Foreign Direct Investment
ASEAN – On the road to Recovery

The COVID-19 pandemic has resulted in economic devastation across the globe, and ASEAN was not spared. Yet, there are positive signs that ASEAN can make an economic recovery in 2021 with its real GDP forecasted to rise by 6% according to GlobalData. As vaccination programmes are commencing in multiple jurisdictions around the region, the recovery path will much depend on the extent of control of the pandemic.

To stimulate regional economic recovery and resilience as well as achieve greater trade integration and collaboration, the ASEAN Comprehensive Recovery Framework (“ACRF”) was launched in November 2020 focusing on the themes of recovery, digitalisation and sustainability. Some of the key priorities in the ACRF’s implementation plan include keeping markets open for trade and investment, strengthening supply chain connectivity and resilience, enabling trade facilitation in the new normal, elimination of Non-Tariff Barriers (NTBs), streamlining and expediting investment process and facilitation and joint promotion initiatives, enhancing Public-Private Partnership for regional connectivity, and signing and early entry into force of the Regional Comprehensive Economic Partnership (“RCEP”).

The RCEP was signed on 15 November 2020 and with improved market access with tariffs and quotas eliminated in over 65% of goods traded. Upon the RCEP’s coming into force, this will encourage more firms to invest in the region, including building supply chains and services and to generate jobs.

The application of new technologies has resulted in significant acceleration of digitalisation, e-commerce and fintech in the past year which is also helping to drive merger and acquisition activity in this region. Across the ASEAN region, industries have started to put more confidence that ICT will be a major push to speed up post-pandemic recovery. To support this trend with policy and integration, the ACRF’s priority includes developing a consolidated strategy on the Fourth Industrial Revolution, promoting e-commerce and the digital economy, promoting e-government and e-services, a framework for cross-border payments, improving digital legal framework and institutional capacity including a plan to promote smart manufacturing and guidelines for the 5G ecosystem, strengthening data governance and cybersecurity as well as consumer protection.

The looming threat of climate change has also motivated companies to include sustainability on their radar. Sustainability is no longer regarded solely as a matter of corporate social responsibility but rather it impacts a company’s financial performance, stakeholder expectations and business competitiveness. As risks continue to rise, the ACRF in its implementation plan lists out the following as a priority in recovery efforts and these include promoting sustainable development in all dimensions, facilitation transition to sustainable energy, building green infrastructure and addressing infrastructure gaps, promoting sustainable and responsible investment i.e. exploring initiatives to promote investment that contributes to the sustainable development goals.

Deeper collaborations, enhanced digital transformation as well as investments in a sustainable future allows ASEAN leaders as well as the community to serve as a model for change and a sign of hope for the region and beyond.

The following is a snap-shot of where ASEAN currently stands on its foreign investment policies, and therefore corresponding investment opportunities.

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| **Investment laws, regulations etc.** | • Investment Incentive Order 2001 (revised in 2011)  
• Income Tax (as amended) Order 2001 |
| **Common forms of business vehicles** | • Partnerships  
• Incorporation of private company  
• Setting up of branch of foreign company  
• Joint ventures with local companies |
| **Promoted investments** | • Halal industry  
• Technology and creative industry  
• Business services industry  
• Tourism  
• Downstream oil and gas  
• Agriculture |
| **Promoted investment incentives** | • No tax on personal income, payroll, goods and services and capital gains  
• Zero tariff within ASEAN  
• Low corporate income tax of only 18.5%  
• Right to 100% foreign ownership of companies established in Brunei  
• Option of credible co-investment partnership  
• Availability of local business development initiatives |
| **Restricted or conditional investment sectors** | • Businesses dealing in natural resources  
• Food security  
• Businesses located in industrial sites for which 30% minimum local equity participation is required. |
| **Repatriation of profit and capital** | Brunei does not restrict the repatriation of capital and there are no restrictions on the remittance of profits (e.g. dividends) or royalties from investments. |
| **Special economic zones** | An oil refinery special economic zone designated by Zhejiang Hengyi plant at “Pulau Muara Besar”. |
| **Corporate and withholding taxes** | • Corporate tax 18.5%  
• Withholding tax  
  • Interests: 15%  
  • Royalties: 10%  
  • Dividends: 0% |
| **Member of New York Convention** | Yes. |
| **Bilateral investment treaties** | Brunei has signed 8 bilateral investment treaties as of the date of this publication. |
### Investment laws, regulations etc.

- Law on Investment 1994
- Law on the Amendment of the Law on Investment 2003
- Sub-Decree No.111 on the Implementation of the Amendment to the Law on Investment of the Kingdom of Cambodia
- Sub-Decree No.17 on the Establishment of the Sub-Committee on Investment of the Provinces-Municipalities
- Sub-Decree No.60 on the Organisation and Functioning of the Council for the Development of Cambodia (CDC"
- Sub-Decree No.33 on the Amendment of Sub-Decree No.111 on the Implementation of the Amendment to the Law on Investment of the Kingdom of Cambodia

### Common forms of business vehicles

- Limited liability companies (either single-member, foreign, private or public limited)
- Branch offices
- Representative offices
- Partnerships (either general or limited)
- Sole proprietorships

### Promoted investments

There is no definitive list of promoted investments under Cambodian law. According to the Industrial Development Policy 2015-2025, the following industrial sectors are set as priority:

- New industries or manufacturing ventures with the capability of breaking into new markets, with high-value added products, creative and highly competitive that focuses not only on consumer products but also production equipment such as machinery assembly, mechanic/electronic/electric equipment assembly, means of transport assembly and natural resource processing;
- SMEs in all sectors, especially those involved in drugs and medical equipment production, construction materials, packaging equipment for export, furniture manufacturing and industrial equipment, etc.;
- Agro-industrial production for export and domestic markets;
- Various types of supporting industries for the agriculture, tourism and textile sectors, as well as for industries serving regional production chains linked with either global markets or global value chains in the form of forward linkages and for industries linked with the provision of raw materials supply network in the form of backward linkages, especially for the garment sector, for production of spare parts and assembling of other semi-finished products; and
- Industries serving regional production lines and those of future strategic importance, such as ICT, energy, heavy industries, cultural/historical/traditional handicraft and green technology.

