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Navigating incentives across
Southeast Asia
Set sail on your SEA
investments and incentives

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Foreword



In today's global economy, businesses are presented with a myriad of opportunities and challenges when it comes to understanding and leveraging Government incentives. Southeast Asia (SEA), with its diverse mix of cultures, economies and regulatory frameworks offers business of different sizes and industries a rich and vibrant tapestry of incentives to support their investment, innovation and sustainability plans.

The introduction of Base Erosion and Profit Shifting (BEPS) Pillar 2 has left an indelible mark on the global tax landscape, including SEA. In reaction to the international tax developments, ASEAN (Association of Southeast Asian Nations) countries are recalibrating their incentive regimes to remain attractive and strike a balance between fostering investment and ensuring fiscal sustainability.

Navigating the ever-changing and complex landscape can be daunting and time-consuming, but it is also one that can generate significant benefits. Our guide is specially curated to provide readers a view of the latest highlights to the local incentive landscapes of the SEA region, whether you are a multinational corporation looking to expand your footprint in the region or a local entrepreneur seeking to unlock new growth opportunities.

At Deloitte, our tax professionals recognise the significance of helping our clients to stay abreast of developments affecting their business and remain at the forefront of providing strategic guidance in navigating the intricacies of the evolving incentive landscape within each country. We understand that success in today's business environment requires more than just information—it requires strategic foresight, innovation and a proactive approach to prioritise and seize opportunities. From strategic planning and advisory services to compliance and implementation support, we offer a comprehensive suite of services tailored to your specific needs. With our specialised country teams of grants and incentives experts, we are dedicated to providing you the support and guidance needed and executing an effective incentives strategy for your needs.

We invite you to explore the opportunities presented within these pages and set sail on your investment journey with us. For further information, please reach out to any of the key contacts to find out more.

Sincerely,

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INDONESIA





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Country background

The Indonesian Government regularly updates the tax holiday and tax allowance regulations to ease the application process and expand the business sectors eligible for the incentives. These include a tax incentive for new investments or expansions in certain businesses that are considered labor intensive. The Indonesian Government also has issued regulations to provide incentives relating to income taxation, customs and excise, traffic of goods, employment, immigration, land and spatial planning, business licenses, and other areas to entities that operate within certain business sectors as determined by Indonesia's National Council in the Kawasan Ekonomi Khusus special economic zone (SEZ).

BEPS 2.0 updates

- **Income Inclusion Rule:** Expected date of 1 January 2025
- **Qualified Domestic Minimum Top-up Tax:** Expected date of 1 January 2025
- **Undertaxed Payments Rule:** Expected date of 1 January 2025

Incentive spotlight (Top 3)

Incentive name	Brief description
Tax Holiday	<p>This incentive offers a corporate income tax (CIT) reduction of 50% or 100% of the CIT due for 5 to 20 years from the beginning of commercial production depending on the value of the planned investment.</p> <p>Tax Holiday Facility may be granted in the event that the taxpayer fulfils the following criteria:</p> <ul style="list-style-type: none"> • Taxpayer in pioneer industry or non-pioneer industry (subject to the fulfilment of quantitative criteria); • Minimum investment of IDR 100 billion; • Indonesian legal entity; • New investment (new business or expansion) in which a decision on granting or rejection notification of corporate income tax reduction has not been issued by the Ministry of Finance (MOF); and • Fulfilling provision regarding debt to equity ratio.
Tax Allowance	<p>Tax incentives provided by the Indonesian Government as a reduction in taxable income for investors which are calculated based on the amount of investment invested.</p> <ul style="list-style-type: none"> • A reduction in net income of up to 30% of the amount invested, prorated at 5% p.a. for six years of the commercial production. • Accelerated depreciation and/or amortization. • Tax loss carry forward period up to 10 years (normally 5 years).
Super Tax Deduction	<p>Tax incentives provided by the Indonesian Government to businesses that participate in vocational education activities, such as work practices, apprenticeships and learning.</p> <p>Labour intensive industries:</p> <ul style="list-style-type: none"> • Reduction to the net income for the amount of 60% of new capital investment in the form of fixed assets inclusive of land. <p>Human resource development industries:</p> <ul style="list-style-type: none"> • Net income reduction up to 200% of relevant expenditures. <p>Research and development industries:</p> <ul style="list-style-type: none"> • Reduction to the gross income for the amount up to 300% of relevant expenditures.

Industries most affected by Government incentives in Indonesia

- Telecom, Media & Entertainment
- Technology
- Automotive
- Transportation, Hospitality & Services
- Power & Utilities
- Mining & Metals
- Oil, Gas, & Chemicals
- Industrial Products & Construction
- Health Care
- Life Sciences
- Health & Social Care
- Transport

List of incentives

Investment

Incentive name	Brief description	Incentive benefit
Bonded Zone	Areas designated to store imported goods and/ or local supplies for production purposes with its output primarily for export purposes.	Deferred customs duty, non-collected import taxes, and/or an excise tax exemption.
Bonded Warehouse	Areas designated to store imported goods, which may be accompanied with one or more activities, such as packaging/repackaging, sorting, kitting, packing, adjustment, or cutting of certain goods within a certain period for later removal.	Deferred customs duty, non-collected import taxes, and/or an excise tax exemption.
Bonded Logistic Center	<p>Areas designated to store imported goods, which may be accompanied with one or more activities, such as packaging/repackaging, sorting, kitting, packing, adjustment, or cutting of certain goods within a certain period for later removal.</p> <p>The purpose of this facility is to provide flexibility for investors to take their supplies of raw material and/ or supporting material in and out of Indonesia.</p>	Deferred customs duty, non-collected import taxes, and/or an excise tax exemption.
Master List	Incentives for import of machinery, goods, and materials made by a company that conducts development or expansion of industry, in the context of industry or certain service industry.	Import duty exemption or relief.
Ease of Import for Export (Kemudahan Impor Tujuan Ekspor or KITE)	Incentives for import of materials for production purposes with its output primarily for export purposes.	Import duty exemption or refund.
SEZ	The SEZ offers various fiscal and non-fiscal facility for investment activities that is performed in the SEZ.	<p>Fiscal facilities</p> <ul style="list-style-type: none"> Value-added tax (VAT) or VAT and Tax on Luxury Goods. Local Tax incentives between 50%-100%. <p>Non-fiscal facilities</p> <ul style="list-style-type: none"> Immigration facilities. No negative list for importation. Indonesian National Standard is not mandatory in the SEZ. No export obligation.

Sustainability

Incentive name	Brief description	Incentive benefit
Battery Electric Vehicle (BEV) Industry	Incentive for the importation of completely-built-up (CBU) BEVs or Government-borne import duty incentive for the importation of CBU BEVs also for the importation of domestically produced BEVs or Government-borne import duty incentive for the importation of domestically produced BEVs.	Import duty exemption, relief or preferential tariff.

MALAYSIA





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Country background

The general Corporate Income Tax rate in Malaysia is 24%. Innovation incentives include research and development (R&D) incentives in the form of investment tax allowances for qualifying capital expenditure for assets used in R&D, as well as super deductions for operating expenses incurred for qualifying R&D. Apart from the innovation incentives, there are major tax incentives for certain industry sectors, to attract both foreign and domestic direct investments.

BEPS 2.0 updates

- **Income Inclusion Rule:** Effective from 1 January 2025
- **Qualified Domestic Minimum Top-up Tax:** Effective from 1 January 2025
- **Undertaxed Payments Rule:** To be confirmed.

