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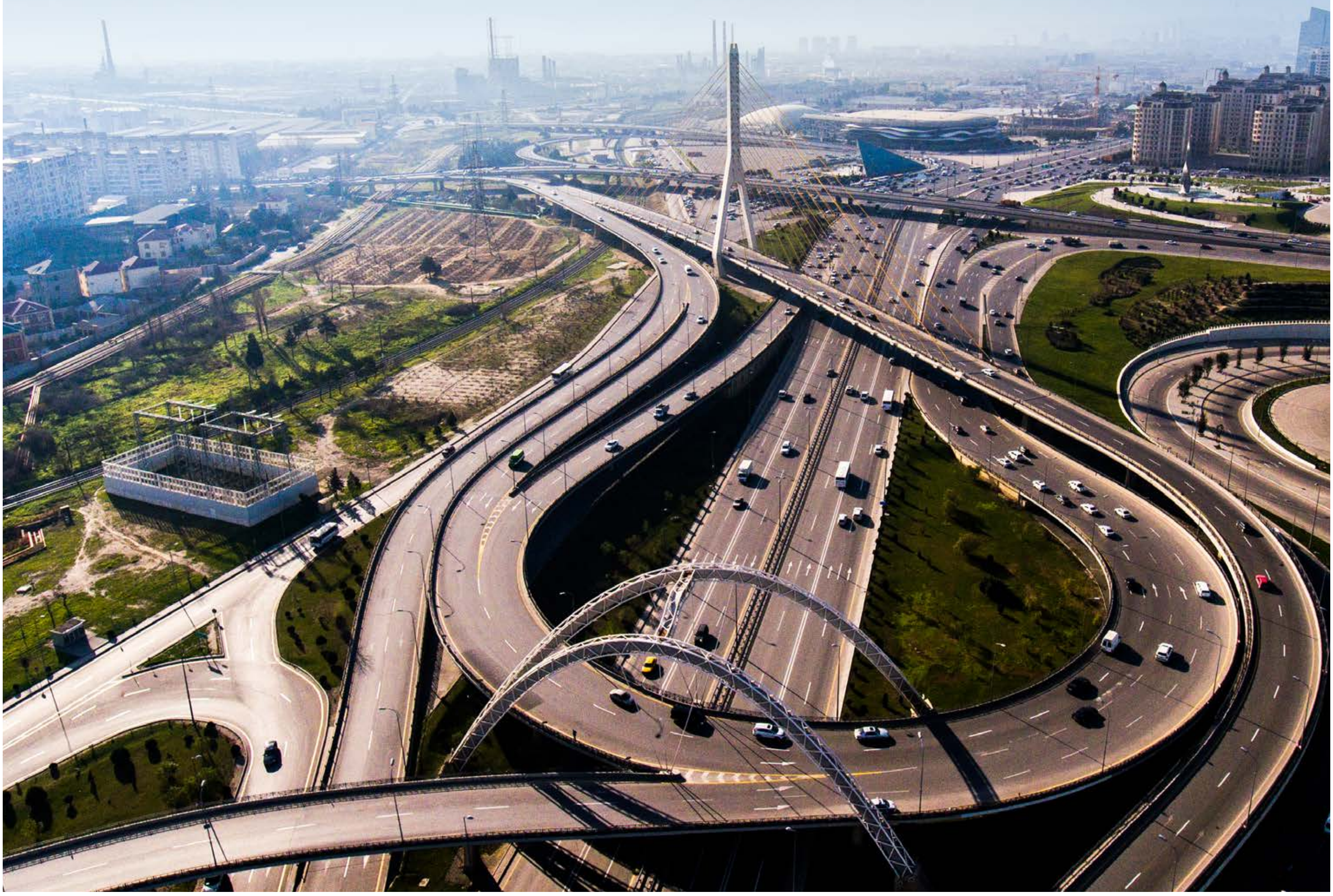
COVID-19 STIMULUS MEASURES & INCENTIVES

With Special Focus on Projects & Infrastructure Sectors

Information as of 15 September 2020



INTRODUCTION

With the world facing one of the biggest global crisis due to the sudden and rapid spread of the novel coronavirus ("**COVID-19**"), many governments have imposed measures necessary to curtail the spread of the pandemic. COVID-19 measures such as lockdowns, social distancing, international travel bans and freight transport restrictions were imposed across ASEAN countries based on the contagion rates and healthcare capacity. While such measures were necessary to help stop the spread of the disease, it also had the effect of halting business activities, disrupting sectors and placing a lot of strain on sectors that rely on global connectivity.

