KPMG

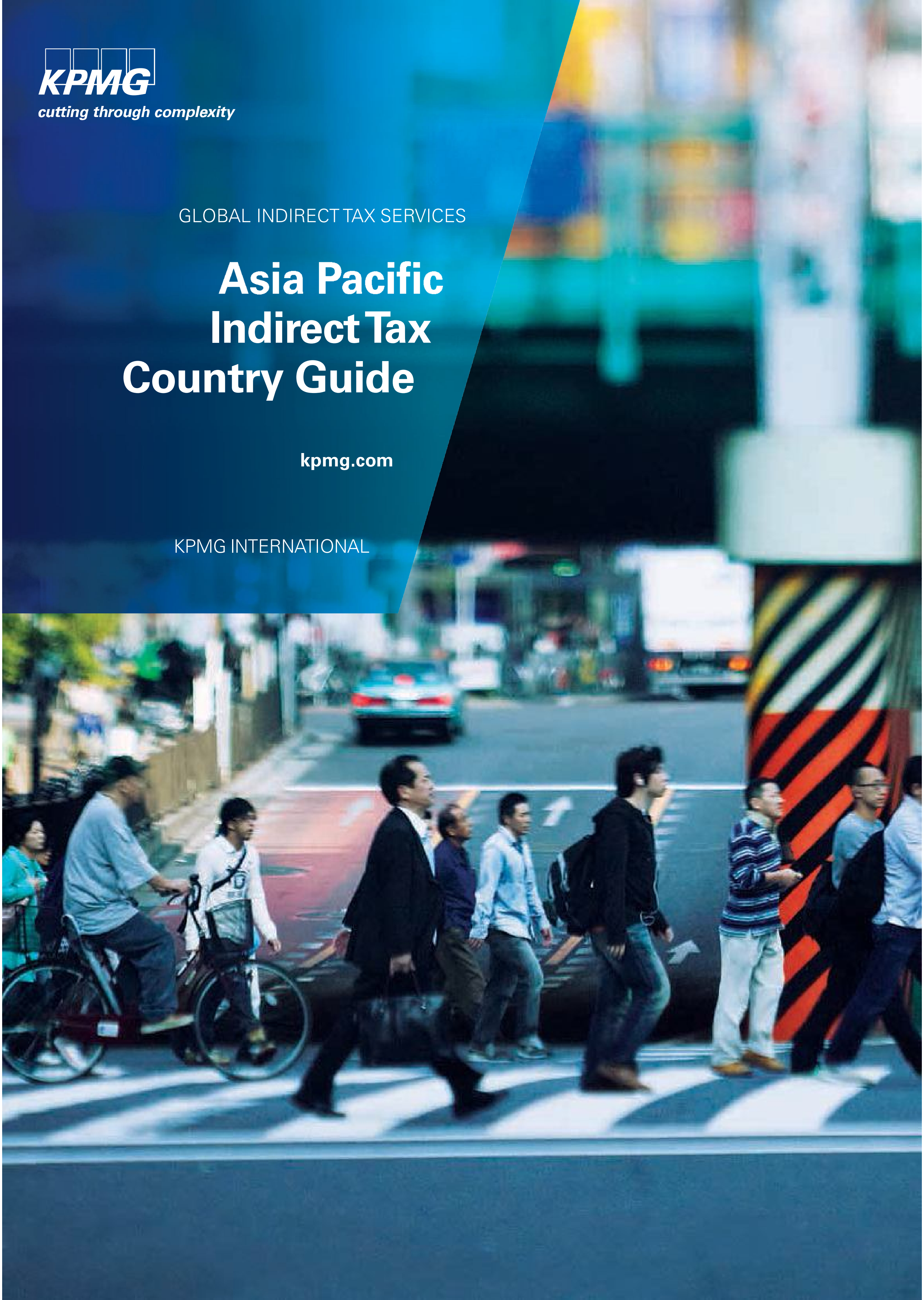
cutting through complexity

GLOBAL INDIRECT TAX SERVICES

Asia Pacific Indirect Tax Country Guide

kpmg.com

KPMG INTERNATIONAL



The Asia Pacific is a dynamic and diverse region of increasing importance to world trade. That diversity is reflected in the indirect tax regimes and their local application across the region. For businesses seeking to operate across the region it can be a significant challenge in seeking to establish tax efficient supply chains and ensuring compliance with the variety of local requirements. KPMG's network of Indirect Tax specialists across the region are available to assist businesses navigate a path through that complexity.

Contents

Will the Asian century also see the rise of indirect taxes?

Welcome to the latest edition of KPMG's Global Indirect Tax Services' Asia Pacific Indirect Tax Country Guide

By 2025, four of the 10 largest economies in the world will be in Asia – China, India, Japan, and Indonesia. Asia will account for approximately half of the world's economic output.[1] This is why the 21st century is increasingly being recognized as the 'Asian Century' – a period of sustained economic growth and prosperity, already taking place – and expected to continue throughout the region.

This macroeconomic phenomenon will have several important consequences for businesses, governments, and consumers from an indirect tax perspective. Let us explore just a few.

First, as economies grow and develop, domestic consumption tends to increase. This is already visible in countries such as China, with the government seeking to promote domestic consumption, rather than simply export-driven trade, as part of its 12th 5-year plan.

The expanding middle class – many of whom previously spent their scarce resources on 'needs' such as housing, food, education, and the basic necessities of life – is now able to indulge in 'wants' such as motor vehicles, smartphones, and insurance products, purchased using credit cards and/or shopping online.

To minimize regressivity, the indirect tax regimes of many countries either zero rate, exempt, or concessionally tax 'needs,' while applying full indirect taxation treatment to 'wants.' As the economic condition of the people of Asia improves, the revenues from indirect taxes, both in absolute and in relative terms, will surely grow. Experiences from countries like Singapore, which has already undergone significant economic transformation, serve as an excellent example. Absent any increase in the goods and services tax (GST) rate in Singapore, the percentage share of total revenues from indirect taxes is increasing.

Second, multinational companies are responding to the rise of Asia by entering new markets, investing in infrastructure and deploying capital, and upskilling and employing local populations, either to serve local markets or to assist foreign markets through offshoring. The competition by governments for this business is often fierce, with the battlefield typically resulting in downward pressure on corporate tax rates, as corporate profits become increasingly more mobile. The flipside is that this downward pressure on corporate tax rates has been compensated for through a greater reliance on indirect taxes, and introduction of new forms of indirect taxes.

Countries such as New Zealand have increased their indirect tax rate, and the Japanese consumption tax rate is conditionally scheduled to double over the next few years. The emphasis on indirect taxes has gathered so much momentum that it has fast become the preferred type of taxation. In countries such as Australia, many in the business community are advocating an increase in their GST rate as a means of funding the abolition of less-efficient 'nuisance' taxes. While some outdated taxes have been abolished, increasing numbers of niche taxes targeting specific types of economic activity have recently been introduced in the Asia Pacific region, including stamp duties to tackle property bubbles in places like Hong Kong, and environmental taxes in Australia. These changes, when combined, create a need for flexibility and adaptability in business operating models.

Going forward, governments need to have more secure revenue streams; indirect taxes are being seen as a more stable revenue source during difficult economic times, because they are generally more efficient to collect, and they are paid to tax authorities on a real-time basis.

Third, the growth of e-commerce and online shopping has effectively created a borderless world. Residents of India, the Philippines, and Indonesia can enjoy the latest gadgets released from the Silicon Valley, or the latest musical sensation from Korea, all at the click of a button.

This increase in cross-border trade in goods and services highlights the importance to governments of having efficient customs and indirect tax policies that serve to promote, rather than hinder, trade flows. The increased regionalization of trade relationships among countries, resulting in new free trade agreements, is a step in the right direction. For companies, tax-efficient supply chain

1 Source: Australia in the Asian Century, White Paper, October 2012, Australian Government, pp. 51–2.

management is no longer a mere buzzword, but a necessity in doing business. Effective management of indirect taxes is a key component to securing the lasting profitability and efficiency of their operations.

Despite these developments, many of the challenges of e-commerce remain. The shift toward electronic delivery of services has highlighted the enormous difficulties for governments in modernizing their indirect tax regimes. Modernization is vital in order to enable the efficient collection of indirect taxes, particularly on business-to-consumer (B2C) transactions involving service providers situated beyond their jurisdictional reach. How (and how quickly) governments respond will be an interesting question, the resolution of which will be integral to their future growth and dependency on indirect taxes.

Fourth, our increasingly connected world requires taxes, or tax systems, which apply common principles across borders. This shift is most evident in countries such as China, where the VAT reforms are bringing greater alignment with the international best practices of a VAT identified by the Organisation for Economic Cooperation and Development (OECD). India and Malaysia are expected to implement similar reforms in the not-too-distant future. A further benefit of these reforms is the replacement of regional/state taxes with national/federal taxes, which also assist in breaking down internal trade barriers within countries. Very soon, the indirect tax regimes of the Asia Pacific region will be defined more by the commonalities they share, than by their differences.

Winston Churchill once said, "The farther backward you can look, the farther forward you are likely to see." In other words, using history as a guide to the future, in the context of indirect taxes, the modern VAT was first developed in Europe – it began with a low base and at low rates. Now, the average standard VAT rate of the 21 OECD countries that are members of the European Union (EU) exceeds 21 percent, and the VAT systems of EU member states are regarded as being among the most mature in the world.

