reform for 20 years set to buoy growth" South China Morning Post, 22 April 2016, <http://www.scmp.com/news/china/economy/article/1937732/chinas-biggest-tax-reform-20-years-set-buoy-growth>.

steps in applying VAT/GST to fee based income earned by financial institutions. However, only China has managed to apply VAT broadly to financial services, including both margin and fee based products.

When it comes to its tax base, most countries around the world with a VAT or GST system only seek to tax transactions by businesses, or by entrepreneurs. However, China's VAT goes broader in applying VAT to consumer based transactions, which is best reflected in the fact that VAT applies to certain sales of private housing. With the growth of the sharing economy, and of peer-to-peer platforms, China's VAT system is well equipped to handle the challenges which will emerge in 2020 and beyond.

Trends in indirect taxes internationally

With the VAT reforms now fully implemented in China, attention now turns to the other long-term developments in indirect tax systems around the region. Here we take a look at four trends which we are seeing internationally, and how they will impact upon countries in the Asia Pacific region.

First trend — expanding the VAT/GST base

The first trend is the anticipated shift towards more comprehensive VAT/GST bases.

The Organisation for Economic Co-operation and Development (OECD) released its 'Consumption Tax Trends 2014'⁶ which 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 among OECD member countries now exceeding 19 percent. The obvious opportunity now is for governments to broaden the base.

Interestingly, the OECD concluded⁷ that reduced rates and other concessions were not an efficient way to protect lower income individuals and address the so-called regressivity 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. A better way to achieve equity and social objectives would be to remove reduced rates and provide more targeted relief measures, such as income-tested benefits and tax credits.

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, 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 to financial services now appear weakened, together with the experience of China's VAT implementation now providing a roadmap for other countries.

Second trend — moving to a single VAT/GST rate

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

Time and again it has been shown that complexities arise in VAT systems which have either multiple rates, or rely on excessive exemptions and concessions. Well known international cases highlighting everyday consumer transactions emphasize the problems which arise for both taxpayers and tax authorities — for example, whether a meal served on board an international flight should be treated as a separate taxable supply from the flight which is zero-rated;⁸ whether medicines given to a patient visiting a doctor should be treated as a separate supply of goods from the medical service of seeing the doctor;⁹ and whether the supply of software is a good, or an intangible.

China, with its multiple VAT rates of 3 percent, 6 percent, 11 percent, 13 percent and 17 percent, will inevitably need to consolidate into a single rate, or at least to drastically reduce the number of VAT rates in existence. Already, the use of multiple rates has posed a number of challenges, with sectors such as transportation being subject to 11 percent VAT, while the related logistics services are subject to VAT at a 6 percent rate; and in the telecommunications sector, the supply of a mobile phone may be subject to 17 percent VAT, whereas the use of data attracts a 6 percent VAT and calls attract an 11 percent VAT rate.

⁶ OECD (2014), 'Consumption Tax Trends 2014', OECD Publishing.

⁷ OECD/Korea Institute of Public Finance (2014), "The Distributional Effects of Consumption Taxes in OECD Countries," OECD Tax Policy Studies, No.22, OECD Publishing.

⁸ See *British Airways plc v Customs & Excise Commissioners* (1990) 5 BVC 97.

⁹ See *Dr Beynon & Partners v Customs & Excise Commissioners* [2005] STC 55.

Chinese government officials have apparently recognized these complexities and are reportedly proposing to rationalize the number of VAT rates and move towards a single rate, with a reduced rate for some supplies. It is understood that the Chinese government would like to move towards a single VAT rate in the near future, and in so doing, one anticipates the rate would likely be towards the upper end of the current rates being used — somewhere between 13 percent and 17 percent.

Third trend — cross-border services and intangibles

The third trend is the shift towards a global framework for applying VAT/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' that VAT/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.

While a single set of rules to be applied globally may be an unrealizable dream, agreement on framework principles is not. As the OECD has recently recommended,¹⁰ supplies of services and intangibles in a B2C context should be taxed based on the place of performance where they are consumed 'on the spot', such as 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 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 EU's '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 either recently been implemented, or are in the process of being implemented, in countries such as Australia, Japan, Korea, New Zealand, Norway and South Africa. It would not be surprising to see whole trading blocs, such as the Association of Southeast Asian Nations (ASEAN) economic community, banding together to administer collection systems on a more simplified basis. This is key: unless governments can come together to simplify or overcome the need for separate country registrations, tax filings, and compliance, they will in many cases be resigning themselves to an '80/20' level of tax collection.¹¹

The new Chinese VAT system adopts the 'destination principle' however there is both an opportunity and a challenge in applying this principle to

cross-border B2C transactions. The opportunity is that if the Chinese VAT system can accommodate foreign suppliers registering and accounting for VAT on the supply of digitized services and other intangibles to end-consumers in China, then this will plug an ever-increasing revenue gap.¹² At present, the liability to account for VAT is more theoretical than real, with compliance difficult to achieve in practice, and enforcement not known to be active. The challenge though is that the Chinese VAT system does not currently allow foreign businesses without a taxable presence in China to register and account for VAT. It also does not enable them to issue special VAT invoices to their customers to allow them to claim input VAT credits, or to claim input VAT credits themselves.

The registration system for Chinese VAT is inextricably linked to the system of business licensing, to foreign exchange controls, and many other aspects of the general regulatory environment in China. Any change to the VAT registration system in China to allow foreign entities to opt in, is difficult to achieve in isolation from broader regulatory change. Put simply, enabling foreign entities to register and account for VAT is no small change to implement in China. But it must be done.

Fourth trend — big data

This decade has seen a seismic awakening in the business world to the power of data and analytics. 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. Below we make eight predictions around the future impact of big data on indirect taxes:

1. *Tax will be settled in real-time.*
Already we have seen innovation in countries such as Brazil, which

¹⁰ OECD (2015), Addressing the Tax Challenges of the Digital Economy, Action 1 — 2015, Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris.

¹¹ This is the idea that 80 percent of the revenue can be collected from 20 percent of taxpayers. The other 20 percent of revenue would likely go largely uncollected given limited enforcement options where the supplier does not have a taxable presence in that country.

¹² The OECD has estimated that the VAT gap in China represents around 55 percent of all VAT Revenue, see KPMG (2016) "VAT and the digital economy in China", page 3, <http://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Pages/vat-and-digital-economy-in-china.aspx>

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. China operates the Golden Tax System which 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 and is inevitable. We expect other countries will soon follow suit.

2. *Closing the VAT/GST gap using big data.* While there is an abundance of anecdotal evidence supporting increased requests for information 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. In China the tax authorities are one step ahead of many others, as they have the data. While not having an automatic data download (except certain data obtained from third parties), the tax authorities in Australia are among the most advanced in actually analyzing data. If the powers of both the Chinese and the Australian authorities were combined, the outcomes would be a game-changer in tax administration.
3. *The tax transparency debate will shift to indirect taxes.* The role of indirect taxes in the tax transparency debate has been less high profile to date than for direct taxes, raising issues such as: whether indirect taxes should be reported as part of a company's total tax obligations; and does a

multinational company bear some responsibility if it is legitimately able to provide goods or services into a country without VAT/GST? Arguably the consumer is the winner, but equally it may be contended that the supplier has secured a competitive advantage over locally-based businesses. Where B2C supplies of intangibles cross-border often escape the VAT/GST net, as occurs in practice in many countries throughout the Asia Pacific region, the roles and obligations of these large tech companies will come to the fore.