Incentive spotlight (Top 3)

Incentive name	Brief description
Pioneer Status	<p>Companies undertaking promoted activities or manufacturing promoted products by the Malaysian Government may be eligible for income tax exemption up to 100% for up to 5 or 10 years.</p> <p>Only applicable for companies undertaking promoted activities or manufacturing promoted products. Projects with the following features may be viewed more favourably:</p> <ul style="list-style-type: none"> • High capital investments. • High-level technology. • Significant impact on local economy. • R&D activities <p>Max Incentive Benefit: Corporate income tax exemption of either 70% or 100% for a period of five or 10 years, depending on the industry.</p> <p>The Malaysian Government may impose certain conditions on the approval such as fixed asset investment, annual operational expenditure, manpower ratios, value-add percentage and local vendor development.</p> <p>Pioneer Status and Investment Tax Allowance are mutually exclusive.</p>
Investment tax allowance	<p>Companies undertaking promoted activities or manufacturing promoted products by the Malaysian Government may be eligible for investment tax allowance up to 60/100% on qualifying expenditure for up to 5/10 years to be offset against up to 70/100% of statutory income.</p> <p>Only applicable for companies undertaking promoted activities or manufacturing promoted products.</p> <p>Projects with the following features may be viewed more favorably:</p> <ul style="list-style-type: none"> • High capital investments. • High-level technology. • Significant impact on local economy. • R&D activities. <p>Max incentive benefit Up to 60/100% investment tax allowance on qualifying expenditure for up to 5/10 years to be offset against up to 70/100% of statutory income.</p> <p>The Malaysian Government may impose certain conditions on the approval such as fixed asset investment, annual operational expenditure, manpower ratios, value-add percentage and local vendor development.</p> <p>Pioneer Status and Investment Tax Allowance are mutually exclusive.</p>

Incentive name	Brief description
Reinvestment Allowance (RA)	<p>Given to a company which has been operating for not less than 36 months and incurs capital expenditure on a factory, plant or machinery used in Malaysia for the purposes of a qualifying project (i.e., expansion, modernization, automation, or diversification) in respect of manufacturing of a product.</p> <p>Only applies to companies engaged in manufacturing and selected agricultural activities.</p> <p>Max incentive benefit Reinvestment allowance claim of 60% on qualifying expenditure for 15 years from first year of claim to be offset against up to 70% of statutory income.</p>
Tax incentive for Malaysia Digital (MD) status companies	<p>Malaysia Digital is the new national strategic initiative to encourage and attract companies, talents and investment to play a leading part in the global digital revolution and digital economy. MD status company may be eligible for various types of tax incentives on qualifying intellectual property (IP) income and non-IP income from carrying out qualifying activities. Qualifying activity must address opportunity or problem by utilising promoted tech enablers such as artificial intelligence, internet of things and blockchain.</p> <p>New Investment Incentive: An eligible company that proposes to undertake qualifying activities in Malaysia may choose to apply for reduced tax rate for 10 consecutive years of assessment or investment tax allowance for 5 consecutive years.</p> <p>Reduced tax rate of 10% for non-IP income is available subject to compliance of certain conditions. If the company can meet additional conditions related to sustainable economic development, the tax rate for non-IP income may be further reduced to 5%. To enjoy a reduced tax rate of 0% for IP income, company must comply with “modified nexus approach”.</p> <p>Company may opt for 60% investment tax allowance on qualifying capital expenditure to be offset against up to 100% of statutory income subject to compliance of certain conditions instead of reduced tax rate. If the company can meet additional conditions related to sustainable economic development, it may be eligible for 100% investment tax allowance on qualifying capital expenditure.</p> <p>Expansion Incentive: Existing Malaysia Digital (MD) or Multimedia Super Corridor (MSC) Malaysia Status company that has completed initial incentive and proposes to undertake new qualifying activity in Malaysia may choose to apply for reduced tax rate for 5 consecutive years of assessment or investment tax allowance for 5 consecutive years.</p> <p>Reduced tax rate of 15% for IP and non-IP income is available subject to compliance of certain conditions. Company must meet conditions related to sustainable economic development. In addition, to enjoy reduced tax rate of 15% for IP income, company must comply with “modified nexus approach”.</p> <p>Company may opt for 30% investment tax allowance on qualifying capital expenditure to be offset against up to 100% of statutory income subject to compliance of certain conditions instead of reduced tax rate. If the company can meet additional conditions related to sustainable economic development, it may be eligible for 60% investment tax allowance on qualifying capital expenditure.</p>

Industries most affected by Government incentives in Malaysia

- Telecom, Media & Entertainment
- Technology
- Consumer Products
- Retail, Wholesale & Distribution
- Automotive
- Transportation, Hospitality & Services
- Oil, Gas & Chemicals
- Industrial Products & Construction
- Banking & Capital markets
- Health Care
- Life Sciences

List of incentives

Innovation

Incentive name	Brief description	Incentive benefit
Research and Development: Investment Tax Allowance (ITA)—R&D Status Companies	<p>R&D status company is eligible for 100% ITA on qualifying expenditure for 10 years and may offset up to 70% statutory income. R&D company provides R&D services in Malaysia to its related companies or any other companies.</p> <p>Only applies to companies undertaking R&D activities. R&D activities are defined in the Promotion of Investments Act 1986.</p>	Investment tax allowance of 100% on qualifying expenditure for 10 years and may offset up to 70% of statutory income.
Research and Development: Investment Tax Allowance—In-House R&D	<p>A company performing in-house R&D may be eligible for 50% ITA on qualifying expenditure for 10 years and may offset up to 70% statutory income. In-house R&D refers to R&D for the purpose of its own business.</p> <p>Only applies to companies undertaking R&D activities. R&D activities are defined in the Promotion of Investments Act 1986.</p>	Investment tax allowance of 50% on qualifying expenditure for 10 years and may offset up to 70% of statutory income.
Research and Development: Pioneer Status (PS)—Contract R&D status company	<p>Contract R&D status company may be eligible for income tax exemption of 100% of the statutory income for 5 years. Unabsorbed losses after the end of the PS period are allowed to be carried forward for 7 consecutive years of assessments. Contract R&D company provides R&D services in Malaysia only to companies other than its related companies.</p> <p>Only applies to companies undertaking R&D activities. R&D activities are defined in the Promotion of Investments Act 1986.</p>	Income tax exemption of 100% on statutory income for 5 years.
Research and Development: Investment Tax Allowance—Contract R&D status company	<p>Contract R&D status company may be eligible for 100% ITA on qualifying expenditure for 10 years and may offset up to 70% statutory income. Contract R&D company provides R&D services in Malaysia only to companies other than its related companies.</p> <p>Only applies to companies undertaking R&D activities. R&D activities are defined in the Promotion of Investments Act 1986.</p>	Investment tax allowance of 100% on qualifying expenditure for 10 years and may offset up to 70% of statutory income.

Investment

Incentive name	Brief description	Incentive benefit
Special reinvestment allowance	Special RA for Year of Assessment (YA) 2020 to 2024 is given to companies undertaking reinvestment projects for their existing manufacturing and selected agricultural activities and have exhausted their initial RA.	
Reinvestment under New Industrial Master Plan 2030 (NIMP)	Companies which have exhausted their existing reinvestment allowance eligibility period and which increases capacity and investment in high-value activities under the NIMP 2030 may be eligible for up to 100% ITA to be offset against up to 100% of statutory income, based on outcome approach (Tier 1 and Tier 2) set by the Malaysian Government. A guideline for this incentive will be released soon.	Outcome-based approach: Tier 1—Investment tax allowance of 100% on qualifying expenditure to be offset against 100% of statutory income. Tier 2—Investment tax allowance of 60% on qualifying expenditure to be offset against 70% of statutory income.
Special Tax Incentive (Relocation) for Manufacturing Sector—New company	New companies that relocate manufacturing facility for eligible activities into Malaysia or establish new operations in Malaysia, and do not have existing manufacturing operation in Malaysia may be eligible for special tax rates of 0%. An application must be made by 31 December 2024.	Capital investment (excluding land) RM300 million to RM500 million—0% special tax rate for 10 years. Capital investment (excluding land) above RM500 million—0% special tax rate for 15 years.
Special Tax Incentive (Relocation) for Manufacturing Sector—Existing company	Companies with existing manufacturing operations in Malaysia that relocate manufacturing operations from outside of Malaysia for a new business segment may be eligible for 100% investment tax allowance on qualifying expenditure to be offset against up to 100% of statutory income. An application must be made by 31 December 2024.	Income tax exemption equivalent to ITA of 100% on the qualifying capital investment (excluding land) above RM300 million incurred within 5 years for an existing company in Malaysia relocating overseas facilities into Malaysia. The allowance can be offset against 100% of statutory income for each assessment year.
New Automation Capital Allowance (Automation CA)	Companies that have been engaged in manufacturing/services activities for at least 36 months and incur capital expenditure on automation machinery/equipment including machinery/equipment/software/system with adaptation of Industry 4.0 may be eligible for Automation CA.	Automation CA of 200% on the first RM10 million expenditure incurred within the year of assessment from 2023 to 2027.