If this same historical progression holds true for the Asia Pacific region, then the future growth of indirect taxation is enormous. VAT/GST rates in the Asia Pacific region currently average approximately 12.5 percent, suggesting there is a significant room for rate increases. But the story is not limited to headline rates. Base expansion is another alternative.

In the more mature markets of the EU, the management of indirect taxes is increasingly made more efficient with the use of technology tools, sophisticated compliance solutions, tax engines, and direct real-time engagement between taxpayers and revenue authorities. In the Asia Pacific region, the use of these tools and solutions are still in their infancy.

For companies doing business in the region, a collision of trends – the growth of the economies of the region, the growth of indirect taxes, and the increasing interconnectedness of global business – means that progress in measuring performance of indirect tax functions from relative immaturity to the world's best practice needs to occur quickly.

To chart a course towards these goals, businesses in the region need to ask themselves a number of key questions:

- How is my business managing its VAT/GST obligations and risks, both regionally and globally?
- How is technology deployed to assist my business in managing its VAT/GST obligations?
- Does my indirect tax function have a high-performance mentality?
- Am I measuring that performance in a meaningful way?
- Am I keeping pace with change?
- How can I recognize and understand the application of ever-changing indirect tax rules and regulations to my business in a timely fashion?

Progress in the region is dynamic, and change is prolific. Standing still is not an option.

Tim Gillis

KPMG's Head of Global Indirect Tax

tgillis@kpmg.com

Lachlan Wolfers

KPMG's Asia Pacific Regional Leader,
Indirect Tax Services

Leader of the Indirect Taxes Centre
of Excellence for China, KPMG in China

lachlan.wolfers@kpmg.com

Asia Pacific indirect tax overview

	Type of indirect tax	Standard rate	Reduced rates, zero rates, or exemptions
Australia	GST	10%	Zero rated supplies; Exempt supplies
Cambodia	VAT	10%	Zero rated supplies; Exempt supplies
China	VAT	17%	Reduced rates; Zero rated supplies; Exempt supplies
	Business tax	3%–5%	Increased rates; Exempt supplies
Fiji Islands	VAT	15%	Zero rated supplies; Exempt supplies
India	VAT	4%–15%	Reduced rates; Increased rates; Zero rated supplies; Exempt supplies
	Service tax	12.36%	Zero rated supplies; Certain abatements in calculating the taxable value of services
Indonesia	VAT	10%	Zero rated supplies; Exempt supplies
Japan	Consumption tax	5%	Exempt supplies; Non-taxable supplies
Korea	VAT	10%	Zero rated supplies; Exempt supplies
Laos	VAT	10%	Zero rated supplies; Exempt supplies
Malaysia	Sales tax	10%	Reduced rates; Exempt supplies
	Service tax	6%	None
Mongolia	VAT	10%	Zero rated supplies; Exempt supplies
Myanmar	Commercial tax	3%–100%	Exempt supplies; Exemptions available on a case by case basis
New Zealand	GST	15%	Reduced rate; Zero rated supplies; Exempt supplies
Papua New Guinea	GST	10%	Zero rated supplies; Exempt supplies
Philippines	VAT	12%	Zero rated supplies; Exempt supplies
Singapore	GST	7%	Zero rated supplies; Exempt supplies
Sri Lanka	VAT	12%	Zero rated supplies; Exempt supplies
Taiwan	VAT	5%	Zero rated supplies; Exempt supplies
	Gross business receipts tax (GBRT)	0.1%–25%	None
Thailand	VAT	7%**	Zero rated supplies; Exempt supplies
Vietnam	VAT	10%	Reduced rates; Zero rated supplies; Exempt supplies

*Return frequency can differ electively or mandatorily, depending on the circumstances.
**Temporary rate value until 30 September 2014.

	Voluntary registration possible for an overseas company?	Typical frequency of returns	Can an overseas company recover VAT/GST if it is not registered?	Typical time taken to obtain a refund?	Are there specific requirements for the content of invoices to be considered valid?	Does a reverse charge mechanism on imported services apply?
	Yes	Quarterly*	No	1 month	Yes	Yes
	No	Monthly	No	1 month	Yes	No
	No	Monthly*	No	Typically, excess credits must be carried forward	Yes	No
	N/A	Monthly*	N/A	N/A	No	No
	No	Monthly*	No	2–6 months	Yes	Yes
	Yes	Varies at a State level, and also depending on turnover or tax liability	No	1–2 years	Yes	Yes
	No	Twice annually	No	6–12 months	Yes	Yes
	No	Monthly	No	Many months, can be years	Yes	No
	Yes	Annually*	No	2 months	No	No
	No	Quarterly	No	1 month	Yes	Yes
	No	Monthly	No	6 weeks	Yes	Yes
	No	Two monthly	N/A	N/A	Yes	No
	No	Two monthly	N/A	N/A	Yes	No
	No	Monthly	No	Officially 69 working days, often much longer in practice	Yes	Yes
	No	Quarterly	No	1 year	Yes	No
	Yes, if taxable supplies are being made in New Zealand	Two monthly*	No	2–3 weeks	Yes	Yes
	Yes	Monthly	No	1–4 months	Yes	Yes
	No	Monthly and quarterly	No	Many months, can be years	Yes	No
	Yes	Quarterly*	No	Aligned with the frequency of returns	Yes	No
	Yes	Quarterly*	No	Within 3 years	Yes	No
	No	Two monthly*	Yes, in limited circumstances	1–2 months	Yes	Yes
	No	Two monthly	No	N/A	Yes	Yes
	Yes	Monthly	No	3–6 months	Yes	Yes
	Yes	Monthly	No	Officially 2 months, often longer	Yes	Yes

Australia

Type of indirect tax	Goods and services tax (GST).
Standard rate	10 percent.
What supplies are liable to the standard rate?	Any form of supply which is made for consideration, in the course or furtherance of an enterprise, is connected with Australia; and the entity is either registered or required to be registered.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	There are no reduced rates. GST-free (zero rated) supplies include exports; some food products; most medical and health products and services; most education courses; child care; religious services; water, sewerage, and drainage services; and international transport. Input taxed (exempt) supplies include financial supplies; residential rent and residential premises; and fund-raising events conducted by charitable institutions.
Who is required to register, and what is the threshold?	An entity that is carrying on an enterprise, whose current or projected annual turnover is 75,000 Australian Dollars (AUD) or more (excl. GST). Non-profit bodies are not required to be registered unless their current or projected annual turnover is AUD150,000 or more (excl. GST). Taxi operators are required to be registered regardless of their annual turnover.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes.
Typical frequency of returns	Usually quarterly. Where a business' annual GST turnover exceeds AUD20 million, monthly returns are required. In very limited situations, an election can be made to lodge annually.
Are there any items that a registered business cannot recover GST on?	An entity cannot recover GST on acquisitions of a private or domestic nature; acquisitions that relate to making input taxed supplies such as financial supplies or residential rent (although there are exceptions to this rule); certain acquisitions where income tax deductions are not allowable (e.g. entertainment expenses); and acquisitions of freehold interests in land, stratum units, or long-term leases subject to the margin scheme.

Can an overseas company recover GST if it is not registered?	No.
What is the typical time taken to obtain a GST refund?	If all required information has been provided to, and lodgements are up-to-date with, the Australian Taxation Office (ATO), the ATO will generally process refunds within a month.
Are there specific requirements for the content of invoices to be considered valid for GST purposes?	Yes. Among other requirements, an invoice should broadly contain the supplier's identity and Australian Business Number (ABN); the recipient's identity or ABN (for supplies with a total price of AUD1,000 or more); a description of the supply; the date the invoice was issued; and the amount of GST payable. An invoice must satisfy the requirements in order to claim input tax credits.
Does a reverse charge mechanism apply?	Yes, a non-resident supplier can, with the agreement of the Australian resident recipient, elect to reverse charge the supply, subject to other requirements. A compulsory reverse charge mechanism can also apply to the supply of offshore intangible supplies.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes, an entity may apply for a private binding ruling. Informal rulings are not issued.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs duty • state taxes, including stamp duty and land tax • wine equalization tax • luxury car tax • fuel tax.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

Cambodia

Type of indirect tax	Value-added tax (VAT).
Standard rate	10 percent.
What supplies are liable to the standard rate?	Supplies of goods and services in Cambodia and imported goods.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rate – exported goods and services, and certain charges in relation to international transportation of people and goods. Exempt supplies include public postal services; certain medical and dental goods and services; wholly state-owned public transportation services; insurance services; primary financial services; importation of articles for personal use that are exempt from customs duties; and non-profit activities in the public interest recognized by the Ministry of Economy and Finance.
Who is required to register, and what is the threshold?	An enterprise which is making taxable supplies, if it falls under one of the following criteria: • all types of corporation, importer-exporter and investment enterprises • any other enterprise with turnover in respect of goods sold exceeding 125 million Cambodian Riel (KHR), or in respect of services exceeding KHR60 million for the preceding 3 consecutive months or in the next 3 consecutive months • any enterprise which, at the beginning of any 3 consecutive months, has any government contracts which will produce taxable turnover exceeding KHR30 million.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Monthly.
Are there any items that a registered business cannot recover VAT on?	Yes, VAT generally cannot be recovered – when incurred in making exempt supplies; for non-business-related purposes, such as entertainment; purchases or imports of automobiles; and purchases or imports of certain petroleum products.

Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	The end of the month following the month in which the taxable person satisfactorily provided all required documents pertaining to a refund.
Are there specific requirements for the content of invoices to be considered valid for VAT purposes?	Yes, valid VAT invoices shall disclose the name and VAT number of both the supplier and the customer, the invoice date, the invoice number, and a description of the supplies including place/timing and the VAT amount.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	No.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs duty • property tax • tax on unused land • stamp duty • accommodation tax.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

China (VAT)

Introduction	There are three main forms of indirect taxes operating in mainland China: VAT, business tax, and consumption tax. *The special administrative regions of Hong Kong and Macau operate separate tax regimes from mainland China. There is currently no VAT or equivalent indirect tax in these regions.*
VAT Pilot Program	In 2012, the Chinese government embarked upon extensive indirect tax reform. The reforms introduced a pilot program which replaces business tax with a VAT for the transportation, tangible and moveable asset leasing and modern services sectors. 'Modern services' includes research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services and certification and consulting services. The VAT pilot program currently applies to the transportation and modern services industries in Shanghai (from 1 January 2012), Beijing (from 1 September 2012), Jiangsu and Anhui (from 1 October 2012), Fujian and Guangdong (from 1 November 2012) and Tianjin, Zhejiang, and Hubei (from 1 December 2012). It is anticipated that the VAT pilot program will be expanded to other provinces and services during the course of 2013. The VAT pilot program seeks to replace business tax with VAT, eventually resulting in VAT applying to all goods and services in China.
Standard rate	17 percent (VAT)
What supplies are liable to the standard rate?	• Sale and importation of goods; • Provision of repair, replacement and processing services; • Leasing of tangible and moveable assets subject to the VAT pilot program.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	• 3 percent – 'Small scale taxpayers,' being those without sophisticated business, accounting and auditing systems, and whose turnover is below certain thresholds (discussed below); and certain transactions subject to simplified levy method. • 6 percent – 'Modern services' subject to the VAT pilot program (defined above). • 11 percent – Transportation services subject to the VAT pilot program. • 13 percent – The sale of food grains and vegetable oils, heating, air-conditioning, certain gas supplies, books, newspapers, and magazines. • Zero rated – exported goods; and international transportation services, exported research and development and design services subject to the VAT pilot program. • Exempt: – agricultural products, contraceptive drugs and devices, antique books, and other items declared by the State Council – a number of exported services subject to the VAT pilot program.

Who is required to register, and what is the threshold?	Business taxpayers may register as a 'general VAT taxpayer' which entitles them to claim input VAT credits and issue VAT invoices. All other businesses are classified as 'small scale taxpayers' and pay VAT at 3 percent, with no eligibility for input tax credits on purchases and no eligibility to issue VAT invoices. A business will be classified as a small scale taxpayer if its turnover of annual sales is not more than: • 800,000 Chinese Yuan Renminbi (RMB); or • RMB5 million if engaged solely or mainly in the production of goods or provision of taxable services not subject to the VAT pilot program; or • RMB5 million if providing services that are subject to the VAT pilot program. The VAT liability threshold for individuals varies between regions and ranges from sales of RMB5,000-20,000 per month or RMB300–500 per transaction.
Is voluntary registration possible?	Yes. It is possible for taxpayers that would otherwise be 'small-scale taxpayers' to register as 'general taxpayers.' They need to demonstrate a sound accounting system and provide accurate tax information, as well as having a fixed place of business in China.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Monthly. However, depending on the taxpayer's activities, returns can be required more frequently, in some cases as often as daily.

Are there any items that a registered business cannot recover VAT on?	Yes. There are a number of restrictions on the recovery of input tax credits, the most significant of which is that only general VAT taxpayers are potentially eligible to claim supported by VAT special invoices. As such, assuming the taxpayer is a general VAT taxpayer, then further restrictions include an inability to claim for: • inputs related to activities subject to business tax • inputs related to activities subject to simplified levy method • inputs related to the sale of tax-exempt items • inputs related to group welfare activities (e.g. employee canteens and employee benefits) • those for personal consumption • inputs used in deriving extraordinary or abnormal losses. For completeness, it should also be noted that many exports of goods do not result in full recovery of VAT – that is, there may be a leakage in export VAT recovery.
Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	Where input tax exceeds output tax in any given period, generally the excessive input tax credit must be carried forward indefinitely rather than being refunded. The main exceptions to this are for exported goods, and exported services which are zero rated under the VAT pilot program, such as international transport, research and development and design services. First-time providers can be required to wait 6 months or greater before they receive the refund.
Are there specific requirements for the content of invoices, for the invoice to be considered valid for VAT purposes?	Yes. China operates the 'Golden Tax System,' a nationwide e-tax system focused on producing a more efficient tax and data collection system, while reducing fraud. VAT invoices (known as 'special VAT invoices') must be issued on government issued and regulated machines using government issued and numbered invoicing paper. Businesses must obtain a 'special VAT invoice' and take it to the tax authority for verification before an input VAT credit can be claimed.
Does a reverse charge mechanism apply?	No. However, in its place a VAT withholding system can apply where services are provided by an overseas party to a business or individual (or an agent) in China.

Is it possible to apply for formal or informal advance rulings from the tax authority?	No. However, the Chinese tax authorities are considering implementing an advance tax rulings system by way of a pilot program. The pilot program is initially expected to be limited to large enterprises that have executed tax compliance agreements with the tax authorities.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • business tax • consumption tax, which applies to the manufacturing, processing, importation or selling of 14 different kinds of goods, principally luxury goods • customs duty • stamp duty • various local levies • various real estate specific taxes, motor vehicle taxes, and mining specific taxes.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

China (business tax)

Type of indirect tax	Business tax (BT). It is a turnover tax in the sense that it is not creditable in business-to-business transactions; it applies in each stage of the supply chain. As the VAT reforms in China progress, BT is gradually being replaced by VAT.
Standard rate	3 percent to 5 percent, with the exception of entertainment services which can be as high as 20 percent.
What supplies are liable to the standard rate?	Services not covered by the VAT pilot program. • 3 percent – Transportation, construction, post and telecommunication, cultural activities, and sports. • 5 percent – Finance and insurance services, hotels, restaurants, catering, tourist, rental, leasing, advertising, the sale of intangible assets and transfer of immovable property. • 5 percent to 20 percent – Entertainment services.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	The main exemptions are: • services subject to the VAT pilot program (transportation, tangible and movable asset leasing and modern services) • services provided by employees to their employers • waste disposal services • certain other services which are specifically exempt (e.g. nursing services, medical services, educational services) • certain offshore outsourcing services and technology transfers.
Who is required to register, and what is the threshold?	Businesses and other 'units' automatically incur BT liability. Individuals incur BT liability if one of the following thresholds is met or exceeded: • RMB300-500 per day, where tax is paid on a transaction basis • RMB5,000-20,000 per month where tax is paid on a fixed basis.
Is voluntary registration possible?	Not applicable.
Is voluntary registration available for an overseas company, or a fiscal representative?	Not applicable.

Typical frequency of returns	Monthly. However, depending on the taxpayer's activities, returns can be required more frequently, in some cases as often as every 5 days.
Are there any items that a registered business cannot recover BT on?	Not applicable. BT is not creditable like a VAT.
Does a reverse charge mechanism apply?	No. However, in its place a BT withholding system can apply where services are provided by an overseas party to a business or individual (or an agent) in China.
Is it possible to apply for formal or informal advance rulings from the tax authority?	No. However, the Chinese tax authorities are considering implementing an advance tax rulings system by way of a pilot program. The pilot program is initially expected to be limited to large enterprises which have executed Tax Compliance Agreements with the tax authorities.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • VAT (see preceding section) • consumption tax applies principally to certain luxury goods • customs duty • stamp duty • various local levies • various real estate specific taxes, motor vehicle taxes, and mining specific taxes.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

Fiji

Type of indirect tax	VAT.
Standard rate	15 percent.
What supplies are liable to the standard rate?	Supplies of goods and services or the import of goods made by a registered person.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	There are no reduced rates. VAT exempt supplies include financial services; residential rent; education by an educational institution; life and medical insurance; and goods and services donated by a non-profit body. Zero rated supplies include exports; some basic food products; water and sewerage services; international transport services; and international inbound telecommunication services.
Who is required to register, and what is the threshold?	Every person who carries on a taxable activity with annual turnover exceeding 100,000 Fijian Dollars (FJD). Produce suppliers and persons providing exempt supplies are not required to be registered.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	No, unless that overseas company is carrying on business in Fiji and making taxable supplies.
Typical frequency of returns	Entities with annual turnover exceeding FJD300,000 are required to file monthly VAT returns. Entities with a turnover of less than FJD300,000 may apply to the Commissioner for quarterly annual filing.
Are there any items that a registered business cannot recover VAT on?	Where VAT input credits are associated with non-taxable activity, a corresponding VAT output adjustment is required to be made to offset the initial VAT input claimed.

Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	Two months to 6 months. The obtaining of VAT refunds needs to be 'managed' (i.e. followed up with the tax authority, as refunds are generally not automatically/systematically approved).
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes. Invoices must include the words "tax invoice," the name and Tax Identification Number of the registered person; and, the VAT amount charged. However where a supply is made by a retailer for an amount less than FJD100, a statement on the Tax Invoice that the price is 'VAT Inclusive (VIP)' is sufficient.
Does a reverse charge mechanism apply?	Yes.
Is it possible to apply for formal or informal advance rulings from the tax authority?	No. While the law provides for the possibility of seeking a ruling, in practice it has not been implemented and taxpayers are unlikely to obtain a ruling if an application is made.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • stamp duty • customs duty • gambling turnover tax • service turnover tax.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

India (VAT)

Introduction	The Indian government is proposing to replace the current VAT, excise duty and service tax with a comprehensive dual GST. The roadmap for the implementation of the GST remains uncertain, and it is not expected to be introduced before 2015. However, a white paper has been released by the government, and the following content summarizes some aspects of the expected GST in order to assist businesses in preparing their systems, supply chains, and processes in readiness for the future introduction. The proposals remain under discussion and could change.
Type of indirect tax	VAT.
Standard rate	Either 4/5 percent or 12.5/15 percent, depending upon the nature of goods. The rates of VAT vary across states and an additional surcharge ranging from 0.5 percent to 1.5 percent is levied in certain states.
What supplies are liable to the standard rate?	The sale/purchase of goods made by a taxable person in the course of a business carried on by that person.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	• Zero rated – export of goods. • Exempt goods include various food products, agricultural products and tools; books, periodicals, and journals; electric energy. • 1 percent – Certain categories of goods, including gold, silver, precious stones, and articles or ornaments made from them. • Certain categories of goods are charged higher rates of 20 percent or above, including petroleum products; natural and other gases used as fuel; liquor, and beer.
Who is required to register, and what is the threshold?	The registration threshold varies across states and ranges between taxable sales of approximately 0.1–0.5 million Indian Rupees (INR). However, in most states, if a person brings in goods from outside the state for sale in the state, they are required to register, regardless of the quantum of sales.
Is voluntary registration possible?	Yes, in most states.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes. However, most states require there to be a place of business within that state.
Typical frequency of returns	The frequency of filing of returns varies and depends on the turnover of sales/tax liability of the respective taxpayer. VAT return filing could be monthly, quarterly, or half-yearly. Most states also require the submission of an additional annual return/VAT audit report.

Are there any items that a registered business cannot recover VAT on?	Yes, inputs used in producing exempt products. In addition, various states provide that VAT cannot be recovered on certain items including motor vehicles, petroleum products, office equipment, consumables, and natural gas in some states. These provisions vary from state to state.
Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	At least 1 to 2 years depending upon the facts of the case.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes.
Does a reverse charge mechanism apply?	Yes. There could be a levy of purchase tax in certain circumstances.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes in most states, subject to certain conditions being fulfilled.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs duty is levied on import/export of goods in/from India • excise duty is levied on manufacture of excisable goods within India • service tax on provision of services in India (see separate fact sheet on Service tax) • central sales tax is levied on the sale of goods occasioning movement across states • entry tax/Octroi is levied on the entry of goods within the municipal territories of a particular state • other local levies including stamp duty, entertainment tax, and luxury tax.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials: kpmg.com/indirecttax.

India (service tax)

Introduction	The Indian government is proposing to replace the current VAT, excise duty and service tax with a comprehensive dual GST. The roadmap for the implementation of the GST remains uncertain, and it is not expected to be introduced before 2015. However, a white paper has been released by the government, and the following content summarizes some aspects of the expected GST in order to assist businesses in preparing their systems, supply chains, and processes in readiness for the future introduction. The proposals remain under discussion and could change.
Type of indirect tax	Service tax.
Standard rate	12.36 percent.
What supplies are liable to the standard rate?	Supplies of all services in India barring the ones mentioned in the negative list (17 services) and the mega-exemption notification (39 services) are taxable. *The union budget 2013 has proposed a few amendments in the Negative list and the mega-exemption notification.*
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated – export of services. Certain abatements in calculating the 'taxable value' of services are available, subject to various conditions.
Who is required to register, and what is the threshold?	A person rendering taxable services in a financial year in excess of the prescribed threshold level of INR1 million. Also, in respect of the Import of services, a service recipient who is liable to pay service tax under the reverse charge mechanism is required to register (the threshold limit does not apply).
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes, provided they have a place in India which can be registered with the service tax authorities.
Typical frequency of returns	Twice annually.
Are there any items that a registered business cannot recover service tax on?	Yes, inputs used in providing exempt services. In addition, a service provider cannot recover service tax paid on certain specified services including services in relation to setting up a place of business, car rental services, catering services, and services used for the personal consumption of employees.

Can an overseas company recover service tax if it is not registered?	No.
Typical time taken to obtain service tax refund following return filing	Typically 6–12 months, depending on the facts of the case.
Are there specific requirements for content of invoices to be considered valid for service tax purposes?	Yes.
Does a reverse charge mechanism apply?	Yes, for import of services from service providers outside India.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes, in certain circumstances.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs duty is levied on import/export of goods in/from India • excise duty is levied on manufacture of excisable goods within India • VAT is levied on sale of goods within an Indian state (see a separate fact sheet on VAT) • central sales tax is levied on the sale of goods occasioning movement across the Indian states • entry tax/Octroi is levied on the entry of goods within the municipal territories of a particular state • other local levies including stamp duty, entertainment tax, and luxury tax.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

Indonesia

Type of indirect tax	VAT.
Standard rate	10 percent.
What supplies are liable to the standard rate?	The delivery of taxable goods by an entity in Indonesia; the importation of taxable goods; the rendering of taxable services in Indonesia; utilization in Indonesia of intangible taxable goods from outside Indonesia; utilization of offshore taxable services in Indonesia; export of taxable goods and services by an entity in Indonesia; self-construction activities; and the disposal of fixed assets.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated – exports of goods; and exports of certain services, including toll manufacturing services, repair and maintenance services, and construction services. Exempt – Deliveries and/or import of taxable goods designated as strategic goods by the government; and certain goods or other services in order to support the achievement of certain national objectives.
Who is required to register, and what is the threshold?	Indonesian taxpayers (companies and individuals) with turnover of more than 600 million Indonesian Rupiah (IDR).
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Monthly.
Are there any items that a registered business cannot recover VAT on?	Such items include: • goods and services from outside Indonesia, before the entrepreneur is deemed a taxable entrepreneur • goods and services unrelated to business activities or related to non-VAT-able business activities • acquisition and maintenance of certain motor vehicles, except as commodities or rentals • goods and services from outside Indonesia with invalid tax invoices • goods or services where the input tax is collected by issuing a tax assessment • acquisition of taxable goods or services where the input tax is not reported in monthly VAT returns and is discovered during audit • acquisition of taxable goods, other than capital items, before a taxable entrepreneur starts production • input VAT more than 3 months from the end of the period in which it is incurred.

Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	VAT refunds can only be claimed in the December VAT return (except for certain types of businesses). VAT refund claims usually result in a tax audit being opened and can take many months, sometimes years, before they are resolved and any refund payment is made.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes, an invoice must show a code and serial number; details of the supplier; details of the purchaser; details of the goods and services; price; discount (if any); advanced payments (if any); the tax collection basis; the amount of VAT payable; sales tax on luxury goods (if applicable); date; and name and signature.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes. It is possible to apply for a formal advance ruling from the tax authority. However, there is no specific timeline when a ruling request will be formally responded to.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • sales tax on luxury goods • stamp duty • excise and customs duty.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials available on kpmg.com/indirecttax.

Japan

Type of indirect tax	Consumption tax.
Standard rate	5 percent. *At the time of writing, it is currently proposed that the standard rate of consumption tax in Japan will be progressively increased in to 8 percent from 1 April 2014 and then to 10 percent from 1 October 2015.*
What supplies are liable to the standard rate?	The sale or lease of an asset in Japan, or the supply of services in Japan, when carried out for consideration as part of a business carried on by an individual or company.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Non-taxable supplies include the sale or lease of land; certain sales of securities and similar instruments; monetary transactions including loans, guarantees, distributions from joint operation trusts or other investment trusts and insurance premiums; medical treatment under public medical insurance law; social welfare activities; school tuition and examination services. Exempt supplies include export supplies, including the transfer or lease of goods representing an export from Japan as well as other export-related activities such as international transportation.
Who is required to register, and what is the threshold?	A business which makes taxable supplies in Japan, exceeding 10 million Japanese Yen (JPY) in the base period, automatically becomes a taxpayer.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes.
Typical frequency of returns	A final/annual tax return is due for all relevant taxpayers within 2 or 3 months of the end of the fiscal period for companies or calendar year for individuals respectively. Interim returns and payments may be required if the tax payable exceeds certain thresholds. The tax payable can be based on the tax payable for the prior year or on actual transactions for the current period. Any remaining net balance is payable when the annual return is due.

Are there any items that a registered business cannot recover consumption tax on?	No. However, the amount of creditable input tax can be restricted, based on specified formulae. The input consumption tax which is identified to correspond to non-taxable sales is not creditable.
Can an overseas company recover consumption tax if it is not registered?	No.
Typical time taken to obtain consumption tax refund following return filing	Usually within 2 months of filing the return.
Are there specific requirements for content of invoices to be considered valid for consumption tax purposes?	No. Japan does not have a consumption tax invoice system. Instead, taxpayers must maintain books and records to support amounts claimed, or use a simplified system for estimating the credit amounts.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes, however given the practical aspects of the formal ruling system, taxpayers generally seek informal verbal comments from the tax authority.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • business occupancy tax • stamp duty • customs and excise duties • city planning tax • fixed assets tax.
Further detail available online:	For more detailed information, please refer to KPMG's VAT/GST essentials: kpmg.com/indirecttax.

