

Assignments to Asia

China | Hong Kong | India | Malaysia | Philippines
Singapore | South Korea | Taiwan | Thailand | Vietnam



In times of globalisation, the importance of international employee deployment is growing. As a global company, you are therefore faced with the ever increasing complexity of managing your expatriates' cross border **taxation, social security, legal and immigration** related matters. The legal regulations in these fields are not only subject to constant change but, they are also becoming more and more complex when applying in different jurisdictions at the same time. Incorrect decisions can be both difficult and costly to rectify.

At WTS we can help you to identify assignment related risks at an early stage and optimize tax and social security payments for you and your employees while keeping the administrative

burden to a minimum. Our expertise helps you to strategically plan and manage your intercompany assignment cost and compliance. Our Global Expatriate Services specialists guide you smoothly through the planning, structuring and implementation of every international assignment. Jointly with our international network, WTS can assist you in close to 100 locations worldwide. We provide local expertise by international professionals wherever you are.

With this booklet we offer you a brief overview of tax, social security and immigration related matters you might consider for your assignments to and within Asia.

Highest Personal Income Tax Rates in 2014



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China



Personal Income Tax

- › Tax rate is progressive and ranges from 3% to 45%.
- › The tax year is the calendar year.
- › Employment income is subject to a monthly withholding. The tax is withheld by the employer and must be paid to the local tax bureau within the first 15 days after the month of payment.

Social Security

- › Although there are social security requirements in China, the implementation for foreigners to contribute differs from region to region. Contribution rates shall be adjusted on yearly basis. Foreigners are required to contribute, although German and Korean nationals can be exempt in certain insurance categories thanks to social security agreements between these countries and China.
- › The contributions for Employee and Employer vary depending on the location but are generally capped at 7,054 RMB (~EUR 825) per month at the current stage.

- › Employers are required to withhold the monthly employee contribution and have the funds covering both the monthly employer and employee contributions available for settlement to the local social security bureau.

Immigration

- › In order for a foreigner to be granted an employment visa in China, the post must be of a special need that cannot be filled by any domestic candidates at the current time, in addition to fulfilling other requirements.
- › There are three main types of visas in relation to business/employment activities for foreigners:
 - M: Foreigners engaged in commercial or trade activities
 - R: Experienced and skilled foreign workers who are urgently needed in China
 - Z (employment visa): Foreigners apply to work in the territory of China.
- › The application process of an employment visa takes usually 5-8 weeks once all requested documents are submitted.



Hong Kong



Personal Income Tax

- > The personal income tax is known as Salaries Tax and the rate is either progressive, ranging from 2% to 17%, or flat at 15%.
- > The tax year begins April 1 and ends March 31 of the following year.
- > No monthly withholding of wage tax.
- > Tax return forms are sent out by the Internal Revenue Department in early May each year. Taxpayers are then required to complete and submit the return within 1 month from the date of issue.
- > The tax is payable in two instalments with the first 75% being due on a date specified on the notice of provisional assessment. The next 25% is due approximately 3 months later.

Social Security

- > **Employee**
 - Every employee who makes more than 7,100 HKD (~ 672 EUR) a month must contribute 5% of their salary to the Mandatory Provident Fund (MPF) scheme. However, the monthly contribution is capped at 1,250 HKD (~ 118 EUR) (from 1 November 2014: 1,500 HKD (~ 142 EUR))