However, many projects in the following sectors have been approved by the Cambodian Investment Board ("CIB") over the past few years:

- Agriculture
- Mining and Industrial sector
- Services such as construction and telecommunication
- Tourism

### Promoted investment incentives

- Profit tax exemptions, special depreciation or duty-free import of production equipment and building materials for companies with Qualified Investment Projects ("QIPs")
- Equal treatment of investors for QIPs, irrespective of their nationality, whether the absence of price fixing, nationalisation, purchase and remittance of foreign currency, whether the remittance of royalties, management fees, profits and repatriation of capital abroad
- Non-taxation on the distribution of dividends, profits or proceeds of investments, whether transferred abroad or distributed within the country
- Industry-specific investment incentives, such as a three-year income tax exemption, may be available in agriculture and agro-industry sector
- Duty free import or reduction of production equipment, construction materials and agricultural materials

### Restricted or conditional investment sectors

- Production or processing of psychotropic substances and narcotics
- Production of poisonous chemicals, agriculture pesticide and other goods using chemical substances prohibited by international regulations, the World Health Organisation, or that affect the environment and public health
- Processing and production of electrical power by using any waste imported from a foreign country
- Exploitation of forestry

### Repatriation of profit and capital

Foreign investors are free to purchase foreign currencies through the local banks and may remit such currencies abroad to discharge the financial obligations incurred on their investments, such as:

- Payment for imports and repayment of principal and interest on international loans
- Payment of royalties and management fees
- Remittance of profits
- Repatriation of invested capital

### Special economic zones

As at the date of this publication, about 54 special economic zones have been approved by the Cambodia Special Economic Zone Board.

### Corporate and withholding taxes

- Corporate tax 20%
- Withholding tax 4-15%

### Member of New York Convention

Yes.

### Bilateral investment treaties

As of the date of this publication, Cambodia has signed 27 bilateral investment treaties with 14 in force.
**Latest developments**

Law No. 11 of 2020 on Job Creation (the "Job Creation Law") was finally promulgated on 2 November 2020 despite a series of objections and controversies. This regulation revises 76 laws and revokes two laws with the aim to create an easier business and investment climate for business actors, including foreign investors and Micro, Small and Medium Enterprises ("MSME"). Following the issuance of Job Creation Law, the government has also issued a series of implementing regulations for the Job Creation Law which consists of 45 Government Regulations and four Presidential Regulations which cover, among other things, the risk-based business licensing sector; protection and empowerment of cooperatives and MSME; taxation that supports ease of doing business in Indonesia; spatial planning; environmental and forestry; land sector; as well as the labor sector.

The Job Creation Law simplifies general investment requirements for various business sectors. Furthermore, as part of the implementation of the Job Creation Law, the Indonesian government has also issued Presidential Regulation No. 10 of 2021 regarding Investment Business Sectors ("PR 10/2021") which provides broader foreign direct investment opportunities by reducing number of business sectors that are closed to foreign direct investment.

According to PR 10/2021, in principle, all business fields are open for investment (domestic or foreign investment) unless they are declared closed by the government or classified as activities that are reserved for the central government. The business fields which are open to investments are classified into four types as follows:

- Priority business fields;
- Business fields which are reserved for, or require partnerships with, cooperatives and MSMEs;
- Business fields which stipulate specific requirements (i.e., capital and licensing requirements); and
- Business fields which do not fall under the above categories, and thus, are open to all investors without restrictions.

From early March 2021, business activities will be subject to the new investment stipulations under PR10/2021.

**Investment laws, regulations etc.**

- Law No. 25 of 2007 on Capital Investment, as amended by the Job Creation Law
- Law No. 40 of 2007 on Limited Liability Companies, as amended by the Job Creation Law
- Regulation of the Indonesian Investment Coordinating Board No. 6 of 2018 on Guidelines and Procedures for the Permit and Facilities for Investments, as amended by the Regulation of the Indonesian Investment Coordinating Board Number 55 of 2019
- Regulation of the Indonesian Investment Coordinating Board No. 1 of 2020 regarding Guidelines for Implementation of Electronic Integrated Business Licensing Services
- Government Regulation No. 5 of 2021 regarding Risk-Based Business Licensing
- Presidential Regulation No. 10 of 2021 regarding Investment Business Sectors

**Common forms of business vehicles**

Foreign investments must be in the form of a limited liability company (Perseroan Terbatas) domiciled within the territory of the Republic of Indonesia.

**Promoted investments**

PR 10/2021 provides a list of prioritised business lines which fulfills several criteria as set out under PR 10/2021 (e.g. national strategic project, capital intensive, and labor intensive). The prioritised business lines are granted with various investment facilities which includes tax allowance, tax holiday, as well as investment allowance, depending on each type of the prioritised business lines. The following are several business activities that are listed as prioritised business lines under PR 10/2021 (below list is not exhaustive):

- Agriculture;
- Pharmaceutical;
- Telecommunication; and
- E-commerce.

**Promoted investment incentives**

The Job Creation Law provides new forms of incentives for investments to the priority business fields, as follows:

**Fiscal incentives**

- Tax incentives
  - income tax for investment in certain business fields and/or certain areas (tax allowance);
  - reduction of corporate income tax (tax holiday); or
  - reduction of corporate income tax and net income reduction facilities for investment as well as reduction in gross income for certain activities (investment allowance):
    - reduction of net income from new investment or business expansion in certain business sectors which are labor-intensive industries; and/or
    - reduction of gross income for carrying out work practice activities, apprenticeship and/or learning in the context of mentoring and developing certain competency-based human resources; and
- Custom incentives
  - Incentives in the form of exemption from import duty on imported machinery as well as goods and materials for industrial manufacture or development in the context of investment.

**Non-fiscal incentives**

Non-fiscal incentives include ease of business licensing, provision of supporting infrastructure, guaranteed energy availability, guaranteed availability of raw materials, immigration, employment, and other easement pursuant to the provisions of laws and regulations.
Pursuant to the Job Creation Law and PR 10/2021, all business fields are open for investment (domestic or foreign investment) unless they are declared closed by the government or classified as activities that are reserved for the central government.

The activities that are declared closed by the government include cultivation for and industry of type 1 narcotics, gambling, and/or casino, fishing or species in Appendix 1 of Convention and International Trade in Endangered Species of Wild Fauna and Flora (CITES), utilisation and retrieval of coral, manufacture of chemical weapons, and manufacture of industrial chemicals and manufacture of ozone-depleting materials.

Meanwhile, the activities that are classified as activities that are served for the central government include the services activities and other activities under the defense and security sectors, among others, main weaponry systems, public museums, historical and archaeological remains, provision of air navigation, telecommunication/aids to shipping navigation and vessel.

Specifically, for the foreign investment, foreigners may wholly own foreign investment companies if the business activities of such foreign investment companies are not restricted or limited under the PR 10/2021. The following is a list of business activities which are fully closed for foreign direct investment (below list is not exhaustive):

- Newspaper, magazines, bulletins industry (limited to establishment purpose);
- Broadcasting (limited to establishment purpose);
- Traditional medicine products industry;
- Wooden construction materials industry;
- Coffee processing with geographic indication industry;
- Rendang industry;
- Wooden craft industry (excluding furniture);
- Traditional cosmetic industry;
- Traditional ship industry;
- Batik industry;
- Rice cake industry; and
- Umrah and Haji travel agency.

The following is a list of business activities which are open with conditions/limitations for foreign direct investment (below list is not exhaustive):

- Newspapers, magazines, bulletins publishing (limited to business development purpose);
- Broadcasting (limited to business development purpose);
- Postal activity;
- Sea freight;
- Air freight;
- Inter-region transport;
- Stream and lake transport;
- Alcohol beverages industry; and
- Malt beverages industry.

