

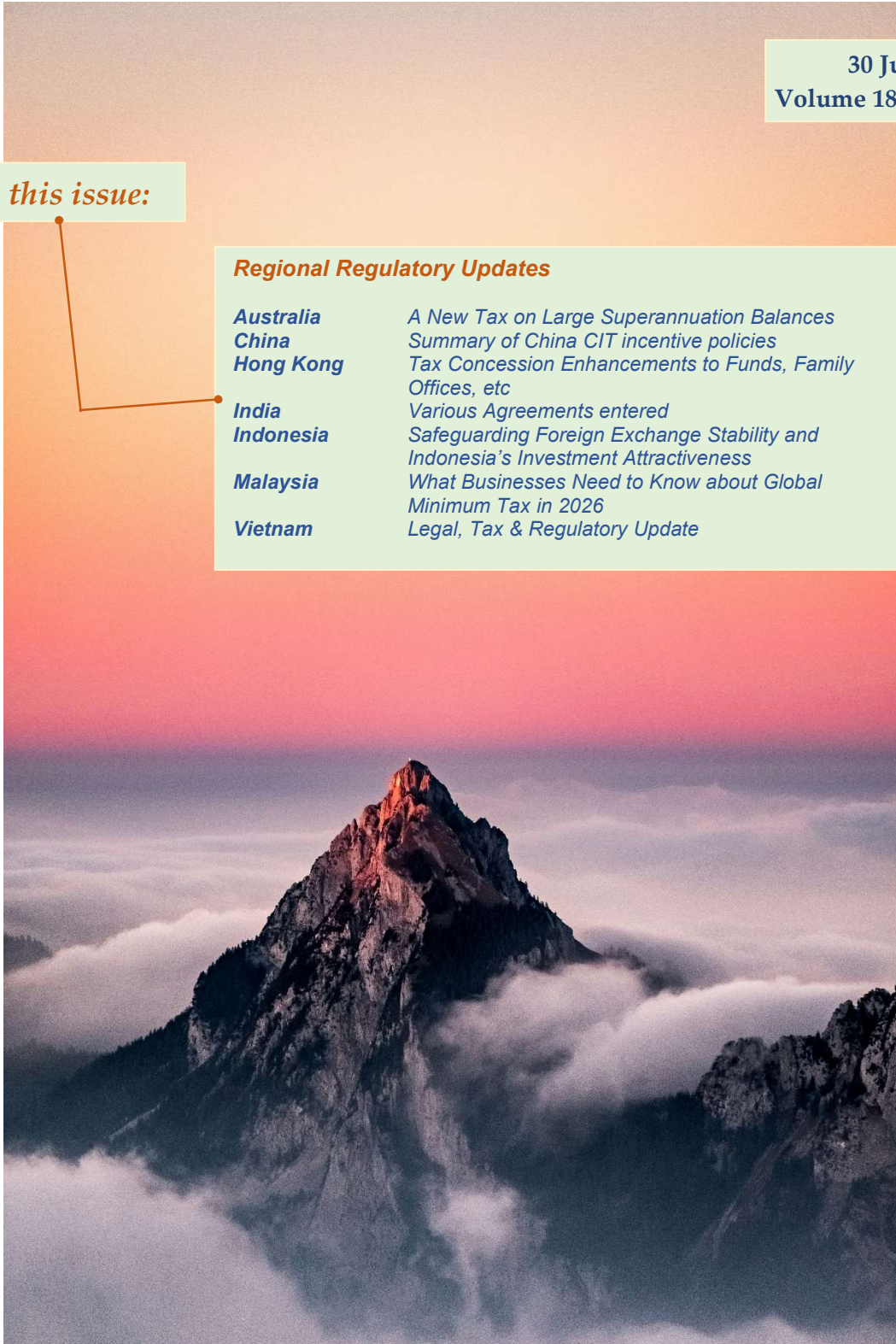


30 June 2026
Volume 18, Issue 2

Inside this issue:

Regional Regulatory Updates

Australia	<i>A New Tax on Large Superannuation Balances</i>	2
China	<i>Summary of China CIT incentive policies</i>	3
Hong Kong	<i>Tax Concession Enhancements to Funds, Family Offices, etc</i>	6
India	<i>Various Agreements entered</i>	9
Indonesia	<i>Safeguarding Foreign Exchange Stability and Indonesia's Investment Attractiveness</i>	12
Malaysia	<i>What Businesses Need to Know about Global Minimum Tax in 2026</i>	14
Vietnam	<i>Legal, Tax & Regulatory Update</i>	16



A NEW TAX ON LARGE SUPERANNUATION BALANCES

The Australian Government has introduced a new tax on large superannuation member balances that is known as **Division 296 tax**. After their first attempt at legislating this tax was unsuccessful, in part due to the controversial proposal to tax the unrealised capital gains of large member balances in superannuation, the tax has been revised and starts on 1 July 2026.

The tax will be levied on individual superannuation fund members with a total superannuation balance across all their Australian superannuation funds that exceeds \$3 million.

Even though it is the individual that will be taxed, they will be able to elect to have the tax paid from their superannuation fund balance.

