

Doing business in Asia-Pacific

The Payroll Operate and
Immigration supplement

2019

Introduction

This booklet contains market-by-market guidance that outlines the key HR payroll and immigration matters to be considered as you expand your operations across Asia-Pacific. In our experience, careful consideration of these matters at the outset is the most effective way of helping you in avoiding any issues or delays, and ensuring that you proceed with the most optimal setup structure for your business and employees in new Asia-Pacific markets.

The documents focus on newly established operations in Asia-Pacific on a standalone basis. Where the Asia-Pacific operations are to operate as a regional headquarters or a holding company for foreign subsidiaries, or there are existing operations in Asia-Pacific, then there are a range of other considerations to take into account. In all situations, we recommend that you seek specific professional advice. Please refer to our listed contact for each market, who will take into consideration your specific circumstances and objectives, for specific advice. The information in this guide is current as on May 2019. These documents are general in nature and are not to be relied on as professional advice.

Please refer to our separate *Doing Business Guide* publication for more information about some of the tax, compliance and reporting matters to consider when doing business in Asia-Pacific.

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Doing business in Australia – Payroll and Immigration

1. Government requirements

Registration requirements

Registration for Pay As You Go (PAYG)

When an entity enters in Australia and employs people to carry out a business, the entity must register with the Australian Taxation Office (ATO) for PAYG withholding within seven days. If the entity has already obtained an Australian Business Number (ABN), the business can register for PAYG withholding by completing an “Add a new business account” form. If the entity does not have an ABN but have been assessed that an ABN is required, applications for ABN and PAYG withholding can be carried out at the same time. Businesses who do not have an ABN and do not require one still need to register for PAYG withholding if they are paying workers. Businesses in this situation are required to complete the “Add a PAYG withholding account” form. The requirement is governed by Income Tax Assessment Act 1997.

Registration for Payroll Tax

Payroll Tax is a tax paid by employers on wages paid or payable to employees. In some cases, payments to contractors may also be regarded as wages for payroll tax purposes. The law in each state and territory broadly provides for payroll tax to be levied on wages, in cash or in kind, provided by employers to their employees. An employer’s liability will vary between states and territories due to definition of the term wages on which the tax is levied, various payroll tax rates and the tax-exempt wages level threshold, etc.

If an employing entity has wages that exceed the payroll tax thresholds, the business will need to register for payroll tax within seven days after the end of the month in which they commence to pay wages. For an employing entity which employs people in more than one jurisdiction and the Australia-wide wages exceed the threshold in any of the states, the business will need to register for payroll tax in each state that the business employs. Each of the states and territories have their own Payroll Tax Act that governs the payroll tax levied on wages paid to the employees.

Workers Compensation Insurance

Workers Compensation Insurance is an insurance policy that ensures that the employing entity is covered for the cost that might follow a workplace related injury or disease. These costs can include weekly and lump sum payments, medical, hospital and rehabilitation expenses, and return to

work costs. Entities with employees must acquire a Worker’s Compensation Insurance Policy. The regulations concerning worker’s compensation vary in each jurisdiction of Australia. Queensland, New South Wales, Victoria and South Australia have a single authority structure whereas the Australia Capital Territory (ACT), Western Australia, Tasmania and Northern Territory leave the insurance arrangements to approved insurers or internal company insurance.

On-going compliance requirements

Remittance of PAYG withholding

The timeframe in which an amount withheld must be remitted to the ATO depends on the total amount of PAYG withheld by an entity on an annual basis. Businesses are categorized as either a large, medium or small.

- ▶ **Large withholders:** An entity is considered a large withholder for a particular month, if its total PAYG withholdings for the financial year exceeds AUD1 million. A large withholder must pay the withheld amount to the ATO within 7 days of making the payment. The amount must be paid electronically.
- ▶ **Medium withholders:** A entity is considered a medium withholder for a particular month if its total PAYG withholdings for the financial year exceeds AUD25,000. A medium withholder must pay the withheld amount to the ATO on a monthly basis by the 21st of the following month. The withholdings must be remitted electronically.
- ▶ **Small withholders:** A entity is considered small withholder for a particular month if it has an annual withholding of up to AUD25,000 and it withheld at least once a month. A small withholder must remit the withholdings at least quarterly, by the 28th of the following month after the quarter end. ATO imposes penalties and interest for late lodgment, late payment and nonpayment of PAYG withholdings.