To support the economy, government and central banks across ASEAN have eased monetary policies to support economic activity and assemble stimulus packages to sustain businesses and individuals during periods of lockdown or movement restriction. Stimulus packages allow for more opportunity to invest in the economic transformation and technological advancements needed to deliver sustainable development. Common measures rolled out across ASEAN include tax incentives for affected businesses, particularly for those in the most hard-hit sectors (tourism, hospitality and aviation), subsidies such as cash assistance, discounts on electricity bills, etc., deferred tax or loan payments and exemptions from or lower government fees and charges.

According to the United Nations Conference on Trade and Development (UNCTAD) the global battle for foreign direct investment will get tougher. There has been a global slowdown of foreign direct investment and COVID-19 has exacerbated the situation as it imposes further barriers to trade, investment and further pull backs of international production. As part of their stimulus packages, countries are also providing incentives to encourage the growth of investment into the region.

Furthermore, some ASEAN governments have introduced specific legislations to combat the effect of COVID-19 and lockdown measures in order to help revive their economy. Singapore introduced the COVID-19 (Temporary Measures) Act 2020 which seeks to offer temporary relief to business and individuals who are unable to perform their contractual obligations that are due on or after 1 February 2020 as a result of COVID-19. In Malaysia, the COVID-19 (Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Bill 2020 has been tabled in Parliament.[1] The Bill is aimed at supporting the stimulus measures as well as reducing the financial and social impact brought about by the pandemic. Philippine also introduced "Bayanihan To Heal As One Act" which granted the President temporary powers to implement immediate measures to address the COVID-19 pandemic.

This article provides a brief overview of the incentives and stimulus packages that have been rolled out in all ten ASEAN countries as a result of the COVID-19 pandemic with a particular focus on investment in the infrastructure and manufacturing sectors.

[1]At the time of this publication, the Bill is still at the Parliamentary stage.

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OVERVIEW

	MALAYSIA	SINGAPORE	INDONESIA	PHILIPPINES	MYANMAR	BRUNEI	CAMBODIA	LAOS	THAILAND	VIETNAM
COVID-19 incentives & stimulus measures	✓	✓	✓	✓	✓		✓	✓	✓	✓
Restriction on movement of goods & people	✓	✓	✓	✓	✓		✓	✓		
Specific COVID-19 Legislation	✓*	✓	✓	✓						

**Legislation is still in a draft stage*

INDIVIDUAL COUNTRY MEASURES

MALAYSIA

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

Malaysia introduced four stimulus packages to counter the adverse effects of Malaysia's lockdown measures. Among the measures introduced includes tax deferments and exemptions, electricity discounts, wage subsidies and moratorium on loan repayments.

Under the 4th economic stimulus package (Short-Term Economic Recovery Plan/Pelan Jana Semula Ekonomi Negara, "**PENJANA**"), the Malaysian Government announced incentives for foreign companies to relocate their businesses to Malaysia:

- 0% tax rate for 10 years for new investment in manufacturing sectors with capital investment between RM300-RM500 million. The company must commence its operations in Malaysia within one year from the date of approval and the capital investment must be made within three years.
- 0% tax rate for 15 years for new investment in manufacturing sectors with capital investment above RM500 million. The company must commence its operation in Malaysia within one year from the date of approval and the capital investment must be made within three years.
- 100% ITA for five years for an existing company in Malaysia relocating overseas facilities into Malaysia with capital investment above RM300 million.
- Special RA for manufacturing and selected agriculture activity, from YA 2020 to YA 2021.
- Enhancement of the Domestic Investment Strategic Fund to assist companies in upgrading their technologies, penetrate the global market through outsourcing, and increase their export value.
- Fast Track Manufacturing License approval for non-sensitive industry within two working days.

These incentives can be applied for from 1 July 2020 to 31 December 2021.

02 Ministry & Government Agency in charge

The Malaysian Investment Development Authority (**MIDA**) has launched the i-Incentives portal that provides information on investment incentives offered by Government of Malaysia. The portal caters for all three sectors of the economy (manufacturing, services and primary) and covers all types of incentives offered by the Federal Government, tax exemptions, grants, soft loans and other types of incentives such as equity funding, regional establishment status, training and other facilitation programmes.

03 Restriction of movement of goods/people

Travel restrictions have eased under the Recovery Movement Control Order (which is in place until 31 December 2020). The following categories are allowed to enter Malaysia:

- Malaysians (who have left Malaysia past the announcement of the Movement Control Order ruling on 18 March 2020 will only be permitted re-entry with written approval from the Immigration of Malaysia).
- Foreign Nationals that holds prior approval from Immigration of Malaysia:
    - Expatriate Pass (those under Category 2 &3 will only be permitted with the approval of the Director General of Immigration);
    - Resident Pass - Talent;
    - Dependent Pass of the category mentioned above;
    - Foreign Maids of the category mentioned above;
    - Professional Visit Pass (Specialist Category) (permitted with DG of Immigration approval);
    - International Students (permitted with Director General of Immigration approval); and
    - Health Visits (MHTC) (permitted with Director General of Immigration approval).
- Malaysia My Second Home (MM2H) pass holders.