The Division 296 tax rates are:

- Super balances that are greater than \$3m and up to \$10m – extra **15 % tax PLUS**
- Super balances that are greater than \$10m – extra **10% tax**

These thresholds will be indexed to inflation, which was one of the changes implemented after the first version of this tax was tabled.

Currently, earnings in superannuation are taxed at 15% with income supporting retirement phase pensions receiving a tax exemption.

The Division 296 tax rates will be applied to the member's superannuation fund earnings and will be proportioned depending on the amount of the member's balance that is over \$3 million and, if applicable, over \$10 million.

For example, a superannuation fund member with a balance of \$4 million has a proportion of 25% of their balance over the \$3 million threshold, so an extra 15% tax would apply to 25% of their portion of their superannuation fund's earnings. If their earnings were \$140,000 then \$5,250 ($\$140,000 \times 25\% \times 15\%$) Division 296 tax would be payable.

For the first financial year of operation, the member's total superannuation balance at the end of the year (**30 June 2027**) will determine if they are in scope for Division 296 tax. From 1 July 2027, their balance at the start **or** the end of the year will be used. The tax will be calculated using the **higher** of the two balances.

Superannuation fund earnings for Division 296 tax will **not** include unrealised capital gains, only realised gains, and there is a special capital gains relief available. Self-Managed Superannuation Funds (SMSFs) will be able to opt in to record (for Division 296 tax purposes) an adjusted cost base of market value for all their assets held on 30 June 2026. This will ensure that the new tax will only apply to capital gains made from 1 July 2026. Large APRA regulated funds will have an alternative method for this special relief.

The Division 296 tax rates are:

- *Super balances that are greater than \$3m and up to \$10m – extra 15 % tax PLUS*
- *Super balances that are greater than \$10m – extra 10% tax"*

Superannuation funds that have retirement phase pensions with tax exempt earnings will still be caught by this tax, as exempt earnings are included in the calculation.

Superannuation fund members are encouraged to seek advice from their tax accountants and financial advisers to get an understanding of how this new tax will apply to them and for any action that they may wish to take.

SUMMARY OF CHINA CIT INCENTIVE POLICIES – PART I



The Corporate Income Tax (“CIT”) regime of China adopts the "predominantly industry-oriented, limited geography-based" tax incentive policy. Key emphasis is placed on "industry-oriented" incentives aiming at directing investments into those industry sectors and projects encouraged and supported by the State.

The types of tax incentives that may be provided are as follows::

- Reduced tax rate
- Tax reduction and exemption
- Reduction of revenue
- Offset of certain venture capital investment
- Investment tax credit

Different tax incentives are offered to:

- Specific Industry sectors
- Encouraged Projects
- Specific industry sector in Specific Area
- Encouraged Income type
- Encouraged investment

We summarize the incentive policies for the first two types of tax incentives, being **Specific Industry sectors** and **Encouraged Projects** as below:

Specific Industry sectors			
Industries	Validity period	Essential conditions	Tax incentive
1. High-Tech enterprise	NA	High-tech Enterprise Certificate and other conditions	Reduced tax rate of 15%
2. Encouraged designated key integrated circuits design enterprises	Starting from the first profit-making year	N/A	Exemption for 5 years
	After the first 5-years of exemption	N/A	Reduced tax rate of 10%

“Key emphasis is placed on “industry-oriented” incentives aiming at directing investments into those industry sectors and projects encouraged and supported by the State.”

CHINA

(Continued)

Specific Industry sectors			
Industries	Validity period	Essential conditions	Tax incentive
3. Encouraged designated key software enterprises	Starting from the first profit-making year	NA	Exemption for 5 years
	After the first 5-years of exemption	N/A	Reduced tax rate of 10%
4. Qualified technology-advanced service enterprises	N/A	To fulfil prescribed criteria and subject to assessment	Reduced tax rate of 15%
5. Qualified small and thin-profit enterprises	1 Jan 2023 – 31 Dec 2027	Annual taxable income up to CNY3 Million	Reduced tax rate of 5%
6. Qualified enterprises engaged in pollution prevention and control	1 Jan 2019 – 31 Dec 2027	N/A	Reduced tax rate of 15%
7. Encouraged integrated circuits design/ equipment/ material/ packaging/ testing enterprises	Starting from the first profit-making year	N/A	2+3 years tax holiday
8. Encouraged software enterprises	Starting from the first profit-making year	N/A	2+3 years tax holiday
9. Qualified energy-saving service enterprises	Starting from the first income-generating year	N/A	3+3 years tax holiday

(Continued)

Encouraged Projects			
Projects	Validity period	Essential conditions	Tax incentive
1. Agriculture, forestry, animal-husbandry and fishery projects	All years as long as it is engaged in these projects	N/A	Exemption or 50% reduction
2. Specified basic infrastructure projects	Starting from the first income-generating year	N/A	3+3 years tax holiday
3. Encouraged designated integrated circuits production enterprises or projects with a line-width less than 28 nm (inclusive)	Starting from the first profit-making year for enterprises; or Starting from the first income-generating year for projects	Operating period exceeds 15 years	Exemption for 10 years
4. Encouraged designated integrated circuits production enterprises or projects that produce integrated circuits with a line-width of less than 65 nm (inclusive)	Same as above	Operating period exceeds 15 years	5+5 years tax holiday
5. Encouraged designated integrated circuits production enterprises or projects that produce integrated circuits with a line-width of less than 130 nm (inclusive)	Same as above	Operating period exceeds 10 years	2+3 years tax holiday

