

Asia-Pacific Tax Facts 2008/2009



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Mauritius - New Zealand - Pakistan -
Philippines - Singapore - Taiwan -
Thailand - Vietnam

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VIETNAM

TAX RATES 2009

Resident - Employment and Business Income

Monthly Assessable Income (Dong)	Progressive rates
5,000,000	0%
5,000,001 – 10,000,000	10%
10,000,001 – 18,000,000	15%
18,000,001 – 32,000,000	20%
32,000,001 – 52,000,000	25%
52,000,001 – 80,000,000	30%
Over 80,000,000	35%

Resident - Other Incomes

Monthly Assessable Income from (Dong)	Flat rates
Capital investments	5%
Royalties and franchises	5%
Winnings or prizes	10%
Inheritances and gifts	10%
Capital transfers(*)	20% / 0.1%
Real property transfers(*)	25% / 2.0%

CAPITAL GAIN TAX (CGT) *

Capital gain is taxed at 20% if it is possible to determine the purchase price and reasonable expenses; otherwise the sale proceed is taxed at 0.1%. Gain from property transfers is taxed at 25% if it is possible to determine the purchase price and reasonable expenses; otherwise the sale proceed is taxed at 2%.

Non-residents

Assessable Income from (Dong)	Progressive rates
Business	1%
Sale of goods	5%
Sale of services	2%
Salaries/ wages	20%
Capital investments	5%
Capital transfers	0.1%
Real property transfers	2%
Royalties and franchises (**)	5%
Winnings, inheritance, gifts (**)	10%

** Taxable income shall be the amount exceeding 10 million (10,000,000) dong.

COMPANIES

Generally taxed at 25% on taxable income. Preferred rates can be applicable depending on industry, location and technology application.

VALUE ADDED TAX (VAT)

Imposed at varying rates – depending on the type of goods or services: VAT exempt, 0% for exports, 5% on essential goods, 10% for common goods.

LOSSES

Can be carried forward for 5 years and offset against taxable income.

TREATY NETWORK

50 countries.

WITHHOLDING TAX

Distribution and supply of goods, raw materials, supplies, machinery and equipment in Vietnam 1%, Services 5%, Construction 2%, Other production or business activities 2%, Loan interest 10%, Income from Royalties 10% (unless reduced under the relevant treaty or changed by laws).

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AUSTRALIA

TAX RATES 2008/2009

Resident Individuals

Taxable Income (\$)	Tax (\$)	Rates on excess
6,000	Nil	15%
34,000	4,200	30%
80,000	18,000	40%
180,000	58,000	45%

Non-Resident Individuals

29% up to \$34,000—then same rates on excess as resident individuals for respective income tax years.

Companies

Resident and non-resident 30% flat rate.

GOODS & SERVICES TAX (GST)

On supplies of most goods and services – 10%.

CAPITAL GAINS TAX (CGT)

Taxed on capital gains at marginal tax rates. Capital losses can be used to reduce any capital gains made in the same year and carried forward.

LOSSES

Tax losses can be carried forward and may be used to reduce income tax liability in future years.

TREATY NETWORK

44 countries (negotiating treaties with Turkey and Chile).

WITHHOLDING TAX

Dividends : 30% (15% under most treaties)

Interest : 10%

Royalties : 30% (10% under most treaties)

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CHINA

TAX RATES 2008/2009

Individuals

Income (CYN)	Tax Rate	Income (CYN)	Tax Rate
1 – 500	5%	40,001 – 60,000	30%
501 – 2,000	10%	60,001 – 80,000	35%
2,001 – 5,000	15%	80,001 – 100,000	40%
5,001 – 21,000	20%	Over 100,000	45%
21,001 – 40,000	25%		

Companies

Effect from 1 January 2008, residents and non-residents with establishments in China are normally taxed at 25%. However, high and new technology residents and small scale residents are subject to 15% and 20% respectively, provided they meet the statutory conditions.

