

31 March 2025
Volume 17, Issue 1

Inside this issue:

Network News	India's New Member	1
Regional Regulatory Updates		
Hong Kong	Budget Proposal for 2025/26	2
India	Updates on Auditing, Accounting, Tax and More	4
Malaysia	Updates on Transfer Pricing Guidelines	7
Philippines	Disclosure of External Audit Fees	9
Vietnam	Updates on Government Restructuring, Temporary Exit and more	11

Network News – India's New Member

We are pleased to inform readers the appointment of Delhi-based IPPC Group as Russell Bedford International's second member in India.

Founded in 1978 by senior partner Inderpal Singh Pasricha, IPPC Group has grown significantly over the years. The group comprises two main entities: I.P. Pasricha & Co Chartered Accountants and PMC

Consultants Pvt Ltd, a business consulting firm. Together they serve more than 300 private and public clients, including multinational and domestic enterprises.

The group has a team of 90 professionals across eight offices in northern and central India. It offers a wide range of services, covering internal and external audit, tax, advisory, and business process outsourcing (BPO).

The group's expertise spans many sectors, including media, IT, telecoms, manufacturing and pharmaceuticals.

Speaking about the appointment, Russell Bedford CEO, Stephen Hamlet, said: "It is a pleasure to welcome IPPC Group as our second member in India. For the most part, the new group and our existing member, Sharp & Tannan, provide complementary service-lines. So, as well as considerably enhancing our presence in India, the move greatly broadens our network's scope of services for domestic and international clients."

IPPC Group managing partner, Maneet Pal, added: "We aim to provide a comprehensive suite of services beyond traditional audit and taxation. This diversification allows us to cater to a wide range of client needs. Our goal is to serve multinational clients and access emerging markets while leveraging local expertise. Joining Russell Bedford allows us to expand our reach and network, collaborate with other like-minded firms, and access resources and expertise that can help us provide better services to our clients."

HONG KONG

BUDGET PROPOSAL FOR 2025/26



In the 2025/26 Budget proposal delivered on 26 February 2025, the Financial Secretary (FS) proposed the following tax measures:

One-off Reduction

A one-off reduction of profits tax, salaries tax and tax under personal assessment of 100% is proposed for the year of assessment 2024/25, subject to a ceiling of \$1,500 per case.

This measure is estimated to benefit 2.14 million taxpayers liable to salaries tax and tax under personal assessment and around 165,000 businesses.

Whilst the proposed tax reduction is not applicable to property tax, individuals with rental income may enjoy such a reduction under personal assessment, if eligible. For individuals who are separately chargeable to salaries tax and profits tax, they can enjoy tax reduction under each of the tax types.

A taxpayer having business profits or rental income may elect for personal assessment in their tax returns for the year of assessment 2024/25. The reduction will then be calculated based on the tax payable by pooling his/her different types of income as a single assessment. The Inland Revenue Department will inform the taxpayer if it is not beneficial for him/her to elect for personal assessment under personal assessment.

" This measure is estimated to benefit 2.14 million taxpayers liable to salaries tax and tax under personal assessment and around 165,000 businesses."

Stamp Duty Adjustment

For conveyance on sale or agreement for sale of residential or non-residential property transaction executed on or after 26 February 2025, the maximum value chargeable to the HK\$100 stamp duty is HK\$4 million (increased from HK\$3 million). This adjustment shall boost the transactions of properties below the HK\$4 million value. Sale or conveyance of property in value above HK\$4 million shall be chargeable to the ad valorem stamp duty rate, which ranges from 1.5% to 4.25%.

Deduction of IP Related Expenditure

The FS reckoned that intellectual property (IP) is an important foundation for the development of emerging industries. In addition to obtaining IP rights through local research and development, enterprises will also purchase related rights to use IP. The FS therefore proposed to review the relevant tax deduction arrangements for various expenditures, including the lump sum licensing fees for acquiring the rights to use IP, and related expenses incurred on purchase of IP or the rights to use IP from associates. This will help to accelerate the development of IP-intensive industries and promote the development of IP trading in Hong Kong.

Preferential Tax Regimes

To foster the development of the asset and wealth management industries in Hong Kong, measures have been implemented in enhancing Cross-boundary Wealth Management Connect in the GBA, Exchange-traded Fund (ETF) Connect, and the Mainland-Hong Kong Mutual Recognition of Funds arrangement.