CHINA

(Continued)

Encouraged Projects			
Projects	Validity period	Essential conditions	Tax incentive
6. Environmental protection projects and energy/water conservation projects	Same as above	N/A	3+3 years tax holiday
7. Projects involving clean development mechanism	Starting from the first year during which the first disposal of certified emission reduction units takes place	N/A	3+3 years tax holiday

HONG KONG



TAX CONCESSION ENHANCEMENTS TO FUNDS, FAMILY OFFICES, ETC

On 12 June 2026 Hong Kong gazetted the *Inland Revenue (Amendment) (Preferential Tax Regimes for Funds, Family-owned investment Holding Vehicles and Carried Interest) Bill 2026*. The Bill aims to enhance tax concessions for family-owned investment holding vehicles (FIHVs), privately-offered funds, and carried interest, aiming to strengthen Hong Kong's role as a global wealth management hub.

Subject to passage of the Bill, the proposed measures will be effective retrospectively from the assessment year 2025/26.

Key Features of the Bill

- Expanded Definition of "Fund"
 - Expand coverage of tax concessions to include pension funds, endowment funds of approved charitable institutions, a fund with a government entity, central bank or international organization as its sole investor, and an arrangement with only one investor that does not have day-to-day control over the management of the property.
- Wider Scope of Qualifying Investments
 - Include additional asset classes such as equity interest in non-corporate entities (e.g. partnership), loans, overseas immovable properties, digital assets, insurance-linked securities, precious metals (limited to 20% of total investment portfolio), commodities in connection with and incidental to the trading of Over-the-counter (OTC) derivative products and emission derivatives and carbon credits.

"...the proposed measures will be effective retrospectively from the assessment year 2025/26."

(Continued)

- Removal of 5% Threshold for Incidental Transactions
 - Remove the 5% cap on incidental transactions derived by Family-owned Investment Holding Vehicles (FIHVs) and their Family-owned Special Purpose Entities (FSPEs). However, an exclusion list will be introduced in respect of income from shares or stocks of private companies attributable to property trading or development of immovable property in Hong Kong.

- Relaxed Tax Exemption for Special Purpose Entities (SPEs)
 - Grant of tax exemption to an FSPE regardless of the FIHV's ownership, provided that any of the persons making capital contributions to the FSPE does not have day-to-day control over the management of the FSPE's property.
 - Expand permissible FSPE activities to cover acquisition, holding, administration and disposal of investee private companies, another FSPE and specified assets.

- Relaxed minimum asset threshold
 - Update the calculation of aggregate net asset value of qualifying assets under management at year end (of HK\$240 million minimum) so that loans from holders of direct beneficial interest of FIHVs or FSPEs will not be deducted from the asset value while loans from other parties (e.g. bank loans) will continue to be deducted.

- Enhanced Carried Interest Regime
 - Remove the requirement for funds be certified by the Hong Kong Monetary Authority.
 - Expand qualifying payers of eligible carried interest, which currently include private equity funds and their associated partnerships, to cover all relevant entities within a fund group, regardless of their legal form.
 - Remove the hurdle rate for eligible carried interest.
 - Extend the transaction scope giving rise to eligible carried interest from private equity investments to cover profits derived by a fund from any exempt or taxable transactions. Typical performance fees for hedge fund managers would be covered.
 - Extend qualifying persons to receive eligible carried interest to cover unlicensed fund managers of excepted funds.
 - Allow payment of eligible carried interest to qualifying employees of a fund manager group through a carry vehicle or a personal investment entity of the qualifying employees (i.e. remove the requirement to pay directly to the fund manager). Note however that the qualifying person/employee must hold entitlement in a specified right to the profits of the fund or specified entity. For this purpose, the entitlement refers to direct or indirect profit sharing that is (a) determined in accordance with a fund operation agreement; (b) not attributable to capital contribution of the qualifying person/employee to the fund or entity; and (c) not discretionary other than a degree of flexibility concerning amount, timing, manner of payment or otherwise of the distribution of share of profits.

- Unified Tax Reporting & Substance Requirements
 - Align with international standards to ensure transparency and compliance.

"...an exclusion list will be introduced in respect of income from shares or stocks of private companies attributable to property trading or development of immovable property in Hong Kong"

(Continued)

Anti-avoidance provisions

Under the existing regime, the tax-exempt profits of an FIHV or FSPE are deemed as assessable profits of a resident person if that person (i) has either alone or jointly with associate(s) not less than 30% beneficial interest in the FIHV; or (ii) has any beneficiary interest in the FIHV and the FIHV is an associate of that person. The Bill now introduces the following additional anti-round tripping provisions:

- extend the existing general anti-round tripping provisions to FSPEs;
- introduce a new specific anti-round tripping provisions against financial institutions, insurance companies and money-lenders with respect to profits derived by an FIHV or FSPE from loans;
- introduce additional carve-outs for general and specific anti-round tripping provisions, e.g. natural persons, FIVs that are eligible for the tax concession.