Sustainability

Incentive name	Brief description	Incentive benefit
Green Investment Tax Allowance (GITA) Asset for own consumption	Investment tax allowance up to 100% (based on tiers) on qualifying expenditure to be offset against 70% of statutory income for companies that acquire qualifying green technology assets from 1 January 2024 to 31 December 2026 which have been verified by Malaysian Green Technology and Climate Change Centre (MGTC).	<p>Tier 1—GITA of 100% on qualifying expenditure to be offset against 70% of statutory income.</p> <ul style="list-style-type: none"> i. List of qualifying assets approved by the Minister of Finance ii. Battery Energy Storage System iii. Green building <p>Tier 2—GITA of 70% on qualifying expenditure to be offset against 70% of statutory income.</p> <ul style="list-style-type: none"> i. List of qualifying asset approved by the Minister of Finance ii. Renewable Energy System iii. Energy efficiency
Green Investment Tax Allowance projects for business purpose	Investment tax allowance of 100% on qualifying expenditure up to 10 years to be offset against up to 100% of statutory income (based on tiers) for companies that undertake qualifying green technology projects for business purpose.	<p>Tier 1—GITA of 100% on qualifying expenditure to be offset against 100% or 70% of statutory income for up to 10 years.</p> <ul style="list-style-type: none"> i. Green Hydrogen <p>Tier 2—GITA of 100% on qualifying expenditure to be offset against 100% of statutory income for 5 years.</p> <ul style="list-style-type: none"> i. Integrated waste management ii. Electric Vehicle charging station <p>Tier 3—GITA of 100% on qualifying expenditure to be offset against 70% of statutory income for 5 years.</p> <ul style="list-style-type: none"> i. Biomass ii. Biogas iii. Mini hydro iv. Geothermal v. Solar vi. Wind energy
Green Income Tax Exemption (GITE) for solar leasing activities	Income tax exemption of 70% may be given to qualifying companies which provides solar leasing services which been verified by Sustainable Energy Development Authority (SEDA) and been listed under the Registered Solar PV Investor (RPVI) Directory.	<p>Tier >3MW - ≤10MW : 70% tax exemption on statutory income for 5 years.</p> <p>Tier >10MW - ≤30MW: 70% tax exemption on statutory income for 10 years.</p>
Carbon capture and storage (CCS): in-house activities	Investment tax allowance of 100% on qualifying expenditure for 10 years to be offset against up to 100% of statutory income. Full import duty and sales tax exemption on equipment for CCS technology.	<ol style="list-style-type: none"> 1. ITA of 100% of qualifying capital expenditure for a period of 10 years. The allowance can be set-off against up to 100% of business statutory income; 2. Full import duty and sales tax exemption on equipment used for CCS technology commencing on 1 January 2023 until 31 December 2027; and 3. Tax deduction for allowable pre-commencement expenses within 5 years from the date of commencement of operation.

Incentive name	Brief description	Incentive benefit
Companies undertaking CCS services	<p>Investment tax allowance of 100% on qualifying expenditure for 10 years to be offset against up to 100% of statutory income. Full import duty and sales tax exemption on equipment for CCS technology.</p> <p>Income tax exemption of 70% for 10 years. Full import duty and sales tax exemption on equipment for CCS technology.</p>	<ol style="list-style-type: none"> 1. ITA of 100% of qualifying capital expenditure for a period of 10 years. The allowance can be set-off against up to 100% of statutory income; or 2. Tax exemption of 70% on statutory income for a period of 10 years; and 3. Full import duty and sales tax exemption on equipment used for CCS technology starting 1 January 2023 until 31 December 2027.

Others

Incentive name	Brief description	Incentive benefit
Global Services Hub	<p>Companies (new or existing) undertaking qualifying services to establish Malaysia as a strategic services hub may be eligible for preferential income tax rates based on outcome-based approach.</p> <p>A guideline for this incentive will be released soon.</p>	<p>New company Tier 1—5% tax rate for up to 10 years. Tier 2—10% tax rate for up to 10 years.</p> <p>Existing company Tier 1—5% tax rate on value-added income for 5 years. Tier 2—10% tax rate on value-added income for 5 years.</p> <p>Types of income exempted: i. Services income; or ii. Services and trading income.</p>
Bionexus status company: income tax exemption	<p>Companies undertaking biotechnology activities that have been approved for “bionexus status” by the Malaysian Bioeconomy Corporation may qualify for an income tax exemption of 100% of statutory income for up to 10 years. Upon expiry of tax exempt period, company may be eligible for concessionary tax rate of 20% for 10 years.</p>	<ol style="list-style-type: none"> 1. 100% income tax exemption on non-IP income for 10 consecutive years of assessment from first year of assessment the company derives its statutory income from the new business, or for 5 consecutive years of assessment from first year of assessment the company derives its statutory income upon completion of expansion project. 2. Concessionary tax rate of 20% on statutory income from non-IP of approved qualifying activity, for a period of 10 consecutive years of assessment upon the expiry of the income tax exemption. 3. Industrial Building Allowance (IBA) on qualifying expenditure used solely for the purpose of a new business or expansion project for a period of 10 years of assessment. 4. Exemption of import duty and sales tax on imported raw materials/components and machinery and equipment. 5. Double deduction on expenditure incurred for R&D. 6. Double deduction on expenditure incurred for the promotion of exports.

Incentive name	Brief description	Incentive benefit
Bionexus status company: investment tax allowance	Companies undertaking biotechnology activities that have been approved for “bionexus status” by the Malaysian Bioeconomy Corporation may qualify for investment tax allowance of 100% on qualifying expenditure for 5 years to be offset against 100% of statutory income. Upon expiry of tax exempt period, company may be eligible for concessionary tax rate of 20% for 10 years.	<ol style="list-style-type: none"> 1. ITA of 100% on qualifying capital expenditure (QCE) incurred within a period of 5 years from the date the first QCE is incurred. This allowance can be off-set against a maximum of 70% of statutory income from a new business or expansion project. 2. Concessionary tax rate of 20% on statutory income from non-IP of approved qualifying activity, for a period of 10 consecutive years of assessment upon the expiry of the income tax exemption. 3. IBA on qualifying expenditure used solely for the purpose of a new business or expansion project for a period of 10 years of assessment. 4. Exemption of import duty and sales tax on imported raw materials/components and machinery and equipment. 5. Double deduction on expenditure incurred for R&D. 6. Double deduction on expenditure incurred for the promotion of exports.
Special economic regions e.g., - East Coast Economic Region (ECER), - Northern Corridor Economic Region (NCER), - Sarawak Corridor of Renewable Energy (SCORE), - Sabah Development Corridor (SDC), - Iskandar Malaysia etc.	Each special economic region has different incentives available, examples include: <ul style="list-style-type: none"> • Income tax exemption on statutory income. • Investment tax allowance on qualifying expenditure. • Import duty and sales tax exemption on raw materials, components, machinery, and equipment. • Stamp duty exemption for land acquired. 	Companies that carry on a qualifying activity in the relevant region/location may be eligible for up to 100% income tax exemption on statutory income for up to 15 years or up to 100% Investment Tax Allowance (ITA) on qualifying expenditure for up to 10 years to be offset against up to 100% of statutory income, and other various incentives, subsidies, and grants.
Halal industry players within designated halal parks (HALMAS status)	<p>New companies producing prescribed halal products</p> <ul style="list-style-type: none"> • 100% tax exemption on qualifying expenditure for 10 years, or tax exemption on export sales for 5 years. • Double deduction for costs in obtaining international quality standard certification. • Import duty exemption on raw materials used for development and production of halal promoted products. <p>Halal park operators (HALMAS status)</p> <ul style="list-style-type: none"> • 100% tax exemption for 10 years, or 100% tax exemption on qualifying expenditure for 5 years. • Import duty exemption on equipment, components and machinery used in cold room operations. <p>Halal logistics operators</p> <ul style="list-style-type: none"> • 100% tax exemption for 5 years, or 100% tax exemption on qualifying expenditure for 5 years. • Import duty exemption on equipment, components and machinery used in cold room operations. 	
Halal food production outside halal parks	Halal food production companies operating outside halal parks may be eligible for investment tax allowance of 100% on qualifying expenditure for 5 years to be offset against 100% of statutory income.	
Activities under Digital Ecosystem Acceleration System (DESAC)	Digital technology provider and digital infrastructure provider may be eligible for: <ol style="list-style-type: none"> (a) New company—Tax rate of 0% to 10% for a period of up to 10 years; or (b) Existing company that diversifies into new service activities or new service segments—Tax rate of 10% for a period of up to 10 years. <p>A guideline for this incentive will be released soon.</p>	<p>New company</p> Tax rate of 0% to 10% for a period up to 10 years. <p>Existing company that diversifies into new service activities or new service segments.</p> Tax rate of 10% for a period of up to 10 years.