The FS announced that further proposals will be formulated in 2025/26 relating to the preferential tax regimes for funds, single family offices and carried interest. These will include expanding the scope of "fund" under the tax exemption regime, increasing the types of qualifying transactions eligible for tax concessions for funds and single family offices, and enhancing the tax concession arrangement on the distribution of carried interest by private equity funds, etc.

Global Minimum Tax

On a slightly different note, Hong Kong is proceeding with the legislation process of the Global Minimum Tax (GMT) proposal to align with the OECD framework for in-scope multinational enterprise (MNE) groups. Based on the report on consultation of GMT, the key features include:

- The GMT shall apply to MNE groups with annual consolidated group revenue exceeding EUR 750 million in at least 2 out of 4 most recent years;
- The GMT rate is 15%;
- Hong Kong shall impose a domestic minimum top-up tax (HKMTT) to ensure that the effective tax rate on the total profits derived by Hong Kong residents within the MNE group meets the 15% minimum;
- The effective tax rate shall be calculated based on the financial accounting profits of the MNE groups, adjusted for certain specified items;
- If the effective tax rate in any jurisdiction falls below 15%, under the Income Inclusion Rule (IIR) a top-up tax shall be levied at the Hong Kong parent level to bring the total tax paid up to the minimum rate;

HONG KONG

(Continued)

"The GMT shall apply to multinational enterprise (MNE) groups with annual consolidated group revenue exceeding EUR 750 million in at least 2 out of 4 most recent years."

HONG KONG

(Continued)

- Specific transition rules will be implemented to facilitate the smooth adoption of the new tax regime.

Further coverage on GMT shall be included in our newsletter when the legislation is finalized, which will have retrospective effect for fiscal year beginning on or after 1 January 2025

INDIA

Sharp & Tannan
Chartered Accountants

UPDATES ON ACCOUNTING, AUDIT, TAX LAWS AND DIGITAL PERSONAL DATA PROTECTION RULES

In this write-up, we have discussed the various updates on auditing and accounting, tax laws, and digital personal data protection rules.

1. Auditing and Accounting

1.1 The Institute of Chartered Accountants of India ('ICAI') on 6 January 2025 issued an Exposure Draft on Ind AS 118

The proposed standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit and loss.

Ind AS 118 aims to improve financial reporting (and improving comparability) by requiring:

- Presentation of newly defined subtotals in profit or loss as follows:
 - 'Operating profit or loss' and
 - 'Profit or loss before financing and income taxes' (unless prohibited in specific circumstances)
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

Income and expenses included in the profit or loss section of the statement of profit and loss are required to be classified into the following five categories

- Operating category
- Investing category
- Financing category
- Income taxes category
- Discontinued operations category

Once effective, Ind AS 118 will replace Ind AS 1 - Presentation of Financial Statements.

"The proposed standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit and loss."

The requirements in Ind AS 1 have been:

- Replaced by new requirements in Ind AS 118;
- Transferred to Ind AS 118 with only limited wording changes; or
- Moved to amended Ind AS 8 - Basis of preparation of Financial Statements, or Ind AS 107 - Financial Instruments: Disclosures, with only limited wording changes. There are also consequential amendments to some other Ind ASs.

(Continued)

2. Introduction of the new Income-tax Bill 2025 - Comprehensive review of the Income-tax Act, 1961

To enhance the ease of doing business by providing a simpler and clearer tax-regulatory environment, the government of India introduced the new Income-tax Bill, 2025 marking a significant step toward simplifying the language and structure of the Income-tax Act, 1961 ('the Act').

The review has led to a substantial reduction in the Act's volume, making it more streamlined and navigable to achieve the following:

- Simplified language making the law more accessible.
- Consolidation of amendments, reducing fragmentation.
- Removal of obsolete and redundant provisions for greater clarity.
- Structural rationalization through tables and formulae for improved readability.
- Preservation of existing taxation principles, ensuring continuity while enhancing usability.

Consultations were held with industry experts and tax professionals and simplification models from Australia and the UK were studied for best practices for bringing out this comprehensive review.

"Increase in the tax rate on 'long term capital gains' for foreign institutional investors ('FII's) and specified funds... the same at par with the residents."

3. Certain highlights of the Finance Bill, 2025

The Finance Bill, 2025 was presented in the Parliament on 1 February 2025. Here are the significant highlights.