Korea (Republic of)

Type of indirect tax	VAT.
Standard rate	10 percent.
What supplies are liable to the standard rate?	The supply of all goods and services and the importation of all goods into Korea.
Any there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated supplies include the export of goods; the supply of services outside Korea; the supply of international transportation services by vessel or aircraft; the supply of certain goods or services, the compensation for which is received in foreign exchange. Exempt supplies include various food products; tap water; briquettes and anthracite coal; various medical and health services; educational services; various passenger transportation services; certain postage stamps; revenue stamps; certificate stamps; notary certificates; goods subject to the control of the Office of Monopoly; certain banking and insurance services; certain leases of residential housing and land associated with such housing; land; and the personal services of writers, composers, and other persons specified by Presidential Decree.
Who is required to register, and what is the threshold?	Every business person engaged in the business of supplying goods or services, whether or not for profit. Business persons include individuals, corporations, the national and local governments, and unincorporated organizations and associations.
Is voluntary registration possible?	Not applicable.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes. However, a physical place of business in Korea is required to register for VAT.
Typical frequency of returns	Quarterly.
Are there any items that a registered business cannot recover VAT on?	Items that a registered business cannot recover VAT on include non-business-related expenditure; rental and/or maintenance of small passenger vehicles; expenditures that have a similar nature to entertainment expenses or equivalent; purchase of land related to capital expenditures and input VAT incurred more than 20 days prior to filing an application for VAT registration. A valid VAT invoice is required in order to claim any input tax.

Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	Typically, within 30 days of the tax return filing due date.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes. Invoices must contain the suppliers name and registration number; the registration number of the buyer; the tax base; the VAT amount; and the date.
Does a reverse charge mechanism apply?	Yes. A taxpayer who receives services or intangibles from any one of the following entities and uses those services for its VAT-exempt business is required to pay VAT on behalf of the service provider: • a non-resident or a foreign corporation that does not have a business place in Korea • a non-resident or a foreign corporation that does have a business place in Korea but provides services that are not effectively connected to the business place (as stated by the Presidential Decree).
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes. Rulings are published in the Korean language here: http://taxinfo.nts.go.kr/index.jsp.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • stamp tax • customs duty • liquor tax • securities transaction tax • individual consumption tax.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Laos

Type of indirect tax	VAT.
Standard rate	10 percent.
What supplies are liable to the standard rate?	Goods and services produced and consumed domestically or being imported into Laos.
Any there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rate – goods and services for export. Exempt supplies include the following: • crop seeds and animals for breeding, pesticides, vaccines, organic, and chemical fertilizers • certain imports related to air transport • certain educational operations • specified financial services operations • specified medical services • certain vehicles for specific purposes.
Who is required to register, and what is the threshold?	Business operators who have a minimum annual business turnover of 400 million Lao Kips (LAK).
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes, if the business has a place of business within Laos.
Typical frequency of returns	VAT returns are submitted monthly. Importers of goods and services must declare and pay VAT on every importation, at the same time as the declaration of customs duties.
Are there any items that a registered business cannot recover VAT/GST on?	Yes. Examples include VAT paid on matters not related to the main business or incorrect or incomplete receipts of payment.

Can an overseas company recover VAT/GST if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	The amount of time may vary; however, KPMG's experience is that a refund can typically be expected within six weeks of filing. Furthermore, any excess input-VAT amount cannot be carried forward more than 6 months.
Are there specific requirements for content of invoices to be considered valid for VAT/GST purposes?	Yes. Invoices should contain the name and business address of the supplier; the sale price excluding VAT; the sale price including VAT; any fee received; and the VAT amount.
Does a reverse charge mechanism apply?	Yes.
Is it possible to apply for formal or informal advance rulings from the tax authority?	No. However, Laos's VAT and other legal enactments are being updated. Therefore, informal or formal rulings may be available in the future.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • excise tax • customs duty • stamp duty.
Further detail available online:	For more information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Malaysia (sales tax)

Introductory Note	Currently Malaysia has two primary indirect taxes, sales tax and service tax. The government has announced its intention to replace them with GST, but the implementation date of GST has not yet been confirmed. Despite uncertainty in the implementation date, businesses are encouraged to commence planning for the implementation of GST. In order to assist businesses, KPMG has provided some summary details of the expected GST, based on the current draft law, in the following pages.
Type of indirect tax	Sales tax.
Standard rate	10 percent.
What supplies are liable to the standard rate?	Goods manufactured in Malaysia and goods imported into Malaysia.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	5 percent – nonessential foodstuff and specific rates for petroleum products. Exempt – plant and machinery; and raw materials and components used in the manufacturing process and other approved sector of economy (i.e. the promoted services sector); if an application is made to the Customs authority or the Malaysian Investment Development Authority (MIDA) for approval.
Who is required to register, and what is the threshold?	Any person who manufactures taxable goods and having an annual sales turnover more than 100,000 Malaysian Ringgit (MYR).
Is voluntary registration possible?	No.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Two monthly.
Are there any items that a registered business cannot recover sales tax on?	Generally, no sales tax can be recovered on all inputs. However, the law allows refund for a vendor who has paid sales tax on the goods which he is supplying to licensed manufacturers, who are authorized to acquire those goods free of sales tax. At the same time, a licensed manufacturer may also apply to the Director General of Customs for deduction of sales tax amount paid in respect of goods purchased by him during the taxable period to which the return relates.

Can an overseas company recover sales tax if it is not registered?	No.
Typical time taken to obtain sales tax refund following return filing	Generally not applicable, as there is typically no input credit mechanism for the sales tax. However, if there is an overpayment, a refund application may be made within 1 year from the date of payment.
Are there specific requirements for content of invoices to be considered valid for sales tax purposes?	Yes. Price amount of goods, sales tax amount payable (which must be stated separately from the price of goods) and quantity of the goods sold must be shown on the invoice.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes. Customs Authority rulings can be sought regarding classification, valuation and other matters and are generally considered binding for 3 years.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • service tax (see the following page) • excise duty • customs duty • windfall profit levy • cess.
Further detail available online:	For more information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Malaysia (service tax)

Introductory Note	Currently Malaysia has two primary indirect taxes, sales tax and service tax. The government has announced its intention to replace them with GST, but the implementation date of GST has not yet been confirmed. Despite uncertainty in the implementation date, businesses are encouraged to commence planning for the implementation of GST. In order to assist businesses, KPMG has provided some summary details of the expected GST, based on the current draft law, in the following pages.
Type of indirect tax	Service tax.
Standard rate	6 percent.
What supplies are liable to the standard rate?	Certain prescribed services provided by prescribed taxable persons.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	No.
Who is required to register, and what is the threshold?	Any taxable person who provides prescribed taxable services and has reached the prescribed threshold (where applicable).
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Two monthly.
Are there any items that a registered business cannot recover service tax on?	No recovery of service tax can be incurred on input.
Can an overseas company recover service tax if it is not registered?	No.

Typical time taken to obtain service tax refund following return filing	Generally not applicable, as there is typically no input credit mechanism for the sales tax. However, if there is an overpayment, a refund application may be made within 1 year from the date of payment.
Are there specific requirements for content of invoices to be considered valid for service tax purposes?	Yes. The charges for the taxable service provided, the amount of service tax payable (which must be stated separately from the charges for the taxable service) and the invoice serial number.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes. Customs Authority rulings can be sought regarding classification, valuation and other matters and are generally considered binding for 3 years.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • sales tax (see previous page) • excise duty • customs duty • windfall profit levy • cess.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Malaysia (GST – proposed)

Type of indirect tax	GST.
Standard rate	To be confirmed.
What supplies are liable to the standard rate?	Domestic supplies of goods and services.
Are any reduced rates, zero rates or exemptions expected, and if so, what would they apply to?	Proposed zero rated supplies – exports of goods; international services; agriculture products – paddy and fresh vegetables; foodstuff – rice, sugar, table salt, plain flour, cooking oil; livestock supplies – live animals, meat of cattle, buffaloes, goat, sheep and swine; poultry – live and unprocessed meat of chicken and duck; egg (fresh and salted) and fish; supply of the first 200 units of electricity to domestic users; and supply of the first 35 cubic meters of water to domestic users. Proposed exempt supplies – financial services; sale and lease of residential property (including land); toll highway; private health and education; domestic transportation of passengers; and land for agricultural purposes and land for general use (government building and burial ground).
Who would be required to register?	Any person whose businesses with annual turnover exceeding MYR500,000.
Is voluntary registration expected to be possible?	Yes.
Will voluntary registration be available for an overseas company, or a fiscal representative?	Yes, subject to certain requirements. An overseas company will also need to appoint a fiscal representative.
Typical frequency of returns	Quarterly filing can be made for those with annual turnover less than MYR5 million. However, registered persons with annual turnover exceeding MYR5 million and above will be required to file monthly. Half yearly filing can only be applied under certain circumstances.
Are there expected to be any items that a registered business cannot recover GST on?	Yes. Items blocked from GST recovery are: supply to or importation of passenger motor car or hiring of passenger motorcar, club subscription fee, medical and personal accident insurance premium, medical expenses, family benefits and entertainment expenses (except for clients/employees).