Any traveller permitted to enter will be subjected to COVID-19 testing and mandatory 14 day quarantine. On 7 September 2020, the Government barred entry for 23 countries, except for expatriates, professional visit pass-holders, permanent residents, foreign spouses of Malaysian citizens and student pass-holders from the affected countries.

04 Specific COVID-19 Legislation

The Temporary Measures for Reducing The Impact of Coronavirus Disease 2019 (Covid-19) Bill 2020 seeks to support the stimulus packages introduced by the Government as well as reducing the financial and social impact of the COVID-19 pandemic.

SINGAPORE

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

Singapore has announced four stimulus packages to date, and has introduced the following measures to stimulate the economy:

- Under the **Temporary Bridging Loan Program**, eligible enterprises of all industry sectors will be able to borrow up to SGD5 million, with the interest rate capped at 5% p.a. The Government will co-share up to 90% of the borrowing risk (for applications initiated from 8 April 2020 to 31 March 2021) and enterprises may request for deferment of principal repayment for one year.
- Under the **Trade Loan program** (part of the Enterprise Financing Scheme), Singapore-based enterprises will be able to borrow up to SGD10 million to finance short-term import, export and guarantee needs, with the Government co-sharing up to 90% of the borrowing risk (for applications initiated from 8 April 2020 to 31 March 2021).
- Under the **SG Together Enhancing Enterprise Resilience** (STEER), the Government will increase the dollar for dollar matching; SGD1 for every SGD2 raised by funds set up by the Trade Associations and Chambers or industry groupings, up to SGD1 million per fund.
- The Government will co-share additional costs incurred by businesses to meet additional safety requirements as part of the Construction Restart Booster which comprises of two separate components:
  - **COVID-Safe firm-based support** - helps with the additional costs incurred by firms to comply with COVID-safe requirements such as provision of PPEs and masks for workers, and individually packed meals. The Government will provide a SGD400 grant per construction worker employed (i.e. Work Permit Holders and S-Pass holders) per firm. All firms employing construction workers will receive this one-off support.
  - **COVID-Safe project-based support** - provides for additional costs related to ensuring that project sites comply with COVID-Safe measures. Calculated based on the project contract value, this project-level support is awarded to main contractors who are responsible for implementing these measures and support levels will be based on the project contract value as follows:

Project Contract Value	Support amount
SGD100,000 and above	1.5% of the project contract value, capped at SGD150,000 maximum support per project
Below SGD100,000	SGD1,000

- The Government will extend the waiver on Foreign Worker Levy ("**FWL**") for firms in the construction, marine shipyard and process sectors. A full 100% waiver is imposed on levies due in August and September 2020, with a tapering down of FWL waiver support to 75%, 50% and 25% in October, November and December 2020 respectively. Additionally, the Government has extended the existing FWL rebates for S-Pass and Work Permit holders (in the Construction, Marine Shipyard and Process sectors) until December 2021.

Managing cash flows and raising funds for S-REITs

- The timeline for S-REITs to distribute at least 90% of their taxable income (derived in FY 2020) has been extended from three months to 12 months (after end of FY 2020) to qualify for tax transparency.
- The leverage limit for S-REITs will be raised from 45% to 50% to provide flexibility to manage capital structure and raise debt financing.
- The implementation by Monetary Authority of Singapore's ("**MAS**") new minimum interest coverage ratio requirement of 2.5 times has been deferred to 1 January 2022.

SMEs/Start-ups

- The SME Working Capital Loan (part of the Enterprise Financing Scheme) provides for a maximum loan quantum of SGD1 million. The Government's risk share will be up to 90% (for new applications initiated from 8 April 2020 and 31 March 2021) and SMEs may request for deferment of principal repayment for one year.
- Under the enhanced Loan Insurance Scheme, SMEs will be able to secure short-term trade loans by having commercial insurers co-share loan default with Participating Financial Institutions. The Government will provide an 80% subsidy for loan insurance premiums.

- SMEs can opt to defer principal payments on their secured term loans till end of year 2020.
- The Government has set aside additional financing support of up to SGD285 million for promising start-ups by co-investing with the private sector. This is on top of the SGD300 million set aside under the Unity Budget for deep-tech start-ups.

02 Ministry & Government Agency in charge

The Singapore Economic Development Board is a Government agency under the Ministry of Trade and Industry that administers most of the incentives for manufacturing and internationally tradeable services sectors in Singapore. It is responsible for strategies that enhance Singapore's position as a global centre for business, innovation, and talent.