3.1 Non-residents' taxation

- 3.1.1 Increase in the tax rate on 'long term capital gains' for foreign institutional investors ('FII's) and specified funds:** The tax rate is increased from 10% to 12.5% to bring the same at par with the residents.
- 3.1.2 Sovereign wealth funds and pension funds:** The deadline for investing by foreign Sovereign Wealth Funds, Pension Funds, and the Abu Dhabi Investment Authority in Indian infrastructure entities for exemption under section 10(23FE) has been proposed to be extended from 31 March 2025 to 31 March 2030. Further, the long-term capital gains arising from investments made by foreign Sovereign Wealth Funds, Pension Funds, and the Abu Dhabi Investment Authority in Indian infrastructure entities are proposed to be exempt under section 10(23FE) even if they are deemed short-term capital gains under section 50AA.
- 3.1.3 Presumptive tax scheme:** A new presumptive tax scheme has been proposed in Section 44BBD, which would apply to non-residents providing services or technology to a resident company in India to set up an electronics manufacturing facility or manufacture/produce electronic goods. Under this scheme, 25% of the

(Continued)

“...by not considering transactions or activities which are confined to the purchase of goods in India for the purpose of export in case of a non-resident as ‘significant economic presence’ in India.”

total amount paid or payable to the non-resident for such services or technology would be deemed presumptive income.

- 3.1.4 Significant economic presence:** It is proposed to amend Explanation 2A of section 9 by not considering transactions or activities which are confined to the purchase of goods in India for the purpose of export in case of a non-resident as ‘significant economic presence’ in India. This amendment now harmonises the explanation 1 and explanation 2A to section 9(1)(i) of the Act.

3.2 Virtual digital assets

- 3.2.1** Section 158B deals with special cases for assessment of ‘search cases.’ It is proposed to widen the definition of the term ‘undisclosed asset’ to include ‘virtual digital assets.’
- 3.2.2 Furnishing information on crypto assets:** A new section 285BAA is proposed to be introduced regarding the obligation to file information on crypto assets. The prescribed reporting entity would be required to furnish information regarding transactions in crypto assets. The amendment is effective from 1 April 2026.
- 3.2.3 Amendment in definition of crypto assets:** It is proposed to include any crypto asset that is a digital representation of a value that relies on a cryptographically secured distributed ledger or similar technology to validate and secure transactions within the ambit of a ‘virtual digital asset’ (whether or not already included in the definition of a virtual digital asset). The amendment is effective from the assessment year 2026-27.

3.3 Tax rates

- 3.3.1 Corporate taxes:** Tax rates for corporates, partnership firms and LLPs - **No change**
- 3.3.2 Personal taxes:**
- Persons opting for the old tax regime: No change
 - Persons opting for the new tax regime: The following are the income tax rates for the financial year (‘FY’) 2025-26

Income slab	Tax rates
0 to INR 4 lakhs*	NIL
INR 4 lakhs - INR 8 lakhs	5%
INR 8 lakhs - INR 12 lakhs	10%
INR 12 lakhs - INR 16 lakhs	15%
INR 16 lakhs - INR 20 lakhs	20%
INR 20 lakhs - INR 24 lakhs	25%
Above INR 15 lakhs	30%

*1 lakh = 100,000

Surcharge and education cess:

A surcharge (minimum 10% and maximum 37%) is chargeable depending upon the income slab. 4% Health and education cess is further levied on the total tax and surcharge.

Note: The enhanced surcharge of 25% and 37% is not levied on income by way of dividend or from income chargeable to tax under sections 111A, 112, 112A and 115AD(1)(b). Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

(Continued)

3.4 Rationalisation of 'Tax deducted at source (TDS) provisions': The bill proposes to increase the threshold limit for TDS deduction under various provisions.

4. Draft Digital Personal Data Protection Rules, 2025

Introduction

The Government of India issued the draft Digital Personal Data Protection Rules on the background of the recently enacted Digital Personal Data Protection Act, 2023 ('DPDP Act'). They aim to safeguard citizens' rights for the protection of their personal data. The rules seek to operationalise the DPDP Act. Being framed with simplicity and clarity, the rules are designed to empower citizens in a rapidly growing digital economy. They seek to protect citizens' rights in accordance with the DPDP Act, while achieving the right balance between regulation and innovation. They also address specific challenges like unauthorised commercial use of data, digital harms and personal data breaches.