There are no restrictions on remittances of capital and profits. Investors are free to transfer assets to other parties subject to relevant provisions of the law, and in the case of a limited liabilities company, its articles of association.

There are currently 12 special economic zones (Kawasan Ekonomi Khusus) and 4 special economic zones that are in the development phase within Indonesia.

Corporate tax is 25%, a reduction of 5% may apply for certain public listed companies which fulfil certain requirements. Withholding tax is 20%, but may be lower depending on tax treaties.

Yes.

As of the date of this publication, Indonesia has signed 72 bilateral investment treaties with 25 in force.
### Latest developments

- The adoption of a new Law on Income Tax, effective 1 January 2020 which provides for:
  - reduction of corporate income tax rate;
  - introduction of tax incentives for some promoted activities;
  - revision of compulsory profit tax rate applicable to non-residential entities and residential entities that do not hold proper account;
  - revision of profit tax filing period from quarterly to semi-annually;
  - revision of transactional income tax rate.
- The Decree on Public Private Partnerships, which came into force on 28 January 2021, formalises requirements for public-private partnership projects, providing for project structures, proposal mechanisms, competitive bidding, and project monitoring requirements.
- The general ban on all transactions relating to cryptocurrency imposed by the central bank
- No regulation on P2P lending but the Civil Code requires that the loan agreement be in writing.

### Investment laws, regulations etc.

Investment in Lao PDR is mainly governed by:

- Law on Income Tax 2019;
- Law on Investment Promotion Law 2016;
- Law on Foreign Currency Management 2014;
- Law on Securities 2012;
- Civil Code 2018;

### Common forms of business vehicles

- Wholly domestic or foreign-owned investments
- Joint ventures with domestic investors which foreign investors contribute capital of not less than 10% of the total capital
- Business cooperation by contract with domestic investors without creating a new legal entity
- Joint ventures between the state-owned enterprises and private enterprises creating a new legal entity
- Joint ventures between the Government sectors and private sectors, or public-private partnerships

### Promoted investments

- Science and technology
- Agriculture and agricultural processing
- Information and culture
- Tourism
- Education
- Sports
- Labour skill development and employment
- Public health
- Banks and financial institution
- Shopping malls
- Public works and transportation

### Promoted investment incentives

- Tax incentives through profit tax exemptions (Tax holiday)
- Exemption from import and export duties
- Exemption on state land leases and concession rental fees
- Tax reduction after the expiry of tax holiday period

### Restricted or conditional investment sectors

- Restricted: Sectors considered harmful to national security, environment, public health and culture.
- Conditional: Construction, transport, finance, insurance, and services sectors.
- Concession: Land developments, public utilities, infrastructures, energy, mining, PPP, and telecommunication sector.

### Repatriation of profit and capital

Investors may repatriate profits via dividends subject to payment of the necessary tax and wages. Repatriation of investment capital, however, is limited to capital brought in through the Lao banking system and properly registered with the Bank of Lao PDR based on a capital importation certificate.

### Special economic zones

Lao PDR currently has 12 special economic zones, each with its own Zone Authority and separate regulations.

### Corporate and withholding taxes

- Corporate tax (general rate): 20%
- Corporate tax (increased rate): 22% (tobacco industry) and 35% (mining)
- Corporate tax (decreased rate after tax holiday): 5% (human resource and public health sectors) and 7% (technology, and clean and sustainable energy)
- Corporate tax (listed company): 13% for four years from listing date.
- In dealing with non-residential entities or residential entities that do not hold proper account, compulsory taxation shall be applied and such entities shall be deemed to earn profit of 7%-15% from the transactions, depending on activities.

### Member of New York Convention

Yes.

### Bilateral investment treaties

As of the date of this publication, Lao PDR has signed 26 bilateral investment treaties with 21 in force.
### Latest developments

- **Digital assets exchange:** The Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 came into effect on 15 January 2019, recognising digital assets as securities. Subsequently, the Securities Commission of Malaysia ("SC") issued the revised Guidelines on Recognised Markets on 31 January 2019 to introduce the requirements for digital assets exchange operators.

- **Initial Exchange Offering ("IEO"):** On 15 January 2020, the SC published the Guidelines on Digital Assets outlining the framework for fundraising through digital token offering in Malaysia, particularly requiring all offerings of digital tokens to be carried out through an IEO platform operator that is registered with the SC.

- **Pursuant to the Short-Term Economic Recovery Plan ("Pelan Jana Semula Ekonomi Negara", "PENJANA"),** which is the 4th economic stimulus package announced by the Malaysian government on 5 June 2020, the following are aimed to incentivise 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. Condition: The company must commence its operation in Malaysia within 1 year from the date of approval and the capital investment must be made within 3 years.
  - 0% tax rate for 15 years for new investment in manufacturing sectors with capital investment above RM500 million. Condition: The company must commence its operation in Malaysia within 1 year from the date of approval and the capital investment must be made within 3 years.
  - 100% Investment Tax Allowance for 5 years for existing company in Malaysia relocating overseas facilities into Malaysia with capital investment above RM300 million.
  - Special Reinvestment Allowance for manufacturing and selected agriculture activity, from year of assessment (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 2 working days.

  *These incentives are effective for application from 1 July 2020 to 31 December 2021.*

The application of the incentives under PENJANA will be extended until 31 December 2022 and the scope of the tax incentives will also be extended to selected companies in the services sector pursuant to Malaysia’s Budget 2021.

To spur investments, the Budget 2021 also sets out the following measures:

- RM1 billion special incentive package for high value-added technology investments in Malaysia
- RM500 million High Technology Fund provided by Bank Negara Malaysia ("BNM") for high-tech and innovative companies
- Enjoyment of tax rate of 0% to 10% for 10 years for manufacturers of pharmaceutical products if they invest in Malaysia
- Concessionary tax rate of 10% for 5 years for the establishment of Global Trading Centre
- Tax incentive conditions for Principal Hub and incentives to be relaxed and extended until end-2022
- Income tax exemption on 50% of the investment amount for investors who invest in Equity Crowdfunding, subject to certain criteria.

### Investment laws, regulations etc.

Investments are encouraged through the incremental liberalisation of equity conditions by various government agencies based on the provisions of the Promotion of Investments Act 1986. Such equity conditions are mostly set out in ministerial guidelines.