Might an overseas company recover GST if it is not registered?	No.
Typical time taken to obtain GST refund following return filing	Expected to be 14 days for electronic filing and 28 days for manual filing.
Are there expected to be specific requirements for the content of invoices to be considered valid for GST purposes?	Yes. Invoices should contain the word 'tax invoice' in a prominent place, serial tax invoice number, date of issuance of the invoice, name, address and GST identification number of the supplier, name and address of the person to whom the goods or services are supplied, a description sufficient to identify the goods or services supplied, the quantity of the goods or the extent of the services and the amount payable (excluding tax) for each description, any discount offered, the total amount payable excluding tax, the rate of tax and the total tax chargeable shown as a separate amount and the total amount payable including the total tax chargeable.
Will a reverse charge mechanism apply?	Yes.
Would it be possible to apply for formal or informal advance rulings from the tax authority?	Yes – a rulings system is expected to be available.
Other indirect taxes that apply in the country?	Other indirect taxes include the following: • excise duty • customs duty • windfall profit levy • cess.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Mongolia

Type of indirect tax	VAT.
Standard rate	10 percent.
What supplies are liable to the standard rate?	Goods imported into Mongolia; and goods produced or sold, work performed or services performed in Mongolia.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated supplies include exports of goods and services; international transport services; and services related to international air travel. Exempt supplies include gold; certain food products produced domestically; education services, medical services, governmental organization's services, public transport services, tour operator services, and specific financial services; small and medium manufacturing purpose equipment; civil aviation aircrafts and spare parts.
Who is required to register, and what is the threshold?	Any entity or individual with sales revenue which exceeds 10 million Mongolian Tughrik (MNT) a year.
Is voluntary registration possible?	Yes, provided the entity's sales revenue has reached MNT8 million, or it has invested 2 million US Dollars (USD) or more in Mongolia.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Monthly.
Are there any items that a registered business cannot recover VAT/GST on?	Yes. Registered entities cannot recover VAT paid in the course of import or purchase of the following goods, work, or services: • automobiles and its components and spare parts • goods or services purchased for personal or employee uses • goods, work, or services imported or purchased which are exemptible.
Can an overseas company recover VAT/GST if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	Under the VAT law, a refund should be obtained within 69 working days after submitting an application to the tax authority. In practice however it is often difficult to obtain a VAT refund for excess input tax credits.

Are there specific requirements for content of invoices to be considered valid for VAT/GST purposes?	Yes. A VAT invoice is only considered valid if it includes the following: • both parties' names and registration numbers (if applicable) • date of issue of the document • name of goods, work, and service and its code, measurement and quantity • total amount of goods, work, and service, excluding VAT • the VAT amount • the total amount, including VAT • signatures • company stamps.
Does a reverse charge mechanism apply?	Yes. If an entity that does not reside in Mongolia obtained income from goods sold, work performed, and service performed in the territory of Mongolia, the registered entity is responsible to impose and to withhold VAT on the purchase payment, if it exceeds MNT10 million, and to transfer the payment to the tax authority.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes, the Mongolian Tax Authority responds to requests for the clarification of uncertain tax treatments by a formal letter; however, such a letter is not binding on the Authority.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs duty • excise tax • stamp duty • tax on petroleum and diesel fuel • fees for mineral exploration and mining licenses • air pollution payment • water pollution payment.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Myanmar

Type of indirect tax	Commercial tax.
Standard rate	No standard rate applies. Products are split into various schedules, each of which are allocated a certain rate of tax, ranging from 3 percent to 100 percent.
What supplies are liable to the standard rate?	Goods and services supplied in Myanmar, and the importation of goods from abroad. The tax is also imposed on exports.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Export of goods under certain schedules is not subject to commercial tax, with the exception of the following: • 5 percent – petroleum crude • 8 percent – natural gas • 30 percent – jade and other precious stone • 50 percent – teak log and teak conversion; and hard wood log and hard wood conversion. Exemptions are granted on a case-by-case basis, if it is considered appropriate by the relevant authorities, particularly as an incentive for a newly established business and for exports.
Who is required to register, and what is the threshold?	Anyone (personal, self-employed, and company) carrying out production/manufacturing and services in the country and importing goods into the country. There is no de minimis threshold for registration.
Is voluntary registration possible?	Not applicable.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Quarterly returns are required within 1 month of the end of each quarter. Monthly payment is required based on actual revenue within 10 days.
Are there any items that a registered business cannot recover commercial tax on?	There are various rules depending on particular business circumstances. In broad general terms, however, note that the production and manufacturing businesses may be able to offset input and output commercial tax, but the service business cannot.

Can an overseas company recover commercial tax if it is not registered?	No.
Typical time taken to obtain commercial tax refund following return filing	A refund can typically be obtained within 1 year from the date of refund notification, subject to satisfying the requirements.
Are there specific requirements for content of invoices to be considered valid for commercial tax purposes?	According to Notification 104/2012, invoices should contain the following information: • enterprise registration number issued under the commercial tax regulation • if the buyer of the good is an owner of the enterprise, his name, address, and enterprise registration number issued to him under the commercial tax regulation • date of sale, description of goods, category, quantity, unit price and selling price • commercial tax due on the proceeds of sale.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	There are no specific laws and regulations on this. In practice, it can be possible to seek guidance or an opinion by an application to the Director, Inland Revenue Department. For larger investment projects, this can normally be addressed during application with the Myanmar Investment Commission.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • stamp duty • customs duties • property tax.
Further detail available online:	For more information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

New Zealand

Type of indirect tax	GST.
Standard rate	15 percent.
What supplies are liable to the standard rate?	Supplies of goods and services made in New Zealand, by a registered person, in the course or furtherance of a taxable activity other than exempt supplies.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated supplies include exports; supplies of going concerns; certain supplies of fine metal; supplies of financial services to GST-registered persons making predominantly (75 percent) taxable supplies; and supplies of land after 1 April 2011, where both the vendor and the purchaser are registered for GST. Exempt supplies include financial services that are not zero rated; residential rent; and supplies of donated goods by non-profit bodies. A reduced rate of 9 percent applies to the provision of accommodation in hotels, motels, and similar for longer than 4 weeks.
Who is required to register, and what is the threshold?	Any person that is carrying on a taxable activity and whose current or projected annual turnover in New Zealand is 60,000 New Zealand Dollars (NZD) or more.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes but only if the overseas company is making taxable supplies in New Zealand. From 1 April 2014, non-residents will be able to register for GST (and claim GST on expenses) even if they are not making taxable supplies in New Zealand.
Typical frequency of returns	Six monthly, if the value of total taxable supplies is less than NZD500,000 in a 12 month period or IRD approval has been granted. Two monthly, if annual taxable supplies are less than NZD24 million. Monthly, if annual turnover (including group turnover) is greater than NZD24 million. Businesses can elect to apply a monthly taxable period if their turnover is less than NZD24 million.

Are there any items that a registered business cannot recover GST on?	GST is not recoverable on expenses to the extent that they are incurred to make exempt supplies. GST is not recoverable on entertainment expenditure to the extent that the expenditure is treated as non-deductible.
Can an overseas company recover GST if it is not registered?	No.
Typical time taken to obtain GST refund following return filing	2–3 weeks.
Are there specific requirements for content of invoices to be considered valid for GST purposes?	Yes. A valid tax invoice must normally contain the words 'tax invoice' in a prominent place; the name and registration number of the supplier; the name and address of the recipient (unless the value is less than NZD1,000); the date upon which the invoice is issued; a description of the goods and services supplied; and the amount of GST charged.
Does a reverse charge mechanism apply?	Yes.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes, it is possible to apply for a public, private, or product ruling. Additionally, indicative opinions on the GST consequences of a transaction can be obtained by writing to the IRD, but are not binding.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs duty • excise duty.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Papua New Guinea

Type of indirect tax	GST.
Standard rate	10 percent.
What supplies are liable to the standard rate?	All supplies of goods or services unless zero rating or exemption applies to the particular supply.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated supplies include exports; international transport; most medical supplies; certain fine metals; certain supplies of unprocessed petroleum; supplies to resource companies, other than cars; supplies to religious, charitable, or educational institutions; supplies to prescribed foreign aid providers; and sale of businesses as going concerns. Exempt supplies include most financial services; educational services; medical services; most fine metals; public road transport; newspapers; betting, lotteries and games of chance; postage stamps; and housing or motor vehicles provided by the employer.
Who is required to register, and what is the threshold?	Any person who carries on a taxable activity and the total value of supplies (excluding exempt supplies) has exceeded 250,000 Papua New Guinean Kina (PGK) in the last 12 months, or is expected to exceed PGK250,000 in the coming 12 months.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes.
Typical frequency of returns	Monthly.
Are there any items that a registered business cannot recover GST on?	Yes, supplies of motor vehicles and accommodation to employees and other inputs for making exempt supplies.
Can an overseas company recover GST if it is not registered?	No.