Key features

- The rules place citizens at the heart of the data protection framework and empower the citizens by giving them greater control over their data.
- Data fiduciaries must provide clear and accessible information about how personal data is processed, enabling informed consent.
- Individuals are empowered with rights to demand data erasure, appoint digital nominees, and access user-friendly mechanisms to manage their data.
- The rules empower the citizens by giving them greater control over their data.
- Provisions for informed consent, the right to erasure and grievance redressal enhance trust in digital platforms.
- Parents and guardians are empowered to ensure online safety for their children.

MALAYSIA TRANSFER PRICING GUIDELINES 2024

On 24 December 2024, the Inland Revenue Board of Malaysia ("IRBM") released the Malaysian Transfer Pricing Guidelines 2024 ("MTPG 2024"), replacing the previous guidelines issued in 2012. The MTPG 2024 are more comprehensive and aligned with the OECD's Transfer Pricing Guidelines and the Income Tax (Transfer Pricing) Rules 2023. Although issued in December 2024, the guidelines are effective from the year of assessment 2023.

(Continued)

Key changes arising from the MTPG 2024 are as follows:

Scope of preparation of full contemporaneous transfer pricing documentation	<p>Annual gross business income of more than RM30 million and cross-border controlled transactions totaling over RM10 million;</p> <p>or</p> <p>Receiving or providing controlled financial assistance of more than RM50 million annually.</p> <p>Taxpayers that fall below these thresholds are eligible to prepare minimum contemporaneous transfer pricing documentation.</p>
Arm's length range	<p>In line with the TP Rules 2023, the MTPG 2024 highlight that the arm's length range should be set between the 37.5th and 62.5th percentiles of the profit level indicator range, as determined by benchmarking analysis of comparable companies. If the tested party's results fall outside this arm's length range, the IRBM has the authority to adjust them to the median point of the range.</p> <p>This arm's length range differs from the interquartile range (25th to 75th percentiles) commonly applied in most of the other tax jurisdictions.</p>
Introduction of a simplified approach for low value adding intragroup services ("LVAS")	<p>The MTPG 2024, following the OECD guidance, have introduced a safe harbour mechanism for LVAS.</p> <p>LVAS are defined as services performed by one or more members of a multinational enterprise ("MNE") group that benefit other members of the group which:</p> <ul style="list-style-type: none"> • are supportive services and not part of the core business operations of a MNE group. • do not require the use of unique and valuable intangibles and would not lead to creation of such intangibles. • do not require the service provider to assume or control substantial risks and do not give rise to the creation of significant risks for the service provider.

"If the tested party's results fall outside this arm's length range, the IRBM has the authority to adjust them to the median point of the range."

(Continued)

	<p>The service provider shall apply a <u>fixed mark-up of 5%</u> on all relevant costs without the need to carry out benchmarking study.</p> <p>Examples of LVAS include accounting and auditing, budgeting, human resources activities, IT, legal and general administrative services.</p>
Business restructuring	<p>The MTPG 2024 has expanded the Business Restructuring chapter to align the IRBM's expectations more closely with those of the OECD Guidelines.</p> <p>The key areas for taxpayers to demonstrate include:</p> <ul style="list-style-type: none"> • Assessing the commercial justification for restructuring initiatives. • Evaluating whether entities involved in business or asset transfers received appropriate compensation. • Analysing the consistency between legal documentation and the actual behaviour of parties after restructuring.

SEC REQUIRES DISCLOSURE OF EXTERNAL AUDIT FEES

On December 26, 2024, the Securities and Exchange Commission (SEC) issued Memorandum Circular (MC) No. 18, Series of 2024, which provides the guidelines on the disclosure of fee-related information of external auditors. These guidelines aim to enhance transparency relevant to external auditors' independence and align the SEC's rules on fee disclosure requirements with the Code of Ethics for Professional Accountants.

Companies covered by these guidelines are public interest entities (PIEs) which include:

- Publicly listed companies or issuers with a class of securities listed for trading on an Exchange;
- Issuers which have sold a class of securities pursuant to a registration under Section 12 of the Securities Regulation Code (SRC);
- Public companies or companies with assets of at least P50 million and has 200 or more holders of at least 100 shares of a class of equity securities each;
- Companies in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market;

(Continued)

- e. Holders of secondary licenses issued by the SEC, Bangko Sentral ng Pilipinas (BSP), or the Insurance Commission (IC); and
- f. Corporations that the SEC may consider in the future as imbued with public interest.