### Common forms of business vehicles

- Partnerships or joint ventures with domestic investors
- Incorporation of private companies
- Acquisition of shares or assets in existing companies
- Setting up of branch, regional or representative office

### Promoted investments

- Financial services
- Wholesale and retail
- Information Communication and Technology (ICT)
- Halal services
- Tourism
- Agriculture
- Manufacturing
- Supporting products or services
- Automotive

### Promoted investment incentives

- Investment Tax Allowances
- Pioneer Status
- Reinvestment Allowance
- Income Tax Allowances
- Accelerated Capital Allowances
- Double Deduction of Certain Expenses
- Reduced Corporate Tax for Principal Hubs for applications received before 31 December 2020
- Import Duty Exemption on Raw Materials/ Components/ Machineries/ Equipment
- Msc Malaysia Status
- Customised Incentives for Fortune 500 companies and global unicorns in high technology, manufacturing, creative and new economic sectors
| Restricted or conditional investment sectors | • Financial services  
• Wholesale and retail  
• ICT  
• Tourism  
• Oil and gas  
• Legal services |
| Repatriation of profit and capital | There are no restrictions on repatriation of profits and capital from Malaysia. |
| Special economic zones | Malaysia houses a number of special economic zones, i.e.  
• East Coast Economic Region (ECER)  
• Iskandar Regional Development Authority (IRDA) for Iskandar Malaysia in Southern Johor  
• Northern Corridor Implementation Authority (NCIA) for the North Corridor Economic Region (NCER)  
• Sabah Development Corridor  
• Sarawak Corridor of Renewable Energy |
| Corporate and withholding taxes | • Corporate tax 17-24%  
• Withholding tax 3-25% |
<p>| Member of New York Convention | Yes. |
| Bilateral investment treaties | As of the date of this publication, Malaysia has signed 71 bilateral investment treaties. |</p>
<table>
<thead>
<tr>
<th>Latest developments</th>
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<tbody>
<tr>
<td>• Central Bank of Myanmar issued Notification 1/2021 on 26 January 2021 regarding the establishment, operations and business conduct of non-bank financial institutions.</td>
</tr>
<tr>
<td>• Central Bank of Myanmar issued an announcement to limit the cash withdrawal of both individual and companies dated 1 March 2021.</td>
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<td>• Central Bank of Myanmar issued an announcement regarding the cash management for Mobile Financial Service Providers dated 3 March 2021.</td>
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<tr>
<th>Investment laws, regulations etc.</th>
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<tbody>
<tr>
<td>• Myanmar Investment Law 2016</td>
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<td>• Myanmar Investment Rules 2017 and its notifications</td>
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<tr>
<th>Common forms of business vehicles</th>
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<tr>
<td>• Incorporation of company</td>
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<tr>
<td>• Setting up branch or representative office of a foreign company as overseas corporation</td>
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<td>• Joint ventures with local companies</td>
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<td>• Joint ventures with the government of Myanmar</td>
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<tr>
<td>• Setting up of an association or non-profit organisations as company limited by guarantee</td>
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<th>Promoted investments</th>
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<tr>
<td>• Agriculture and its related services (except cultivation and production of tobacco and Virginia)</td>
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<td>• Plantation and conservation of forest, and other businesses with forest</td>
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<tr>
<td>• Livestock production, breeding and production of fishery products, and its related services</td>
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<td>• Manufacturing (except manufacturing of cigarettes, liquor, beer and other products deemed harmful to health)</td>
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<tr>
<td>• Establishment of industrial zones</td>
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<td>• Establishment of new urban areas</td>
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<tr>
<td>• City development activities</td>
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<tr>
<td>• Construction of road, bridge and railway line</td>
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<td>• Construction of seaport, river port and dry port</td>
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<td>• Management, operation and maintenance of airport</td>
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<td>• Maintenance of aircrafts</td>
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<td>• Supply and transport services</td>
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<td>• Power generation, transmission and distribution</td>
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<td>• Production of renewable energy</td>
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<td>• Telecommunications businesses</td>
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<td>• Education services</td>
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<td>• Health services</td>
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<td>• Information and technology services</td>
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<td>• Hotel and tourism</td>
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<td>• Science research development business</td>
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<th>Promoted investment incentives</th>
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<tbody>
<tr>
<td>• Income tax exemptions</td>
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<td>• Custom duty tax exemptions</td>
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<td>• Long term land-use rights</td>
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<th>Restricted or conditional investment sectors</th>
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<tr>
<td>• Fresh water fishing activities</td>
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<tr>
<td>• Publishing and distribution of periodicals in ethnic languages</td>
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<td>• Pet care services</td>
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<td>• Manufacturing of forest products</td>
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<td>• Activities relating to the setting up and running of a convenience store or tour-guide service</td>
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<td>• Mineral prospecting, surveying, performing feasibility study and developing mineral for small and medium scale</td>
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<td>• Refinement of minerals by medium scale and small scale</td>
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<tr>
<td>• Performing shallow oil wells up</td>
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<td>• Printing and issuing sticker for visa and stay permit for foreigners</td>
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<tr>
<td>• Prospecting, exploration and production of jade/gem stones</td>
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<td>• Mini-market and convenience store</td>
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<tr>
<th>Repatriation of profit and capital</th>
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<tr>
<td>Foreign investors may transfer the following types of funds abroad:</td>
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<tr>
<td>• capital designated under the Capital Account Rules of the Central Bank of Myanmar</td>
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<td>• income resulting from investments</td>
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<td>• proceeds from total or partial sale of investments</td>
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<td>• payments made under contracts or resulting from settlement of disputes</td>
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<tr>
<td>• remuneration, salary and earnings of foreign experts legally employed in Myanmar.</td>
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</table>
| **Special economic zones** | Myanmar has 3 special economic zones ("SEZ"), namely:  
| • Thilawa SEZ  
| • Dawei SEZ  
| • Kyauphyu SEZ  
| Out of the 3 SEZ’s, only Thilawa SEZ is currently operational. |
| **Corporate and withholding taxes** | • Corporate tax  
| 25%  
| • Withholding tax  
| 2-15% depending |
| **Member of New York Convention** | Yes. |
| **Bilateral investment treaties** | As of the date of this publication, Myanmar has signed 13 bilateral investment treaties. |
### Latest developments

- **Real Estate Investment Trust Companies.** The Philippines has recently relaunched real estate investment trusts ("REIT") to let property companies raise funding from the public. REITs work like stocks and are managed and pooled through fund managers, except that these funds are solely invested in the real property sector.

- **Crowdfunding.** Crowdfunding refers to the offer or sale of securities of a limited scale usually for start-ups, micro, small and medium enterprises done through an online electronic platform. Securities and Exchange Commission ("SEC") Memorandum Circular No. 14, series of 2019, provides the rules and regulations governing crowdfunding.

- **Digital Banking.** Digital banking has been made available in the Philippine market. Digital banking is the full digitalisation of banks and all its activities. Currently, banks intending to engage in digital banking must secure operational permits from the regulatory agencies to operate. The guidelines for the establishment of digital banks are stipulated in Bangko Sentral ng Pilipinas ("BSP") Circular No. 1105, series of 2020.

- **Corporate Debt Vehicles.** The rules on corporate debt vehicles under SEC Memorandum Circular No. 23, series of 2020 defines corporate debt vehicles as closed-end investment company that offers shares or units of participation with the objective of investing in portfolios of corporate debt papers of large corporations and medium-sized enterprises operating or deriving income in the Philippines, or any company guaranteed by a large or medium-sized domestic corporations, or by the Philippine government or by multilateral agencies.