Reporting Obligations and economic substance conditions

Under the existing Uniform Fund Exemption (UFE) regime, funds that qualify for exemption can, on a self-assessment basis, decide not to carry out any tax reporting. The draft legislation introduces a new reporting framework for funds and their SPEs that intend to rely on the enhanced UFE. It is expected an initial notification needs to be filed with the Inland Revenue Department (IRD) within 6 months from the date the specified person started to manage or administer the relevant fund.

The fund would be required to demonstrate adequate Hong Kong substance. Typically, this means at least an average of 2 full-time qualified employees in Hong Kong performing core income-generating activities and at least incurring HK\$2 million annual operating expenditures in Hong Kong in relation to investment and management activities.

Below is an audit-ready checklist for family offices considering Hong Kong as a base:

1. Entity & Structure

- Confirm legal entity type (fund, SPE, family office vehicle).
- Review whether entity qualifies under expanded “fund” definition.
- Assess eligibility for SPE exemption (including family-owned SPEs).

2. Investment Scope

- Verify portfolio includes qualifying investments (private credit, digital assets, commodities, etc.).
- Document classification of each investment for tax purposes.
- Ensure incidental transactions are tracked (threshold removed, but reporting still required).

3. Carried Interest

- Review carried interest arrangements for compliance with enhanced regime.
- Confirm tax treatment aligns with new concessionary rules.
- Maintain documentation of performance-based remuneration.

“The draft legislation introduces a new reporting framework for funds and their SPEs that intend to rely on the enhanced UFE.”

(Continued)**4. Substance & Operations**

- Demonstrate genuine operations in Hong Kong (staff, office, management presence).
- Maintain records of board meetings, investment decisions, and local activities.
- Ensure compliance with OECD economic substance requirements.

5. Tax Reporting

- Prepare unified tax reporting under new mechanism.
- Align reporting with IRD guidelines.
- Maintain audit trail of transactions, valuations, and compliance checks.

6. Governance & Documentation

- Update compliance manuals to reflect draft legislation.
- Train staff on new reporting and exemption rules.
- Establish internal review process for ongoing compliance.

7. Risk Management

- Monitor legislative progress (bill subject to amendments in Legislative Council).
- Assess potential impact of international tax developments (OECD, BEPS 2.0).
- Prepare contingency plans for structural adjustments if rules change.

"...the IRD agrees that taxpayers who are eligible for the tax exemption or concession proposed under the Amendment Bill may submit their tax returns for the year of assessment 2025/26 on that basis."

Transitional Measures

Meanwhile, as a transitional administrative measure pending enactment of the legislation, the IRD agrees that taxpayers who are eligible for the tax exemption or concession proposed under the Amendment Bill may submit their tax returns for the year of assessment 2025/26 on that basis. Taxpayers are reminded to watch out for the latest development upon enactment of the Amendment Bill and, if necessary, notify the IRD in writing of any corresponding revision required to their submitted tax returns.

VARIOUS UPDATES

Sharp & Tannan

Chartered Accountants

1. India - New Zealand Free Trade Agreement

- On 27 April 2026, India and New Zealand concluded a landmark Free Trade Agreement ('FTA'), aimed at strengthening bilateral economic relations promoting trade, investment, services, and people-to-people cooperation.
- The FTA provides 100% duty-free access for all Indian exports to New Zealand, creating substantial opportunities for labour-intensive sectors such as textiles, apparel, leather, footwear, engineering goods, gems and jewellery, and processed foods.
- The FTA also delivers New Zealand's most comprehensive services offer to India, granting market access across 118 service sectors and facilitating greater mobility for professionals, students, and skilled workers through dedicated visa pathways and enhanced post-study work opportunities.
- Beyond trade, the agreement includes a commitment to invest USD 20 billion in India, supporting agriculture, manufacturing, infrastructure, startups, innovation, and emerging technologies.


(Continued)

- The FTA safeguards India's sensitive sectors such as dairy, key agricultural products, sugar, edible oils, and rubber to protect farmers and domestic industry. The FTA further promotes agricultural productivity partnerships, fast-track market access for pharmaceuticals and medical devices, stronger intellectual property protection, recognition of traditional knowledge systems including AYUSH (traditional Indian medicines), and enhanced support for MSMEs and women-led enterprises.

2. India – Vietnam Memorandum of Understanding

- The Reserve Bank of India and the State Bank of Vietnam signed a Memorandum of Understanding ('MoU') on 5 May 2026, to strengthen bilateral cooperation in financial innovation and digital payments.
- The MoU establishes a framework for collaboration, information exchange, and regulatory coordination on emerging payment technologies, digital payment systems, and innovation-related regulatory practices. The agreement focuses on the development of payment system connectivity to facilitate QR code-based cross-border merchant payments between India and Vietnam.
- The initiative is expected to make cross-border transactions more transparent, convenient, real-time, and cost-efficient, while supporting trade, tourism, and export opportunities. The MoU also provides for cooperation on fast payment systems, messaging systems, and card switches, thereby advancing digital financial integration between the two countries.