> Employer

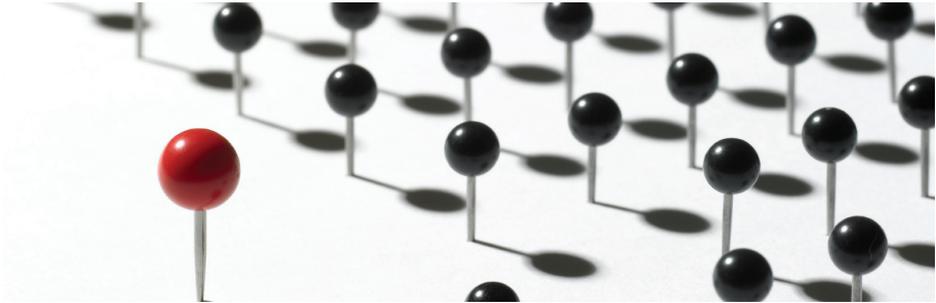
- An employer must always contribute 5% of the employee's salary to the MPF scheme, even if the employee makes less than 7,100 HKD per month. However, the monthly contribution is capped at 1,250 HKD (from 1 November 2014: HKD 1,500)
- Employers are required to pay both parts to the MPF trustee on or before the contribution day, which for monthly-paid regular employees, is the 10th day of each month.
- > **Foreigners** can be exempt if working for less than 13 months in Hong Kong or if already contributing to a foreign pension system.

Immigration

- > In order for a foreigner to be granted an employment visa in Hong Kong, the post must be of a special need that cannot be filled by any domestic candidates at the current time, in addition to fulfilling other requirements.
- > The application process of an employment visa takes usually 4-6 weeks once all requested documents are submitted.



India



Personal Income Tax

- › Tax rate is progressive and ranges from 0% to 30%.
- › Additional surcharge of 10% applicable on tax payable where total income exceeds 10 million INR (~ 120,000 EUR) (top rate is 33.99%).
- › The tax year begins 1 April and ends 31 March of the following year.
- › A tax return must be filed by 31 July of the assessment year with tax being computed on a preceding year basis. If the person carries out international transactions, the due date for filing is 30 November of the assessment year.
- › An advance tax is payable in a financial year if the tax liability is estimated to be 10,000 INR (~ 120 EUR) or more. Three advanced payments are required: not less than 30% of such advance tax by 15 September of the fiscal year, not less than 60% of such advance tax by 15 December of the fiscal year, and not less than 100% of such advance tax by 15 March of the fiscal year.
- › The employer has the responsibility to withhold taxes while making monthly salary payments to the individual. The WHT amount is calculated by dividing the whole year tax due of the individual by the number of months for

which salary is paid to that individual in the financial year.

Social Security

- › The Indian social security regulations generally apply to all international workers.
- › **Employee**
 - Pension fund: 12% capped at 6,500 INR (~78 EUR)
- › **Employer**
 - Pension fund: 8.33%
 - Provident fund: 2.67% capped at 6,500 INR
 - Employers require to deduct the contribution from the employee's monthly pay and pay the complete sum over to the Indian social security authorities.

Immigration

- › In order for a foreigner to be granted an employment visa in India, the post must be of a special need (highly skilled/qualified professional) that cannot be filled by any domestic candidates at the current time, in addition to fulfilling other requirements and the minimum salary per year should be 25,000 USD.
- › The application process of an employment visa takes usually 4-6 weeks once all requested documents are submitted.



Malaysia



Personal Income Tax

- › Tax rate is progressive and ranges from 0% to 26%.
- › The tax year in Malaysia is the calendar year.
- › Taxes are withheld on a monthly basis.
- › Individuals who have chargeable income in a year of assessment are required to complete and file a tax return by 30 April of the following year.
- › Any balance of tax payable will have to be remitted to the tax authorities by 30 of April of the following year.

Social Security

- › The Employee Provident Fund is Malaysia's national pension scheme. It is compulsory for all Malaysian salaried/waged workers to contribute to this scheme.
- › Foreign nationals have an option to contribute toward the scheme.
 - Employee - 11%
 - Employer - 13% (for monthly salaries below 5,000 MYR (~ 1,170 EUR)) and 12% (for monthly salaries above 5,000 MYR)

Immigration

- › The 3 main types of visas are Employment pass, Professional visit pass or Visitor's pass/temporary employment pass.
- › Other types of work visa are Visitor's pass (professional), Malaysian Automated Clearance System (MACS) or Short term and long term social visit pass.
- › The application process takes at least 2 months.