4. *Data quality and analysis will be the new audit battleground.* The new tax 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. Tax authorities in Singapore have been among the leaders in this area with their Assisted Compliance Assurance Programme (ACAP), recognizing the mutual benefit for both companies and governments in the former investing in controls over indirect taxes as a means of securing enhanced compliance, with the latter co-funding the costs of implementing it. Australia has followed Singapore's lead with its External Compliance Assurance Process (ECAP) program and China's recent foray into tax compliance agreements to encourage companies to implement better processes and controls, is a first step in a long journey.
5. *Businesses won't control all their own data anymore.* Banks and credit card processors are already playing an increasing role as 'de facto' tax collectors around the world, with their data routinely 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, and most bilateral treaties allow for information exchanges on VAT/GST (though to date, it has been rarely used). 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. The use of proxies which rely on information already collected by the supplier will become the norm.
8. *The role of the tax manager will change substantially.* 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 analyzing trends and exception reporting. Businesses will need to retrain, recruit or upskill their tax staff to respond to the big data challenge. Countries located in the Asia Pacific region are well placed given their tech-savvy population, but the major area for development

will be in upskilling people to analyze the increasing volume of data being produced.

What does the future look like for indirect taxes?

The truly fascinating issue to consider is how these megatrends will interact. If we have a shift towards single rate VAT/GST systems with a more comprehensive VAT base, the adoption of a global framework for applying VAT/GST to cross-border flows of services and intangibles, what happens when this is overlaid with the big data phenomenon?

Consider the following:

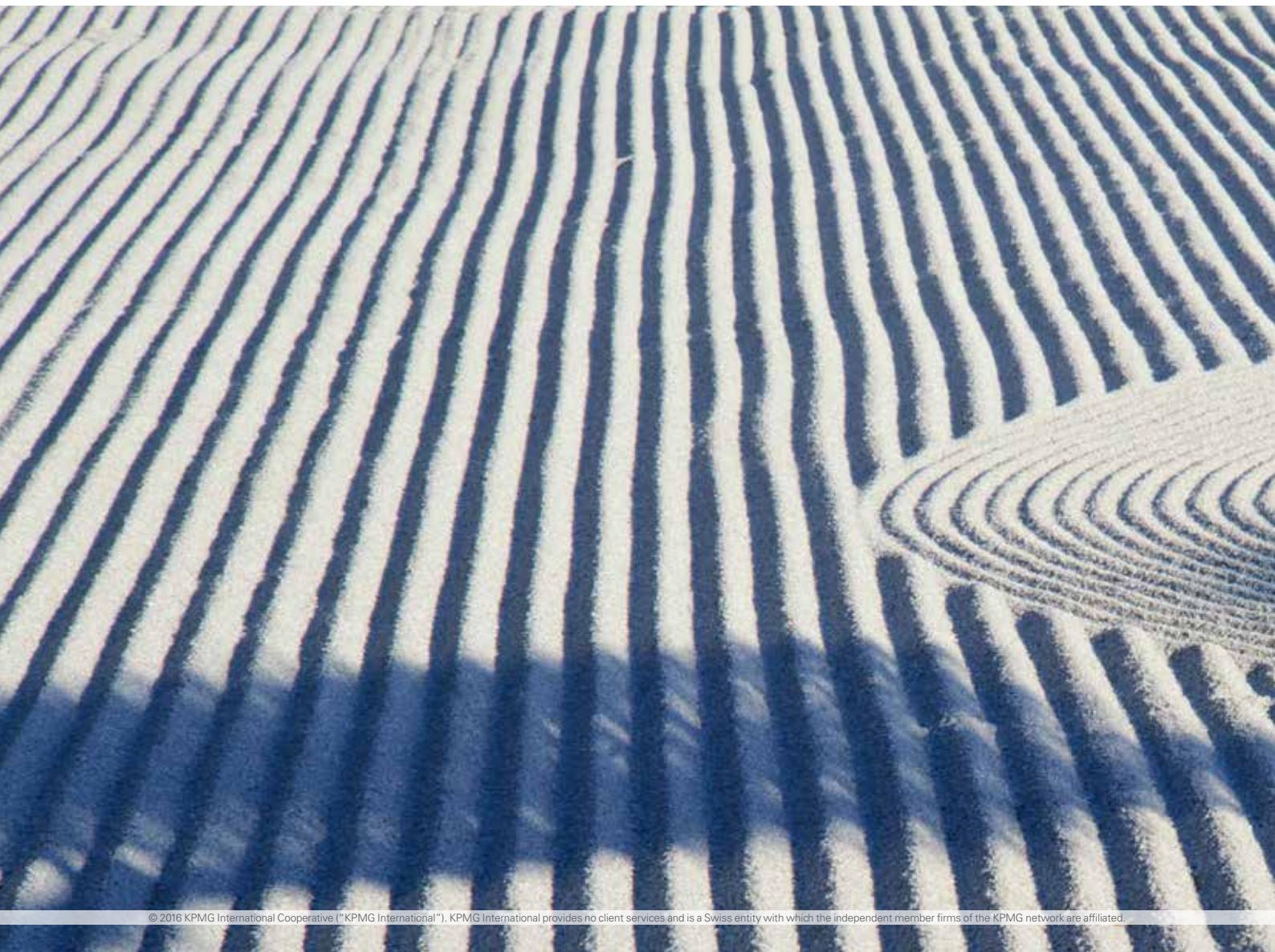
1. The place of taxation for cross-border flows of services and intangibles will, in the near future, be based around proxies such as the customer's IP address,

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 respond to business needs, rather than businesses responding to tax rules.

2. The convergence of traditional financial services with the digital economy is likely to bring about a broadening of countries' VAT/GST base, at least in the financial services sector. China's application of VAT to nearly all financial services shows it is possible.
3. Real-time tax collection potentially represents a 'win-win' for both governments and businesses — while output tax may be paid more

quickly, input taxes should similarly be refunded on a real-time basis. In theory this should lead to VAT/GST systems operating in practice more like single layer 'retail sales taxes'.

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 businesses are able 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 are enabling more sophisticated banking and financing



transactions in many parts of the world, so too will technology enable the gap between tax collection in developing and developed countries to be bridged.

- 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.

By international standards, certain aspects of China's VAT system still have room for considerable improvement, such as the need to shift towards a single rate VAT system, and the need to

expand its VAT base to better enable the collection and enforcement of VAT on B2C cross-border supplies of digitized services and intangibles. However, when the dust settles on China's recent VAT reforms, the combination of its comprehensive VAT base in applying VAT to financial services, the potential for its Golden Tax System to evolve into a real-time tax collection system, and its application to C2C transactions, China's VAT system may soon become amongst the world's leading indirect tax systems. We expect that other countries may soon follow China's lead and are watching this space with great interest.



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Asia Pacific indirect tax overview

| Type of indirect tax | Standard rate | Reduced rates, zero-rates, or exemptions | Voluntary registration possible for an overseas company? | |
|----------------------|------------------------------------|--|--|-------------------------------|
| Australia | GST | 10% | Zero-rated supplies; exempt supplies | Yes |
| Cambodia | VAT | 10% | Zero-rated supplies; exempt supplies | No |
| China | VAT | 17% | Reduced rates; zero-rated supplies; exempt supplies | No |
| Fiji | VAT | 9% | Zero-rated supplies; exempt supplies | No |
| India | VAT | 4%–15% | Reduced rates; increased rates; zero-rated supplies; exempt supplies | Yes |
| | Service tax | 14.5% | Zero-rated supplies; certain abatements in calculating the taxable value of services | Yes |
| Indonesia | VAT | 10% | Zero-rated supplies; exempt supplies | No |
| Japan | Consumption tax | 8% | Exempt supplies; non-taxable supplies | Yes |
| Korea | VAT | 10% | Zero-rated supplies; exempt supplies | Yes, in limited circumstances |
| Laos | VAT | 10% | Zero-rated supplies; exempt supplies | No |
| Malaysia | GST | 6% | Zero-rated supplies; exempt supplies | Yes |
| Mongolia | VAT | 10% | Zero-rated supplies; exempt supplies | No |
| Myanmar | Commercial tax | 5% | Exempt supplies; increased rates; reduced rates | No |
| New Zealand | GST | 15% | Reduced rate; zero-rated supplies; exempt supplies | Yes |
| Papua New Guinea | GST | 10% | Zero-rated supplies; exempt supplies | Yes |
| Philippines | VAT | 12% | Zero-rated supplies; exempt supplies | No |
| Singapore | GST | 7% | Zero-rated supplies; exempt supplies | Yes |
| Sri Lanka | VAT | 11% | Zero-rated supplies; exempt supplies | Yes |
| Taiwan | VAT | 5% | Zero-rated supplies; exempt supplies | No |
| | Gross business receipts tax (GBRT) | 0.1%–25% | None | No |
| Thailand | VAT | 7%** | Zero-rated supplies; exempt supplies | Yes |
| Vietnam | VAT | 10% | Reduced rate; zero-rated supplies; exempt supplies | Yes |