PHILIPPINES





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Country background

In general, the standard CIT rate in the Philippines is 25%. However, corporations with total assets not exceeding PHP 100 million and a total net taxable income not exceeding PHP 5 million will be taxed at a rate of 20%. In addition, there is a minimum corporate income tax (MCIT) imposed on a corporation's gross income if CIT (at 25%) is less than 2% MCIT on gross income, beginning in the fourth taxable year (following the year of commencement of business operations).

The Board of Investments' (BOI) targeted industries in 2024 include: Technology, Consumer Products, Retail, Wholesale & Distribution, Automotive, Transportation Hospitality & Services, Power & Utilities, Oil, Gas & Chemicals, Industrial Production & Construction, Healthcare, Social Care, Defense, Security & Justice, and Transport.

BEPS 2.0 updates

As of 8 November 2023, the Philippines is a member of the inclusive framework on BEPS 2.0. There are no local implementations at this time.

- **Income Inclusion Rule:** To be confirmed
- **Qualified Domestic Minimum Top-up Tax:** To be confirmed
- **Undertaxed Payments Rule:** To be confirmed

Incentive spotlight (Top 3)

Incentive name	Brief description
Income Tax Holiday (ITH)	<p>This incentive supports businesses carrying out qualifying projects) in certain qualifying industries. Depending on the type of location and industry tier, businesses can enjoy an exemption from their income tax.</p> <p>Depending on which location a qualifying company intends to carry out its qualifying activities, as well as the industry tier of its qualifying activities, the company can receive up to:</p> <ul style="list-style-type: none"> (i) 7 years of tax exemption; and (ii) 10 years of 5% special corporate income tax or enhanced deductions thereafter.
5% Special Corporate Income Tax	<p>This incentive supports export-only companies operating in certain qualifying industries and carrying out qualifying activities. Qualifying businesses can enjoy a concessionary tax rate of 5% on their gross income, with deductions limited to direct costs, in lieu of national and local taxes.</p> <p>Depending on which location a qualifying company intends to carry out its qualifying activities, as well as the industry tier of its qualifying activities, the company can receive up to 10 years of 5% special corporate income tax after the lapse of ITH entitlement.</p>
Enhanced deductions	<p>This incentive supports both export-oriented and domestic market companies operating in certain qualifying industries and carrying out qualifying activities. Qualifying businesses can enjoy tax deductions under various cost categories (e.g., manpower, R&D, power and utilities, etc.).</p> <p>Potential benefits include:</p> <ul style="list-style-type: none"> (i) Depreciation allowance of the assets acquired for the company's production of goods and services, buildings, machineries, and equipment; (ii) Deduction on labour expenses; (iii) Additional deduction on R&D, training, domestic input, power expenses; (iv) Deduction on reinvestment allowance in the manufacturing industry; and (v) An enhanced net operating loss carry-over.

Industries most affected by Government incentives in the Philippines

- Technology;
- Consumer products;
- Retail, wholesale & distribution;
- Automotive;
- Transportation, hospitality & services;
- Power & utilities;
- Oil, gas & chemicals;
- Industrial products & construction;
- Healthcare;
- Health & social care;
- Defense, security & justice; and
- Transport.

List of incentives

Investment

Incentive name	Brief description	Incentive benefit
VAT and import incentives	This incentive supports businesses involved in importations that are directly related to the registered project/business activity in certain qualifying industries.	Businesses/companies with registered and qualifying projects/business activities can enjoy up to: <ul style="list-style-type: none"> (i) VAT exemption on importations directly related to the registered project/business activity; or (ii) VAT zero-rating on local purchases directly related to the registered project/business activity; or (iii) Tax and duty-free importation of capital equipment, raw materials, spare parts, or accessories directly related to the registered project/business activity.

Sustainability

Incentive name	Brief description	Incentive benefit
	Projects and business activities related to sustainability may be eligible for all the incentives in Philippines, subject to requirements and approvals.	

Others

Incentive name	Brief description	Incentive benefit
Domestic Sales Allowance	This incentive supports businesses involved in importations that are directly related to the registered project/business activity in certain qualifying industries.	Qualifying businesses may enjoy up to: <ul style="list-style-type: none"> • 30% of domestic sales allowance, subject to approval and additional reportorial requirements.
Employment of Foreign Nationals	This incentive supports companies looking to employ foreign nationals for supervisory, technical, or advisory positions in certain qualifying industries.	Under this incentive, qualifying companies can enjoy: <ul style="list-style-type: none"> • The issuance of special non-immigrant visa with multiple entry privileges for foreign investors and immediate family members.

SINGAPORE





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Country background

In general, the standard Corporate Income Tax (CIT) rate in Singapore is 17%. In view of international tax developments, particularly the domestic top-up tax (DTT) and income inclusion rule (IIR) to be implemented under the BEPS 2.0 initiatives in 2025, the Singapore government has been in close consultation with industry players and tax professionals to refine its incentive toolkit and measures to maintain the city-state's competitiveness.

In the Singapore Economy 2030 vision, the Singapore government aims to pursue a steady and sustainable growth through the four key pillars—Manufacturing, Trade, Services and Enterprise. The range of incentives available in Singapore is targeted to unlock new growth opportunities through establishing a digital economy as well as a green economy, and to support innovation, adoption of Artificial Intelligence (AI) technologies, capability training, internationalisation, and partnerships.

BEPS 2.0 updates

- **Income Inclusion Rule:** Effective from 1 January 2025
- **Qualified Domestic Minimum Top-up Tax:** Effective from 1 January 2025
- **Undertaxed Payments Rule:** To be confirmed.