Philippines

Personal Income Tax

- › Tax rate is progressive and ranges from 5% to 32%; a 15% flat tax rate on income of alien individuals employed by regional or area headquarters, regional operating headquarters, offshore banking units, or petroleum service contractors and subcontractors.
- › The tax year is the calendar year.
- › Taxes are withheld upon payment of compensation, either on a daily, weekly, semi-monthly, or monthly basis. Paid to local tax office by the 10th day of the month following the month in which withholding was made for manual filers; or by the 11th to 15th day of the month following the month in which withholding was made for Electronic Filing and Payment Systems (EFPS) registered employers.
- › Individuals who have chargeable income in a year of assessment are required to complete and file a tax return by 15 April of the each year.

Social Security

› Employee

- **Social security and employee's compensation programme:** PHP 581.30 per month or 6,975.60 per year capped at salary of PHP 189,000 per year.
- **Medicare:** PHP 437.50 per month or PHP 5,250 per year capped at salary of PHP 420,000 per year.
- **Home Development Mutual Fund:** PHP 100 per month capped at PHP 5,000 per month or PHP 60,000 per year.

› Employer

- **Social security and employee's compensation programme:** PHP 1,178.70 per month or 14,144.40 per year capped at

salary of PHP 189,000 per year.

- **Medicare:** PHP 437.50 per month or PHP 5,250 per year capped at salary of PHP 420,000 per year.
- **Home Development Mutual Fund:** PHP 100 per month capped at PHP 5,000 per month or PHP 60,000 per year.
- › Expatriates are under compulsory social security coverage, except employees who are citizen of the countries with whom the Philippines has social security agreement, such as, United Kingdom, Austria, France, and Switzerland.

Immigration

- › Aliens proceeding to the Philippines to engage in any lawful occupation be it for wages or salary, or other forms of compensation where bona fide employer-employee relations exist are required to secure Non-Immigrant Visa for Pre-Arranged Employment or 9(g) visa. In order for a foreigner to be granted a 9 (g) visa, a petition must be filed establishing that no person can be found in the Philippines willing and competent to perform the labor or service for which the non-immigrant is desired and that the non-immigrant's admission would be beneficial to the public interest.
- › Aliens employed as executives, supervisors, or those performing technical and advisory positions at enterprises registered with Special Economic Processing Zones, Philippine Economic zone Authority (PEZA), Board of Investments (BOI), or Freeport Areas are eligible to secure Special Non-Immigrant or 47 (a)(2) visa.
- › The application process for employment visas usually take 4 - 8 weeks from submission of required documents.



Singapore



Personal Income Tax

- > Tax rate is progressive and ranges from 0% to 20%.
- > The tax year is the calendar year.
- > Taxes are not withheld unless it is a tax clearance.
- > Taxpayers must file a tax return when notified to do so by the Inland Revenue Authority of Singapore. Generally they must be filed by 15 April (paper filing) or 18 April (electronic filing) in the following year.
- > Tax must be paid within 1 month from the date of the notice of assessment.

Social Security

- > The Central Provident Fund is Singapore's national pension scheme. Contributions have to be paid by Singapore citizens and permanent residents only.
- > Foreign nationals (excluding Singapore permanent residents) and their employers are precluded from CPF contributions. Foreign employees who become Singapore permanent residents may contribute at reduced rates for the first two years.
- > Employee
 - 20% capped at total wages of 85,000 SGD (~49,000 EUR) per year.

> Employer

- 16% capped at total wages of 85,000 SGD per year. Total wages include salary, bonus, overtime pay, leave pay, allowance, commission.
- Employers are obliged to make payment to the CPF Board within 14 days after the end of the month for which the contribution is due.

Immigration

- > For any foreign nationals (excluding Singapore permanent residents) employed in Singapore, a valid work pass must be obtained. There are various types of work pass depending on the monthly salary and education qualifications:
 - Employment pass (P1, P2 or Q1)
 - S pass
 - Work permit
- > The application process of an employment pass takes usually about one week.



South Korea



Personal Income Tax

- › Tax rate is progressive and ranges from 6% to 38%.
- › The tax year is the calendar year.
- › Taxes are withheld on a monthly basis. Paid to local tax bureau by tenth of the following month of salary payment.