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

**Temporary rate value until 30 September 2016.

| | 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? |
|------------------|--|--|---|---|--|
| Australia | Quarterly* | No | 1 month | Yes | Yes |
| Cambodia | Monthly | No | Differs | Yes | No |
| China | Monthly* | No | Typically, excess credits must be carried forward | Yes | Yes |
| Fiji | Monthly* | No | 2–6 months | Yes | Yes |
| India | Varies at a state level, and also depending on turnover or tax liability | No | 6-12 months | Yes | Yes |
| | Twice annually | No | 6-24 months | Yes | Yes |
| Indonesia | Monthly | No | Many months up to 1 year | Yes | Yes |
| Japan | Annually* | No | 1–2 months | Yes | No, except in limited circumstances |
| Korea | Quarterly | No | 1 month | Yes | Yes |
| Laos | Monthly | No | 6 weeks | Yes | No |
| Malaysia | Quarterly | No | 14–28 days | Yes | Yes |
| Mongolia | Monthly | No | Officially 69 working days, often difficult in practice | Yes | Yes |
| Myanmar | Quarterly | No | 1 year | Yes | No |
| New Zealand | Bi-monthly* | No | 2–3 weeks | Yes | Yes |
| Papua New Guinea | Monthly | No | 1–4 months | Yes | Yes |
| Philippines | Monthly and quarterly | No | Differs, difficult process | Yes | Yes |
| Singapore | Quarterly* | No | Aligned with the frequency of returns | Yes | No |
| Sri Lanka | Quarterly* | No | Within 3 years | Yes | No |
| Taiwan | Bi-monthly* | Yes, in limited circumstances | 2 months | Yes | Yes |
| | Bi-monthly | No | N/A | Yes | Yes |
| Thailand | Monthly | No | 3–6 months | Yes | Yes |
| Vietnam | Monthly or quarterly | No | Officially 6–40 days, often longer in practice | Yes | Yes |



Australia

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|--|---|
| Type of indirect tax | GST. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | <p>Any form of supply that is made for consideration in the course or furtherance of an enterprise is connected with Australia¹ and the entity is either registered or required to be registered.</p> <p>It is anticipated that as of 1 July 2017, GST will apply to supplies of digital products and other services from offshore suppliers to Australian consumers. Presently, these supplies, which may include digital streaming, downloads and other services, such as consultancy and professional services, are not subject to GST under current Australian legislation as they are not 'connected with Australia'.</p> |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>There are no reduced rates.</p> <p>GST-free (zero-rated) supplies include exports (of goods and services), 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 fundraising events conducted by charitable and not-for-profit entities.</p> |
| Who is required to register and what is the threshold? | <p>An entity that is carrying on an enterprise whose current or projected annual GST turnover is 75,000 Australian dollars (AUD) or more (excluding GST).</p> <p>Non-profit and charitable bodies are not required to be registered unless their current or projected annual turnover is AUD150,000 or more (excluding GST).</p> <p>Taxi operators are required to be registered, regardless of their annual turnover.</p> |
| Is voluntary registration possible? | Yes, provided you 'carry on an enterprise'. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes, provided you 'carry on an enterprise'. |
| Typical frequency of returns | Usually quarterly. Where a business' annual GST turnover exceeds AUD20 million, monthly returns are required (GST-registered entities can voluntarily register for monthly lodgment). In very limited situations, an election can be made to lodge annually. |

¹ With effect from 1 July 2015, the term 'Australia' was replaced with the term 'indirect tax zone'. The scope of the new term remains the same as the now-repealed definition of 'Australia'. For readability, the term 'Australia' is used in this document to refer to the 'indirect tax zone', as defined in subsection 195-1 of the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

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| Are there any items that a registered business cannot recover GST on? | 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 GST margin scheme. |
| Can an overseas company recover GST if it is not registered? | No. |
| What is the typical time taken to obtain a GST refund? | If all required information has been provided to, and lodgments are up-to-date with, the Australian Taxation Office (ATO), the ATO will generally process refunds within a month. |
| Are there specific requirements for the content of invoices to be considered valid for GST purposes? | 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. |
| Does a reverse charge or indirect tax withholding mechanism apply? | 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). From 1 July 2016 ² , certain supplies of services and intangibles from non-resident suppliers to Australian-based business recipients will not be connected with Australia, potentially triggering a greater application of the reverse charge mechanism to Australian businesses. These changes have been included in the <i>Tax and Superannuation Laws Amendment (2016 Measures No. 1) Bill 2016</i> , which was introduced into Parliament on 10 February 2016. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes, an entity may apply for a private binding ruling. Informal rulings are not issued. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: — customs duty — state taxes, including stamp duty and land tax — wine equalization tax — luxury car tax — fuel tax. |

² The changes are proposed to come into effect during a quarterly tax period starting after the bill receives royal assent. However, it is anticipated that these changes will be effective as of 1 July 2016.



Cambodia

| | |
|--|--|
| Type of indirect tax | VAT. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | Supplies of goods and services in Cambodia and imported goods. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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, supplies of water for public consumption and electricity and non-profit activities in the public interest recognized by the Ministry of Economy and Finance.</p> |
| Who is required to register and what is the threshold? | <p>An enterprise which is making taxable supplies, if it falls under one of the following criteria:</p> <ul style="list-style-type: none"> — all types of corporation, importer-exporter and investment enterprises — 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 — any enterprise which, at the beginning of any 3 consecutive months, has any government contracts which will produce taxable turnover exceeding KHR30 million. |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | No. |
| Typical frequency of returns | Monthly. |
| Are there any items that a registered business cannot recover VAT on? | 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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| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | The VAT regulation provided a specific timeframe based on the amount of the 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. |
| Are there specific requirements for the content of invoices to be considered valid for VAT purposes? | Yes, valid VAT invoices shall disclose the name, address and VAT number of both the supplier and the customer, the invoice date, the invoice number and a description of the supplies, selling price before VAT, the VAT amount and are required to be signed by both the supplier and customer. Moreover, VAT invoices are required to be issued in sequential order and in Khmer language (with English as secondary language, if required). |
| Does a reverse charge or indirect tax withholding mechanism apply? | No. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | There is no formal or binding ruling system in Cambodia. A taxpayer can submit a letter seeking a ruling, but the tax office is usually reluctant to respond or does not respond at all. Obtaining a ruling request from the tax office is likely to be a time-consuming process. Likewise, the tax authority is reluctant to give an informal opinion or ruling. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — accommodation tax — specific tax on certain merchandise and services — tax for public lighting. |