- **Virtual Assets.** A virtual asset exchange enables trading and settlement of digital and virtual assets, such as digital assets used as a medium of exchange, unit of account, or store of value and is not legal tender, whether or not denominated in legal tender. The guidelines for the application and operations of Virtual Asset Service Providers are provided in BSP Circular No. 1108, series of 2021.

### Investment laws, regulations etc.

- Omnibus Investments Code of 1987, as amended
- Foreign Investment Act of 1991, as amended
- Real Estate Investment Trust Act of 2009
- Anti-Dummy Law
- Retail Trade Law

### Common forms of business vehicles

- Sole proprietorship
- Partnership and/or joint ventures
- Domestic corporation (i.e. subsidiary)
- One Person Corporation
- Branch office
- Regional headquarters
- Regional operating headquarters
- Representative office

In addition to the above, foreign investors may also apply for registration with the BSP. Such investments may be made through:

- foreign direct investments in Philippine firms or enterprises
- investments in peso-denominated certificates of indebtedness issued by public sector entities
- investments in securities listed in the Philippine Stock Exchange
- investments in peso-denominated money market instruments
- investments in peso time deposits with maturity of at least 90 days.

### Promoted Investments

Pursuant to the 2020 Investment Priorities Plan ("IPP"), the following are recognised as the preferred activities for investment, which means, enterprises engaged in these activities may be entitled to claim incentives and benefits under the Omnibus Investments Code of 1987 and other special laws:

- All qualified activities relating to the fight against the COVID-19 pandemic, covering the production or manufacture of medicines, medical equipment and devices, personal protective equipment, among others, and the provision of essential services such as, but not limited to, health waste treatment and disposal, test and quarantine facilities
- Investments in activities, subject to the determination of the Board of Investments ("BOI"), supporting of programs to generate employment opportunities outside of congested urban areas
- All qualified manufacturing activities including agro-processing
- Agriculture, fishery and forestry
- Strategic services, e.g., integrated circuits design, creative industries/knowledge-based services, maintenance, repair and overhaul of aircraft, charging/refueling stations for alternative energy vehicles, industrial waste treatment, telecommunications, state-of-the-art engineering, procurement and construction
- Healthcare and disaster risk reduction management services, subject the list of locations endorsed by the Department of Health
- Mass housing
- Infrastructure and logistics including public-private partnerships by local government units
- Innovative drivers, e.g., research and development activities, conduct of clinical trials, establishment of Centres of Excellence, innovation centres, business incubation hubs, and development of mobility solutions and digital trade
- Inclusive business models
- Environment or climate change-related projects
- Energy
- Export activities such as production and manufacture of export products, activities in support of exporters, and services exports
- Activities covered by special laws, such as industrial tree plantation, mining, publication or printing of books/textbooks, renewable energy, tourism, energy efficiency and conservation, and rehabilitation, self-development and self-reliance of persons with disabilities.
The Bangsamoro Autonomous Region in Muslim Mindanao has its own list of priority investment areas, which include agriculture, agribusiness, aquaculture and fishery activities, engineering industries, industrial service facilities, logistics, tourism, health and education services and facilities, halal industry, energy, among others.

Under the proposed Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act (as of writing, the Bill is yet to be signed into law by the President), the BOI, in coordination with the newly created Fiscal Incentives Review Board ("FIRB"), investment promotion agencies, other government agencies administering tax incentives, and the private sector, shall formulate the Strategic Investment Priority Plan ("SIPP") to be submitted to the President for approval. The SIPP shall be valid for a period of three years, and subject to review and amendment every three years.

**Promoted investment incentives**

- Tax exemptions, tax holidays and tax reductions
- Exemptions from wharfage dues on import shipments of equipment
- Simplification of customs procedures, among others

Under the proposed CREATE Act, enterprises engaged in activities under the SIPP may be qualified to claim fiscal incentives such as income tax holiday, special corporate income tax rate, enhanced tax deductions, enhanced net operating loss carry-over, duty exemption on importation of capital equipment, raw materials, spare parts, or accessories, and value-added tax exemption on importation and VAT zero-rating on local purchases.

**Restricted or conditional investment sectors**

The Foreign Investments Act of 1991, as amended, has identified a list of restrictions on foreign ownership according to industry sector. This list is known as the, "Foreign Investment Negative List", and it is further sub-divided into the following two lists:

- **List A** includes activities reserved to Philippine nationals by mandate of the Philippine Constitution and special laws such as:
  - Mass media activities, practice of professions, retail trade enterprises with paid-up capital of less than USD2.5 million, small-scale mining, and utilisation of marine resources in archipelagic waters, territorial sea and exclusive economic zone, wherein no foreign equity is allowed;
  - Private recruitment, whether for local or overseas employment, and contracts for construction of defense-related structures, in which a maximum of 25% foreign equity is allowed;
  - Advertising, where foreign investors may invest up to 30%; and
  - Ownership of private lands, operation of publication utilities, and exploration, development and utilisation of natural resources, in which a maximum of 40% foreign equity is allowed.

- **List B** contains activities that are regulated for reasons of security, defense, health, moral and protection of small and medium enterprises, wherein foreign equity of up to 40% is allowed, such as:
  - Manufacture, repair, storage and/or distribution of products and/or ingredients requiring clearance from the Philippine National Police or the Department of National Defense;
  - All forms of gambling, except those covered by investment agreements with the Philippine Amusement and Gaming Corporation;
  - Domestic market enterprises with paid-in equity capital of less than the equivalent of USD200,000; and
  - Domestic market enterprises that involve advanced technology or employ at least 50 direct employees with paid-in equity capital of less than the equivalent of USD100,000.

The list is updated every two years.

**Repatriation of profit and capital**

Foreign investments registered with the BSP are entitled to full and immediate capital repatriation and dividends and profit remittance privileges. Registered foreign investors need not obtain BSP approval in order to effect such repatriations or remittances via Authorised Agent Banks.

On the other hand, unregistered foreign investments must effect profit remittances and capital repatriation using foreign exchange sourced from outside the domestic banking system.

**Special economic zones**

As of 2020, the Philippines has 410 operating economic zones that offer enterprises certain incentives to invest in the region. Economic zones are classified as manufacturing economic zones, information technology parks/centres, agro-industrial economic zone, tourism economic zones and medical tourism parks/centres.

**Corporate and withholding taxes**

- **Corporate tax**
  - 30% of net income or 2% of gross income, whichever is higher.
- **Withholding tax**
  - **on compensation**: rates vary depending on frequency of payment and amount of compensation paid to employee.
  - **expanded**: rates vary according to type of income payment.

Under the proposed CREATE Act, the corporate income tax is reduced to 25%, while corporations with a net taxable income not exceeding PHP 5 million (approximately USD105,000) and with total assets not exceeding PHP 100 million (approximately USD 2.1 million), excluding land on which the particular business entity's office, plant and equipment are situated, shall be taxed at 20%.