VALUE ADDED TAX (VAT)

VAT rate is 17% on supplies of most goods and specified services, 13% for specified goods and 4% or 6% for small scale taxpayers. VAT is not imposed on most exported goods and services.

LOSSES

Tax losses can be carried forward and offset for 5 years.

TREATY NETWORK

88 countries and districts, including Hong Kong and Macau.

WITHHOLDING TAX

Dividends : 10%
Interest : 10%
Royalties : 10% (unless reduced under the relevant treaty)

THAILAND

TAX RATES 2008

Individuals

Income (Baht)	Tax Rate
1 – 150,000	exempt
150,001 – 500,000	10%
500,001 – 1,000,000	20%
1,000,001 – 4,000,000	30%
Over 4,000,001	37%

Companies

Generally, taxed at a flat rate of 30% on net profit. Small and medium scale companies with paid up capital up to BHT 5 million. Small and Medium Enterprises or **SMEs** are taxed as follows:

Net Profit (Baht)	Tax Rate
1 to 1,000,000	15%
1,000,001 to 3,000,000	25%
Over 3,000,001	30%

However, there are varied rates for specific types of companies (depending on net profits).

VALUE ADDED TAX (VAT)

Generally, VAT is imposed on the supply of goods and services at 7%. VAT on exported goods/services is 0%.

CAPITAL GAINS TAX (CGT)

Capital gains are treated as ordinary taxable income.

LOSSES

Losses can be carried forward to offset against future income for 5 years.

TREATY NETWORK

52 countries.

WITHHOLDING TAX

Dividends : 10%
Interest : 15%
Royalties : 15% (unless reduced under the relevant treaty)

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TAIWAN

TAX RATES 2008

Individuals

Income (NT)	Tax Rate
Up to 410,000	6%
410,000 – 1,090,000	13%
1,090,001 – 2.18m	21%
2,180,001 – 4.09m	30%
Over 4.09m	40%

Companies

Income (NT)	Tax Rate
Up to 50,000	0%
50,001 – 100,000	15%
Over 100,000	25%

VALUE ADDED TAX (VAT)

On goods and services at 5%.

CAPITAL GAINS TAX (CGT)

No capital gains tax.

TAX LOSSES

Losses can be carried forward and offset for 5 years.

TREATY NETWORK

11 countries.

WITHHOLDING TAX

Dividends : 20%, 25% or 30%

Interest : 10% or 20%

Royalties : 15% or 20% (unless reduced under the relevant treaty)

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HONG KONG

TAX RATES 2008/2009

Individuals

Salaries Tax is charged at the lower of the standard rate of 15% and progressive rates below:

Income (\$)	Tax Rate
0 – 40,000	2%
Next 40,000	7%
Next 40,000	12%
On the remainder	17%

Companies

Resident and non-resident companies at a flat rate of 16.5%. Unincorporated businesses taxed at 15%.

CAPITAL GAINS TAX (CGT)

No capital gains tax.

VALUE ADDED TAX (VAT)

No VAT or sales tax.

LOSSES

Tax losses can be carried forward and offset against future income.

TREATY NETWORK

4 countries.

WITHHOLDING TAX

Dividends : 0%

Interest : 0%

Royalties : 4.95%

INCENTIVES

Dividends are generally exempt from tax. Foreign sourced income is not taxed, even if repatriated to Hong Kong. Profits derived by offshore funds are exempted from Profits Tax.

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INDIA

TAX RATES 2008/2009

Individuals

Income (NT) (Rs)	Tax (Rs)	Rate on excess	Surcharge	Education cess
150,000	Nil	10%	Nil	3%
300,000	15,000	20%	Nil	3%
500,000	55,000	30%	Nil	3%
1,000,000	205,000	30%	10%	3%

For female assesses, the basic exemption is up to income of Rs. 180,000 and for senior citizens the basic exemption is up to income of Rs. 225,000.