China

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| Introduction | <p>There are two main forms of indirect taxes operating in mainland China: VAT and consumption tax. Until recently, China also operated a business tax (BT) regime, however from 1 May 2016 this has been replaced by VAT.</p> <p>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.</p> |
| VAT pilot program | <p>In 2012, the Chinese Government embarked upon extensive indirect tax reforms. The reforms introduced a VAT for services industries which were previously subject to BT. The VAT pilot program was gradually expanded across mainland China and to all service sectors. On 1 May 2016 the VAT pilot program was completed following the expansion of VAT to financial services and insurance, real estate and construction and lifestyle services, resulting in VAT replacing BT for all services sectors.</p> |
| Standard rate | <p>17% (VAT), though other rates of 3%, 6%, 11% and 13% commonly apply.</p> |
| What supplies are liable to the standard rate? | <ul style="list-style-type: none"> — Sale and importation of goods. — Provision of repair, replacement and processing services. — Leasing of tangible and moveable assets. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <ul style="list-style-type: none"> — 3% — '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 the simplified levy method. These small-scale taxpayers pay output VAT at 3%, but cannot claim input VAT credits. — 6% — 'modern services' (being research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, leasing of tangible moveable assets, certification and consulting services, radio, film and television services), value added telecommunications services, financial and insurance services and 'lifestyle services' (being education, healthcare, travel, entertainment, food and beverage, accommodation, citizens daily services and cultural and sports services). — 11% — transportation services, postal services, basic telecommunication services, real estate and construction (though many real estate and construction transactions are subject to reduced rates of VAT pursuant to transitional or grandfathering rules from 1 May 2016). — 13% — the sale of food grains and vegetable oils, heating, air conditioning, certain gas supplies, books, newspapers and magazines. — Zero-rated — exported goods; certain exported services (though most exported services are exempt, not zero-rated). — Exempt: <ul style="list-style-type: none"> — agricultural products, contraceptive drugs and devices, antique books and other items declared by the State Council — a number of exported services. |

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| Who is required to register and what is the threshold? | <p>Business taxpayers may register as a 'general VAT taxpayer' which entitles them to claim input VAT credits and issue VAT special invoices. All other businesses are classified as 'small-scale taxpayers' and pay VAT at 3%, with no eligibility for input tax credits on purchases and no eligibility to issue VAT special invoices. Registration as a general VAT taxpayer is compulsory if the annual turnover exceeds the following thresholds:</p> <ul style="list-style-type: none"> — 0.8 million Chinese yuan renminbi (CNY) — CNY0.5 million if engaged solely or mainly in the production of goods or provision of taxable services not subject to the VAT pilot program — CNY5 million if providing services that are subject to the VAT pilot program. <p>The VAT liability threshold for individuals registering as a "small-scale taxpayer" varies between regions and ranges from sales of CNY5,000 to CNY20,000 per month or CNY300 to CNY500 per transaction.</p> |
| Is voluntary registration possible? | <p>Yes.</p> <p>It is possible for taxpayers that would otherwise be below these threshold to register as 'general VAT 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 and be approved by the tax authority.</p> |
| Is voluntary registration available for an overseas company or a fiscal representative? | <p>No. Overseas companies are not generally permitted to register for Chinese VAT purposes.</p> |
| Typical frequency of returns | <p>Monthly is the norm. However, depending on the taxpayer's activities, returns can be required more frequently, in some cases as often as daily. Banks, trust and certain finance companies file returns quarterly.</p> |
| Are there any items that a registered business cannot recover VAT on? | <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 claims 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"> — inputs related to activities subject to the simplified levy method — inputs related to the sale of tax-exempt items — inputs related to group welfare activities (e.g. employee canteens and employee benefits) — inputs related to food and beverage and entertainment services — inputs related to interest expense — items for personal consumption — inputs used in deriving extraordinary or abnormal losses. <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> |
| Can an overseas company recover VAT if it is not registered? | <p>No.</p> |
| Typical time taken to obtain VAT refund following return filing | <p>Where input tax exceeds output tax in any given period, generally the excess 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.</p> <p>First-time providers can be required to wait 6 months or greater before they receive the refund.</p> |

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| Are there specific requirements for the content of invoices in order for the invoice to be considered valid for VAT purposes? | <p>Yes.</p> <p>China operates the 'Golden Tax System', which is a highly regulated invoicing system. 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 verify it before an input VAT credit can be claimed.</p> |
| Does a reverse charge or indirect tax withholding mechanism apply? | <p>Yes. AVAT withholding system applies where services are provided by an overseas party to a business or individual (or an agent) in China.</p> |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | <p>No.</p> <p>However, the Chinese tax authorities are implementing an advance tax rulings system, though it is not yet in widespread use.</p> |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — consumption tax, which applies to the manufacturing, processing, importation or selling of 14 different kinds of goods, principally luxury goods — customs duty — stamp duty — various local levies — various real estate specific taxes, motor vehicle taxes and mining-specific taxes. |



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| Type of indirect tax | VAT. |
| Standard rate | 9% (from 1 January 2016). |
| What supplies are liable to the standard rate? | Supplies of goods and services or the import of goods made by a registered person. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>There are no reduced rates.</p> <p>VAT-exempt supplies include financial services, residential rent (excluding residential apartments providing hotel like accommodation and facilities, which are subject to the standard rate), 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, water and sewerage services, international transport services and international inbound telecommunication services.</p> |
| Who is required to register and what is the threshold? | <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> |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | No, unless that overseas company is carrying on business in Fiji and making taxable supplies. |
| Typical frequency of returns | 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 or annual filing. |
| Are there any items that a registered business cannot recover VAT on? | <p>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.</p> <p>A VAT-registered person cannot claim an input tax deduction in respect of any VAT exempt purchases.</p> |

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| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | 2 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). |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | 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. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | 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. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — stamp duty — customs duty — gambling turnover tax — service turnover tax. |



India (VAT)

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| Introduction | VAT and CST are levied on intrastate sales of goods and interstate sales of goods, respectively. The Indian Government is proposing to replace the current VAT and CST with a comprehensive dual GST. ³ |
| Type of indirect tax | VAT. |
| Standard rate | Either 4% or 5% or 12.5% or 15%, depending upon the nature of the goods. The rates of VAT vary across states and an additional surcharges ranging from 0.5% to 5% are levied in certain states. |
| What supplies are liable to the standard rate? | The sale/purchase of goods made by a taxable person in the course of a business carried on by that person. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <ul style="list-style-type: none"> — Zero-rated — export of goods. — Exempt goods include various food products, agricultural products and tools, books, periodicals and journals and electric energy. — 1% — certain categories of goods, including gold, silver, precious stones and articles or ornaments made from them. — Certain categories of goods are charged at higher rates of 20% or above, including petroleum products; natural and other gases used as fuel; liquor and beer. |
| Who is required to register and what is the threshold? | The registration threshold varies across states and ranges between taxable sales of approximately NIL and 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. |
| Is voluntary registration possible? | Yes, in most states. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes. However, most states require there to be a place of business within that state. |
| Typical frequency of returns | The frequency of filing returns varies and may depend on the category of taxable person/turnover of sales/tax liability of the respective taxpayer in the preceding year or expected during the current year. VAT return filing could be monthly, quarterly or biannually. Most states also require the submission of an additional annual return/VAT audit report. |

³ The roadmap for the implementation of the GST remains uncertain. It is not expected to commence before October 2016. However, draft documents have been released by the government on some aspects of the law, such as returns, refunds, registration and payment of tax. The proposals remain under discussion and could change.