Incentive spotlight (Top 3)

Incentive name	Brief description
Development and Expansion Incentive (DEI)	This incentive is applicable to entities incorporated or registered in Singapore for new investment, expansion plans, major upgrading of equipment or operations. Qualifying businesses are entitled to reduced tax rate of 5%, 10% or 15% on incremental income from qualifying activities. IP income will no longer be incentivised under new DEI awards approved from 1 July 2018, and the exclusion of IP income will follow grandfathering timelines based on international standards.
Refundable Investment Credit (RIC)	<p>To encourage companies to make sizeable investments that bring substantive economic activities to Singapore, in key economic sectors and new growth areas. It supports value-adding activities relating to innovation, increasing productivity, digitalisation and decarbonisation.</p> <p>The RIC is awarded on qualifying expenditures incurred by the company in respect of a qualifying project, during the qualifying period. Each RIC award will have a qualifying period of up to 10 years.</p> <p>The quantum of RIC that a company can receive will depend on the support rates (up to 50%) predetermined for the company's different qualifying expenditure categories. The credits are to be offset against Corporate Income Tax payable. Any unutilised credits will be refunded to the company in cash within four years from when the company satisfies the conditions for receiving the credits.</p>
Enterprise Innovation Scheme (EIS)	<p>To encourage businesses to engage in R&D, innovation and capability development activities, the following suite of tax measures is introduced or enhanced under the EIS.</p> <p>There are 5 qualifying activities under the EIS:</p> <ol style="list-style-type: none"> 1. Qualifying R&D undertaken in Singapore 2. Registration of Intellectual Property 3. Acquisition & Licensing of IPRs 4. Training/Upskilling of employees 5. Innovation projects with partner institutions <p>Eligible businesses may enjoy up to 400% tax deductions on qualifying expenses from the abovementioned qualifying activities undertaken, with the option to convert to cash payout (capped at S\$20k).</p>

Industries most affected by Government incentives in Singapore

- Technology;
- Telecom, Media & Entertainment;
- Consumer products;
- Retail, wholesale & distribution;
- Automotive;
- Transportation, hospitality & services;
- Oil, gas & chemicals;
- Healthcare;
- Banking & Capital Markets;
- Investment Management;
- Health Care; and
- Life Sciences.

List of incentives

Investment

Investment—Manufacturing & Services

Incentive name	Brief description	Incentive benefit
Pioneer Certificate (PC) Incentive	This incentive is applicable to companies carrying out projects that are very strategic with pioneering activities on a significant scale that generate tangible economic spin-offs. Note that effective from 1 July 2018, all relevant Intellectual Property (IP) income will be excluded from the scope of qualifying income.	Tax exemption on income generated from approved pioneering activities
Investment Allowance (IA)	This incentive supports businesses to make capital investments in plant and productive equipment in Singapore, the IA scheme will be extended till 31 December 2028.	Allowance (on top of normal capital allowance) on a percentage of approved fixed capital expenditure.
Land Intensification Allowance (LIA)	This incentive supports qualifying capital expenditure incurred for the construction or renovation/extension of a qualifying building or structure.	Initial allowance of 25% and annual allowance of 5% on qualifying expenditure
Approved Foreign Loan (AFL) Incentive	This incentive supports interest payments on loans taken to purchase productive equipment.	Reduced or nil withholding tax rates on interest payments for approved foreign loans

Investment—Headquarters/Internationalisation

Incentive name	Brief description	Incentive benefit
International Headquarters (IHQ) Award	This incentive supports headquarter activities for companies that commit to anchor substantive headquarter activities in Singapore to manage, coordinate and control regional business operations. It is generally awarded with the Pioneer Certificate (PC) Incentive or the Development and Expansion Incentive (DEI).	Tax exemption or concessionary tax rate of 5%, 10%, or 15% on qualifying HQ income.
SEA Manufacturing Alliance (SMA) incentive	This incentive allows manufacturers to twin the complementary strengths of different SEA locations to further expand their production bases in SEA and achieve supply chain diversification.	Eligible manufacturers may apply for a differentiated tier of benefits from the local government authorities and SMA partners, including grants, differentiated prices on lease and logistics, assistance with setup and optimisation of operations, etc.
Corporate Venture Launchpad 3.0	This incentive supports established multinational companies, large local enterprises, regional family businesses and high growth companies in Singapore to drive venture creation and startup partnerships.	Up to 50% co-funding for eligible companies, pre- and post-sprint support from select venture studios and startups and access to industry networks

Investment—Trading/Shipping

Incentive name	Brief description	Incentive benefit
Global Trader Programme (GTP)	This incentive supports headquarter activities for companies that commit to anchor substantive headquarter activities in Singapore to manage, coordinate and control regional business operations. It is generally awarded with the Pioneer Certificate (PC) Incentive or the Development and Expansion Incentive (DEI).	Tax exemption or concessionary tax rate of 5%, 10%, or 15% on qualifying HQ income.

Investment—Finance & Treasury

Incentive name	Brief description	Incentive benefit
Finance & Treasury Centre (FTC) Incentive	This incentive encourages companies to grow treasury management capabilities and use Singapore as a base for conducting strategic finance and treasury management activities.	<ul style="list-style-type: none"> • Reduced tax rate of 8% or 10% on income from qualifying FTC services/activities. • Withholding tax exemption on interest payments to non-resident banks, financial institutions and approved network companies.
Financial Sector Incentive (FSI)	This incentive supports qualifying banking and financial activities, headquarters and corporate services, fund management, and investment advisory services.	Reduced tax rate of 5%, 10%, 12%, and 13.5% on qualifying income.

Innovation, R&D, and IP Management

Incentive name	Brief description	Incentive benefit
Intellectual Property Development Incentive (IDI)	<p>This incentive encourages the use and commercialization of IP rights (IPRs) arising from R&D activities in Singapore.</p> <p>Qualifying IP income means royalties or other income receivables as consideration for the commercial exploitation of an elected qualifying IPR.</p> <p>Qualifying IPR means any patent or patent application, and any copyright subsisting in software. Qualifying IPRs that are interlinked such that it is not possible to identify income/ expenditure of such IPRs to each qualifying IPRs can be grouped into families of IPRs.</p>	Reduced tax rate of 5%, 10% or 15% on a percentage of qualifying IP income derived, as determined by the modified nexus approach capped at 100%.
Approved Royalties Incentive (ARI)	This incentive encourages transfer of cutting-edge technology and know-how to Singapore, by providing exemption or reduction in withholding tax on royalty payments made to access advanced technology and know-how.	Tax exemption or reduced withholding tax rates on approved royalty payments to access advanced technology and know-hows.

Research & Innovation Scheme for Companies (RIS-C)	This incentive supports the development of R&D capabilities and technologies, in areas of science and technology, and the establishment of centers of competence in Singapore. This also supports the development of capabilities in the innovation of products, processes and applications.	Co-funding of qualifying R&D project expenditure including manpower cost for qualifying personnel, equipment, materials and consumables.
Writing-down allowances for IP acquisition (S19B)	This incentive supports the enhancement of Singapore's attractiveness as a location for businesses to hold and commercialize IPRs. Companies can claim written-down allowances on capital expenditure incurred to acquire IPRs for use in their trade or business, up to the last day of the basis period for the Year of Assessment.	5, 10, or 15 year write-down if both legal and economic ownership of IP are acquired.
	The Singapore Economic Development Board's (EDB's) approval is required if only economic ownership of IP rights is acquired.	

Capability development Capability development

Incentive name	Brief description	Incentive benefit
Training Grant for Company (TGC)	This grant encourages firm-level manpower capability (including technical and leadership capabilities) development and the development of talent across all levels. Higher support costs may be awarded for training programs that develop capabilities assessed to be industry critical.	Co-funding up to 50% of qualifying costs, such as: <ul style="list-style-type: none"> • Basic salaries of trainees • Cost of living allowances for trainees' overseas training • Airfare for trainees' overseas training
Partnerships for Capability Transformation (PACT)	This scheme co-funds costs incurred by original equipment manufacturers (OEMs) and their suppliers to validate the supplier's procedure compliance with the OEM's requirement. The scheme also provides wage support for managers hired by the OEMs to undertake supplier identification, procurement and setting up of manufacturing/quality systems. The scope of the PACT scheme has been recently enhanced to include activities such as capability training, internationalization, and corporate ventures.	Up to 70% of total project costs consisting of manpower cost for qualifying personnel, hardware and equipment, materials and consumables, software and professional services.
Enterprise Development Grant (EDG)	The Enterprise Development Grant supports projects that help upgrade, innovate, grow and transform businesses. EDG funds qualifying project costs namely third-party consultancy fees, software and equipment and internal manpower cost.	<ul style="list-style-type: none"> • Co-funding up to 50% to support Singapore companies in the upgrading of business capabilities, innovation, and internationalization. • From 1 April 2023 to 31 March 2026, sustainability-related projects may be supported at up to 70%.