Social Security

› Employee

- National health insurance: 2.9%
- National pension: 4.5% capped at salary of 3.75 million KRW (~ 2,586 EUR) per month or KRW 45 million (~ 31,032 EUR) per year
- Unemployment: 0.55%

› Employer

- National health insurance: 2.9%
- National pension: 4.5% capped at salary of 3.75 million KRW per month or 45 million KRW per year
- Accident insurance: 0.6-35.4%
- Unemployment: 0.55%
- Employment Ability Development Premium: 0.25-0.85%

Immigration

- › In order for a foreigner to be granted an employment visa in Korea, work permit is required. Depending on purpose and business presence in Korea, there are several visa types. The application process of an employment visa takes usually 4-6 weeks once all requested documents are submitted.



Taiwan



Personal Income Tax

- > Tax rate is progressive and ranges from 5% to 40%.
- > The tax year is the calendar year.
- > Tax on salaries/wages must be withheld either in accordance with the annual regulations governing, or, alternatively, at the employer's option, a flat rate tax may be withheld at 5% on the gross monthly salary or wages paid to residents.
- > Taxpayers must file an income tax return and pay the tax between 1 May and 31 May of the following year.

Social Security

- > **Employee:**
 - Labour insurance: Ordinary accident insurance: 8% capped at salary of 43,900 TWD (~ 1,065 EUR) per month + employment insurance: 1% capped at salary of 43,900 TWD per month.
Employee responsible for 20% of this scheme
 - Health insurance: (Salary) * 4.91% *30%. Capped at maximum monthly salary of 182,000 TWD (~4,418 EUR).
 - Pension fund: Voluntarily contribution of up to 6% of employee's monthly wages, or one month's salary for every year worked.

> Employer:

- Labour insurance: Ordinary accident insurance: 8% capped at salary of 43,900 TWD per month + employment insurance: 1% capped at salary of 43,900 TWD per month. Employer responsible for 70% of this scheme (government responsible for 10%)
- Pension fund: At least 6% of employee's monthly wages
- Health insurance: (Salary) * 4.91% *60%. Capped at maximum monthly salary of 182,000 TWD
- NH2 payment: 2% on additional payments next to monthly salary/remuneration, e.g. on bonuses

> Exemptions for foreigners

- No participation in new pension system, with exemption of foreign spouses.
- In general no participation in unemployment coverage

Immigration

- > Foreign professionals need a work permit and can obtain employment visas and residence visas, plus Alien Residence Certificates.
- > Foreigners who have lived and worked in Taiwan for five years may apply for permanent residency if they meet certain requirements.



Thailand

Personal Income Tax

- › Tax rate is progressive and ranges from 0% to 35%.
- › Top tax bracket starts at 4 million THB (~ 89,000 EUR).
- › The tax year is the calendar year.
- › Tax is withheld from employment income on the basis that the income will continue for the rest of the year. The tax due is then divided by the number of times the payment will be received during the year, and the resulting monthly tax payable is withheld by the employer from each monthly payment. The amount withheld is due within 7 days of the following month from the date the payment is made. The balance of tax due shall be payable at the time of the filing of the annual return.

Social Security

› Employee

- Social security: 5% capped at 750 THB (approx. 17 EUR) per month or 9,000 THB (approx. 160 EUR) per year
- Provident fund: 2-15%

› Employer

- Social security: 5% capped at 750 THB per month or 9,000 THB per year
 - Death, illness/injury, disability and delivery of a child: 1.5% of wages up to a monthly salary of 15,000 THB (approx. 335 EUR) or THB 180,000 THB (approx 4,020 EUR) per year
 - Provident fund: 2-15%
- › There are no exemptions for foreigner, but exempt for employee over 60 years old.