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| Are there any items that a registered business cannot recover VAT on? | 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. |
| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | Typically 6 months to 1 year, depending upon the facts of the case. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | Yes. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. There could be a levy of purchase tax in certain circumstances. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes, in most states, subject to certain conditions being fulfilled. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — customs duty is levied on import/export of goods in/from India — excise duty is levied on manufacture of excisable goods within India — service tax on provision of services in India (see separate fact sheet on service tax) — central sales tax is levied on the sale of goods occasioning movement across states — entry tax/octroi is levied on the entry of goods within the municipal territories of a particular state — other local levies including stamp duty, entertainment tax and luxury tax. |



India (service tax)

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| Introduction | Service tax is levied on the provision of services. Typically, the service provider is liable to pay service tax. However, in some cases, through reverse charge and import of services, the service recipient would be liable to pay service tax. The Indian Government is proposing to replace the current service tax with a comprehensive dual GST. ⁴ |
| Type of indirect tax | Service tax. |
| Standard rate | 14.5% (including Swachh Bharat Cess). |
| What supplies are liable to the standard rate? | Supplies of all services in India are taxable, barring the ones mentioned in the negative list (17 services) and the mega-exemption notification (47 services). |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | Zero-rated — export of services. Certain abatements in calculating the taxable value of services are available, subject to various conditions. |
| Who is required to register and what is the threshold? | A person rendering taxable services in a financial year in excess of the prescribed threshold level of INR1 million. Also, in respect of 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). |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes, provided they have a place in India which can be registered with the service tax authorities. |
| Typical frequency of returns | Twice annually. |
| Are there any items that a registered business cannot recover service tax on? | Yes, taxes/duties paid on goods and services used in providing exempt services. 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. |

⁴ The roadmap for the implementation of the GST remains uncertain. GST is not expected to commence before October 2016. However, draft documents have been released by the government on some aspects of the law, such as returns, refunds, registration and payment of tax. The proposals remain under discussion and subject to change.

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| Can an overseas company recover service tax if it is not registered? | No. |
| Typical time taken to obtain service tax refund following return filing | Typically 6 months to 2 years, depending on the facts of the case. |
| Are there specific requirements for content of invoices to be considered valid for service tax purposes? | Yes. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes, for specified services from service providers outside of India. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes, in certain circumstances. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — customs duty is levied on import/export of goods in/from India — excise duty is levied on manufacture of excisable goods within India — VAT is levied on sale of goods within an Indian state (see a separate fact sheet on VAT) — central sales tax is levied on the sale of goods occasioning movement across the Indian states — entry tax/octroi is levied on the entry of goods within the municipal territories of a particular state — other local levies including stamp duty, entertainment tax and luxury tax. |



Indonesia

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| Type of indirect tax | VAT. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | 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 including toll manufacturing services, repair and maintenance services and construction services), self-construction activities and the disposal of fixed assets. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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 — deliveries of goods to a bonded zone; and 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> |
| Who is required to register and what is the threshold? | Indonesian taxpayers (companies and individuals) with annual turnover of more than 4.8 billion Indonesian rupiah (IDR). |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | No. |
| Typical frequency of returns | Monthly. |

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| Are there any items that a registered business cannot recover VAT on? | <p>Such items include:</p> <ul style="list-style-type: none"> — acquisition of goods and services before the entrepreneur is registered/ deemed as a taxable entrepreneur — acquisition of goods and services unrelated to business activities or related to non-VAT-able business activities — acquisition and maintenance of certain motor vehicles, except as commodities or rentals — acquisition of intangible goods and services from outside Indonesia with invalid tax invoices — goods or services where the input tax is collected by issuing a tax assessment — acquisition of taxable goods or services where the input tax is not reported in monthly VAT returns and is discovered during audit — acquisition of taxable goods, other than capital items, before a taxable entrepreneur starts production — input VAT more than 3 months from the end of the period in which it is incurred. |
| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | 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, up to 1 year, before any refund payment is made. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | 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. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. It is possible to apply for a formal advance ruling from the tax authority. However, there is no specific timeline as to when a ruling request will be formally responded. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — sales tax on luxury goods — stamp duty — excise and customs duty. |



Japan

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| Type of indirect tax | Consumption tax. |
| Standard rate | <p>The current consumption tax rate is 8% and was increased from 5% on 1 April 2014. Furthermore, the rate will increase to 10% on 1 April 2017. The increase to 10% was originally planned to come into effect on 1 October 2015. However, it was postponed for 18 months.</p> <p>According to the proposed reform bill submitted to the National Diet on 5 February 2016, a new multiple tax rate system will also be introduced on 1 April 2017. A standard rate of 10% and reduced tax rate of 8% will simultaneously exist. Taxable supplies subject to the reduced tax rate will be the sale of food and beverages and sale of newspapers under subscription contracts.</p> |
| What supplies are liable to the standard rate? | The sale or lease of an asset in Japan, the supply of services in Japan or the supply of digital services provided to individual residents of Japan or Japanese companies when carried out for consideration as part of a business carried on by an individual or company. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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 treatments provided under public medical insurance law, social welfare activities, school tuition and examination services, residential rents, services related to childbirth, burial, home help and welfare centers for aged and disabled persons.</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> |
| Who is required to register and what is the threshold? | <p>In principle, a business which makes taxable supplies in Japan exceeding 10 million Japanese yen (JPY) in the base period or the specified period, automatically becomes a taxpayer.</p> <p>Further, for a newly established company, it will automatically be a taxpayer if either its paid-in capital at the beginning of the fiscal year exceeds JPY10 million or it is controlled by a person (including individuals and companies) whose amount of taxable sales corresponding to the theoretical base period of the newly established company exceeds JPY500 million.</p> |
| Is voluntary registration possible? | Yes. |

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| Is voluntary registration available for an overseas company or a fiscal representative? | Yes. |
| Typical frequency of returns | A final/annual tax return is due for all relevant taxpayers within 2 months of the end of the fiscal period for companies or the 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. |
| Are there any items that a registered business cannot recover consumption tax on? | No. However, the amount of creditable input tax can be restricted, based on specified formulas. The input consumption tax which is identified to correspond to non-taxable sales is not creditable. |
| Can an overseas company recover consumption tax if it is not registered? | No. |
| Typical time taken to obtain consumption tax refund following return filing | Usually within 1 to 2 months of filing the return. |
| Are there specific requirements for content of invoices to be considered valid for consumption tax purposes? | <p>Yes. However, please note that Japan's consumption tax law currently 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"> — the full name of the supplier — the date of the taxable transaction — the description of the taxable transaction — the total amount charged on the taxable transaction — the full name of the person to whom the goods or services are supplied. <p>It is proposed that an invoicing system, effective from April 2021, will be introduced. A 4-year transitional period will be established for the period from April 2017 to March 2021. For this period, in principle, business operators will need to indicate whether the item is subject to a reduced rate under the multi-rate system and indicate the total sales amounts subject to each tax rate in preparing their accounting records and invoices. It is acceptable to use a simplified method to calculate the tax amount based on an estimate of sales eligible for the reduced rate for small business operators whose taxable sales during the base period do not exceed JPY50 million.</p> |

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| Does a reverse charge or indirect tax withholding mechanism apply? | Generally, no. The reverse charge mechanism currently only applies to the provision of business-to-business (B2B) digital services by a foreign supplier to a domestic business. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. However, given the practical aspects of the formal ruling system, taxpayers generally seek informal verbal comments from the tax authority. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — liquor tax — tobacco tax — special tobacco tax — gasoline tax. |



Korea (Republic of)