Capability Transfer Programme (CTP)	This incentive supports pervasive innovation and builds deep capabilities in our local workforce. It aims to improve local-foreign workforce complementarity, by facilitating transfer of capabilities from foreign specialists to locals.	Co-funding on: <ul style="list-style-type: none"> • Salary costs for foreign or local specialist fulfilling criteria • Attachment-related costs such as airfare and cost-of-living allowance • Venue costs for foreign specialists conducting training in Singapore (for industry-level projects) • Equipment costs (for industry-level projects)
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Sustainability

Incentive name	Brief description	Incentive benefit
Investment Allowance for Emissions Reduction (IA-ER)	This incentive supports companies in improving their energy efficiency and includes investments in equipment that result in measurable and verifiable reductions in greenhouse gas emissions.	Additional allowance of up to 100% of qualifying capital expenditure on top of normal capital allowance
Resource Efficiency Grant for Emissions (REG-E)	<p>This incentive supports manufacturing facilities and data centers to undertake projects that improve their energy efficiency and other forms of eligible emissions reduction, to sustain competitiveness in a low-carbon future. It encourages businesses to improve energy efficiency and reduce carbon emissions or non-CO2 greenhouse gases.</p> <p>Projects must be undertaken in an industrial facility involved in manufacturing or data center activities in Singapore.</p>	<ul style="list-style-type: none"> • Co-funding of up to 50% of qualifying costs (e.g. equipment, materials and consumables, technical software and professional services costs). • Total amount of grant support will correspond to the total amount of carbon abatement.
Energy Efficiency Fund (E2F)	<p>This incentive supports manufacturing companies, including small and medium sized enterprises and aims to improve energy efficiency.</p> <p>Projects must involve the installation and use of energy efficient equipment or technologies with a proven track record of energy savings in an industrial facility.</p>	Pre-approved energy efficient technologies will be eligible for a fixed 70% support of qualifying costs, subject to a cap per facility based on the types of energy efficient technologies.
Energy Efficiency Grant (EEG)	This incentive supports businesses to improve their energy efficiency by co-funding investment in energy-efficient (EE) equipment.	<p>2 tiers of support available:</p> <ul style="list-style-type: none"> • Base tier: Up to S\$30,000 for Pre-approved EE equipment. The Singapore government will support up to 70% and up to 30% for SMEs and non-SMEs respectively until 31 March 2026. • Advanced tier (only available for Manufacturing Sector): Up to S\$350,000 across base and enhanced tiers. EE Equipment must demonstrate energy savings above 350 tonnes of lifetime carbon abatement. Grant quantum computed based on EE equipment's expected lifetime energy savings.

Sustainability Reporting Grant	This incentive supports large companies with annual revenue of at least S\$100 million to prepare their first sustainability report to meet mandatory climate-related disclosures.	Up to 30% of qualifying costs, capped at S\$150,000 per company, for the preparation of a company's first sustainability report.
Sustainable Bond Grant Scheme	This incentive promotes the adoption of internationally recognized standards and taxonomies in the issuance of green, social and sustainability bonds in Singapore.	Offsets up to S\$125,000 of qualifying expenses incurred for external reviews of eligible green, social, sustainability, sustainability-linked as well as transition bonds
Sustainable Loan Grant Scheme	This incentive supports eligible businesses to obtain sustainable and transitional financing by defraying the expenses of engaging independent service providers to validate the sustainability credentials of the loan.	Offsets up to S\$125,000 of expenses incurred for external reviews of eligible green, social, sustainability, sustainability linked as well as transition loans.
	Qualifying instruments include:	
	<ul style="list-style-type: none"> • Green Loan • Social Loan • Sustainability Loan • Sustainability-Linked Loan • Transition Loan 	
	Qualifying loan needs to meet:	
	<ul style="list-style-type: none"> • Loan tenure of at least 3 years • Loan size of at least S\$20 million (or equivalent in another currency). 	
Enterprise Financing Scheme (EFS)—Green	The scheme supports project developers, system integrators and technology & solution enablers who develop enabling technologies and solutions to reduce waste, resource use or greenhouse gas emissions, especially in the sectors of clean energy, circular economy, green infrastructure, and clean transportation.	Loan type (maximum loan quantum): <ul style="list-style-type: none"> • Developmental Capital (S\$3 million) • Fixed Assets Loan (S\$30 million) • Trade Loan (S\$10 million) • Project Loan (S\$50 million) • Venture Debt Loan (S\$8 million) • Mergers & Acquisition Loan (S\$50 million)
	Companies must meet the criteria for EFS-Green's Qualifying Green Sectors and Activities and Qualifying Borrower Types.	

<p>Water Conservation Incentives:</p> <ul style="list-style-type: none"> • Living Lab (Water) • Industrial Water Solutions Demonstration Fund (IWSDF) • Water Efficiency Assessment • Pilot Study • Recycling/Use of Alternate Sources of Water • Adoption of Water Efficient Equipment 	<p>These incentives encourage companies (both the technology adopter and technology provider) to implement water technologies through grant support to improve water efficiency and enable realization of overall water savings.</p>	<p>Grants available to support costs arising from the projects such as manpower, training, equipment investment and professional services costs. The amount of support will depend on overall water savings.</p>
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Others

Incentive name	Brief description	Incentive benefit
Financial		
<p>Financial Sector Technology Innovation (FSTI) 3.0 Scheme</p> <ul style="list-style-type: none"> • Centre of Excellence • Industry-wide Technological Infrastructure or Utility • Innovation Acceleration • Artificial Intelligence and Data Analytics (AI&DA) • ESG FinTech • Regulatory Technology 	<p>The Financial Sector Technology and Innovation scheme supports the creation of a vibrant innovation ecosystem for the financial sector, applications open till March 2026.</p> <p>To set up Centres of Excellence or Corporate Venture Capital entities (CVC) in Singapore to nurture a culture of innovation in Singapore financial services sector</p> <p>On thematic industry-wide or nation-wide utility projects, for wider adoption of technological/ utility infrastructure which would improve market efficiency, boost productivity, and strengthen risk management capabilities in the financial services sector.</p> <p>To conduct experiments with novel technology and solutions to improve efficiency or productivity of the financial services sector.</p> <p>For projects that demonstrate adoption of AI & DA techniques that achieve business objectives of strategy & decision making or insights generation with consideration of workforce impact, as well as applied research projects in AI and DA for Singapore and the Singapore financial sector.</p> <p>For Singapore-based financial institutions (FIs) to deploy and scale innovative technology solutions to address key challenges in obtaining quality ESG data, efficiently mobilizing capital towards sustainable initiatives and developing and implementing robust net zero transition plans.</p> <p>Support to improve the efficiency of FI's risk management and regulatory compliance process using technological solutions.</p>	<p>Up to 50% co-funding for qualifying expenses and funds</p>