"The Reserve Bank of India and the State Bank of Vietnam signed a Memorandum of Understanding ('MoU') on 5 May 2026"



3. India-Oman Comprehensive Economic Partnership Agreement

- The India-Oman Comprehensive Economic Partnership Agreement took effect on 1 June 2026. This transformational pact eliminates tariffs on over 99% of Indian exports, providing a competitive edge to labour-intensive sectors such as textiles, gems, and pharmaceuticals.
- Beyond merchandise trade, the agreement facilitates professional mobility by increasing quotas for Indian experts and streamlines regulatory approvals for healthcare products.
- The deal includes strategic safeguards to protect sensitive domestic industries like agriculture and dairy. The alliance positions Oman as a primary gateway for Indian commerce into the wider Gulf and East African regions.

4. Ministry of Corporate Affairs

- As per the Companies Act, 2013 (the Act), a company meeting certain turnover, net worth and revenue thresholds is required to spend on corporate social responsibility ('CSR') activities. Such activities are enumerated in schedule VII to the Act.
- The Ministry of Corporate Affairs has now widened the scope of CSR funding through Zero Coupon Zero Principal Instrument ('ZCZP Instrument'), by including it in schedule VII to the Act.

(Continued)

- Not-for-Profit Organisations ('NPOs') will now find it easy to raise funds for public welfare activities by issuing ZCZP Instrument on the Social Stock Exchange.
- As a part of its CSR spending,
 - A company can subscribe to such instruments with a maximum limit of 10% of the CSR expenditure for a particular financial year.
 - A company that has subscribed to a ZCZP Instrument shall be exempt from undertaking impact assessment of any project funded by such an instrument.

Obligations of NPOs:

NPOs issuing ZCZP Instruments and raising funds therefrom shall –

- Undertake a project with a duration of not more than 3 successive financial years from the date of issue of such ZCZP Instrument; and
- On termination of listing of such ZCZP Instrument, transfer the unspent amount to any fund included in schedule VII to the Act and submit its compliance report to the Securities Exchange Board of India.

5. Customs

Exemption in customs duties on import of cotton from 1 June 2026 to 31 October 2026

- To augment the availability of cotton for the Indian textile sector, the central government has temporarily exempted all customs duties on the import of cotton from 1 June 2026 to 31 October 2026. This duty exemption is expected to reduce input costs across the textile and apparel sector, thereby providing a targeted relief to manufacturers and consumers. The duty exemption is aimed to positively impact the performance of the small and medium enterprises, by ensuring better availability of cotton in the market.

“To augment the availability of cotton for the Indian textile sector, the central government has temporarily exempted all customs duties on the import of cotton from 1 June 2026 to 31 October 2026.”

Russell Bedford **SBR**

The Indonesian Government continues to refine its Natural Resources Export Proceeds (DHE SDA) policy to strengthen national foreign exchange reserves and maintain economic stability. The regulatory changes introduced in 2026 reflect the Government's efforts to enhance the contribution of the natural resources sector to the national economy while preserving Indonesia's competitiveness as an investment destination.

For multinational corporations and foreign investors, this policy not only introduces additional compliance obligations but also affects financial and investment strategies. The requirement to retain DHE SDA funds within Indonesia may reduce corporate flexibility in managing global liquidity, particularly for business groups that rely on cross-border cash flows for operational activities, debt servicing, and investments across multiple jurisdictions. On the other hand, the Indonesian Government seeks to maintain a balanced approach by providing fiscal incentives and certain operational flexibilities for businesses. The latest amendments are set out in Government Regulation No. 21 of 2026, which became effective on 1 June 2026. The regulation requires natural resource exporters to retain their export proceeds within Indonesia's financial system.

Retention period

Non-oil and gas exporters are required to repatriate 100% of their DHE SDA to Indonesia and place the funds in a special domestic account for a minimum period of 12 months. This policy aims to strengthen foreign exchange reserves and reduce dependence on external capital inflows. Meanwhile, exporters in the oil and gas sector are required to retain at least 30% of their export proceeds in Indonesia for a minimum period of three months.

These requirements will have implications for multinational companies that have traditionally centralized their treasury functions abroad. Accordingly, businesses should reassess their cash management strategies, liquidity planning, and intercompany financing structures to ensure that operational needs can continue to be met without violating the applicable regulations.

Conversion constraints

The Indonesian Government has also introduced restrictions on the conversion of DHE SDA from foreign currencies into Indonesian Rupiah. Companies are permitted to convert only a portion (up to 50%) of the funds retained domestically, making foreign exchange risk management increasingly important, particularly for businesses with international payment obligations denominated in foreign currencies.

This development encourages companies to strengthen their hedging strategies and adjust their foreign exchange risk management policies to maintain financial stability and mitigate the impact of exchange rate fluctuations.