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| Type of indirect tax | VAT. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | The supply of all goods and services and the importation of all goods into Korea. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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 (zero-rate application on professional services and business supporting services is subject to a reciprocity rule).</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, tobacco for special use or whose selling price is not more than 200 Korean won (KRW) per 20 cigarettes; 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> |
| Who is required to register and what is the threshold? | 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. |
| Is voluntary registration possible? | Not applicable. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes. A physical place of business in Korea is required to register for VAT. However, effective 1 July 2015, non-Korean electronic service providers without a permanent establishment, including application developers and open market operators, are required to register for and pay VAT on sales of electronic services to final consumers in Korea. |
| Typical frequency of returns | Quarterly. |
| Are there any items that a registered business cannot recover VAT on? | <p>Items that a registered business cannot recover VAT on include non-business-related expenditures, 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 for the period that ended 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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| Can an overseas company recover VAT if it is not registered? | <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"> — food and lodging services — advertisement services — electronic and telecommunication services — real estate leasing services — goods and services purchased for the operating of an office of a foreign corporation in Korea, which are purchases of fixtures and furniture in an office in Korea, maintenance services of fixtures and furniture, leasing of fixtures and furniture. <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 1 January to 31 December, by 30 June of the following year. To apply for a VAT refund, the amount of VAT to be refunded for 1 calendar year should be more than KRW300,000.</p> |
| Typical time taken to obtain VAT refund following return filing | <p>Typically, within 30 days of the tax return filing due date.</p> |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | <p>Yes. The tax invoices must contain the supplier's name and registration number, the registration number of the buyer, the tax base, the VAT amount and the date.</p> |
| Does a reverse charge or indirect tax withholding mechanism apply? | <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"> — a non-resident or a foreign corporation that does not have a business place in Korea — 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). |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | <p>Yes. Rulings are published in the Korean language here: http://taxinfo.nts.go.kr/index.jsp.</p> |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — stamp tax — customs duty — liquor tax — securities transaction tax — individual consumption tax. |



Laos

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| Type of indirect tax | VAT. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | Goods and services produced and consumed domestically or being imported into Laos, services provided by overseas or non-resident entities in Laos, services performed in Laos to overseas entities. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>Zero-rate — goods and services for export.</p> <p>Exempt supplies include the following:</p> <ul style="list-style-type: none"> — crop seeds and animals for breeding, pesticides, vaccines, organic and chemical fertilizers — certain imports related to air transport — certain educational operations — specified financial services operations — specified medical services — certain vehicles for specific purposes. |
| Who is required to register and what is the threshold? | Business operators who have a minimum annual business turnover of 400 million Lao kips (LAK). |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes, if the business has a place of business within Laos. |
| Typical frequency of returns | <p>VAT returns are submitted monthly and the submission shall not be 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> |
| Are there any items that a registered business cannot recover VAT on? | <p>Yes. Examples include:</p> <ul style="list-style-type: none"> — VAT paid on matters not related to the main business or incorrect or incomplete receipts of payment — VAT input on natural resources, fertilizer and wood which is not a finished product for exporting — where VAT input has been deducted or refunded. |
| Can an overseas company recover VAT if it is not registered? | No. |

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| Typical time taken to obtain VAT refund following return filing | VAT refunds can typically be expected within 6 weeks of filing. Furthermore, any excess input VAT amount cannot be carried forward more than 6 months. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | 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. The invoice should contain a signature and stamp of the supplier and purchaser. |
| Does a reverse charge or indirect tax withholding mechanism apply? | No. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | No. However, Laos's VAT and other legal enactments are being updated. Therefore, informal or formal rulings may be available in the future. Practically, some companies can request advance rulings from the tax authority on a case-by-case basis. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — excise tax — customs duty — stamp duty. |



Malaysia

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| Type of indirect tax | GST, which was implemented in Malaysia on 1 April 2015, replacing the previous sales tax and service tax. |
| Standard rate | 6%. |
| What supplies are liable to the standard rate? | Domestic supplies of goods and services which are not zero-rated, exempt or given a relief and imported goods and services. |
| Are any reduced rates, zero-rates or exemptions expected and if so, what would they apply to? | There will be no reduced rates. Zero-rated supplies include exports of goods and services, basic foods, certain medicaments and medical gasses, supply of the first 300 units of electricity to domestic users for a minimum period of 28 days per billing cycle and supplies of treated water to domestic users. Exempt supplies include investment precious metal and financial services, sale and lease of residential property (including land), toll highways, private health care and education, domestic public transport, land for agricultural purposes and land for the purposes of burial, play or religion. |
| Who would be required to register? | Businesses with an annual taxable turnover exceeding 500,000 Malaysian ringgits (MYR). |
| Is voluntary registration expected to be possible? | Yes. |
| Will voluntary registration be available for an overseas company or a fiscal representative? | 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 or she appoints a local agent to act on his or her behalf for all matters pertaining to GST. |
| Typical frequency of returns | Quarterly filing can be made for those with annual taxable turnover less than MYR5 million. However, registered persons with annual taxable turnover of MYR5 million and above will be required to file monthly. |
| Are there expected to be any items that a registered business cannot recover GST on? | Yes. Items blocked from GST recovery are: supply to or importation of passenger motor cars or hiring of passenger motor cars, repairs; maintenance and refurbishment expenses relating to a passenger motor car, club subscription fees, medical and personal accident insurance premiums or takaful contributions; medical expenses (to the extent such expenses are not an exempt supply); family benefits and entertainment expenses (except for existing clients/employees) and expenses relating mainly to making exempt supplies. |

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| Might an overseas company recover GST if it is not registered? | No. |
| Typical time taken to obtain GST refund following return filing | In theory, 14 days for electronic filing and 28 days for manual filing. However, in practice, what we have seen is that it takes a longer time to receive a refund as the Royal Malaysian Customs Department will generally conduct a verification audit before processing the refund. |
| Are there expected to be specific requirements for the content of invoices to be considered valid for GST purposes? | <p>Yes. Unless approved by the director general, invoices must contain:</p> <ul style="list-style-type: none"> — the words 'tax invoice' in a prominent place — tax invoice serial 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, distinguish the type of supply (standard rate, zero-rate and exempt), 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 — the total amount payable, including the total tax chargeable — any amount expressed in a currency other than ringgit shall also be expressed in ringgit. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Would it be possible to apply for formal or informal advance rulings from the tax authority? | Yes. A person may apply to the director general for an advance ruling. |
| Other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — excise duty — customs duty — windfall profit levy — cess. |



Mongolia

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| Type of indirect tax | VAT. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | Goods imported into Mongolia; and goods produced or sold, work performed or services performed in Mongolia. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>Zero-rated supplies include exports of goods and services, international transport services, services related to international air travel, services provided in a foreign country (including tax-exempt services), services provided to foreign citizens not residing in Mongolia during provision of services (including tax-exempt services) and mining final products exported.</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, renewable energy research and production equipment, its accessories and spare parts.</p> |
| Who is required to register and what is the threshold? | Any entity or individual with sales revenue that exceeds 50 million Mongolian tughrak (MNT) a year. |
| Is voluntary registration possible? | Yes, provided the entity's sales revenue subject to VAT has reached MNT10 million. |
| Is voluntary registration available for an overseas company or a fiscal representative? | No. |
| Typical frequency of returns | Monthly. |
| Are there any items that a registered business cannot recover VAT/GST on? | <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"> — automobiles and their components and spare parts — goods or services purchased for personal or employee use — goods, work, services purchased or imported for fixed assets/intangibles — goods, work, services imported or purchased for exploration or pre-operational phases — primary raw materials imported, purchased or sold — goods, work, or services imported or purchased which are exempt |

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| Can an overseas company recover VAT/GST if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | 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. |
| Are there specific requirements for content of invoices to be considered valid for VAT/GST purposes? | Yes. A VAT electronic invoice is only considered valid if it includes the following: <ul style="list-style-type: none"> — both parties' names and registration numbers (if applicable) — date of issue of the document — name of goods, work and service and the corresponding code, measurement and quantity — total amount of goods, work and service, excluding VAT — the VAT amount — the total amount, including VAT. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. If an entity that does not reside in Mongolia obtained income from goods sold, work performed or 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 MNT50 million and to transfer the payment to the tax authority. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes, the Mongolian Tax Administration responds to requests for the clarification of uncertain tax treatments by a formal letter. However, such a letter is not binding on the authority. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — customs duty — excise tax — stamp duty — tax on petroleum and diesel fuel — fees for mineral exploration and mining licenses — air pollution payment — water pollution payment. |