**Member of New York Convention**

- Yes.

**Bilateral investment treaties**

As of the date of this publication, Philippines has signed 36 bilateral investment treaties.
Variable Capital Companies Act 2018
On 15 January 2020, the Monetary Authority of Singapore ("MAS") and the Accounting and Corporate Regulatory Authority ("ACRA") launched the VCC framework for the incorporation and operation of a corporate structure tailored specifically for investment funds. The VCC framework includes the new Variable Capital Companies Act 2018 ("VCC Act"), which provides for the establishment, operation and regulation of a new corporate entity called the variable capital company ("VCC").

The introduction of the VCC encourages the consolidation of fund domiciliation and fund management activities in Singapore – Singapore-based fund managers who domicile funds locally as VCCs now stand to benefit from significant cost economies and fewer cross-border administrative and compliance hurdles, through the use of local service providers operating out of just one country (Singapore). The implementation of the VCC structure also complements and expands on the existing suite of fund structures available in Singapore, such as the company, limited partnership and unit trust structures, and keeps pace with other international fund management centres such as Ireland, Luxembourg and the United Kingdom, who have similar corporate fund structures in place.

The VCC Act is jointly regulated by ACRA and MAS.

Regulation of digital payment token services under the Payment Services Act
On 28 January 2019, the Payment Services Act 2019 ("Payment Services Act") entered into force. The Payment Services Act provides a licensing and regulation framework for the regulation of payment systems and payment service providers in Singapore. The Payment Services Act aims to provide regulatory certainty and consumer safeguards while encouraging innovation and growth of payment services and Fintech.

The licensing regime established by the Payment Services Act regulates seven types of services: account issuance, domestic money transfers, cross-border money transfers, merchant acquisition, e-money issuance, digital payment token dealing and exchanges, and money changing. Licences under the Payment Services Act are further classed into three types:

(a) money-changing licences, which only allow licencees to provide money-changing services;
(b) standard payment institutions licences, which allow licencees to provide any combination of the seven defined payment services, but below specified transaction flow or e-money float thresholds; and
(c) major payment institutions licences, which allow licencees to provide any combination of the seven defined payment services up to and beyond the specified thresholds. Major payment institutions are subject to more regulation than standard payment institutions.

Under the new framework, payment service providers who conduct digital payment token dealing and exchange services (more commonly known as cryptocurrency dealing or exchange services) will now have to, inter alia, meet anti-money laundering and counter financing of terrorism requirements. As part of their licensing requirements, these payment service providers who are deemed to be major payment institutions will also have to implement specified measures (such as keeping security in the form of a cash deposit or bank guarantee) to safeguard customer monies from loss.

More recently, the Payment Services (Amendment) Bill (the "Bill") was introduced into Parliament in November 2020 to expand the scope of digital payment token ("DPT") services that are regulated under the Payment Services Act. In order to align the Payment Services Act with the enhanced regulatory standards adopted by the Financial Action Task Force, the Bill will expand the current definition of DPT service to include (i) the transfer of DPTs, (ii) the provision of custodial wallet services and (iii) the facilitation of the exchange of DPTs without possession of money or DPTs. The Bill will also widen the definition of cross-border money transfer service and enhance the regulatory powers of the MAS. It is likely that the amendments will be effective in 2021.

MAS Consultation Paper on Proposed Regulatory Approach for Derivative Contracts on Payment Tokens
In November 2019, MAS published a consultation paper setting out its intention to regulate under the Securities and Futures Act (Cap 289) ("SFA") derivatives that reference payment tokens as underlying assets ("Payment Token Derivatives") which are listed on Approved Exchanges ("AE") in Singapore. MAS’ intention to regulate stems from an international institutional investor interest (such as from hedge funds and asset managers) in payment tokens such as Bitcoin and Ether, and aims to satisfy their need for a regulated product to gain and hedge exposure to payment tokens. MAS has clarified that it does not currently intend to include, within the regulatory scope of the SFA, Payment Token Derivatives that are not offered by an AE.

Due to the high volatility and intrinsic difficulty in valuing Payment Token Derivatives, MAS will also introduce a number of measures for retail investors who trade in Payment Token Derivatives offered or distributed by financial institutions regulated by MAS only (including AE, capital markets services licence holders, banks, merchant banks, and finance companies conducting regulated activities under the SFA).

The consultation closed on 20 December 2019 and respondents were broadly supportive of (i) MAS’ view to regulate Payment Token Derivatives offered by an AE and not regulate Payment Token Derivatives offered by other entities (i.e., non-AE), and (ii) MAS’ additional measures to protect retail investors.

Notes:
- Payment tokens are one of the three main types of digital tokens – securities tokens, payment tokens and utility tokens. Currently, derivatives that reference securities tokens are already regulated in Singapore under the SFA.
- "Approved Exchanges" are systemically important facilities that bring together participants for multilateral trading across a broad suite of capital markets products, and include the Singapore Exchange Derivatives Trading Limited and Singapore Exchange Securities Trading Limited.