Payroll Tax Lodgement and Payments

Each state requires applicable employers to lodge a monthly payroll tax return, including payment, by the 7th of the following month. An annual reconciliation for all states and territories is due by 21st of July each year. The payroll tax rates and tax-free thresholds varies in each jurisdiction. In addition, the type of payments subject to payroll tax may vary. The wages subject to payroll tax also includes Fringe Benefit Tax (FBT) grossed up amount by type 2 factor and the payments made to contractors deemed as employees.

Some states may allow small employers to lodge and make payment once or twice a year. The Office of State Revenue in each jurisdiction will outline the lodgment requirements and wage components applicable for payroll tax to be applied.

Reporting of PAYG and payment summaries

If an employing entity has tax withheld amounts from wages, salaries, employment termination payments (ETP) or other similar payments. The employing entity is required to provide a record of the employee's payment details, in case they have tax withheld amounts from wages, salaries, employment termination payments (ETP) or other similar payments. This will either occur on the date of the payment, called single touch payroll reporting, or annually from the previous financial year in the form of a PAYG Withholding Payment Summary Annual Report to the ATO and/or a payment summary to all employees. It should be noted that submitting payment details to the ATO has become mandatory for all employers from 1 July 2019 unless a deferral has been requested and granted. Payment summaries must be provided to employees, in either hard copy or electronically, by 14 July and the annual report must be sent to the ATO by 14 August following the end of financial year. These amounts can be reported to the ATO online or in paper format.

2. Pension requirements

Registration requirements

Employers are not required to register with a superannuation fund. The responsibility lies with the employee to nominate a superannuation fund in which the employer will remit funds periodically. The employee is required to complete a "Choice of Fund Form" to submit to their employer for payment.

On-going compliance requirements

Superannuation Guarantee Contribution

Superannuation Guarantee (Administration) Act 1992 governs the mandatory superannuation to all employees. All employers in Australia are required to contribute a minimum amount toward superannuation for their workers. The superannuation contribution made by the employers on behalf of employees are generally tax deductible except any penalties imposed due to employers not providing required minimum level of superannuation contribution. The superannuation rate on Ordinary Time Earnings is 9.5% for FY18-19. Superannuation must be calculated and remitted to a complying superannuation fund either elected by the employee or employer's default superannuation fund, in case employee doesn't elect fund of their own. Superannuation must be remitted at least quarterly to the employees' Superannuation Fund. Superannuation payments must be made electronically (Electronic Fund Transfer (EFT), BPAY). Superannuation lodgments and associated data must also be submitted electronically in a standard format compliant with the SuperStream requirement.

Non-compliance or non-payment in accordance with the Superannuation Guarantee (Administration) Act 1992 and SuperStream compliance will result in penalties and fines imposed on the employer.

3. Employment obligations

Employment law and minimum employment requirements

National Employment Standards under Fair Work Australia sets minimum wages and conditions for each employee in Australia. Minimum wages changes each year, employers must oblige with the minimum wages and conditions set by Fair Work Australia. There may be severe legal consequences if the minimum employment conditions are not met. The national minimum wages for FY 18/19 is AUD18.93 per hour. This amount may vary depending on the role and industry of the employee.

In addition to the minimum wages, the employers must provide the minimum leave entitlement set out under National Employment Standards. The minimum requirements are 20 days paid annual leave per

year, 10 days paid sick leave each year for full-time and part-time employees.

Furthermore, the Long Services Act in each state and territory governs the long service leave entitlement. The long service leave entitlement may vary by state. Employees who complete 10 years of continuous service (7 years in ACT) will be eligible for long service leave. If an employee leaves before completing 10 years of service (7 years in ACT), the employee may be entitled to a pro-rata long service leave balance to be paid out upon departure. The eligibility of pro-rata long service leave varies by each states and territories.

4. Payroll requirements

Payroll payments and payslips

Fair Work Australia governs the National Employment Standards including pay requirements.