Myanmar

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| Type of indirect tax | Commercial tax. |
| Standard rate | Generally, a 5% standard rate applies to most products and services. Commercial tax on certain special items (such as beer, teak, precious stones and petroleum products and vehicles) ranges from 3% to 120%. Tax rates on cigarettes, spirits and wine will also vary based on their price. |
| What supplies are liable to the standard rate? | Goods and services supplied in Myanmar and the importation of goods from abroad, with the exception of those mentioned above. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | There are certain products, including basic food and medicines, which are exempt. In addition, certain services, such as contract manufacturing, education services, financial services and public transportation, are also exempt. |
| Who is required to register and what is the threshold? | 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. |
| Is voluntary registration possible? | Not applicable. |
| Is voluntary registration available for an overseas company or a fiscal representative? | No. |
| Typical frequency of returns | The annual return is required within 3 months of the end of fiscal year. Quarterly returns are required within 1 month of the end of each quarter. Monthly payment is required based on actual revenue within 10 days. |
| Are there any items that a registered business cannot recover commercial tax on? | Businesses may be able to recover commercial tax on direct costs. |

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| Can an overseas company recover commercial tax if it is not registered? | No. |
| Typical time taken to obtain commercial tax refund following return filing | A refund can typically be obtained within 1 year from the date of refund notification, subject to satisfying the requirements. |
| Are there specific requirements for content of invoices to be considered valid for commercial tax purposes? | According to Notification 104/2012 commercial tax rules, invoices should contain the following information: <ul style="list-style-type: none"> — enterprise registration number issued under the commercial tax regulation — if the buyer of the good is an owner of the enterprise, his or her name, address and enterprise registration number issued to him or her under the commercial tax regulation — date of sale, description of goods, category, quantity, unit price and selling price — commercial tax due on the proceeds of sale. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Not applicable. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | 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. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — stamp duty — customs duties — property tax. |



New Zealand

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| Type of indirect tax | GST. |
| Standard rate | 15%. |
| What supplies are liable to the standard rate? | 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. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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%) 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% applies to the provision of accommodation in hotels, motels and similar for longer than 4 weeks.</p> |
| Who is required to register and what is the threshold? | 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. |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | 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. |
| Typical frequency of returns | <p>Every 6 months if the value of total taxable supplies is less than NZD500,000 in a 12-month period and Inland Revenue Department approval has been granted.</p> <p>Every 2 months 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 taxable period of every month, 6 months or 2 months if Inland Revenue Department approval has been granted.</p> |

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| Are there any items that a registered business cannot recover GST on? | GST is not recoverable on expenses to the extent that they are incurred to make exempt supplies. GST is not recoverable on entertainment expenditure to the extent that the expenditure is treated as non-deductible. |
| Can an overseas company recover GST if it is not registered? | No. |
| Typical time taken to obtain GST refund following return filing | 2-3 weeks. |
| Are there specific requirements for content of invoices to be considered valid for GST purposes? | 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, the quantity or volume of the goods and services supplied (unless the value is less than NZD1,000) and the amount of GST charged. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | 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 Inland Revenue Department, but are not binding. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: — customs duty — excise duty. |



Papua New Guinea

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| Type of indirect tax | GST. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | All supplies of goods or services unless zero-rating or exemption applies to the particular supply. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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> |
| Who is required to register and what is the threshold? | 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. |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes. |
| Typical frequency of returns | Monthly (returns are due by the 21st day of the following month). |
| Are there any items that a registered business cannot recover GST on? | <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 subscriptions or fees, payment of domestic services or expenditures 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> |

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| Can an overseas company recover GST if it is not registered? | No. |
| Typical time taken to obtain GST refund following return filing | Refunds of GST are subject to a desk review by the Internal Revenue Commission and can take from 4 weeks to upward of 4 months. An application form for a refund must be lodged with the Internal Revenue Commission and accompanying documentation such as supplier listings, invoices and/or bank statements may be required. |
| Are there specific requirements for content of invoices to be considered valid for GST purposes? | <p>Yes. Requirements include:</p> <ul style="list-style-type: none"> — the words 'tax invoice' in a prominent place — the name, address and registration number of the supplier — the name and address of the recipient — the date upon which the tax invoice is issued — a description of the goods and services supplied — 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. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | There is currently no binding system in Papua New Guinea. However, the tax office does, as a matter of practice, issue opinions on issues where requested by a taxpayer. The opinions are non-binding. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — stamp duty — customs duty — excise duty — royalty, mining and development levy. |



Philippines

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| Type of indirect tax | VAT. |
| Standard rate | 12%. |
| What supplies are liable to the standard rate? | Sale, barter, exchange of goods and/or properties in the course of trade or business in the Philippines, sale of services including the use or lease of properties 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. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>Zero-rate transactions include:</p> <ul style="list-style-type: none"> — export sales — foreign currency denominated sales — sales to any person/entity whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects such sale to zero-rate — sales of services rendered to persons engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP); and other services contemplated in Section 108 (B) of the National Internal Revenue Code (NIRC). <p>Exempt transactions include, among others: certain residential sales or leases, educational services, employment, services rendered by regional or area headquarters established in the Philippines by multinational corporations which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific region and do not earn or derive income from the Philippines, transport of passengers by international carriers doing business in the Philippines, sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment and spare parts for domestic or international transport operations and sale or lease of goods or properties or the performance of services other than the transactions mentioned where the gross annual sales and/or receipts do not exceed the amount of 1,919,500 Philippine pesos (PHP).</p> |
| Who is required to register and what is the threshold? | 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 if gross sales or receipts per annum exceed PHP1,919,500. |
| Is voluntary registration possible? | Yes. |

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| Is voluntary registration available for an overseas company or a fiscal representative? | No. |
| Typical frequency of returns | <p>In general, every taxpayer liable to pay VAT shall file the following returns:</p> <ul style="list-style-type: none"> — monthly VAT declaration within 20 days after the end of the month — quarterly VAT return within 25 days following the close of taxable quarter — if applicable, Remittance Return of VAT and Other Percentage Taxes Withheld for those required to withhold VAT. <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> |
| Are there any items that a registered business cannot recover VAT on? | Yes. For instance, input tax attributable to exempt sales may not be used as credit against output tax. |
| Can an overseas company recover VAT if it is not registered? | No. If an overseas company would be subject to VAT in the Philippines, the Philippine payee is required to withhold the applicable VAT. The VAT paid by the Philippine payee can be claimed as input tax by the Philippine payee, subject to certain conditions. |
| Typical time taken to obtain VAT refund following return filing | 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. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | <p>Yes. Specific contents required of invoices include, among others:</p> <ul style="list-style-type: none"> — statement that the seller is a VAT-registered person followed by his or her Taxpayer Identification Number (TIN) — total amount paid with the indication that such amount includes VAT — the term VAT-exempt sale or zero-rated sale, whichever is applicable, must be written or printed prominently — date of transaction, quantity, unit cost and description of goods. <p>Invoices and official receipts are pre-approved by the tax authority in the process of obtaining an authority to print (ATP) prior to actual printing.</p> |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes, a withholding system applies to supplies made by overseas companies in the Philippines. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — percentage taxes — excise taxes — customs duty. |