Although DHE SDA placement requirements have become more stringent, the Indonesian Government continues to provide flexibility to support business operations, particularly for foreign investment companies (PMA) and businesses involved in global supply chains.

"The latest amendments are set out in Government Regulation No. 21 of 2026, which became effective on 1 June 2026."

(Continued)

Eligible placement institutions

In principle, DHE SDA funds must be placed through banks that are members of the State-Owned Banks Association (Himbara). However, exporters conducting transactions with buyers from countries that have bilateral trade agreements with Indonesia in the mining sector may utilize non-Himbara commercial banks, subject to certain limitations and specified placement periods. This policy demonstrates the Government's commitment to accommodating international business needs without undermining its primary objective of strengthening national foreign exchange reserves.

Incentives

As a counterbalance, the Indonesian Government also offers fiscal incentives to exporters that comply with DHE SDA requirements. The level of incentives depends on the investment instrument selected and the duration of fund placement. Under certain circumstances, the Income Tax (PPh) rate applicable to returns generated from DHE SDA placement instruments may be reduced to as low as 0%.

For foreign investors, these incentives may increase after-tax returns and reduce the economic burden associated with retaining export proceeds in Indonesia. Through this approach, the Government seeks to maintain a balance between strengthening foreign exchange reserves and preserving investment attractiveness.

Centralized supervisory institution

The Indonesian Government has also established PT Danantara Sumber Daya Indonesia (DSI) as a centralized supervisory institution responsible for market consolidation and oversight of strategic commodity trading activities. The establishment of DSI aims to enhance transparency, strengthen governance standards, and reduce practices that drew international regulatory scrutiny, such as transfer pricing and under-invoicing.

Since 1 June 2026, DSI has been responsible for reporting and monitoring transactions involving strategic commodities, including crude palm oil (CPO), coal, and ferroalloys. Commencing on 1 January 2027, the Indonesian Government will implement the Single Exporter mechanism through DSI for these three commodities.

This mechanism is designed to strengthen oversight of transfer pricing practices and export value manipulation. Accordingly, companies should prepare adequate reporting systems, data governance frameworks, and internal compliance mechanisms to meet these enhanced regulatory requirements.

Planning ahead

Overall, Government Regulation No. 21 of 2026 has the potential to reshape how investors assess the risks and returns of foreign direct investment (FDI) in Indonesia's natural resources sector. Multinational corporations and foreign investors should promptly review their treasury structures, liquidity management practices, hedging strategies, DHE SDA reporting readiness, utilization of available tax incentives, preparations for the implementation of the Single Exporter mechanism, and governance frameworks relating to transfer pricing and export reporting. With adequate preparation, companies can effectively manage compliance risks while taking advantage of the opportunities presented by this new regulatory framework.

“Since 1 June 2026, DSI has been responsible for reporting and monitoring transactions involving strategic commodities, including crude palm oil (CPO), coal, and ferroalloys.”



Malaysia has taken another important step in implementing the Global Minimum Tax (“GMT”) regime with the release of the GMT Guidelines in September 2025, Domestic Top-up Tax (“DTT”) Guidelines in February 2026 and updated Frequently Asked Questions (“FAQs”) in May 2026.

While GMT has been discussed globally for several years, many businesses are only now beginning to assess its practical impact. Recent guidance issued by the Malaysian tax authorities offers a clearer picture of how the regime will operate and highlights the importance of early preparation.

A Quick Refresher: What is Global Minimum Tax?

The GMT forms part of the OECD’s Pillar Two initiative, which aims to ensure that large multinational enterprise (“MNE”) groups pay a minimum level of tax regardless of where they operate. Under the framework, in-scope MNE groups are subject to a minimum effective tax rate of 15% on their profits in each jurisdiction. Where the effective tax rate falls below 15%, a “top-up tax” may apply.

In Malaysia, the GMT rules apply to MNE groups with consolidated annual revenue of at least EUR750 million in at least two of the four preceding financial years. The rules took effect for financial years beginning on or after 1 January 2025.

Malaysia's Approach

Malaysia has implemented the GMT through two mechanisms:

- **Domestic Top-up Tax** – allowing Malaysia to collect additional tax where profits generated in Malaysia are taxed below the 15% minimum rate; and
- **Multinational Top-up Tax** – ensuring that large multinational groups pay a minimum 15% effective tax rate across their worldwide operations.

The DTT is particularly important because it enables Malaysia to retain taxing rights over low-taxed Malaysian profits rather than allow another jurisdiction to collect the additional tax.

Who is Affected?

Not every business will fall within the scope of GMT.

The rules primarily target large MNE groups meeting the EUR750 million revenue threshold. Smaller businesses and purely domestic groups are generally outside the regime.

However, businesses should not assume they are unaffected simply because they operate in Malaysia. Many Malaysian subsidiaries, branches and entities that form part of larger international groups may be caught by the rules, even if their local operations appear straightforward.

“Malaysia has taken another important step in implementing the Global Minimum Tax (“GMT”) regime with the release of the GMT Guidelines in September 2025, Domestic Top-up Tax (“DTT”) Guidelines in February 2026 and updated Frequently Asked Questions (“FAQs”) in May 2026.”