Digital Bank Licences
In June 2019, the MAS announced that it would be issuing up to five digital bank licences (two digital full bank licences and three digital wholesale bank licences), in addition to any digital banks that the Singapore banking groups may also establish under the existing internet banking framework. Applications were subsequently opened and MAS received 21 applications by the end of 2019. In December 2020, MAS announced four successful digital bank applicants. Successful applicants are expected to commence business from early 2022.
| Investment laws, regulations etc. | • Companies Act (Chapter 50) of Singapore  
• Income Tax Act (Chapter 134) of Singapore  
• Securities and Futures Act (Chapter 289) of Singapore  
• Variable Capital Companies Act 2018  
• Payment Services Act 2019 |
|---|---|
| Common forms of business vehicles | • Setting up of private company limited by shares  
• Setting up sole proprietorship  
• Setting up of partnership, limited partnership or limited liability partnership  
• Setting up of branch or representative office  
• Setting up a variable capital company (specifically for investment funds) |
| Promoted investments | • Investments from Asia and Southeast Asia  
• Digitalisation and the digital economy  
• Innovation  
• Supply chain (both locally and in the region)  
• Healthcare such as biotechnology, production of medical equipment and pharmaceuticals  
• Intellectual Property arising from research and development  
• Precision and transport engineering |
| Promoted investment incentives | • Grants  
• Allowances  
• Awards  
• Tax exemptions  
• Reduced tax rates |
| Restricted or conditional investment sectors | • Property ownership  
• Media and telecommunications  
• Banking and financial and professional services |
| Repatriation of profit and capital | Singapore places no restrictions on reinvestment or repatriation of earnings or capital. |
| Special economic zones | Singapore does not contain any special or specific economic zones. |
| Corporate and withholding taxes | • Corporate tax  
17%  
• Withholding tax  
up to 22% |
| Member of New York Convention | Yes. |
| Bilateral investment treaties | As of the date of this publication, Singapore has in force **44 international investment agreements** (also commonly called bilateral investment treaties). |
| **Investment laws, regulations etc.** | • The Civil and Commercial Code of Thailand (as amended)  
• Foreign Business Act (1999)  
• Investment Promotion Act (1977) (as amended)  
• Eastern Special Development Zone Act (2018)  
• Industrial Estate Authority of Thailand (1979) (as amended)  
• Emergency Decree on Digital Asset Business Operation (2018) |
| **Common forms of business vehicles** | • Formation of partnership  
• Registration of registered partnership  
• Registration of limited partnership  
• Registration of private limited company  
• Setting up of branch or representative office of a foreign company  
• Joint ventures with local companies  
• Registration of public limited company |
| **Promoted investments** | The Board of Investment via the Investment Promotion Act (1977) promotes business activities based on the following categories:  
• agriculture biotechnology and medical industry  
• advance technology industry  
• primary industry and supporting industry  
• digital industry smart city development and high-valued service  
• research and development and targeted-technology development |
| **Promoted investment incentives** | • Corporate income tax exemption of up to 13 years  
• 50% reduction of corporate income tax rate of up to 10 years  
• Exemption of import duty on machinery, raw and essential material used for export products and products used for research and development  
• Non-tax incentives such as right to own land, permit to bring in skilled workers to work in promoted industries |
| **Restricted or conditional investment sectors** | Restricted activities are categorised into 3 lists under the Foreign Business Act (1999):  
• List 1 activities are generally strictly reserved for locals  
• List 2 activities are only open to foreigners who obtain a foreign business license with permission from the Minister of Ministry of Commerce and Cabinet’s approval  
• List 3 activities are only open to foreigners who obtain a foreign-business license with permission from the Director-General of DBD and the Foreign Business Commission’s approval  
Where businesses are promoted under the Investment Promotion Act and/or operate trade for export under the Industrial Estate Authority of Thailand Act (1979), restriction under the Foreign Business Act is relaxed, though activities might be restricted by regulations governing specific business sector. |
| **Repatriation of profit and capital** | Remittances in foreign currency is permitted, however where remittance exceed the limitations, or are for purposes other than those specified, approval by the Bank of Thailand is required. |
| **Special economic zones** | The policy committee on special economic zone development has identified special economic zones across 10 border provinces. The Eastern Special Development Zone Act 2018 also provides for Special Economic Promotional Zone which targets activities in certain industries such as intelligent electronics, robotics, digital, aviation and logistics. |
| **Corporate and withholding taxes** | • Corporate tax  
20%  
• Withholding tax  
1-15% subject to Double Taxation Agreements specifically:  
- Corporate income tax  
- Outward remittance of profit |
| **Member of New York Convention** | Yes. |
| **Bilateral investment treaties** | As of the date of this publication, Thailand has signed **39 bilateral investment treaties.** |
### Latest developments

As of 1 January 2021, Law on Enterprises No. 59/2020/QH14 came into effect and replaced Law on Enterprises No. 68/2014/QH13 dated 26 November 2014 as the main law regulating enterprise matters. The new Law on Enterprises 2020 sets out the following notable changes:

- **Abolishing the procedure of notifying the seal specimen to the competent authority.** The Enterprise Law 2020 removes the requirement to notify the seal specimens, including the carving seal and digital signatures, to the Business Registration Authority.
- **Digital signatures.** Enterprises can now utilise both physical seals and digital signatures when executing company documentation. Digital signatures will be given the same legal value with that of traditional physical seals.
- **Liability of Legal Representative(s).** In the event a limited liability company or a joint stock company has more than one legal representative, each of the legal representatives shall be the legal representative having full powers of the enterprise as may be requested by courts, arbitrators or third parties in the event neither company charter nor official decision on the distinction of rights and obligations of each legal representative specifies that.

As of 1 January 2021, Law on Investment No. 61/2020/QH14 came into effect and replaced Law on Investment No. 67/2014/QH13 dated 26 November 2014 as the main law regulating investment matters. The new Law on Investment sets out the following notable changes:

- **Conditional access to the market for foreign investors.** New legal notion being “conditional market entry for foreign investors”. Accordingly the Government shall promulgate the list of industries and trades with conditional market entry for foreign investors, including (a) business lines where the foreign investors are not allowed to enter the market; and (b) business lines where the foreign investors are allowed to enter the market provided that sufficient conditions have been satisfied. For business lines which are not in list (a) or (b), the conditions for market access for foreign investors are the same as for the domestic ones.
- **Preferential investment industries and trades.** New types of projects are added in the list of projects entitled to investment incentives, including (i) college education, (ii) creative start-up, (iii) social housing projects, (iv) producing products created from science and technology.
- **Foreign ownership for a Vietnamese economic organisation to be deemed as a foreign investor.** A Vietnamese economic organisation is required to satisfy the investment conditions and comply with investment procedures applicable to a foreign investor when making investment by contributing capital, purchasing shares or purchasing stakes of another Vietnamese economic organisation or when making investment under a business cooperation contract if more than 50% of charter capital of the first-mentioned Vietnamese economic organisation is held by (a) foreign investor(s) or the majority of the general partners are foreigners if the business entity is a partnership; (b) economic organisation(s) mentioned in point (a); and (c) foreign investor(s) and economic organisation(s) mentioned in point (a).
- **Registration of M&A by foreign investors.** The Investment Law 2020 clarifies that foreign investors do not have to register their capital contribution, shares acquisition if the ownership ratio of foreign investors remaining the same in the relevant company.
- **Regulations for Public-Private Partnership Contracts.** The Investment Law 2020 shall no longer regulate the form of investment through Public-Private Partnership contracts. This specific form of investment shall be regulated by the Law on Public-Private Partnership Investment.

### Investment laws, regulations etc.

- Law on Investment No. 61/2020/QH14 dated 17 June 2020
- Law on Enterprises No. 59/2020/QH14 dated 17 June 2020
- Relevant Decrees and Circulars guiding the above laws

### Common forms of business vehicles

- Branch or representative office of a foreign company
- Wholly-owned foreign-invested enterprise
- Joint ventures with local companies
- Public Private Partnerships (i.e. BOT, BT, etc.)
- Business Cooperation Contracts (BCC)

### Promoted investments

Subject to conditions, Vietnam grants preferential treatment to certain investment sectors including but not limited to:

- Hi-tech activities, hi-tech ancillary products, research, manufacturing and development of science and technology products in accordance with regulations of law on science and technology;
- Manufacturing of new materials, new energy, clean energy, renewable energy, manufacturing of products with an added value of 30% or more; energy-saving products;
- Manufacturing of key electronics, mechanical products, agricultural machinery, automobiles, automobile parts, shipbuilding;
- Manufacturing of products on the List of prioritised supporting products;
- Manufacturing of IT products, software products, digital content;
- Breeding, growing and processing of agriculture products, forestry products, aquaculture products; afforestation and forest protection, salt production, fishing and fishing logistics services, production of plant varieties, animal breeds and biotechnology products;
- Collection, treatment, recycling or re-use of waste;
- Investment in development, operation, management of infrastructural works; development of public transportation in urban areas;
- Pre-school education, general education, vocational education, higher education;
- Medical examination and treatment, manufacturing of medicinal products and medicinal materials, storage of medicinal products, scientific research into preparation technology and biotechnology serving creation of new medicinal products, manufacturing of medical equipment;
- Investment in sports facilities for the disabled or professional athletes; protection and promotion of value of cultural heritage;
- Investment in geriatric centres, mental health centres, treatment for agent orange patients, care centres for the elderly, the disabled, orphans, street children;
- People’s credit funds, microfinance institutions;
- Manufacturing of goods and provision of services for the purposes of creating or participating in value chains and industrial clusters.