Depending on the industry in which the employing entity operates either an award or an enterprise agreement or any other registered agreement will set out the minimum standards of how to pay the employee. Employees must be paid at least monthly.

All employees must be provided payslips within 1 working day of the pay day. Payslips can be provided in either electronic form or hard copy. Electronic form must have same information as hard copy.

All salary and wage income are income taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time the payment is made to the employee.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.

6. Immigration requirements

A number of visas allow business travel and short-term highly specialized work in Australia. To engage overseas skilled workers, a business must first be approved as a sponsor by the Department of Home Affairs. Australian employers can apply to become a Standard Business Sponsor, which enables them to engage overseas skilled workers. Accredited Sponsorship status, with the benefit of more streamlined processing arrangements, can also be granted to larger Australian employers who have an ongoing need for skilled visa sponsorship where they meet additional eligibility criteria.

Skilled workers can be nominated for a Temporary Skill Shortage (subclass 482) visa. Skilled workers must be nominated under an approved occupation on:

- ▶ the Short Term Skilled Occupation List, providing for a stay of up to 2 years, with some limitations on further stay; or
- ▶ the Medium Long-term Strategic Skills List, which permits nominees to stay for up to 4 years with potential eligibility for permanent residence.

Nominated skilled workers must meet minimum threshold criteria such as, experience and skill levels, English language, health and character. Family members may also be included in subclass 482 visa applications and spouses have work rights in Australia.

Without formal sponsorship, a Temporary Work (Short Stay Specialist) (subclass 400) visa may be appropriate for an individual required in Australia for short-term, highly specialised and non-ongoing work, enabling them to stay for usually not more than three months, but up to 6 months in limited circumstances.



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Doing business in China (Mainland) – Payroll and Immigration

1. Government requirements

Registration requirements

Company level local tax registration and individual tax registration

When a business enters in mainland China, it is required to register with both in-charge state tax bureau and local tax bureau according to the regulation in China on the Administration and Collection of Tax. Individual Income Tax (IIT) is collected by the local tax bureau. In some cities, it is required to perform the individual registration for foreign national employees before the employer can withhold the IIT for them. The requirement is governed by local tax authorities and the practice varies in different cities.

Registration for social insurance

According to social insurance regulations in China, employer should register a company's social insurance account at the Social Security Bureau in the city where the legal entity located, within 30 days after obtaining business license.

The social insurance in China includes five insurance types which are pension, medical, occupational, injury, maternity and unemployment. The maximum and minimum contribution base and the contribution rates for each insurance types are different from city to city.

Registration for housing fund

The employer should register a company's housing fund account at the Housing Fund Administration Center in the city where the legal entity is located, at the soonest after obtaining business license.

There are employer and employee contribution for housing fund in China. The maximum and minimum contribution base and the contribution rate are different from city to city.

On-going compliance requirements

Monthly individual income tax (IIT) withholding obligation

The employer is obliged to withhold the IIT from the employee's payroll on a monthly basis and settle the IIT on behalf of the employee. The employer should file the employee's IIT return to local tax bureau and settle the IIT payable before the 15th of the following month in general.

The salaries and wages received by the employee are subject to IIT at seven-grade progressive tax rates ranging from 3% to 45%. The requirements are governed by the China Individual Income Tax Law and the Implementation Regulation of China Individual Income Tax Law.

Social insurance and housing fund monthly contribution

Governing law: The Social Insurance Law of China for social insurance; Administrative Regulations on the Housing Fund for housing fund contribution.

The employer has obligation to enroll its employee in social insurance system. Each month, the employer shall file the social insurance and housing fund contribution for employer and employee with the respective authorities for its active employees and arrange payment on time.

The rates of each social insurance type and housing fund are different from city to city. So it is suggested that the company check with the local authority for the details of social insurance requirements.

Annual 120K tax filing

Chinese individual and foreign national individual who receives China sourced income should perform the self-declaration of Annual Individual Income Tax (AIIT) filing if his/her annual income exceeds CNY120,000. Foreign nationals are exempt from China annual tax filing obligation if they do not qualify for full-year China tax residents. The annual tax filing requirement is governed by Guoshuifa[2006]No. 162.