Why the New Guidance Matters

One of the biggest challenges with GMT has been understanding how the complex international framework applies in practice.

The latest guidance provides additional clarity on several key areas, including:

- The calculation of Malaysia's DTT;
- The treatment of income and taxes for Malaysian entities;
- Filing and reporting obligations;
- Safe harbour provisions and transitional relief measures; and
- The interaction between Malaysia's rules and international OECD guidance.

The tax authority has also confirmed that future OECD administrative guidance will generally be incorporated into Malaysia's GMT framework to maintain consistency with global standards.

Importantly, while the first Global Information Return and Top-up Tax Return for many in-scope groups are generally due by 30 June 2027, businesses should not view this as a distant deadline. Determining whether a group falls within scope, assessing potential exposure to top-up taxes, gathering data across multiple jurisdictions and evaluating available safe harbours can be a significant undertaking. For many organisations, the greatest challenge will not be the tax calculation itself, but obtaining accurate and consistent information from entities across the group. In reality, the compliance journey has already begun and the clock is already ticking.

"...the greatest challenge will not be the tax calculation itself, but obtaining accurate and consistent information from entities across the group."

What Should Businesses Be Doing Now?

Groups that may fall within the scope of GMT should consider:

- Confirming whether they meet the revenue threshold;
- Identifying all entities that may be affected;
- Assessing potential exposure to top-up taxes;
- Reviewing the availability of safe harbours and relief provisions; and
- Ensuring they can obtain the financial and tax information required for GMT reporting.

Many businesses are using 2026 as preparation year to evaluate systems, identify data gaps and establish reporting processes. Taking action now can help avoid unnecessary compliance challenges later.

Looking Ahead

Malaysia's implementation of the GMT reflects a broader international movement towards greater tax transparency and coordination. As more jurisdictions adopt similar rules, multinational groups will need to navigate an increasingly interconnected tax landscape.

MALAYSIA

(Continued)

While GMT may initially appear to affect only large multinational groups, its impact extends beyond tax departments. Finance teams, business leaders and regional management should all understand how the rules may influence reporting processes, compliance obligations and future investment decisions.

The release of the guidance provides greater certainty on how the rules will operate in Malaysia. For affected groups, the message is clear: understanding the rules is only the first step. The time to assess readiness and begin preparations is now.

VIETNAM

VIETNAM - JUNE 2026 LEGAL, TAX & REGULATORY UPDATE

REVIEWED AND UPDATED FOR LAWS AND REGULATIONS IN FORCE / ENACTED UP TO 17 JUNE 2026



1. Vietnam significantly reduces conditional business lines

Strategic administrative reform

On 15 May 2026, the Government issued **Resolution No. 66.17/2026/NQ-CP** (signed by Deputy Prime Minister Pham Thi Thanh Tra), a significant milestone in Vietnam's legal framework for investment and business. By removing 56 sectors from the list of conditional business lines, the Government reduced the total number of conditional sectors from **198 to 142**. The reform is built on the amended **Law on Investment No. 143/2025/QH15** (approved 11 December 2025, effective 1 March 2026) and the modernised tax-administration framework, together dismantling bureaucratic barriers and giving investors greater flexibility to deploy new business models.

Resolution 66.17 forms part of a broader deregulation drive: in early May 2026 the Government issued eight resolutions (Nos. 17-24/2026/NQ-CP) that, collectively, eliminated around 890 business conditions and 184 administrative procedures and decentralise many others to provincial authorities.

Deregulation of accounting and tax-agency services

A notable highlight is the removal of conditions for certain professional services. **Accounting services and tax-agency (tax-procedure) services are no longer classified as conditional business lines**. This is intended to accelerate the professional-services sector and support the national goal of **2 million operating enterprises by 2030**, shifting the focus toward post-audit (ex-post) compliance.

Important clarification for accounting & audit firms

Although accounting and tax-agency services have been removed, **independent auditing services remain a conditional business line** (item no. 12 of the 142 retained sectors). Audit firms therefore continue to be subject to the Law on Independent Audit and Ministry of Finance licensing / eligibility requirements.

"On 15 May 2026, the Government issued Resolution No. 66.17/2026/NQ-CP (signed by Deputy Prime Minister Pham Thi Thanh Tra), a significant milestone in Vietnam's legal framework for investment and business."

(Continued)

Operational standards and compliance

Relaxation of licensing requirements does not equate to relaxation of operational standards. As the regime shifts to an ex-post inspection model, enterprises in newly deregulated sectors may face non-compliance risk where specialised technical standards are not yet fully internalised, exposing them to administrative sanctions if current operating standards are not met in time.

Long-term outlook

These advances expand market access - particularly for foreign direct investors - and enhance national competitiveness, while promoting professionalisation and transparency. Businesses should audit their operational workflows, ensure data transparency and establish robust internal-control frameworks. As Resolution 66.17/2026/NQ-CP is an **interim instrument** - effective from 1 July 2026 and will cease when superseding legislation takes effect on 28 February 2027 - companies should monitor implementation documents (which ministries must issue before 1 March 2027) and subsequent instruments.