Surcharge is 10% of income tax where income exceeds Rs. 1 million. Education cess is 3% of income tax plus surcharge.

Companies

Domestic companies 33.99%, including surcharge and education cess (effective from 1st April 2007). Foreign companies 42.23% (including surcharge and education cess).

VALUE ADDED TAX (VAT)

Each state has its own taxes. VAT has been introduced (effective from 1 April 2005) in 21 states and 7 union territories.

CAPITAL GAINS TAX (CGT)

- Depreciable assets – gains taxed as ordinary income.
- Listed securities where securities transaction tax paid – 16.995%.
- Capital assets held for more than 3 years – 22.66%.
- Listed securities held for more than 12 months and securities transaction tax paid – exempt.

LOSSES

Can be carried forward and offset for 8 years, except for certain holidays.

TREATY NETWORK

76 countries.

WITHHOLDING TAX

Dividends : 0%
Interest : 20%
Royalties : 10% subject to conditions (10% or 15% under most treaties)

INCENTIVES

Tax holiday for 5 consecutive years for companies setting up in Special Economic Zone (SEZ). Followed by 50% reduction subject to certain conditions. 10 year holiday for developing/operating infrastructure facilities. 10 year holiday for manufacturing specific articles in specified States.

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SINGAPORE

TAX RATES 2008

Resident Individuals

Income (\$)	Tax (\$)	Rate on Excess
20,000	Nil	3.5%
30,000	350	5.5%
40,000	900	8.5%
80,000	4,300	14%
160,000	15,500	17%
320,000	42,700	20%

Non-Resident Individuals

Generally taxed at a flat rate of 20%. Employment income taxed at 15% or the resident rate, whichever is higher.

Companies

Taxed at 18% with effect from the year of assessment 2008 (financial year ended in 2007). In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income (other than Singapore dividends received by the company) otherwise subject to normal taxation will be exempt from corporate tax from the year of assessment 2008. Remaining chargeable income will be taxed at the normal corporate tax rate. There are special tax exemptions for newly incorporated companies.

GOODS AND SERVICES TAX (GST)

On supply of goods and services in Singapore at 7% with effect from 1 July 2007. Exported goods and international services at 0%.

CAPITAL GAINS TAX (CGT)

Singapore does not tax capital gains.

LOSSES

Any unabsorbed tax losses may be carried forward to offset against a company's future taxable profits provided that the shareholders' test has been met. With effect from the Year of Assessment 2006, tax losses up to \$100,000 incurred in a current year may be carried back for 1 year if certain conditions are met.

TREATY NETWORK

54 countries.

WITHHOLDING TAX

Dividends : 0%
Interest : 15%
Royalties : 10% (unless reduced under the relevant treaty)

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REPUBLIC OF THE PHILIPPINES

TAX RATES 2009

Resident Individuals (RR 10-2008) Sec. 2.79 (B)(5)(b)

Income (P)	Tax Rate
<10,000	Nil
10,000-29,999	500 plus 10% of the excess over 10,000
30,000-69,999	2,500 plus 15% of the excess over 30,000
70,000-139,999	8,500 plus 20% of the excess over 70,000
140,000-249,999	22,500 plus 25% of the excess over 140,000
250,000-499,999	50,000 plus 30% of the excess over 250,000
500,000 and up	125,000 plus 32% of the excess over 500,000

Non-resident Individuals

25% for income sourced in the Philippines and 6% on capital gains from property located in the Philippines. (NIRC Sec. 25B) – for non-resident Alien individual not engaged in trade or business in the Philippines.

Companies

Generally are taxed at 30% with varying rates for specific types of companies.