Typical time taken to obtain GST refund following return filing	Refunds of GST are subject to a desk by the IRC and can take from 4 weeks to upward of 4 months.
Are there specific requirements for content of invoices to be considered valid for GST purposes?	Yes. Requirements include: • the words 'tax invoice' in a prominent place • the name, address, and registration number of the supplier • the name and address of the recipient • the date upon which the tax invoice is issued • a description of the goods and services supplied • the quantity or volume of the goods and services supplied and the total amount of the tax charged, the amount payable, excluding tax, and the consideration, inclusive of tax for the supply.
Does a reverse charge mechanism apply?	Yes.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Formal rulings are available.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • stamp duty • customs duty • excise duty • royalty, mining and development levy.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Philippines

Type of indirect tax	VAT.
Standard rate	12 percent.
What supplies are liable to the standard rate?	Sale, barter, exchange of goods and/or properties; sale of services in the Philippines; and importation of goods into the Philippines.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rate transactions include services rendered in the Philippines to a non-resident person/entity not engaged in business in the Philippines, wherein the service fee is paid for in foreign currency in accordance with the rules and regulations of the Philippines' central bank; and sale of power or fuel generated through renewable sources of energy. Exempt transactions include certain residential sales or leases; educational services; employment; services rendered by regional or area headquarters established in the Philippines by multinational corporations; and the sale, importation or lease of passenger or cargo vessels and aircraft, including engine, equipment, and spare parts for domestic or international transport operations.
Who is required to register, and what is the threshold?	Any person or entity who, in the course of trade or business, sells, exchanges, or leases goods or properties, or renders services, and any person who imports goods. However, if gross sales or receipts per annum are 1,919,500 Philippine Pesos (PHP) or less, the taxpayer may opt to be exempted from VAT, but will then be subject to percentage tax of 3 percent of gross quarterly sales or receipts.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	In general, every taxpayer liable to pay VAT shall file the following returns: • monthly VAT declaration within 20 days after the end of the month • quarterly VAT return within 25 days following the close of taxable quarter • if applicable, Remittance Return of VAT and Other Percentage Taxes Withheld for those required to withhold VAT.

Are there any items that a registered business cannot recover VAT on?	Yes, for instance, input tax attributable to exempt sales may not be used as credit against output tax.
Can an overseas company recover VAT if it is not registered?	No, an overseas company cannot register for VAT purposes, as a rule. If overseas company will be subject to VAT in the Philippines, e.g., sale of service, the Philippine payee will withhold the applicable VAT.
Typical time taken to obtain VAT refund following return filing	A VAT refund in the Philippines is a difficult process, and the proper substantiation of sales (output tax) and purchases (input tax) is critical including compliance with invoicing requirements.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes. Note that invoices and official receipts are effectively pre-approved by the tax authority in the process of obtaining an Authority To Print (ATP) prior to actual printing.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • percentage taxes • excise taxes • customs duty.
Further detail available online:	For more detailed information, please refer to the VAT/VAT essentials available on kpmg.com/indirecttax.

Singapore

Type of indirect tax	GST.
Standard rate	7 percent.
What supplies are liable to the standard rate?	Taxable supplies of goods and services made in Singapore by taxable persons, and all imports of goods into Singapore, unless import relief or GST scheme applies.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated supplies include the following: • export of goods from Singapore • provision of international services • the supply of a prescribed tool or machine used in the manufacture of goods in Singapore • including the development of prototypes of the tool or machine, as well as any services • rendered directly in connection with the tool or machine to an overseas person • goods supplied for use on board or installation on a qualifying ship; goods sold or rented to • 'Approved Marine Customers' for use or installation on a 'commercial ship' wholly for international travel. Exempt supplies include the sale/lease of residential properties, supply of investment-grade gold, silver and platinum, and most financial services.
Who is required to register, and what is the threshold?	A person is liable to register for GST when his taxable turnover has exceeded 1 million Singapore Dollars (SGD) in a 12-month period, or he is currently making taxable supplies and his annual taxable turnover is expected to exceed SGD1 million in the next 12 months.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes, however an overseas entity that registers for GST in Singapore must appoint a local agent to be responsible for all its GST matters.
Typical frequency of returns	Typically every 3 months in line with the taxpayer's accounting periods. However, there is an option for monthly or half-yearly accounting periods.

Are there any items that a registered business cannot recover GST on?	Social and recreational club subscription fees; medical and accident insurance premiums (with some exclusions); medical expenses (with some exclusions); benefits provided to employees' family members; any transaction involving betting, sweepstakes, lotteries, fruit machines, or games of chance; and expenses incurred on motor cars.
Can an overseas company recover GST if it is not registered?	No.
Typical time taken to obtain GST refund following return filing	The refund due date for GST is 1 month, 3 months, and 6 months (after the IRAS receives the GST returns) for monthly, quarterly, and half-yearly prescribed accounting periods, respectively.
Are there specific requirements for content of invoices to be considered valid for GST purposes?	Yes. Tax invoices must be issued for standard-rated supplies made to taxable persons. There are various requirements for a tax invoice including the words 'tax invoice' in a prominent place, invoice number and date, the supplier's name and address, the supplier's GST registration number, the GST rate applied, the amounts both exclusive and inclusive of GST, and the total GST payable.
Does a reverse charge mechanism apply?	No, reverse charge is currently suspended in Singapore.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • customs and excise duties • stamp duty • property tax • casino tax, betting and sweepstake and private lotteries duties.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes. The IRAS offers taxpayers a system of formal advance rulings. The rulings issued are private and are legally binding. A fee is payable to the IRAS to apply for a formal ruling. Informal, non-binding, rulings can also be sought.
Further detail available online:	For more detailed information, please refer to the GST/GST essentials available on kpmg.com/indirecttax.

Sri Lanka

Type of indirect tax	VAT.
Standard rate	12 percent.
What supplies are liable to the standard rate?	All supplies of goods or services that do not come under the zero rate and exempt supplies are liable at the standard rate.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rate supplies include goods supplied for export; and certain services that are either exported or are provided in relation to exported goods, or goods outside Sri Lanka. Exempt goods include paddy, rice, wheat, sugar and flour; drugs, medicines, aids, and implements used by handicapped persons; ayurvedic preparations; aircraft and helicopters; books, periodicals, and journals; certain petroleum, oil, and similar products; cellular mobile phones; agricultural machinery and fertilizer; certain agricultural tools and implements; textiles; prawns; machinery and equipment for the leather or footwear industry, manufacture of bags, manufacture of grain mixed bakery products; and locally developed software. Exempt services include insurance, certain financial services, education, health and welfare and telecommunications, and the supply of services to a unit trust by a unit trust management company.
Who is required to register, and what is the threshold?	Any person or partnership engaged in a business of wholesale or retail sale and making supplies (including exempt or excluded supplies) exceeding 500 million Sri Lankan Rupees (LKR) per quarter; and every person who imports goods into Sri Lanka and/or carries on a taxable activity where the value of the supply exceeds LKR12 million per year.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes, although an overseas entity must appoint a fiscal representative.
Typical frequency of returns	Typically quarterly, but exporters and some other businesses must file monthly.
Are there any items that a registered business cannot recover VAT on?	Yes. A business cannot recover VAT on exempt supplies; supplies not related to its taxable activity; and other specific expenses, including expenses on vehicles used for traveling.

Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	A VAT refund in Sri Lanka is a difficult process and includes a tax audit to substantiate sales and purchases. The guideline is that a refund will be received within 3 years of filing, although in practice this is not always the case.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes. A tax invoice shall set out the following: • the name, address, and the registration number of the supplier • the name and address of the person to whom the supply was made • the date on which the tax invoice was issued and its serial number • the date of supply and description of the goods or services • the quantity or volume of the supply • the value of the supply, the tax charged and the consideration for the supply, and • the words 'tax invoice' at a conspicuous place in such invoice.
Does a reverse charge mechanism apply?	No.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes. Committee to issue advanced ruling – formal.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • nation building tax • customs duty • excise duties • stamp duty • cess • ports and airports development levy • construction industry guarantee levy.
Further details available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Taiwan (VAT)

Type of indirect tax	VAT.
Standard rate	5 percent.
What supplies are liable to the standard rate?	The sale of goods and services in Taiwan, as well as the importation of goods into Taiwan, excluding financial institutions; special vendors of beverages and food; and small businesses (as these are subject to GBRT).
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rate – exported goods or certain goods sold by duty-free shops; services relating to export or services provided in Taiwan but used in a foreign country; certain international transportation, vessels, and aircraft used in international transportation and deep-sea fishing boats, and goods and maintenance services provided to such; goods or services sold to a bonded zone business entity for its operational use; certain goods sold by a bonded zone business entity. Exempt – sale of land; water supplied to farmland for irrigation; certain medical services; certain social welfare services; certain educational services; certain educational or academic publications; the goods or services sold by student-run shops of vocational schools which do not serve outsiders; certain publications produced and sold by legally registered newspaper and magazine publishers, news agencies, and television and broadcasting stations; the goods or services sold to their members by cooperatives managed in accordance with the law; and business consigned by government to cooperatives, etc.
Who is required to register, and what is the threshold?	The head office of a business entity and its branches with fixed places of business in Taiwan must each register for VAT.
Is voluntary registration possible?	No.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Typically bi-monthly. However, a company eligible for zero rate VAT may file monthly.
Are there any items that a registered business cannot recover VAT on?	Yes, they include the following: • purchases for which certain supporting documents are not obtained or kept according to the law • purchases not for the use of principal and ancillary business operation, except purchases for the support of national defense, provision of morale services to the troops, or contribution to the government • entertainment expenses • goods or services rewarded to individual employees • passenger cars for personal use.