All covered companies are required to present fee-related information in two-year comparative supplementary schedule in their audited financial statements (AFS) containing the following information:

- a. Fees paid or payable to (or agreed fees with) the external auditor/audit firm and network firms for the audit of financial statements on which the external auditor/audit firm expresses an opinion;
- b. Fees other than those disclosed under (a), charged (or billed) to a covered company for the provision of services by the external auditor/audit firm or a network firm during the period covered by the financial statements on which the auditor/firm expresses an opinion;
- c. Any fees, other than those disclosed under (a) and (b), charged to any other related entities over which the covered company has direct or indirect control for the provisions of services by the external auditor/audit firm or a network firm when the external auditor/audit firm knows, or has reason to believe that such fees are relevant to the evaluation of the audit firm's independence an; and
- d. If applicable, the fact that the total fees received by the external auditor/audit firm from the covered company represent, or are likely to represent, more than 15% of the total fees received by the external auditor/audit firm for two consecutive years (fee dependency), and the year that this situation first arose.

"All covered companies are required to present fee-related information in two-year comparative supplementary schedule in their audited financial statements (AFS)..."

Moreover, a covered company may provide additional information on details on non-audit services if it will enhance user's understanding of the services. Companies that are not covered by the guidelines may also submit their AFS with fee-related information supplementary schedule, guided by the same requirements.

The supplementary schedule need not be covered by an Auditor's Report.

As an exception, covered companies are not required to attach a supplementary schedule in their AFS if the information relates to a parent entity, or to an entity that is directly or indirectly wholly-owned by another PIE, that also prepares group or consolidated financial statements which already include the supplementary schedule.

The exception does not cover PIE subsidiaries that are required to file financial statements under Part II of SRC Rule 68 or are in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market or any PIE-controlled companies with non-controlling interests or minority shareholders.

The guidelines will apply to the AFS of companies for the period ended December 31, 2024, and thereafter. Failure to comply with the guidelines will, after notice and hearing, result in imposition of penalties under the Revised SRC Rule 68 and the SEC's Consolidated Scale of Fines and Penalties.

TARGETING GDP GROWTH ABOVE 8% FOR 2025

VIETNAM



Recently the Vietnamese National Assembly approved an adjustment to the socio-economic development plan, raising the GDP growth target to at least 8% in 2025. This plan aims to lay the foundation for achieving double-digit growth in the period from 2026 to 2030. To sustain such high growth, the Consumer Price Index (CPI) is expected to be adjusted to an average range of 4.5% - 5%.

To meet this target, the government plans to inject VND 84.3 trillion in public investment, sourced from increased government revenue and budget savings from 2024, while also accelerating the disbursement of public funds. Key economic measures include resolving bottlenecks in the real estate market, capital markets, and corporate bonds, as well as upgrading Vietnam's stock market classification. The State Bank of Vietnam (SBV) has also directed a reduction in deposit interest rates to maintain low and stable lending rates in order to support businesses.

However, achieving over 8% GDP growth remains a challenge, especially compared to the World Bank's (WB) 2025 growth forecast for Vietnam, which stands at around 6.8%. On the positive side, the government will actively attract more Foreign Direct Investment (FDI), with large international corporations potentially benefiting from additional incentives and investment opportunities in Vietnam.

PREPARING FOR THE MERGER OF PROVINCES AND LOWER LEVELS

Merging Provincial Administrative Units: A Strategic Move and Challenges to Overcome

Vietnam is accelerating the streamlining of its administrative system to enhance state management efficiency and resources' optimization. One of the key steps in this process is the merger of provincial, district, and commune-level administrative units. Currently, the country has 63 centrally governed provinces and cities, 696 districts, and 10,035 communes/wards. However, only 15 provinces fully meet the criteria for geographic size, population, and the number of district-level administrative units. This highlights the need to review, restructure, and reorganize the government administrative units to better align with actual economic development needs.

Roadmap for Provincial Mergers

National Assembly Chairman Tran Thanh Man stated that this process will be carried out in phases with a specific roadmap. Initially, the National Assembly will focus on amending the Constitution and related legal regulations to create a legal basis for eliminating the district level and restructuring the provincial level. It is expected that around 60-70% of the more than 10,000 commune-level administrative units will also be merged. Before 7 April 2025, the proposal for merging provinces will be submitted to the Central Executive Committee for review and decision-making. With the current high level of consensus on the government's plan, the approval of this proposal is almost certain (possibly with some minor adjustments to align with actual social-economic conditions).