Immigration

- › Visa issued to foreigners for business purposes are Non-B visa (Non-immigration Business visa).
- › In order to obtain the afore mentioned visa, the application must be submitted to the Thai Embassy or Consulate with the following supporting documents:
 - Invitation letter from the Thai company
 - Copy of corporate documents of the Thai company certified by the director (affidavit, shareholder list and VAT certificate). Please note that the Thai Embassy in some countries may require additional documents to support the application).
- › Generally the Non-B visa will be issued for a period of 3 months valid for a single entry. However, the Thai Embassies and Consulates in certain countries also issue multiple entry visa based on the period of stay and reason as stated in the invitation letter.
- › The application process of a Non-B visa usually takes 1-2 working days depending on the administrative process of each Embassy/ Consulate.
- › Upon arrival in the Kingdom, the foreigner is required to apply for a work permit in order to legally work in Thailand.



Vietnam



Personal Income Tax

- > Tax rate is progressive and ranges from 5% to 35%.
- > The tax year is the calendar year.
- > Although the tax on employment income is finalized annually, a provisional tax on monthly income is withheld.
- > The tax return must be filed within 90 days after the end of the tax year, along with whatever payment has not yet been made.

Social Security

> Employee

- Social insurance: 8% capped at salary of 23,000,000 VND (~ 796 EUR)
- Health insurance: 1.5% capped at salary of VND 23,000,000
- Unemployment insurance: 1%

> Employer

- Social insurance: 18% capped at salary of VND 23,000,000
- Health insurance: 3% capped at salary of VND 23,000,000
- Unemployment insurance: 1%

> Exemptions for foreigners:

- Exemptions in Social Insurance and Unemployment insurance.

- Foreign students granted by Vietnam's Budget: Health insurance: 4.5% capped at salary of VND 23,000,000.

Immigration

- > A foreigner working in Vietnam needs a Work Permit and a visa or a Temporary Resident Card.
- > A Work Permit will only be granted for foreigners having a high qualification and working on an employment that cannot be fulfilled by Vietnamese citizens.
- > There are three main types of employment visas for foreigners:
 - Visa B2: granted to person engaged in investment project licensed by Vietnamese authority.
 - Visa B3: granted to person working with Vietnamese enterprises.
 - Visa B4: granted to person working in foreign representative offices, branches of economic, cultural and other professional offices, NGO organizations based in Vietnam.
- > The Temporary Resident Card replaces the Visa and can be granted after the Work Permit has been issued.

Appendix

Maximum Personal Income Tax Rates over the past five years

Country	2010	2011	2012	2013	2014
China	45%	45%	45%	45%	45%
Germany	45%	45%	45%	45%	45%
Hong Kong	15%	15%	15%	15%	15%
India	30%	30%	30%	30%	30%
Indonesia	30%	30%	30%	30%	30%
Japan	50%	50%	50%	40%	40%
South Korea	35%	35%	35%	38%	38%
Malaysia	26%	26%	26%	26%	26%
Philippines	32%	32%	32%	32%	32%
Singapore	20%	20%	20%	20%	20%
Taiwan	40%	40%	40%	40%	40%
Thailand	37%	37%	37%	35%	35%
Vietnam	35%	35%	35%	35%	35%