Others

There may be other requirement in each location. For example, in some cities, there is disable person fund which require the employer to either hire disabled persons at a rate of total employee headcount, or pay the disabled person fund. Some cities have blood donation quota. So it is suggested that company check with local authorities for the detailed requirement.

2. Pension requirements

Registration requirements

Pension is included in social insurance as mentioned above.

On-going compliance requirements

Pension normally includes employer contribution and employee contribution. The rates for each party are different from city to city. Normally employer contribution rate is around 20%, employee contribution rate is around 8% with upper and lower limits.

3. Employment obligations

Labor Law

The employer should follow the labor law for all employment issues. Such as:

- ▶ Working hours, rest and vacations
- ▶ Salary frequency and minimum wage
- ▶ Occupational safety and health
- ▶ Special protection for female staff and workers and juvenile workers
- ▶ Vocational training
- ▶ Labour dispute

Such issues are normally governed by local Labor and Social Security Bureau or local Human Resources and Social Security Bureau. However, each city may have its own practice when implementing the law.

Labor Contract Law

The employer should follow the Labor Contract Law to:

- ▶ Sign labor contract with employee in time
- ▶ Renew labor contract with employee in time
- ▶ Terminate labor contract with employees with severance pay or without severance pay when meet certain criterion

4. Payroll requirements

Payroll payments

The employer should follow the interim provisions on the salary payment to make payroll arrangements.

Salary shall be paid on the dates agreed between employers and laborers. In case of holidays or non-business days, salary shall be paid on the last working days in advance. Remuneration shall be paid, at least, once a month; in case of the salary systems of a week, a day or an hour, remuneration may be paid every week, day or hour.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each payment period.

Foreign exchange control

There is foreign exchange control in China. So if the employer or employee needs to remit foreign currencies exchange outside of China, it may require special approval from the bank.

6. Immigration requirements

All foreign nationals (with the exception of citizens from Hong Kong and Macao special administration regions of China travelling for less than three months in one calendar year) visiting mainland China will require a visa appropriate to their purpose of entry in order to travel to China. Visas must be obtained prior to travel. Foreign nationals taking up employment in China require a work permit. A work permit must be sponsored by a Chinese entity for a nominated occupation, and skill, work experience and health criteria apply. Work permit applicants and their dependents will also require the appropriate entry visa permission for entry into China and associated foreigner's residence permit for the duration of stay. Work permits and foreigner residence permits are typically issued for periods of one year and are renewable subject to certain conditions including age, assignment period and nature of the sponsoring company. Application requirements and processes for work permits and foreigner residence permits can vary significantly from region to region in China.





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Doing business in Hong Kong – Payroll and Immigration

1. Government requirements

Registration requirements

Employees' compensation insurance (ECI)

It is compulsory for the employer take up Employee Compensation Insurance to cover the liabilities under the Employees' Compensation Ordinance and also under the common law for the work injuries and occupational diseases that may be suffered by the employees under contract of service.

Employer's tax file number

The new employer will be issued with an "employer tax file no." from the Inland Revenue Department (IRD). You may request this by writing to the IRD with your company's certificate of incorporation, if not automatically issued by the IRD.

New employees

The employer will be required to file a Commencement Notification form IR56E to the IRD within three months of the employee's start of employment.

On-going compliance requirements

Employees' compensation insurance (ECI)

Employer should report to the Commissioner for Labour for any accident or occupational disease in specified period based on the level of injury and occupational disease.

Employer's filing obligation – annual reporting

The Employer is required to report the remuneration paid to the employees by submitting annual Employer's Return (BIR56A and IR56B) within one month after the tax year end to the IRD, and the following forms for their employees:

- ▶ Notification of Cessation of Employment form IR56F (on termination of service or death), no later than one month before cessation
- ▶ Departure notification form IR56G (on leaving Hong Kong for good or for a substantial period of time), no later than one month before departure and withhold money for tax clearance.

2. Pension requirements

Registration requirements

Employer should enroll all employees in a Mandatory Provident Fund Scheme (MPF) no later than 60 days upon their first day of employment according to the Mandatory Provident Fund Scheme Ordinance (Cap 485). For new joiners, employee is eligible to 30-day contribution holiday and they should make their contribution together with the employer in the month when 60-day of employment is reached.