To be eligible for the COVID-Safe project-based support under the Construction Restart Booster, main contractors have to apply through the Go Business website (https://go.gov.sg/construction-restart-booster). Given that this support is credited directly to eligible firms through GIRO, firms must also ensure that they have a bank account registered with Vendors@Gov by 20 October 2020. Firms can register for a bank account with Vendors@Gov at http://www.vendors.gov.sg.

03 Restriction of movement of goods/people

In light of the COVID-19 situation, short-term visitors are not allowed entry into Singapore, except those coming in under the Green/Fast Lane arrangements, Air Travel Pass or with special prior approval. As at the date of this publication, travellers from Brunei Darussalam and New Zealand can visit Singapore on a short-term basis if they qualify for an Air Travel Pass.

Under the Green/Fast Lane arrangements, inbound travellers to Singapore must obtain a SafeTravel Pass. As at the date of this publication, Singapore has negotiated the following special travel arrangements:

- Under the Singapore-China Fast Lane, essential business and official travel from six Chinese provinces and municipalities (Chongqing, Guangdong, Jiangsu, Shanghai, Tianjin and Zhejiang) is allowed.
- Under the Singapore-Malaysia Reciprocal Green Lane, short-term cross-border travel for essential business and official purposes between is allowed, up to a maximum of 14 days' stay.
- Under the Periodic Commuting Arrangement, Singapore and Malaysian residents can enter the other country if they have a valid work pass.
- Under the Singapore-Brunei Reciprocal Green Lane, residents can travel for essential business and official purposes between both countries, up to a maximum of 14 days' stay.
- Under the Singapore-South Korea Fast Lane, essential business and official travel between both countries is allowed.
- A Reciprocal Green Lane to facilitate essential business and official travel between Singapore and Japan commencing 18 September 2020.

As at the date of this publication, there are no restrictions on the movement of goods into Singapore arising from the COVID-19 situation.

04 Specific COVID-19 Legislation

Singapore gazetted the COVID-19 (Temporary Measures) Act 2020 to provide legal reprieve for business that are unable to fulfil their contractual obligations as a result of the COVID-19 pandemic. The Act covers contractual obligations that are to be performed on or after 1 February 2020, for contracts that were entered into before 25 March 2020.

INDONESIA

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

State financial policies in effort to stabilise the financial system in relation to the handling of the COVID-19 pandemic

In response to the rapid development of COVID-19 cases in Indonesia, the Government enacted Government Regulation In Lieu of Law No. 1 of 2020 on State Finance Policy and the Stability of the Financial System for the Handling of the Corona Virus Disease 2019 Pandemic and/or to Manage with Threats that are Potentially Harmful to the National Economy and/or the Stability of the Financial System, in March 2020. The regulation was later ratified as Law No. 2 of 2020 in May 2020. In essence, this Law provides the following incentives and stimulus:

Taxation incentives and relaxations

- Income tax rate adjustments for domestic corporate taxpayers and permanent establishment: (i) 22% during the 2020-2021 tax period, and (ii) 20% during the 2022 tax period.
- Domestic taxpayers in the form of a publicly-traded company with at least 40% of its total paid-up shares traded in the Indonesian stock exchange and meets certain requirements, are entitled to obtain a rate amounting to 3% lower than the above adjusted rate.
- Extension of fulfillment of taxation rights and/or obligations period which relevant due dates fall during the force-majeure period of the COVID-19 pandemic, amounting to a maximum of, (i) six months extension for submission of taxpayer objections, (ii) one month extension for the return of tax overpayments, and (iii) six months extension for the implementation of taxpayer rights.
- Granting of authority to the Minister of Finance ("**MoF**") to grant customs facility in the form of import duty facility or exemption for the purposes of handling the COVID-19 pandemic; and/or dealing with threats that are potentially harmful to the national economy and/or stability of the financial system.

National Economic Recovery Program

- State Equity Participation conducted by the appointed State-Owned Enterprises.
- Placement of fund and/or investment of the Government conducted directly by the Government and/or through financial institutions, investment managers, and/or other appointed institutions.
- Guarantee activities with a scheme determined by the Government that may be operated directly by the Government and/or through one or several guarantee business entities that are appointed.

Developments in credit restructuring regulations for business players in Indonesia

The Financial Service Authority ("**OJK**") issued OJK Regulation No. 11/POJK.03/2020 on National Economic Stimulus as Countercyclical Policy in Relation to the Impact of the Outbreak of the COVID-19 and OJK Regulation No. 14/POJK.05/2020 on Countercyclical Policy to Mitigate the Impact of the COVID-19 Pandemic upon Non-Bank Financial Service Institutions.