VALUE ADDED TAX (VAT)

VAT on goods and services supplied in the Philippines and imported goods at 12%. [RA9337 Sec. 4 Section 106(a)]

CAPITAL GAINS TAX (CGT)

Is imposed on the sale of capital assets located in the Philippines at varying rates (depending on asset type) (RA9337):

- Real properties 6%;
- Shares not traded on Stock Exchange not over P100,000 at 5%; and
- 10% on any excess.

LOSSES

Tax losses can be carried forward for 3 consecutive years and offset against future income. [NIRC Chapter VII Sec. 34d (3)]

TREATY NETWORK

36 countries. [Source: ITAD; as of May 2008]

WITHHOLDING TAX (RA 9337 Sec. 2)

Dividends : 15%, 20%, 15% or 10%

Interest : 20%, 7½%, 10% or 0%

Royalties : 20%

Branch profits : 15% (unless reduced under the relevant treaty)

INCENTIVES

Tax holiday of 4 or 6 years for companies that fall within the Investment Priority Plan. Companies located in the Special Economic Zones pay reduced tax of 5% on gross income. Companies registered under the Omnibus Investments Code are eligible to a tax holiday of 4 to 6 years followed by a 5% tax on gross income thereafter.

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INDONESIA

TAX RATES 2009

Individuals

Income (IDR)	Tax Rate
Up to 50m	5%
Over 50m – 250m	15%
Over 250m – 500m	25%
Over 500m	30%

Companies and Permanent Establishment

Companies and Permanent Establishment are taxable at the rate of 28%.

VALUE ADDED TAX (VAT)

On most goods and services at 10%. Sales tax on luxury goods range from 10% to 75%.

CAPITAL GAINS TAX (CGT)

Capital gains are taxed as ordinary income. Sale of shares listed on Indonesian stock exchange at 0.1% of selling price. Additional 0.5% if share is a founder's share. Sale of unlisted shares by non-residents at 5% of consideration (regardless of whether there is a gain or loss).

LOSSES

Can be carried forward and offset for 5 years. 10 years for certain industries and remote areas.

TREATY NETWORK

57 countries.

WITHHOLDING TAX

Dividends, Interest, Royalties

Residents : 15%

Non-Residents : 20% (unless reduced under the relevant treaty)

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JAPAN

TAX RATES 2009

Resident Individuals

Income (Yen)	Tax Rate
1 – 1,950,000	5%
1,950,001 – 3,300,000	10%
3,300,001 – 6,950,000	20%
6,950,001 – 9,000,000	23%
9,000,001 – 18,000,000	33%
18,000,001 and over	40%

Individuals also pay municipal tax (6%) and prefectural tax (4%).

Companies

Companies are taxed at 30%. However, corporate tax on income below 8m yen is 22% (if total equity is less than 100m yen). Companies also pay inhabitant tax and enterprise tax (is a deductible expense).

CONSUMPTION TAX

On most goods and services provided in Japan and imports of 5%.

CAPITAL GAINS TAX (CGT)

CGT is taxed as ordinary income except in the following cases:

- Sale of property by individuals held for less than 5 years – 30% income tax and 9% local tax (15% and 5% respectively if held for more than 5 years).
- Sale of listed shares by individuals – 10% (7% income tax and 3% local tax).

LOSSES

Companies that meet certain requirements can carry forward losses for offset up to 7 years.

TREATY NETWORK

45 treaties, 56 countries.

WITHHOLDING TAX

Dividends : 20% (5% or 10% under some treaties)
Interest : 20% (unless reduced under the relevant treaty)
Royalties : 20% (unless reduced under the relevant treaty)