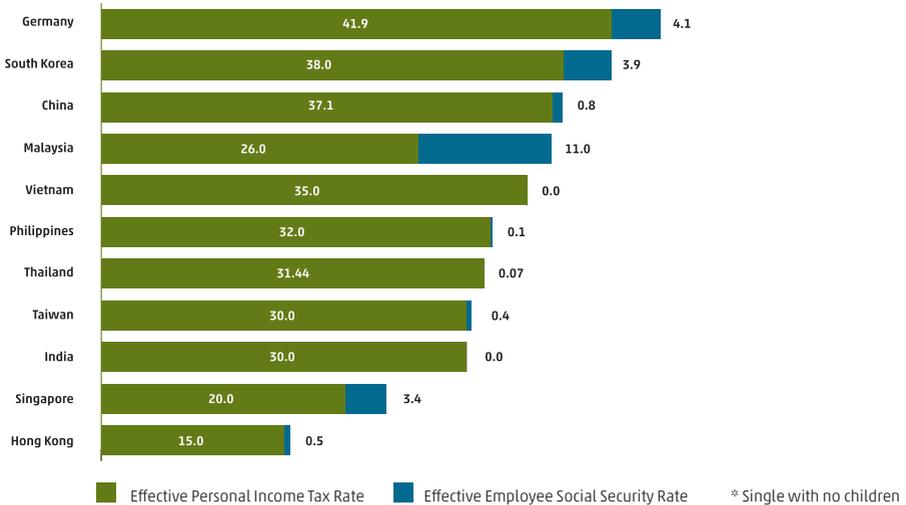
Social Security Agreements¹

SSA Partner	Austria	Germany	France	United Kingdom	United States	Switzerland
China	✗	✓	✗ ²	✗	✗	✗ ²
Hong Kong	✗	✗	✗	✗	✗	✗
India	✓	✓	✓	✗	✗	✓
Indonesia	✗	✗	✗	✗	✗	✗
Japan	✗	✓	✓	✓	✓	✓
South Korea	✓	✓	✓	✓	✓	✗
Malaysia	✗	✗	✗	✗	✗	✗
Myanmar	✗	✗	✗	✗	✗	✗
Philippines	✓	✗ ²	✗	✓	✗	✓
Singapore	✗	✗	✗	✗	✗	✗
Taiwan	✗	✗	✗	✗	✗	✗
Thailand	✗	✗	✗	✗	✗	✗
Vietnam	✗	✗	✗	✗	✗	✗

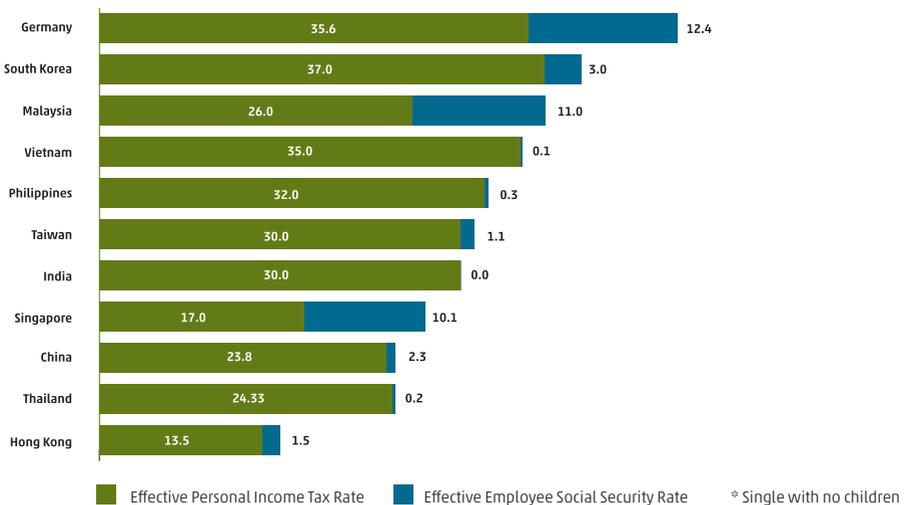
¹ as of October 2013 ² SSA currently under Negotiation