Banks and financial institutions are allowed to support economic growth stimulus for debtors who are experiencing difficulties (including MSME, business in various sectors i.e. tourism economic, transportation, hospitality, trading, mining, agriculture), by implementing the following policies:

Asset quality determination

- Banks and financial institutions may determine the asset quality based on the accuracy of payment of the relevant principal amount and/or interest of the relevant debtors.
- The determination of asset quality is eligible for credit or financing with maximum debt ceilings of IDR10 billion and the said debt ceiling is valid for one same debtor or project.

Credit or financing restructuring

- Restructuring may be undertaken for debtors whose credit or financing is impacted either before or after the COVID-19 crisis.
- The restructuring process may only be implemented after the debtors prove that they have been impacted by the pandemic.
- The quality of the relevant credit or financing will be determined as "performing" once the restructuring has been conducted.

This countercyclical policy will remain applicable for a one year period until 17 April 2021.

Tax incentives in response to COVID-19

In July 2020, the MoF issued MoF Regulation No. 86/PMK.03/2020 of 2020 on Tax Incentives for Taxpayers Affected by COVID-19 (**PMK 86/2020**) which applies up to December 2020. Key highlights of this regulation are as follows:

- for eligible taxpayers (i.e. those in the sectors covered under PMK 86/2020 (e.g. construction, real estate, tourism, manufacturing, trading, and services business sectors)), Article 21 Employee Income Tax (EIT) for employees earning annual regular income not exceeding IDR200 million will be borne by the Government.
- Article 22 income tax on imports by eligible taxpayers will be exempted.
- Article 25 monthly income tax instalment of eligible taxpayers will be reduced by 30%.
- The 0.5% final tax regime under Government Regulation No. 23 of 2018 will be borne by the Government.
- Preliminary Value Added Tax (VAT) refund will be available for eligible taxpayers requesting a refund for a maximum IDR5 billion.

02 Ministry & Government Agency in charge

Since Indonesia does not have a sole governing body/institution on incentive application, applications for incentives are submitted to the relevant government authorities under the prevailing regulations.

03 Restriction of movement of goods/people

Temporary restrictions for foreigners entering Indonesian territory

In light of the development of COVID-19 situation in Indonesia, the Ministry of Law and Human Rights of Republic of Indonesia Regulation Number 11 of 2020 on Temporary Restrictions for Foreigners from Entering Indonesia ("**MLHR Reg 11/2020**") was enacted, which mainly stipulates that foreigners (*Warga Negara Asing*) are temporarily prohibited from entering Indonesian territory, effective 2 April 2020.

However, the restriction does not apply to foreigners:

- with limited residency permit and permanent residency permit;
- with diplomatic visa and official service visa;
- with diplomatic residency permit and official residency permit;
- who give medical aid, medical support, and food and humanitarian reasons;
- as transportation crews; and
- who will work on national strategic projects, to support the acceleration of the infrastructure projects development in Indonesia, that have strategic investment value, high manpower absorption and other considerations that impacts the acceleration.

The above exempted foreigners may enter Indonesian territory after fulfilling the following requirements:

- providing health certificate in English from health authorities in respective country;
- having stayed for 14 days in a region/country free from COVID-19; and
- providing statement of willingness to enter quarantine for 14 days that is carried out by the Government of the Republic of Indonesia.

Restriction on visa or permit services

MLHR Reg 11/2020 further stipulates that foreigners who hold Visiting Residency Permit that has expired and/or unable to be extended, shall be automatically granted an emergency Residency Permit without having to submit an application to the immigration office, free of charge. This also applies as a suspension to foreigners who hold Limited Residency Permit or Permanent Residency Permit that has expired and/or unable to be extended.

Temporary restrictions on exportation of self-protection equipment and mask

Due to limited supplies of masks and equipment for COVID-19 protection, the Ministry of Trade issued regulation to temporarily restrict the exportation of certain items related to COVID-19 protection. However, the export bans can be lifted if the exporter has obtained an export approval from the Directorate General of Foreign Trading.

04 Specific COVID-19 Legislation

In response to the pandemic, the President introduced three regulations as a form of response to the pandemic:

- Presidential Decree No. 11 Year 2020 on Stipulation of Public Health Emergencies for Corona Virus Disease 2019 (Covid-19)
- Government Regulation No. 21 Year 2020 on Large-Scale Social Limits in To Accelerate the Management of Corona Virus Disease 2019 (Covid-19)
- Government Regulation in Lieu of Law No. 1 Year 2020 on State Financial Policy and Stability of Financial Systems for the Management of Corona Virus Disease 2019 (Covid-19) and/or Encounter the Threat to National Economy and/or Stability of Financial Systems

PHILIPPINES

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

On 11 September 2020, the Bayanihan to Recover as One Act (or "**Bayanihan 2**") was signed into law. Some of the incentives and stimulus package available to the infrastructure and manufacturing sectors under Bayanihan 2 includes:

- PHP 4 billion allotment to the tourism industry, PHP 1 billion of which will be used for tourism road infrastructure programs of the Department of Public Works and Highways;
- PHP 4.5 billion allotment to the construction of temporary medical isolation and quarantine facilities, field hospitals, dormitories for frontliners, and expansion of government hospital capacities;
- PHP 1.3 billion to be given to the Department of Transportation for the setting up of sidewalks and bicycle lanes;
- PHP 15 million to be used for the establishment of a computational research laboratory in the University of the Philippines to perform data analysis for COVID-19 and other pandemic research;
- temporary suspension of requirements to secure permits and clearances for the construction of telecommunication and internet infrastructure, except for building permit and height clearance permit issued by the Office of the Building Official and Civil Aviation Authority of the Philippines, respectively, for a period of three years from the effective date of Bayanihan 2;
- implementation of a one-time 60-day grace period for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before 31 December 2020, directed to banks, financing and lending companies, and insurance companies, among others;
- Implementation of a minimum of 30-day grace period for the payment of utilities falling due within the period of the Enhanced Community Quarantine ("**ECQ**") or Modified ECQ without incurring interests, penalties and other charges; and
- carrying over the net operating loss of businesses or enterprises for taxable years 2020 and 2021 as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The manufacture and importation of critical or needed equipment, supplies or essential goods may be exempted from import duties, taxes and other fees as will be determined by the Bureau of Customs and Bureau of Internal Revenue, provided that such equipment, supplies and goods shall be for the containment or mitigation of COVID-19. It is worth noting that Bayanihan 2 gives preference to the procurement of products, materials and supplies, produced, made or manufactured in the Philippines, subject to certain conditions and procedures.

Other stimulus and incentive packages under Bayanihan 2 focuses on helping low-income households, healthcare workers, agriculture and fishery enterprises, micro, small and medium enterprises, and displaced workers, among others.

The Board of Investments ("**BOI**") included pandemic-mitigating activities, such as the manufacturing of COVID-19 essential goods, in the proposed 2020 Investments Priorities Plan ("**IPP**"). If the IPP is approved by the president, these enterprises will be allowed to register and avail of incentives under the Omnibus Investments Code.

02 Ministry & Government Agency in charge

Generally, it is the BOI that handles the registration of qualified enterprises before they can avail of the incentives. Qualified enterprises are specified in the IPP. Under the latest IPP (2017 IPP), these enterprises include:

- manufacturing and agro-processing (only projects located outside Metro Manila may qualify for registration, except for modernisation projects);
- agriculture, fishery and forestry (only projects located outside Metro Manila may qualify for registration, except for modernisation projects);
- strategic services;
- healthcare services including drug rehabilitation centres;
- mass housing (except for in-city low-cost housing for lease, only projects located outside Metro Manila may qualify for registration);
- infrastructure and logistics including public-private partnership projects;
- environment or climate change-related projects; and
- export activities, among others.

For qualified enterprises located in an economic zone, the registration must be done with the Philippine Economic Zone Authority. Qualified enterprises include:

- export manufacturing;
- IT service export;
- tourism;
- medical tourism;
- agro-industrial export manufacturing;
- agro-industrial bio-fuel manufacturing; and
- economic zone developer and operator, and facilities and utilities provider.

03 Restriction of movement of goods/people

Since 22 March 2020, foreign nationals are restricted from entering the Philippines due to the temporary suspension of the issuance of visas and visa-free privileges, except foreign government and international organisation officials accredited to the Philippines and foreign spouse and children of Filipino nationals who have previously-issued visas.

Localised lockdowns are imposed in areas with high COVID-19 cases.

04 Specific COVID-19 Legislation

Republic Act (RA) 11469 or the "Bayanihan to Heal as One Act" grants the President temporary powers to execute a wide variety of financial and operational measures to address the pandemic. RA 11469 lapsed on 5 June 2020. However, the grant of temporary emergency powers to the president was extended when Bayanihan 2 was signed into law. The president may exercise these temporary powers until 19 December 2020.