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PAKISTAN

TAX RATES 2009

Salaried Individuals

Taxable Income (PKR)	Tax Rate	Taxable Income (PKR)	Tax Rate
1 - 180,000	0.00%	1,050,001 - 1,200,000	10.00%
180,001 - 250,000	0.50%	1,200,001 - 1,450,000	11.00%
250,001 - 350,000	0.75%	1,450,001 - 1,700,000	12.50%
350,001 - 400,000	1.50%	1,700,001 - 1,950,000	14.00%
400,001 - 450,000	2.50%	1,950,001 - 2,250,000	15.00%
450,001 - 550,000	3.50%	2,250,001 - 2,850,000	16.00%
550,001 - 650,000	4.50%	2,850,001 - 3,550,000	17.50%
650,001 - 750,000	6.00%	3,550,001 - 4,550,000	18.50%
750,001 - 900,000	7.50%	4,550,001 - 8,650,000	19.00%
900,001 - 1,050,000	9.00%	Exceeding 8,650,000	20.00%

The basic exemption limit for women is Rs. 240,000. Marginal tax relief is allowed to the salaried persons whose income slab changes marginally.

Companies

35% (Small Companies are taxed with varying rates from 20% to 35%).

GENERAL SALES TAX (GST)

Goods and specified services are taxed at 16%.

CAPITAL GAINS TAX (CGT)

On listed securities is exempt till June, 2010.

LOSSES

Can be carried forward and offset for 6 years.

TREATY NETWORK

61 countries.

WITHHOLDING TAX

Dividends : 10%
Interest : 10%
Royalties/Fees : 15% (Unless reduced under the relevant double tax treaty).

TAX HOLIDAYS

Profits and gains derived by a taxpayer from an electric power generation project. Income from exports of computer software or IT services or IT enabled services.

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NEW ZEALAND

TAX RATES 2008/2009

Individuals

1 April 2008 to 30 September 2008

Income (\$)	Tax Rate
0 – 38,000	19.5%
38,001 – 60,000	33%
Over 60,000	39%

1 October 2008 onwards

Income (\$)	Tax Rate
0 – 14,000	12.5%
14,001 – 40,000	21.5%
40,001 – 70,000	33%
Over 70,000	39%

Companies

Companies taxed at a flat rate of 30%.

GOODS & SERVICES TAX (GST)

GST on goods and services supplied in New Zealand at 12.5%. Exports at 0%.

CAPITAL GAINS TAX (CGT)

No capital gains tax.

LOSSES

Losses can be carried forward and offset against future income. Carry-forward for companies subject to shareholder continuity requirements.

TREATY NETWORK

35 countries

WITHHOLDING TAX

Dividends : 15% or 30%

Interest : 15%

Royalties : 15% (unless reduced under the relevant treaty)

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REPUBLIC OF KOREA

(Based on Proposed Bill)

TAX RATES 2009 (including resident surtax)

Individuals

Income (Won)	Tax Rate
12m or less	7.7%
12m – 46m	17.6%
46m – 88m	27.5%
Over 88m	37.4%

Non-resident Individuals are only taxed on Korean sourced income.

Companies

Income (Won)	Tax Rate
200m or less	12.1%
Over 200m	24.2%

Non-resident companies are only taxed on Korean sourced income.

VALUE ADDED TAX (VAT)

VAT is imposed on the supply of goods and the provision of services in Korea and the import of goods at 10%.

CAPITAL GAINS TAX (CGT)

Capital gains earned by companies are normally taxed as ordinary income. A 10% surtax (in addition to corporate income tax) is levied on capital gains on disposal of real property (land and buildings) located in special areas, to be announced by the Minister of Land, Transport and Maritime Affairs, where a rapid increase in price is likely. A 30% (or 40%) surtax is levied on the capital gain from disposition of non-business purpose land or disposition of certain prescribed houses.

LOSSES

Tax losses incurred before 2009 can be carried forward for 5 years and tax losses incurred on or after 2009 can be carried forward for 10 years. For Small and Medium sized companies (defined), tax losses can be carried back for 1 year.

TREATY NETWORK

70 countries as of October 2008.

WITHHOLDING TAX (on payments to Non-Korean residents)

In case of no tax treaty, 22% for dividends, interest and royalty, but 15.4% for interest from bonds issued by Korean company or government.