Singapore

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| Type of indirect tax | GST. |
| Standard rate | 7%. |
| What supplies are liable to the standard rate? | 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. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>Zero-rated supplies include the following:</p> <ul style="list-style-type: none"> — export of goods from Singapore — provision of international services — 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 — goods supplied for use on board or installation on a qualifying ship — goods sold or leased to 'Approved Marine Customers' for use or installation on a commercial ship wholly for international travel. <p>Exempt supplies include the sale/lease of residential properties, supply of investment-grade gold, silver and platinum and most financial services.</p> |
| Who is required to register and what is the threshold? | A person is liable to register for GST when his or her taxable turnover has exceeded 1 million Singapore dollars (SGD) in a 12-month period or he or she is currently making taxable supplies and his annual taxable turnover is expected to exceed SGD1 million in the next 12 months. |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | 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. |
| Typical frequency of returns | 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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| Are there any items that a registered business cannot recover GST on? | 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. |
| Can an overseas company recover GST if it is not registered? | Generally, no. |
| Typical time taken to obtain GST refund following return filing | The refund due date for GST is 1 month, 3 months and 6 months (after the Inland Revenue Authority of Singapore (IRAS) receives the GST returns) for monthly, quarterly and half-yearly prescribed accounting periods, respectively. However, GST registrants usually receive the refund earlier than the due date unless a desk audit is performed on the return. |
| Are there specific requirements for content of invoices to be considered valid for GST purposes? | Yes. Tax invoices must be issued for standard-rated supplies made to taxable persons. There are various requirements for the contents of 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. |
| Does a reverse charge or indirect tax withholding mechanism apply? | No. The reverse charge is currently suspended in Singapore. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — customs and excise duties — stamp duty — property tax — casino tax, betting and sweepstakes and private lotteries duties. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. The 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. |



Sri Lanka

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| Type of indirect tax | VAT. |
| Standard rate | 11 %. |
| What supplies are liable to the standard rate? | All supplies of goods or services that do not come under zero-rated or exempt supplies are liable at the standard rate. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>Zero-rated 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 disabled 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> |
| Who is required to register and what is the threshold? | 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. |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes, although an overseas entity must appoint a fiscal representative. |
| Typical frequency of returns | Typically quarterly, but exporters and some other businesses must file monthly. |
| Are there any items that a registered business cannot recover VAT on? | 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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| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | 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. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | Yes. A tax invoice shall set out the following: <ul style="list-style-type: none"> — the name, address and the registration number of the supplier — the name and address of the person to whom the supply was made — the date on which the tax invoice was issued and its serial number — the date of supply and description of the goods or services — the quantity or volume of the supply — the value of the supply, the tax charged and the consideration for the supply — the words 'tax invoice' in a prominent place on such invoice. |
| Does a reverse charge or indirect tax withholding mechanism apply? | No. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. There is a committee that can issue advanced formal rulings. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — nation building tax — customs duty — excise duties — stamp duty — cess — ports and airports development levy — construction industry guarantee levy. |



Taiwan (VAT)

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| Type of indirect tax | VAT. |
| Standard rate | 5%. |
| What supplies are liable to the standard rate? | 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 gross business receipts tax (GBRT)). |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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 and 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> |
| Who is required to register and what is the threshold? | The head office of a business entity and its branches with fixed places of business in Taiwan must each register for VAT. |
| Is voluntary registration possible? | No. |
| Is voluntary registration available for an overseas company or a fiscal representative? | No. |
| Typical frequency of returns | Typically, bi-monthly. However, a company eligible for zero-rated VAT may file monthly. |

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| Are there any items that a registered business cannot recover VAT on? | <p>Yes. They include the following:</p> <ul style="list-style-type: none"> — purchases for which certain supporting documents are not obtained or kept according to the law — 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 — entertainment expenses — goods or services rewarded to individual employees — passenger cars for personal use. |
| Can an overseas company recover VAT if it is not registered? | <p>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.</p> |
| Typical time taken to obtain VAT refund following return filing | <p>Generally, refunds on input VAT relating to zero-rated sales and purchase of fixed assets can be obtained within 2 months of the return filing. However, a refund of accumulated input VAT upon cessation of business or due to other reasons may take longer, as a special refund application is required.</p> |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | <p>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 and tax amount and grand total.</p> |
| Does a reverse charge or indirect tax withholding mechanism apply? | <p>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 purchases and calculate the related VAT on the 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 Taiwan new dollars (TWD) (VAT inclusive), such VAT is exempt.</p> |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | <p>Yes.</p> |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — commodity tax — tobacco and liquor tax — amusement tax — special goods and services tax (luxury tax) — customs duty. |



Taiwan (GBRT)

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

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| Can an overseas company recover GBRT if it is not registered? | No. |
| Typical time taken to obtain GBRT refund following return filing | Generally not applicable. |
| Are there specific requirements for content of invoices to be considered valid for GBRT purposes? | Yes. Invoices must contain the buyer name, buyer business number, date, details of transaction, quantity, unit price, item subtotal, selling amount, tax category and tax amount and grand total. |
| Does a reverse charge or indirect tax withholding mechanism apply? | 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. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — commodity tax — tobacco and liquor tax — amusement tax — special goods and services tax (luxury tax) — customs duty. |



Thailand

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| Type of indirect tax | VAT. |
| Standard rate | 7%. This is a temporary rate, reduced from the standard rate of 10% introduced by a special royal decree and is valid until 30 September 2016. |
| What supplies are liable to the standard rate? | 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. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <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, health care 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> |
| Who is required to register and what is the threshold? | 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). |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | Yes, but an overseas company must appoint a fiscal representative and meet certain conditions prescribed by the director-general of revenue. |
| Typical frequency of returns | Monthly. |
| Are there any items that a registered business cannot recover VAT on? | 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 entertaining guests or a similar activity, a tax invoice issued by unauthorized persons and input tax as prescribed by the director-general with minister's approval. |

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| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | 3 to 6 months, depending on the filing history of the VAT operator. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | <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 numerals. 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> |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. |
| Are there any other indirect taxes that apply in the country? | <p>Other indirect taxes include the following:</p> <ul style="list-style-type: none"> — specific business tax — customs duty — excise duty — stamp duty — house and land tax — local maintenance tax — signboard tax. |



Vietnam

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| Type of indirect tax | VAT. |
| Standard rate | 10%. |
| What supplies are liable to the standard rate? | Goods and services used for the purposes of production, trading and consumption in Vietnam. |
| Are there any reduced rates, zero-rates or exemptions and if so, what do they apply to? | <p>Zero-rate — exported goods or services, construction and installation overseas and in non-tariff zones, international transportation and certain airline and marine services.</p> <p>Exempt — there are 28 categories of VAT-exempt supplies including, but not limited to, certain agricultural products, salt products, animal feed, equipment used for agricultural activities, transfer of land use rights, life insurance, financial, medical, public postal and telecommunications, construction work related to cultural work, education and vocational training, radio and television broadcasting, publication, public transportation, temporary imported goods for re-export and technology transfer.</p> <p>5% — the provision of certain essential goods and services including, but not limited to, clean water, 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 and bonuses, financial assistance or other financial receipts, some services rendered by foreign contractors, such as repair of means of transportation, advertising or brokerage services, disposal of assets owned by non VAT-registered owners, certain intercompany transfers 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> |
| Who is required to register, and what is the threshold? | 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. |
| Is voluntary registration possible? | Yes. |
| Is voluntary registration available for an overseas company or a fiscal representative? | 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. |

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| Typical frequency of returns | Monthly or quarterly. |
| Are there any items that a registered business cannot recover VAT on? | 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. |
| Can an overseas company recover VAT if it is not registered? | No. |
| Typical time taken to obtain VAT refund following return filing | The tax administration law generally requires the tax authorities to process a refund application within a maximum period of 6 to 40 days following receipt of all required documents from the applicant. In practice, delays are common. |
| Are there specific requirements for content of invoices to be considered valid for VAT purposes? | Yes. Invoices should be in Vietnamese and must contain name of the invoice type, symbols of invoice and invoice number pattern, names of copies of invoice, the serial number of the invoice, details of the seller and buyer, especially their tax code numbers, details of the goods/services sold, signatures of the buyer and seller, etc. |
| Does a reverse charge or indirect tax withholding mechanism apply? | Yes. |
| Is it possible to apply for formal or informal advance rulings from the tax authority? | Yes. |
| Are there any other indirect taxes that apply in the country? | Other indirect taxes include the following: <ul style="list-style-type: none"> — special consumption tax — import and export duties — environment protection tax. |

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