MYANMAR

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

The Government introduced the COVID-19 Economic Relief Plan comprising of goals, strategies, action plans covering a range of fiscal and social measures. The relevant stimulus packages for project and infrastructure sector are as follows:

- Central Bank of Myanmar reduce the Banks' deposit and lending rate to 3.0%;
- Internal Revenue Department ("**IRD**") defer the timeline for corporate income tax payments, for the second quarter expiring on 31 March and third quarter expiring on 30 June, up to 30 September 2020;
- commercial tax payments (payable every three months) defer up to 30 September;
- payment for social security contributions deferred for three months;
- extend healthcare benefits for unemployed social security board members from six months to one year from the date of unemployment;
- extend medicine and travel benefits from six months to one year from the date of unemployment;
- IRD provide 10% non-refundable tax credits on the incremental wage bill;
- IRD allow for a deduction on equal to 125% of wages paid;
- IRD provide 10% non-refundable tax credits for incremental investments on capital equipment;
- IRD allow for a one-time increase in depreciation equal to 125% of depreciation for the current year (2020);
- lease of state-owned factories for manufacturing, have made progress in their line of business, and have made regular payments in the past three months, are exempted from three to six months leases fees charged to affected firms;
- import licensing and FDA requirements are waived to facilitate the importation process;
- electricity tariff exemptions up to 150 units per month; and
- MIC reduced their service fees up to 50%.

02 Ministry & Government Agency in charge

Myanmar Investment Commission

03 Restriction of movement of goods/people

On 29 March 2020, the Department of Civil Aviation ("**DCA**") announced that all international commercial passenger flights are not to land at all airports in Myanmar, and this was extended to 31 August 2020.

Travelling within Myanmar is allowed however most public areas are still close for travelling.

04 Specific COVID-19 Legislation

N/A

BRUNEI

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

- While Brunei does not have specific stimulus measures for the infrastructure and manufacturing sector, the Government has announced interim measures to alleviate the financial burden for affected sectors (tourism, hospitality, F&B and air transport). The Ministry of Finance and Economy ("**MOFE**") announced targeted measures centered mainly around tax, utility and social security deductions/deferments.

Generally, it is relatively easy to facilitate foreign investments into the Brunei market as there are no restrictions or institutionalised obstacles in place for foreigners. The economy is generally investor-friendly and the Government, by way of the MOFE, is currently and actively shaping strategic reforms aimed at attracting and improving inflows of foreign investments.

There is freedom of investment in all sectors, with the exception of certain fields in which local participation is required.

02 Ministry & Government Agency in charge

- The two main authoritative bodies are the Ministry of Finance and Economy, and the Brunei Economic Development Board.

03 Restriction of movement of goods/people

- Entry into Brunei is severely restricted. Any foreign nationals who receive permission to travel into Brunei will also be required to pay BND350 for a COVID-19 test and accommodation cost in an appointed isolation centre.

04 Specific COVID-19 Legislation

- N/A

CAMBODIA

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

Although there are no specific incentives and stimulus packages introduced in 2020, specifically in light of COVID-19 (to attract foreign investments and for infrastructure sectors), the Government of Cambodia, however, has put in place various regulations aimed at providing some reliefs for businesses to maintain their operation.

Manufacturing

The Cambodian Government has adopted and implemented the following measures:

- Sectors like the garment, footwear and bags are entitled to tax exemption/tax holiday for the period from six months to one year, if pursuant to the Ministry of Economy and Finance ("**MEF**") assessment, the factories have been put in a category being adversely impacted due to the lack of raw materials as a result from non-operation of their suppliers.
- A temporary tax break for the registration of bag manufacture pursuant to Notification No. 002 and Letter 1313 dated 25 February 2020 issued by MEF.
- The garment sector has been accorded special treatment (pursuant to Letter no. 1314 issued by MEF) in order to help in lowering the logistic costs of those affected companies. Under the Letter, MEF will work with the General Department of Customs ("**Customs**") to minimise custom procedures and clearance forms, by instructing Customs to conduct their inspection through post clearance audit method on the imported goods. MEF has also put in place legal measures governing the inflation and fake customs fees in order to ensure transparency.

02 Ministry & Government Agency in charge

- Ministry of Commerce
- The Council for the Development of Cambodia

03 Restriction of movement of goods/people

Based on the information available, no direct restriction of movement of goods have been imposed by the Government despite the closure of the borders. However, the movement of goods is subject to certain rules. For instance, cargo trailers entering the border gates between Cambodia and Vietnam are subject to some measures such as switching drivers, truck cab and containers. The Vietnamese cargo trailers are also permitted to pass its dry ports provided that they wear a full anti-virus protective suit.

As for the restrictions on the movement of people (foreigners) into Cambodia, it is still unpredictable. Initially, with an effort to curb the spread of the pandemic, the government had issued a travel restriction to and from several countries including the United States, Korea and more. However, it had been lifted as the situation in Cambodia seemed to calm down. However, as the restrictions were lifted, there were numerous imported COVID-19 cases. In light of such situation, on 25 July 2020, the Ministry of Health of Cambodia, following the approval of the Prime Minister had issued an Announcement on the Temporary Suspension of Flights from Malaysia and Indonesia effective from 1 August 2020 (the "**Announcement**"). The Announcement does not specifically address the expiry of such restriction, meaning it will continue to be imposed so long as, in the Government's view, it is necessary to safeguard public health. For other foreign travellers who are investor-business persons, company staffs, expert, skilled workers, technicians and their family members ("**Foreign Travellers**"), they are now able to travel to Cambodia subject to certain measures such as quarantine, provision of certain amount of deposit as determined by the Government based on the category those Foreign Travellers fall into, health certificate and relevant insurance.