Incentive name	Brief description	Incentive benefit
Monetary Authority of Singapore (MAS) Regulatory Sandbox	The MAS Regulatory Sandbox is an initiative designed to encourage and enable innovation within the financial sector by providing a conducive environment for FinTech experimentation. The sandbox allows financial institutions and Fintech firms to test new technologies and business models in a controlled and safe space. This grant aims to meet the cashflow needs of eligible Sandbox entities, allowing them to focus resources on technology, human capital and market development even while they are still in the Sandbox.	Eligible applicants can obtain funding of up to S\$400,000 of 50% qualifying expenses. If proposed technology is not yet applied in financial services in Singapore, i.e. first mover, the applicant is eligible to apply for funding under the FSTI—Innovation Acceleration Track within the same Sandbox application.
Institute of Banking and Finance (IBF) Standards Training Scheme (IBF-STS)	The IBF-STS aims to develop a skilled and competent workforce in the financial sector by providing financial support for industry-recognized training programs under the Skills Framework for Financial Services (SFwFS)	Co-funding to support training and assessment programs that are accredited under the IBF standards. Up to 70% support for direct training costs, subject to a cap of S\$3,000 per participant per program.
Financial Training Scheme (FTS)	The FTS by the Institute of Banking and Finance (IBF) in Singapore aims to promote continuous professional development of individuals in the financial sector	Co-funding of up to 70% support for direct costs, subject to a cap of S\$500 per participant per program.
Maritime, shipping and freight activities		
Maritime Sector Incentive (MSI)	The MSI is an overarching incentive for eligible shipping enterprises to support their businesses in Singapore.	
• Singapore Registry of Ships (MSI-SRS)	The MSI-SRS aims to promote the registration of ships under the Singapore flag.	Offers tax exemption or an alternative basis of tax based on the net tonnage of the ships on qualifying income derived from the operation of Singapore ships.
• Maritime Leasing (MSI-ML)	The MSI-ML award encourages entities to use Singapore as their capital and funding base to finance their vessels or sea containers. Applicant with a good track record and demonstrable business plan in respect of its ship and container financing operations in Singapore may apply for the MSI-ML award on or before 31 December 2026.	Concessionary tax rate of 10% or an alternative basis of tax based on the net tonnage of the ships for up to 5 years on qualifying leasing or management income.
• Approved International Shipping Enterprise (MSI-AIS)	The MSI-AIS award seeks to encourage international ship owners and ship operators to establish their commercial shipping operations in Singapore.	An MSI-AIS company may enjoy tax exemption, or an alternative basis of tax based on the net tonnage of the ships on qualifying shipping income of either: <ul style="list-style-type: none"> • A 10-year renewable period; or • A 5-year non-renewable period with the option of graduating to 10-year renewable award at the end of the 5-year period, if qualifying conditions met

<ul style="list-style-type: none"> • MSI Shipping-related Support Services (MSI-SSS) Award 	<p>The MSI-SSS award seeks to promote the growth of ancillary shipping service providers and to encourage shipping conglomerates to set up their corporate services functions in Singapore.</p>	<p>An approved MSI-SSS company may enjoy concessionary tax rate of 10% on the incremental income derived from the provisions of the following qualifying approved shipping-related support services for a 5-year renewable period:</p> <ul style="list-style-type: none"> • Ship broking; • Forward freight agreement trading; • Ship management; • Ship agency; • Freight forwarding and logistics services; and • Corporate services rendered to qualifying approved related parties who are carrying on business of shipping-related activities
<ul style="list-style-type: none"> • Withholding Tax (WHT) Exemption 	<p>Qualifying shipping enterprises will enjoy WHT exemption on interest and related payments made in respect of arrangements obtained to finance the purchase or construction of vessels, or the purchase of containers and intermodal equipment.</p>	<p>Construction of Ships This exemption is available to:</p> <ul style="list-style-type: none"> • MSI-SRS • MSI-AIS • MSI-ML (Ships) <p>Construction of Containers This exemption is available to:</p> <ul style="list-style-type: none"> • MSI-ACIE • MSI-ACIE (Sister) • MSI-ACIE (Local ASPV) <p><i>ACIE: Approved Container Investment Enterprise</i> <i>ASPV: Approved Special Purpose Vehicle</i></p>
<p>Maritime Innovation & Technology (MINT) Fund</p>	<p>The objectives of the MINT Fund are to:</p> <ul style="list-style-type: none"> • Develop competitive edge for the port of Singapore • Build up technological capabilities within out maritime industries in key niche areas • Transform the maritime sector into a highly productive and innovative cluster by leveraging leading-edge technologies 	
<ul style="list-style-type: none"> • MINT-Research and Development (MINT-RD) 	<p>This scheme promotes applied R&D and encourages development of maritime technology and IP/patent and capabilities development.</p>	<p>Co-funding of manpower and equipment for the purposes of the project.</p>
<ul style="list-style-type: none"> • MINT-Product Development (MINT-PD) 	<p>The scheme encourages product and solution development, value creation and translation of technologies for maritime applications.</p>	<p>Co-funding of manpower and equipment for the purposes of the project.</p>
<ul style="list-style-type: none"> • MINT-Startup Grant (MINT-STARTUP) 	<p>This scheme encourages the maritime industry to accelerate innovation and venture into adjacent/new growth areas through working with tech-startups.</p>	<p>Up to S\$100,000 of project grant for eligible start-ups based on merit of project</p>

THAILAND





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Country background

The standard rate for the CIT in Thailand is 20%. According to the BOI's current strategic plan for 2023-2027, the Thai Government provides both basic incentives (up to 13-year CIT exemption) and additional incentives (such as an additional 50% CIT reduction for 5 years) under special measures.

BOI's targeted industries in 2024 include: Electrical appliances and electronics, automotive and parts, agriculture and food processing, petrochemicals and chemicals, biotechnology, tourism, and medical industries.

BEPS 2.0 updates

- **Income Inclusion Rule:** Effective from 1 January 2025*
- **Qualified Domestic Minimum Top-up Tax:** Effective from 1 January 2025*
- **Undertaxed Payments Rule:** Effective from 1 January 2025*

**Dates are based on the prior Cabinet resolution announced on 7 March 2023.*

Incentive spotlight (Top 3)

Incentive name	Brief description
Measure to promote investment in industries that are crucial to develop the country	<p>This measure will apply to foreign and domestic investors who will have new investments and will operate businesses in various industries such as: Agriculture, Food and Biotechnology Industries, Medical Industries, Machinery and Vehicle Industry, Electrical Appliances and Electronics Industries, Metal and Material Industry, Chemical and Petrochemical Industry, Public Utilities, Digital Industry, Creative Industry, High Value Service.</p> <p>Tax benefits</p> <ul style="list-style-type: none"> Exemption of CIT up to 13 years depending on the details of the activities* presented by the applicant and the BOI's sole discretion on a case-by-case basis ("Basic Incentives") <p><i>*The list of eligible activities can be found on the BOI website.</i></p> <p>Non-tax incentive</p> <ul style="list-style-type: none"> Permit for foreign nationals to enter Thailand for the purpose of studying investment opportunities. Permit to bring skilled workers and experts into Thailand to work in the promoted activities. Permit to own land. Permit to take out or remit money abroad in foreign currency.
Measure for competitiveness enhancement	<p>This measure applies to promoted companies that will have new investments related to strengthening competitiveness such as R&D, human resource development, or local suppliers' development.</p> <ul style="list-style-type: none"> Additional 1-5 years of CIT exemption from Basic Incentives depending on the total amount of investment or total expenses for the first 3 years related to R&D, human resource development, or local suppliers' development.
Measure for Retention and Expansion Program	<p>This measure applies to promoted companies which have been granted investment benefits for at least 3 projects over the past 15 years with a combined investment value of not less than THB 10 billion and must have expansion projects with an investment value of not less than THB 500 million.</p> <ul style="list-style-type: none"> Additional period of CIT exemption for 3 years from Basic Incentives Additional period of 50% CIT reduction for 5 years from Basic Incentives <p>Additional CIT exemption/reduction period is dependent on the Group of Activity of the applicant's planned business activity.</p>

Industries most affected by Government incentives in Thailand

- Telecom, Media & Entertainment
- Technology
- Consumer Products
- Retail, Wholesale & Distribution
- Automotive
- Transportation, Hospitality & Services
- Power & Utilities
- Mining & Materials
- Oil, Gas & Chemicals
- Industrial Products & Construction
- HealthCare
- Life Sciences
- Health & Social Care
- Defense, Security & Justice
- Transport

List of incentives

Investment

Incentive name	Brief description	Incentive benefit
Measure for Comprehensive Relocation Program	This measure applies to both new companies and existing companies who consider to apply for investment promotion for manufacturing projects together with the International Business Center (IBC) and/or R&D centers.	Additional CIT exemption up to 5 years from Basic Incentives