2. New tax-policy framework (effective 1 July 2026)

At the 10th session of the 15th National Assembly, on **10 December 2025**, Vietnam approved the amended **Law on Tax Administration** and amended **Law on Personal Income Tax (PIT)**. Both are generally effective from **1 July 2026**, with key digital-economy, household-business and salary/wage provisions applying earlier, from 1 January 2026. These reforms modernise tax administration for a digital economy and impose more stringent compliance requirements on enterprises and individuals.

“...Vietnam approved the amended Law on Tax Administration and amended Law on Personal Income Tax (PIT). Both are generally effective from 1 July 2026...”

Key changes - amended Law on Tax Administration

- **Expanded taxpayer scope:** codifies obligations for foreign organisations and individuals earning income in Vietnam regardless of a permanent establishment, closing gaps on cross-border flows.
- **E-commerce:** e-commerce platform operators are responsible for declaring, withholding and remitting tax on behalf of resident and non-resident sellers on their platforms.
- **Shorter supplementary-filing window:** the period for supplementary tax filings is reduced from 10 years to 5 years from the relevant filing deadline.
- **Automation and risk management:** greater use of an integrated Tax Administration Information System to automate data collection and classify taxpayer compliance / risk.
- **Household-business reform:** transition from the presumptive (khoan / fixed-tax) mechanism to self-declaration based on real-time e-invoice data, with the system auto-generating returns. The lump-sum regime was abolished from 1 January 2026.

(Continued)

Key changes - amended Law on Personal Income Tax

The progressive PIT schedule is condensed from **seven to five brackets**, simplifying intermediate rates while retaining the 35% top rate:

Bracket	Annual taxable income (VND million)	Monthly taxable income (VND million)	Rate
1	Up to 120	Up to 10	5%
2	Over 120 – 360	Over 10 - 30	10%
3	Over 360 – 720	Over 30 - 60	20%
4	Over 720 - 1,200	Over 60 - 100	30%
5	Over 1,200	Over 100	35%

- **Higher family-circumstance deductions:** personal deduction raised to VND 15.5 million/month and dependant deduction to VND 6.2 million/month.
- **Digital-technology talent:** a 5-year PIT exemption on salary/wage income for high-quality digital-technology and high-tech professionals.
- **Broader taxable base:** income from the transfer of gold bullion (taxed at 0.1% per transfer) and from digital assets / cryptocurrency is brought into the PIT base.
- **Household businesses:** the non-taxable annual revenue threshold is raised from VND 100 million to VND 500 million.
- **Other exemptions:** full exemption for night-shift and overtime pay, and for income from the initial transfer of carbon credits and green bonds; reform of capital-gains and securities-transfer taxation (treating long-term and short-term investors differently).

“On 24 April 2026, the National Assembly passed a Law amending four tax laws (PIT, VAT, CIT and SCT).”

Further development - April 2026 omnibus tax amendment

Added for completeness (effective to 17 June 2026)

On **24 April 2026**, the National Assembly passed a Law amending four tax laws (PIT, VAT, CIT and SCT). It took effect on adoption, with the PIT, VAT and CIT provisions applied retroactively from 1 January 2026. It introduced government-adjustable, revenue-based exemption thresholds for small businesses and household businesses (the implementing decree threshold is proposed at VND 1 billion/year, capped below the VND 3 billion CIT tier), and revised special-consumption-tax incentives for electric vehicles. Separately, the new **VAT Law No. 48/2024/QH15** took effect on 1 January 2026, and the VAT exemption threshold for business individuals / households was raised from VND 100 million to VND 500 million/year.

(Continued)

Impact on enterprises and investors

- **International transaction & withholding-tax risk:** for Vietnamese enterprises paying foreign partners (service fees, royalties, digital marketing), withholding-tax obligations are more critical than ever. Failure to identify obligations and remit on time may transfer the liability to the Vietnamese payer, with heavy penalties.
- **Compliance and data pressure:** interconnected, real-time systems let authorities cross-reference data across enterprises, banks and digital platforms, requiring investment in digital accounting so that filed data is consistent with actual cash flows.
- **Human-resource competitiveness:** the 5-year PIT exemption for digital-technology talent is a lever to optimise personnel costs and attract regional experts to Vietnam.

In conclusion, the new framework reflects the Government's drive toward a transparent, fair business environment. Although the reforms generate additional compliance costs and require investment in data management, stricter financial discipline and higher compliance standards are essential foundations for sustainable, equitable competition.

“Although the reforms generate additional compliance costs and require investment in data management, stricter financial discipline and higher compliance standards are essential foundations for sustainable, equitable competition.”

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 endeavour 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@cambos.com.au
www.camphinboston.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@jialiingcpa.cn
www.jialiingcpa.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

Shirev 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@ajco.lk
www.ajco.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@kctvietname.com
www.russellbedford.vn

Vietnam - Ho Chi Minh City

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



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 1061 partners, 11134 staff and 396 offices in almost 105 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.