04 Specific COVID-19 Legislation

N/A

LAOS

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

The Government is currently focusing on stabilising the economy by introducing measures or packages that have limited implication and applicability, such as:

- postponement of financial filing period;
- encouraging commercial banks to provide loan to the business sector by reducing policy interest and granting other incentives to banks;
- postponement of profit tax filing period in tourism industry;
- postponement of period for filing social security contribution as employer;
- exempting salary tax for a certain period; and
- allowing employers to restructure their workforce.

02 Ministry & Government Agency in charge

For general incentives under the Investment Promotion Law, the Ministry of Planning and Investment is the main supervisory authority.

Tax-related incentives however are usually managed by the Ministry of Finance and its relevant offices.

03 Restriction of movement of goods/people

The Government closed international and customary borders, until 31 August 2020. Nevertheless, expert, technical staff and required labour may apply for special approval to enter following the procedure of the National Taskforce and Ministry of Foreign Affairs.

04 Specific COVID-19 Legislation

N/A

THAILAND

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

Due to COVID-19, many organisations have issued incentives or support measures to attract business operators or investors in Thailand.

Board of Investment Promotion ("BOI")

Support measures on medical device industries

BOI provided additional promotion to the medical device industries:

- additional three year reduction of 50% corporate income tax;
- included the manufacturing of medical alcohol (pharmaceutical grade) in the list of promoted business; and
- exemption of corporate income tax for five years for non-woven fabric manufacturers.

Support measures on the automatic systems and robots

BOI provided that investors in Thailand who further their manufacturing system with automatic system or robots are eligible for 50% exemption of corporate income tax or exemption of import duties on machineries, etc.

Bank of Thailand ("BOT")

Soft Loan

As part of the soft loans project for Small and Medium Enterprises ("**SME**"), BOT will lend to commercial banks to provide soft loans to SME with 0% interest for six months and 2% interest for two years. Additionally, the SMEs shall be incorporated in Thailand.

Ministry of Finance

The Ministry of Finance assigned its sub-department to relax or relief the burden of tax to all business operators or importers in Thailand:

Revenue Department

The revenue department is to relax tax measures to all business operators in Thailand to help ease the burden from the pandemic situation as follow:

- Reduction of withholding tax to all business incorporated in Thailand from 3% to 1.5% by 30 September 2020 and 2% since 1 October to 31 December 2021.
- No tax burden for both debtors and creditors relating to restructuring of debt.

Thai Custom

Thai Custom has set measures to waive or reduce custom tax for all importation of surgical masks, drugs, protection suits, and its materials.

02 Ministry & Government Agency in charge

Investors interested in obtaining incentives, measures or promotions from the Government can submit their application to the related organisations:

- Board of Investment
- Bank of Thailand (for the soft loan project, SMEs who meet the criteria can apply directly to the commercial bank)

03 Restriction of movement of goods/people

- Foreign workers are allowed to travel into Thailand only if they have obtained the work permit or special arrangement from the official organisations.

04 Specific COVID-19 Legislation

- N/A

VIETNAM

01 COVID-19 specific incentives & stimulus packages for the infrastructure and manufacturing sector

- Under Directive 11/CT-TTg of the Prime Minister, several incentives and supports has been introduced in 2020 including:
  - emergency assistance package of about USD10 billion; and
  - deferral of tax and land rent for entities affected by COVID-19 pandemic.

02 Ministry & Government Agency in charge

- In general, incentives and supports for foreign investment shall be recorded under Investment Registration Certificate (or other documents required for the implementation of investment project) by Department of planning and investment.

  Due to the COVID-19 situation, the Prime Minister Office has launched an electronic portal (https://ncovi.dichvucong.gov.vn/p/home/dvc-ncovid-danh-sach-dich-vu-cong.html) to enable entities affected by COVID-19 to apply for incentives and/or support that are available to them.

03 Restriction of movement of goods/people

- Vietnam has suspended the entry of all foreigners from March 22 until further notice to limit the spread of COVID-19, however, this does not apply to diplomats, officials, foreign investors, experts, and skilled workers. The mandatory 14-day quarantine for foreign experts, investors, managers, and diplomats if they enter the country for less than 14 days, nonetheless they must comply with all other health measures. If after 14 days they wish to stay in Vietnam, they can do so without quarantining, provided they test negative for the virus.

04 Specific COVID-19 Legislation

- N/A

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