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MALAYSIA

TAX RATES 2009

Resident Individuals

Income (RM)	Tax	Rate on Excess	Income (RM)	Tax	Rate on Excess
2,500	Nil	1%	50,000	3,325	19%
5,000	25	3%	70,000	7,125	24%
20,000	475	7%	100,000	14,325	27%
35,000	1,525	12%			

Non-Resident Individuals

Taxed at a flat rate of 27%.

Companies

Companies are taxed at a flat rate of 25%. A concessionary tax rate of 20% on the first RM500,000 of chargeable income is granted to small and medium enterprises. Small and medium enterprises are defined to be companies with paid up capital of not exceeding RM2.5 million and are not associated to either a holding company, a subsidiary company or a fellow subsidiary company (with more than 50% shareholding relationship), where the paid up capital of the related company is more than RM2.5 million.

SALES TAX AND SERVICE TAX

Ad valorem sales tax imposed on goods imported into Malaysia and on goods manufactured in Malaysia at the rate of 5%, 10% or 15% of sale price. Service tax of 5% is applicable on taxable services.

CAPITAL GAINS TAX (CGT)

No capital gains tax with effect from 1 April 2007.

LOSSES

Companies with continuing operations can carry forward tax losses for offset against future business income without any restriction. However, dormant companies will need to meet the substantial shareholding test for carry forward of tax losses.

TREATY NETWORK

60 countries.

WITHHOLDING TAX

Dividends : 0%
Interest : 15%
Royalties : 10%

Technical fee : 10% (unless reduced under the relevant treaty)

INCENTIVES

Pioneer status companies (companies involved in specified activities or manufacture certain products) – 70% to 100% income is exempt for 5 to 10 years. Other incentives include investment tax allowance, reinvestment allowance and export incentives.

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MAURITIUS

TAX RATE 2008/2009

Individuals - resident and non-resident

All taxable income taxed at flat rate of 15%.

Companies – Offshore

Income (RM)	Tax Rate
Category 1 Global Business Companies	15%
Category 2 Global Business Companies	Exempted

VALUE ADDED TAX (VAT 1998)

- The standard tax rate imposed on taxable goods and services is 15%;
- Goods and services supplied other than those taxable are exempt or zero-rated as per specified lists furnished by the Mauritius Revenue Authority (MRA);
- Exports are zero-rated.

NON-RESIDENTIAL PROPERTY TAX (NRPT)

NRPT is payable by every owner of a residential property who derives total income (net income and exempt dividend) exceeding Rs 385,000 during the income year. Non resident owners are liable to NRPT irrespective of whether or not they derive any income. No NRPT is payable on bare land i.e. a plot of land on which there is no residential building.

NRPT is calculated in case of apartment, flat or tenement with reference to its floor area as specified in the title deed or contract and the rate is Rs 30 per square metre. In the case of any other residential property i.e. building, campement, bungalow etc., the tax is calculated with reference to the surface area of the land at the rate of Rs 10 per square metre.

- NRPT is limited to 5% of the total net income and exempt income of the owner.

TAX DEDUCTED AT SOURCE

- Interest receivable at 15% on deposits exceeding Rs. 2,000,000
- Rent receivable at 5%
- Royalty receivable at 10%
- Payments to contractors and sub-contractors at 0.75 %
- Payments to providers of services at 3%

CAPITAL GAINS TAX (CGT)

Gains or profits derived from the sale of units or of securities are exempted.

LOSSES

Tax losses arising on operations can be carried forward for 5 income years on and after 1 July 2006. No carry forward of any amount of loss that is attributable to annual allowance can be claimed in respect of capital expenditure incurred on or after 1 July 2006. Losses to be carried forward are determined by the MRA.

DOUBLE TAXATION AGREEMENTS

So far Mauritius has concluded 33 tax treaties and is party to a series of treaties under negotiation. 8 treaties await ratification and 6 treaties are being negotiated.

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