Effective Tax and Social Security Rates

Gross income of EUR 300,000*

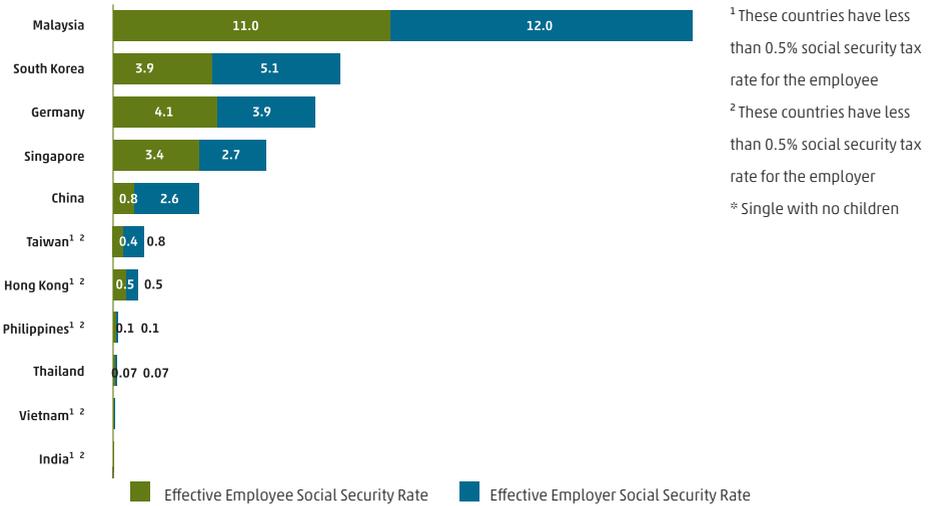


Gross income of EUR 100,000*

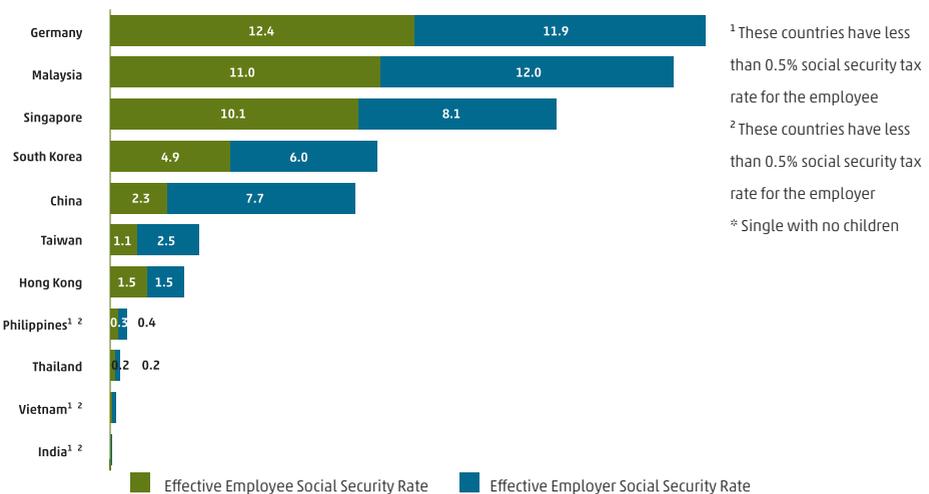


Effective Employer and Employee Social Security Rates

Gross income of EUR 300,000*



Gross income of EUR 100,000*



Contacts

Imprint

WTS consulting (Hong Kong) Limited
Unit 1004 10/F Kinwick Centre • 32 Hollywood Road Central • Hong Kong S.A.R
info@wts.com.hk www.wts.com.hk

China

Daniel Niedermayer

daniel.niedermayer@worldtaxservice.cn
T: +86 10659 07628 F: +86 10659 07628

India

Saskia Bonenberger

saskia.bonenberger@wts.co.in
T: +91 11471 03388 F: +91 11233 13908

Hong Kong

Lucia Seltmann

lucia.seltmann@wts.com.hk
T: +852 2528 1229 F: +852 2541 1411

Malaysia

Chan Yoke Cheng

cyc@asialinks.biz
T: +604 229 2239/ 604 227 3868

Philippines

Reynaldo M. Prudenciado Jr.

reynaldo.prudenciado@bdblaw.com.ph
T: +632 403 2001 F: +632 403 2001 loc 130

Singapore

Guat Ling Toh

guatling@worldtaxservice.com.sg
T: +65 6220 9884 F: +65 6225 9890

South Korea

Soo-Hyun Kim

shkim2@kimchang.com
T: +822 3703 1384 F: + 822 7239 0913

Taiwan

Michael Werner

michael.werner@wts.tw
T: +886 2277 10086 F: +886 2277 10186

Thailand

Naowarat Suthiweerawat

naowarat.s@lorenz-partners.com
T: +66 2287 1882103 F: +66 2287 1871

Vietnam

Wolfram Gruenkorn

wolfram.gruenkorn@lawyer-vietnam.com
T: +84 86261 8231 F: +84 86261 8218

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