Investment Opportunities and Challenges in the Merger Process

The merger of provinces is not just an administrative geographic & boundary adjustment; but could potentially bring many significant economic and social implications. On the positive side, this restructuring will optimize economic zoning, improve state management

"Recently the Vietnamese National Assembly approved an adjustment to the socio-economic development plan, raising the GDP growth target to at least 8% in 2025."

(Continued)

efficiency, reduce fragmented investments, and make better use of resources. Larger administrative units can attract more investments, reduce bureaucratic layers and procedures, create more favorable conditions for businesses to expand operations.

On the other hand, this process presents several challenges. One of the biggest concerns is the economic, cultural, and living standard disparities between different localities. Rearranging administrative personnel and adjusting legal frameworks under the new model may cause temporary disruptions in business operations. Government agencies undergoing restructuring as well as businesses will need time to adapt to new administrative boundaries and procedures.

Additionally, adjustments to business regulations, investment policies, taxation, labor laws, and many other procedures will be necessary to ensure smooth transitions. These changes will take time and may initially create difficulties for businesses as they navigate constantly changing compliance requirements.

RESTRUCTURING TAX AUTHORITIES

"The current 63 provincial and city tax departments will be merged into 20 regional tax departments..."

According to Report 219/BC-BNV (2025) by the Ministry of Home Affairs on the Supplementary Report, which details efforts to restructure and downsize the Government's organizational framework; and the Decree 29/2025/ND-CP, starting from 01 March 2025 the Ministry of Finance implements the following changes:

- Reorganize **the General Department of Taxation** into **the Tax Department**, comprising 12 departments/offices.
- Consolidate the existing **63 provincial and city Tax Departments** into **20 regional-level Tax Departments**.
- Restructure **420 district-level and inter-district Tax Departments** into **350 inter-district regional Tax Teams**.
- Following this reorganization, approximately 1,005 out of 4,141 focal points (24.27%) will be eliminated.

As a result, the number of tax management focal points within state agencies will be significantly reduced through the consolidation of existing units. The current 63 provincial and city tax departments will be merged into 20 regional tax departments, each responsible for overseeing a broader area that includes multiple provinces and cities. Similarly, lower-level tax management structures will also be streamlined, reducing the number of management points by up to 24.27%.

This restructuring, which aims to improve efficiency by reducing the number of tax management bodies while expanding their jurisdiction, may temporarily impact businesses. Changes may include adjustments to direct tax-controlling authorities and modifications to relevant tax administrative procedures such as forms, registration, reporting, declaration, and tax payment. Businesses will likely experience certain delays and interruptions in administrative procedures and tax management.

Additionally, other departments under the Ministry of Finance - including the General Department of Customs, the State Treasury, the General Department of State Reserves, the General Statistics Office, and Vietnam Social Security - are also being restructured to reduce management points.

REGULATIONS ON TEMPORARY EXIT SUSPENSION FOR INDIVIDUALS AND LEGAL REPRESENTATIVES OF ENTERPRISES

VIETNAM

(Continued)

Decree No. 49/2025/ND-CP issued on 28 February 2025, establishing the threshold for applying **temporary exit suspensions** to various individuals. This includes business individuals, business household owners, and legal representatives of enterprises subjected to enforcement for administrative tax penalties; or no longer operating at their registered address.

Key Points:

- Business individuals and business household owners with outstanding tax liabilities of 50 million VND (USD 1,950) or more that have been overdue for more than 120 days.
- Legal representatives of enterprises that are subject to administrative enforcement measures in tax management, with tax liabilities of 500 million VND (USD 19,530) or more, overdue for more than 120 days.
- Business individuals, business household owners, **and legal representatives of enterprises** that are no longer operating at their registered address and have overdue tax liabilities. If they fail to fulfill their tax obligations within 30 days from the date which the tax authority notifies them of the planned exit suspension, they may be restricted from leaving the country.
- Foreigners who have overdue tax liabilities and have not completed their tax obligations.

"If they are registered as the legal representative of a company or a subsidiary in Vietnam, they may be prohibited from leaving the country if the enterprise has overdue tax liabilities."