Can an overseas company recover VAT if it is not registered?	No. One exception is that input VAT may be refundable if it relates to a foreign company participating in exhibitions or conducting temporary business activities such as market investigation, training, procurement, etc., in Taiwan provided certain conditions are met.
Typical time taken to obtain VAT refund following return filing	Generally, refund on input VAT relating to zero rate sales and purchase of fixed assets can be obtained within 2 months of the return filing. However, refund on accumulated input VAT upon cessation of business or due to other reasons may take longer, as a special refund application is required.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes. The seller should issue a Government Uniform Invoice (GUI) to the buyer. GUIs must contain the buyer name; buyer business number; date; details of transaction; quantity; unit price; item subtotal; selling amount; tax category & tax amount; and grand total.
Does a reverse charge mechanism apply?	Yes. The VAT on services supplied by a foreign entity without a fixed place of business in Taiwan should be accounted for by the buyer. The buyer should report such purchase and calculate the related VAT on its VAT return. However, if the buyer is a business entity which engages in VAT-taxable business only and the purchased services are used solely in the taxable business, or if the purchase value is no more than 3,000 New Taiwan Dollars (TWD) (VAT inclusive), such VAT is exempt.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • commodity tax • tobacco and liquor tax • amusement tax • special goods and services tax (luxury tax) • customs duty.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Taiwan (gross business receipts tax)

Type of indirect tax	Gross business receipts tax (GBRT).
Standard rate	Financial institutions – 2 percent for core business revenue, 1 percent for reinsurance premiums of insurance enterprises, or 5 percent for non-core business revenue. Special vendors of beverages and food – 15 or 25 percent. Small businesses – 1 or 0.1 percent.
What supplies are liable to the standard rate?	The sale of goods and services in Taiwan from financial institutions; special vendors of beverages and food; and small businesses.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Generally not applicable.
Who is required to register, and what is the threshold?	The head office of a business entity and its branches with fixed places of business in Taiwan must each register for GBRT.
Is voluntary registration possible?	No.
Is voluntary registration available for an overseas company, or a fiscal representative?	No.
Typical frequency of returns	Typically bi-monthly.
Are there any items that a registered business cannot recover GBRT on?	Generally not applicable.

Can an overseas company recover GBRT if it is not registered?	No.
Typical time taken to obtain GBRT refund following return filing	Generally not applicable.
Are there specific requirements for content of invoices to be considered valid for GBRT purposes?	Yes, invoices must contain the buyer name; buyer business number; date; details of transaction; quantity; unit price; item subtotal; selling amount; tax category & tax amount; and grand total.
Does a reverse charge mechanism apply?	Yes. The GBRT on services supplied by a foreign entity without a fixed place of business in Taiwan should be accounted for by the buyer. The buyer should report such purchase and calculate the related GBRT on its GBRT return. However, if the purchase value is no more than TWD3,000, such GBRT is exempt.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • commodity tax • tobacco and liquor tax • amusement tax • special goods and services tax (luxury tax) • customs duty.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Thailand

Type of indirect tax	VAT.
Standard rate	7 percent. This is a temporary rate, reduced from the standard rate of 10 percent introduced by a special Royal Decree, valid until 30 September 2014.
What supplies are liable to the standard rate?	Importation of goods into Thailand; sale of goods in Thailand; provision of services which are performed and used in Thailand; and provision of services outside Thailand and used in Thailand.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rated supplies include the export of goods; bringing domestic goods into a duty free zone; provision of services performed in Thailand but used outside Thailand; provision of services for the manufacture of goods within a duty free zone or provision of services within a duty free zone for the manufacturing of goods in Thailand for export; certain provision of international transport services; sale of goods and provision of services to government authorities under a foreign loan or assistance project; and sale of goods and provision of services between a bonded warehouse and other bonded warehouses or between a duty free zone and other duty free zones. Exempt supplies include fertilizers; fish meals; animal feeds; newspapers, magazines or textbooks; educational services; healthcare services; services of domestic transport; services of international transport by land; rent of all immovable property; and the import of goods brought into a duty free zone when re-exported.
Who is required to register, and what is the threshold?	A supplier carrying on the business of selling goods and providing services, if the annual tax base of its business exceeds 1.8 million Thai Baht (THB).
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes, but an overseas company must appoint a fiscal representative and meet certain conditions prescribed by the Director-General of Revenue.
Typical frequency of returns	Monthly.
Are there any items that a registered business cannot recover VAT on?	Yes. VAT input tax is not recoverable if there is no tax invoice, failure to show a tax invoice without a reasonable cause, or an incorrect or incomplete invoice; input tax is not directly related to the carrying on of business; input tax arises from expenses on guest-entertaining or a similar activity; tax invoice issued by unauthorized persons; and input tax as prescribed by the Director-General with Minister's approval.

Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	Three to 6 months, depending on the filing history of the VAT operator.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes. A tax invoice shall contain at least the words 'tax invoice' in a prominent place; the name, address, and taxpayer identification number of the supplier; the name and address of the purchaser; the serial number of the tax invoice; the description, type, category, quantity, and value of goods or services; the amount of VAT on the goods or services; the date of issuance; and any other particulars as prescribed by the Director-General. Particulars in a tax invoice shall be in the Thai language, Thai currency and Thai or arabic numeral; however, a VAT operator may issue a tax invoice in English and use a foreign currency on approval from the Director-General of Revenue.
Does a reverse charge mechanism apply?	Yes.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • specific business tax • customs duty • excise duty • stamp duty • house and land tax • local maintenance tax • signboard tax.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Vietnam

Type of indirect tax	VAT.
Standard rate	10 percent.
What supplies are liable to the standard rate?	Goods and services used for the purposes of production, trading, and consumption in Vietnam.
Are there any reduced rates, zero rates or exemptions, and if so, what do they apply to?	Zero rate – exported goods or services; construction and installation in non-tariff zones; international transportation; and certain airline and marine services. Exempt – there are 26 categories of VAT exempt supplies including, but not limited to, certain agricultural products; water supply and drainage; salt products; transfer of land use rights; life insurance, financial, medical, public postal, telecommunications, public hygiene services; construction work related to cultural work; education and vocational training; radio and television broadcasting; publication; and public transportation. *VAT ignorable transactions* 5 percent – The provision of certain essential goods and services including, but not limited to, clean water; fertilizer; agricultural activities, products and equipment; fresh foodstuffs; medical and education equipment; and scientific and technology services There are also six groups of transactions whereby the supplier is not required to charge VAT but is generally allowed to claim the input VAT associated with such transactions. These transactions include, but are not limited to, supplies of specified goods or services to overseas buyers; payments of indemnities, bonuses; financial assistance or other financial receipts, specified services rendered by foreign contractors in Vietnam; disposal of assets owned by non VAT-registered owners; certain intercompany transfer of fixed assets; capital contributions in the form of assets; receipts from insurance claims against a third party; receipts on behalf of a third party.
Who is required to register, and what is the threshold?	VAT registration is compulsory to all organizations and individuals producing and trading taxable goods and services in Vietnam and importing taxable goods or purchasing taxable services from overseas.
Is voluntary registration possible?	Yes.
Is voluntary registration available for an overseas company, or a fiscal representative?	Yes. Voluntary registration is available to eligible overseas companies carrying on business in Vietnam as 'foreign contractors,' subject to their satisfaction of accounting and bookkeeping requirements under Vietnamese Accounting Standards and pre-approval by the tax authority.

Typical frequency of returns	Typically monthly.
Are there any items that a registered business cannot recover VAT on?	Yes. These include, and are not limited to, input VAT suffered on purchases for purposes other than producing taxable goods or services; input VAT not claimed within 6 months following the date on the supplier's invoice; input VAT on invalid invoices; export transactions that do not satisfy bank remittance requirements.
Can an overseas company recover VAT if it is not registered?	No.
Typical time taken to obtain VAT refund following return filing	The tax administration law generally requires the tax authorities to process a refund application within a maximum period of 60 days following receipt of all required documents from the applicant. In practice, delays are common.
Are there specific requirements for content of invoices to be considered valid for VAT purposes?	Yes, invoices should be in Vietnamese and must contain name of invoice type; symbols of invoice, and invoice number pattern; names of copies of invoice; serial number of invoice; details of seller and buyer; details of goods/services; signatures of buyer and seller; and name of invoice printing organization, etc.
Does a reverse charge mechanism apply?	Yes.
Is it possible to apply for formal or informal advance rulings from the tax authority?	Yes.
Are there any other indirect taxes that apply in the country?	Other indirect taxes include the following: • special consumption tax • import and export duties • environment protection tax.
Further detail available online:	For more detailed information, please refer to the VAT/GST essentials available on kpmg.com/indirecttax.

Find out more

For more information on KPMG's Global Indirect Tax Services practice (GITS) and access to thought leadership, please visit: www.kpmg.com/indirecttax

For a listing of KPMG GITS contacts from around the world, please visit: www.kpmg.com/indirecttaxcontact

For country summaries, updates, and events relating to tax matters across the Asia Pacific region, please visit: www.kpmg.com/asiapacifictaxcentre

kpmg.com/socialmedia

Designed by Evalueserve.

Publication name: Asia Pacific Indirect Tax Country Guide

Publication number: 121654

Publication date: April 2013