Vietnamese law also provides preferential investment to certain geographical areas provided by law and industrial, export processing, high-tech and economic zones.

<table>
<thead>
<tr>
<th>Promoted investment incentives</th>
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<tbody>
<tr>
<td>• Corporate income tax (&quot;CIT&quot;) exemption or reduction</td>
</tr>
<tr>
<td>• Import duty exemption on raw materials, supplies and components for implementation of a project or for goods imported to form fixed assets</td>
</tr>
<tr>
<td>• Land rent, land use fees and land use tax exemption and reduction</td>
</tr>
<tr>
<td>• Accelerated depreciation, increasing the deductible expenses upon calculation of taxable income.</td>
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<thead>
<tr>
<th>Restricted or conditional investment sectors</th>
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<tbody>
<tr>
<td>The Law on Investment prohibits investments in the following sectors:</td>
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<tr>
<td>• certain types of pharmaceuticals</td>
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<tr>
<td>• certain chemicals, minerals</td>
</tr>
<tr>
<td>• specific types of endangered flora and fauna</td>
</tr>
<tr>
<td>• prostitution</td>
</tr>
<tr>
<td>• humans or parts of human body</td>
</tr>
<tr>
<td>• human asexual reproduction</td>
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<tr>
<td>• firecrackers</td>
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<tr>
<td>• debt collection services</td>
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</tbody>
</table>

Conditional investment sectors are provided in Vietnam’s WTO commitments and other treaties (e.g. logistics, telecommunication, audiovisual services). Further, the Government shall promulgate the list of industries and trades with conditional market entry for foreign investors.

<table>
<thead>
<tr>
<th>Repatriation of profit and capital</th>
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<tbody>
<tr>
<td>Repatriation of profit and capital are permissible so long as financial obligations to the state of Vietnam have been discharged and the enterprise has no accumulated losses.</td>
</tr>
<tr>
<td>Currently, there is no profit remittance tax, unless profits are paid to an individual.</td>
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<tr>
<th>Special economic zones</th>
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<tbody>
<tr>
<td>The Draft Law on Special Administrative Economic Zones is under development. Three special administrative economic zones, specified in the draft are:</td>
</tr>
<tr>
<td>• Van Don</td>
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<td>• Phu Quoc</td>
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<tr>
<td>• Bac Van Phong</td>
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<tr>
<th>Corporate and withholding taxes</th>
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</thead>
<tbody>
<tr>
<td>• Corporate tax</td>
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<tr>
<td>The standard corporate income tax is 20%. However, the tax rate applicable for special industries (e.g. prospecting, exploring and mining petroleum, gas, and other natural resources) may range from 32-50%.</td>
</tr>
<tr>
<td>• Withholding tax</td>
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<tr>
<td>0-10% (subject to Double Taxation Agreements), specifically:</td>
</tr>
<tr>
<td>- Value Added Tax: 0-10%</td>
</tr>
<tr>
<td>- Foreign Contractor Withholding Tax:</td>
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<tr>
<td>• VAT: 2-5%</td>
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<tr>
<td>• CIT: 0.1-10%</td>
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<tr>
<th>Member of New York Convention</th>
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<tr>
<td>Yes.</td>
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<tr>
<th>Bilateral investment treaties</th>
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<tbody>
<tr>
<td>As of the date of this publication, Vietnam has signed 67 bilateral investment treaties.</td>
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</table>
ASEAN TRADE PACTS TODAY

The ASEAN of today is an indispensable trade bloc for many global powerhouses. Its commitment to free trade, competitive pricing and enhanced business and legal conditions is reflected in its entry into a number of global free trade agreements, some of which are depicted in the illustration below.

RCEP: The Regional Comprehensive Economic Partnership or RCEP has a combined GDP of USD17 trillion and a population of 3 billion. All of ASEAN are involved in RCEP and stand to open their doors to trade in goods and services, investment, economic and technical cooperation, intellectual property, competition policies and dispute settlement with other member states.

ATIGA: Signed in 1995, the ASEAN Trade in Goods Agreement (ATIGA) consolidates and streamlines the provisions of its predecessor, the Agreement on Common Effective Preferential Tariff of the ASEAN Free Trade Area (CEPT-AFTA). ATIGA contains elements such as tariff liberalisation, removal of non-tariff barriers, rules of origin, trade facilitation, customs, standards and conformance, and sanitary and phytosanitary measures.

ACIA: The ASEAN Comprehensive Investment Agreement (ACIA) aims to enhance the attractiveness of ASEAN as a single investment destination by covering benefits in almost all forms of investment, introducing non-discriminatory treatment policies, and promoting the liberalisation of the manufacturing, agriculture, fishery, forestry, mining and quarrying and incidental sectors.

CPTPP: The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is touted as a “next-generation” trade agreement eliminating or reducing tariff and non-tariff barriers across trade in goods and services, facilitating the development of production and supply chains, enhancing trade and facilitate cross-border integration by opening domestic markets. In short, the CPTPP is marked as the, “revival” of the Trans-Pacific Partnership Agreement (TPP) which the US has withdrawn from in early 2017.

Apart from the above, ASEAN has also signed Free Trade Agreements with China, Japan, the Republic of Korea, Australia, India and the European Union.

The revival of the TPP and its impact on ASEAN

When the United States withdrew from the TPP in early 2017, many thought that the TPP was dead. However, in May 2017, the remaining TPP member states convened to discuss the possibility of reviving the TPP under a new name, the CPTPP.

The CPTPP finally came into force for Australia, Canada, Japan, Mexico, New Zealand and Singapore on 30 December 2018 and for Vietnam 14 January 2019. The CPTPP will only enter into force for Brunei, Chile, Malaysia and Peru 60 days after they complete their respective ratification process. As they have yet to complete the ratification process, these countries are unable to enjoy the preferential tariff rates for members under the CPTPP.
This ASEAN Insiders represents the state of the law as at 16 March 2021. It does not serve as a substitute for specialist legal advice.

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• ASEAN INSIDERS, by origin and passion