Sustainability

Incentive name	Brief description	Incentive benefit
Enhancement Measure for Smart and Sustainable Industry	This measure applies to the existing project regardless of BOI or non-BOI promoted projects that would like to improve their efficiency in productions or services to become smart and sustainable in the following areas: 1. Upgrading or replacing of machinery and automation; 2. Digital adoption; 3. Industry 4.0 transformation; 4. Energy conservation, alternative energy utilization or environmental impact mitigation.	Additional 50% or 100% CIT exemption for 3 years from Basic Incentives <i>Remark: Percentage of additional CIT exemption will depend on type of investment.</i>

Others

Incentive name	Brief description	Incentive benefit
Measure in Special Economic Corridor	This measure applies to projects located in special economic corridors e.g., Northern Economic Corridor, Northeastern Economic Corridor, Central-western Economic Corridor, and Southern Economic Corridor and to encourage the private sector to take part in human resource development, research and development of technology and innovation.	<ul style="list-style-type: none"> • Additional CIT exemption for 2 years from Basic Incentives • Additional 50% CIT reduction for 3 years from Basic Incentives
Measure to Promote Investment in Eastern Economic Corridor (EEC)	This measure applies to projects located in the EEC i.e., Chachoengsao, Chonburi, or Rayong province. The BOI's objective is to promote investment in the targeted activities in the EEC and to encourage the private sector to take part in human resource development, research and development of technology and innovation.	<ul style="list-style-type: none"> • Additional CIT exemption up to 2 years from Basic Incentives • Additional 50% CIT reduction up to 3 years from Basic Incentives
Measure to Mitigate the Impact of the New Approach to Collect Taxes under the Global Minimum Tax Rules	The BOI announced this measure to mitigate the impact of the new approach to collect taxes under the Global Minimum Tax rules.	<ul style="list-style-type: none"> • 50% of CIT reduction for a period of not more than 10 years.

VIETNAM





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Country background

The standard Corporate Income Tax (CIT) rate in Vietnam is 20%. The country also has incentivised rates ranging from 5% to 17%. Enterprises operating in the exploration and mining of petroleum, gas, and other rare and precious natural resources are subject to higher CIT, ranging from 32% to 50%.

The Ministry of Planning and Investment of Vietnam (MPI) targeted high-tech sectors, R&D and green transformation in 2024. To support some of these priority areas, the MPI is looking to establish and implement an Investment Support Fund, which aims to provide cash subsidies to large-scale enterprises (subject to requirements and type of investments).

BEPS 2.0 updates

- **Income Inclusion Rule:** Effective from 1 January 2024
- **Qualified Domestic Minimum Top-up Tax:** Effective from 1 January 2024
- **Undertaxed Payments Rule:** To be confirmed.

A more detailed guidance for implementation of such rules in Vietnam is in the progress of being drafted and pending Organization for Economic Cooperation and Development (OECD)'s peer review once ready. All existing tax incentives stipulated under the Law on CIT are still in force the newly introduced Global Minimum Tax Policy will not override the existing law on CIT.

Incentive spotlight (Top 3)

Incentive name	Brief description
CIT Incentives by Location	<p>This incentive supports businesses carrying out any projects across all sectors, with no specific restrictions, save for activities relating to the transfer of capital, transfer of real estate, transfer of project, exploration of natural resources, mining, and services subject to special consumption tax.</p> <p>Depending on the type of location/zone (6 different zones/areas) of the project undertaken, businesses can enjoy either a tax exemption or tax reduction of up to:</p> <ul style="list-style-type: none"> (i) 4 years of tax exemption; (ii) 9 years of 50% tax reduction; and (iii) 15 years of a preferential tax rate of 10%.
CIT Incentives by Industry	<p>This incentive supports businesses carrying out projects in the following industries:</p> <ul style="list-style-type: none"> (i) Socialised businesses (for e.g., education, vocational training, healthcare, etc.); or (ii) Special encouraged sectors (for e.g., high technology, R&D, renewable energy, etc.); or (iii) Encouraged sectors (for e.g., agriculture, high-graded steel business, livestock feed, etc.). <p>Depending on which zone/economic areas a qualifying company intends to carry out its qualifying activities, the company can receive up to:</p> <ul style="list-style-type: none"> (i) 4 years of tax exemption; (ii) 9 years of 50% tax reduction; and A project lifespan of a preferential tax rate of 10%. <p>This measure applies to promoted companies which have been granted investment benefits for at least 3 projects over the past 15 years with a combined investment value of not less than THB 10 billion and must have expansion projects with an investment value of not less than THB 500 million.</p> <ul style="list-style-type: none"> • Additional period of CIT exemption for 3 years from Basic Incentives • Additional period of 50% CIT reduction for 5 years from Basic Incentives <p>Additional CIT exemption/reduction period is dependent on the Group of Activity of the applicant's planned business activity.</p>
CIT Incentives by Scale	<p>This incentive provides either a tax exemption or tax reduction to businesses carrying out:</p> <ul style="list-style-type: none"> (i) Manufacturing activities using high technology involving at least VND12 trillion in capital, disbursed within 5 years; (ii) Investment projects with an involving at least VND6 trillion in capital and bringing in at least VND 10 billion in revenue annually or have at least 3,000 headcount; or <p>Depending on the type and scale of project undertaken, a qualifying company can receive up to:</p> <ul style="list-style-type: none"> (i) 4 years of exemption; (ii) 9 years of 50% tax reduction; and (iii) 30 years of a preferential tax rate of 10%.

Industries most affected by Government incentives in Vietnam

- Telecom, Media, and Entertainment
- Technology
- Automotive
- Power and Utilities
- Oil, Gas, and Chemicals
- Industrial Products and Construction
- Health Care
- Life Sciences
- Health and Social Care

List of incentives

Investment

Incentive name	Brief description	Incentive benefit
Cost-based CIT Incentive—Accelerated depreciation	<p>This incentive supports all businesses and projects with fixed assets, regardless of industry and location.</p> <p>There is also no restriction on qualifying activities.</p>	<p>Subject to businesses successfully demonstrating that they have high economic effectiveness, a qualifying company can:</p> <ul style="list-style-type: none"> • Increase the depreciation rate of fixed assets to a maximum of twice the rate as the standard rate under prevailing regulations, if all conditions can be met*. <p><i>*Qualifying business must demonstrate that they have high economic effectiveness and can generate profit under the accelerated depreciation model.</i></p>
Import duty exemption	<p>This incentive supports businesses undertaking projects that involve importing goods to form fixed assets within incentivised locations/ industries, importing raw materials, supplies, and components yet manufactured domestically within certain special incentivised locations/ industries, and importing goods for export manufacturing/processing and used in non-tariff zones.</p>	<p>A qualifying company can receive an import duty exemption.</p>
VAT Refund	<p>This incentive supports businesses with a credible input that exceeds VND 300 million (after offsetting the output VAT on existing projects/domestic good) for certain qualifying activities.</p>	<p>Qualifying companies and activities can receive a refund of their VAT during the investment period and on goods used to produce exported goods.</p>
Land Rental & Land Tax Incentive	<p>This incentive supports projects located in incentivised locations and incentivised sectors. Special investment projects are also eligible for this incentive.</p> <p>All qualifying projects must lease land directly from the Vietnamese Government (and not from private infrastructure developers) and apply for the Investment Registration Certificate/ Investment Approval.</p>	<p>Depending on the location, sector, and scale of qualifying projects, qualifying companies can receive up to:</p> <ul style="list-style-type: none"> (i) 3 years of land exemption construction phase; (ii) 22 years of land tax exemption; and (iii) land rental deduction of 75% (iv) Free land tax or 50% reduced land tax

Others

Incentive name	Brief description	Incentive benefit
Preferential tariff rates under Free Trade Agreements (FTA)	<p>This incentive supports businesses that are importing goods for manufacturing and trading activities.</p>	<p>Qualifying goods will receive preferential tariff rates as stipulated in their corresponding FTAs, given a conformity with the rules of origins.</p>

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