Impact on Foreign Employees in Vietnam:

These new regulations could significantly affect foreign personnel working in Vietnam. If they are registered as the legal representative of a company or a subsidiary in Vietnam, they may be prohibited from leaving the country if the enterprise has overdue tax liabilities.

Additionally, if a company changes its registered address without updating its license registration, the legal representative could also face the same consequence (in cases tax authorities contact and discover that the company no longer operates at the registered address).

This applies also to individual foreigners engage in service contracts and generate incomes from Vietnam if they have outstanding tax obligations. The exit suspension could unwantedly disrupt international business operations, in cases where individuals are unaware of their tax liabilities due to incomplete personal income tax finalization.

Disclaimer

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

Business consultants with a
global perspective

Russell Bedford Asia Pacific Offices & Contacts



Australia - Adelaide

Thomas Green
Tom@leegreen.com.au
www.leegreen.com.au

Australia - Brisbane

James Whitelaw
JamesW@hmgwgroup.com.au
www.hmgwgroup.com.au

Australia - Melbourne

Peter Shields
Peter.Shields@sawarddawson.com.au
www.sawarddawson.com.au

Australia - Perth

Martin Michalik
mmichalik@stantons.com.au
www.stantons.com.au

Australia - Sydney

Mark Edwards
mark.edwards@campos.com.au
www.camphiboston.com.au

Bangladesh

Mohammed Forkan Uddin
forkan@mmrahman.org
www.mmrahman.org

China - Beijing

Romona Zhao
romona_zhao@huaander.com
www.huaander.com

China - Hong Kong / Guangzhou

Erica Xiong
ericaxiong@russellbedford.com.hk
www.russellbedford.com.hk

China - Shanghai

Charles Wang
charles.w@jialiangcpa.cn
www.jialiangcpa.cn

India

Maneet Pal Singh Pasricha
maneet@capasricha.com
www.ippcgroup.com

Shreedhar T. Kunte

shreedhar.kunte@sharpandtannan.com
www.sharpandtannan.com

Indonesia

Syarief Basir
sbasir@russellbedford.co.id
www.russellbedford.co.id

Japan - Sapporo / Tokyo

Yoshitaka Horiguchi
y.horiguchi@audit-hibi.biz
www.audit-hibi.biz/en/service

Japan - Tokyo

Masatoshi Ito
m_ito@shin-sei.jp
https://shin-sei.jp

Korea (South) - Seoul

Minji Park
minji.park@shcpa.co.kr
www.shcpa.co.kr

Malaysia

Cecil Chin
cecil@russellbedford.com.my
www.russellbedford.com.my

Mongolia

Shiirev Davaajav
shonkhor.mn@gmail.com

Nepal

BM Dhungana
bmdhungana@bnb.com.np
www.bnb.com.np

New Zealand

Adam Coleman
adam@neovia.co.nz
www.neovia.co.nz

Pakistan

Rashid Rahman Mir
rsrirlhr@brain.net.pk

Philippines

Ma. Milagros F. Padernal
mfpadernal@mfpadernal.com
www.mfpadernal.com

Singapore

Eng Soon Tan
engsoontan@relianceaudit.com.sg
www.relianceaudit.com.sg

Sri Lanka

Devinda Mendis
devinda@aajco.lk
www.aajco.lk

Taiwan

Arthur Lin
jsgcpa@russellbedford.com.tw
www.russellbedford.com.tw

Thailand

Sansanee Poolsawat
sansanee@proudinpro.co.th
www.proudinpro.co.th/en

Vietnam - Hanoi

Linh Thuy Do
Linh.thuy.do@ktcvietname.com
www.russellbedford.vn

Vietnam - Ho Chi Minh City

Van Anh Thai
van.anh.thai@ktcvietnam.com
www.russellbedford.vn



MEMBER OF THE

FORUM OF FIRMS

Russell Bedford International

3rd Floor, Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
United Kingdom

info@russellbedford.com

www.russellbedford.com

Russell Bedford International is a global network of independent firms of accountants, auditors, tax advisers and business consultants.

Ranked as one of the world's top accounting networks*, Russell Bedford International is represented by some 1000 partners, 10600 staff and 393 offices in almost 106 countries in Europe, the Americas, Middle East, Africa, Indian Sub-Continent and Asia-Pacific.

**Ranked by global revenues in International Accounting Bulletin World Surveys. Networks defined in accordance with IFAC Code of Ethics.*