On-going compliance requirements

Employer and employee should make monthly MPF payments calculated at 5% of the employees' relevant income subject to minimum and maximum capping on or before the contribution in each month (i.e. 10th day of the following month). With effect from 1 November 2013, the minimum relevant income level is HKD7,100 (applicable to employee only) and the maximum relevant income level is HKD30,000.

3. Employment obligations

Employment Ordinance

According to Employment Ordinance, employer and employee should have signed an employment agreement listing out the conditions of the employment which includes but not limited to wages (rate of wages, frequency, etc.), wage period, notice period for termination of employment and the details of end of year payment if eligible. Employer should always keep all wage and employment history of each employee in a period preceding 12 months during their employment. The related information should also be kept for 12 months after the employees' last working day.

Minimum wage

Under Employment Ordinance, employees' average wages in a wage period must not be less than statutory minimum wages, i.e. HKD34.5 per hour as of May 2017 regardless of whether or not employees are employed under continuous contract.

Leave entitlement

In addition to the minimum wages, the employers must provide at least the leave entitlement set out under the Employment Ordinance. All employees employed under continuous contract shall enjoy not less than one rest day for every seven working days and statutory holiday. The employees who have been employed for more than three months shall also enjoy the statutory holiday paid. The minimum requirements for annual leave are 7 days paid annual leave per year and the annual leave shall increase 1 day per additional service year until the annual leave capping of 14 days is reached on the 9th service year.

Employees employed under continuous contract also have the right to accumulate 2 paid sickness days per month during the first 12 months of employment, and 4 days per month thereafter to reach a maximum of 120 days of paid sick leave.

Pregnant employees, who is employed under continuous contract, shall enjoy 10 weeks' maternity leave and the maternity leave shall also be paid if she has been employed under continuous contract for not less than 40 weeks before the commencement of maternity leave.

Male employees shall enjoy minimum of 3 days paid paternity leave if they have been employed under continuous contract for not less than 40 weeks before the first day of paternity leave.

4. Payroll requirements

Payroll payments

Employer should strictly follow the timing of payment set out in Employment Ordinance. The employer is required to make salary payment to the employee on the last day of each pay period or not later than 7 days after the end of wage period. Wage period can be defined by employer and employee but usually set as one month. For termination case, employer should settle all final payment (except severance payment) within 7 days after the employees' termination date.

Statutory entitlement under Employment (Amendment) Ordinance 2007

As set out in Employment (Amendment) Ordinance 2007, holiday pay, annual leave pay, sickness allowance, maternity leave pay, paternity leave pay, end of year payment and wages in lieu of notice should be calculated on the basis of the 12-month average wages preceding the day or the first day of the leave period of an employee.

5. Banking requirements related to payroll

Banking

No specific requirement on the mode of payment. Some MPF trustees may not accept overseas bank transfer and will require local Hong Kong bank transfer.

6. Immigration requirements

In general, eligible nationals may obtain a visa on arrival to Hong Kong (a special administration region of China) for limited periods if they are not engaging in their daily job duties or work activity in Hong Kong. Foreign nationals who are to perform services or work in Hong Kong must obtain an employment visa prior to commencing work in Hong Kong. An employment visa must be sponsored by a local Hong Kong entity and evidence that the position cannot be filled locally, and that remuneration is at market rate is required. Applicants must evidence relevant qualifications and experience for the nominated position. Employment visas may be issued for periods of up to two years and may be renewed subject to all criteria being met. Family members can also accompany the applicants via dependent visas. Specific categories also exist for citizens of mainland China.





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Doing business in Indonesia – Payroll and Immigration

1. Government requirements

Registration requirements

Tax registration and payroll tax withholding: Companies with employees will have payroll tax withholding obligation on the taxable remuneration provided to the employee. For the remittance and the reporting of the tax withheld, the company would need to have a tax identification (ID) number. Obtaining this tax ID number is one of the requirements for setting up a company. There is no specific tax ID number for payroll tax withholding purposes only.

Company registration for social security: Company which employ people would have requirement to enroll the employee in Indonesia's social security program called BPJS. To be able to enroll the employee, the company must register first with the BPJS. There are two BPJS, i.e. BPJS Kesehatan (BPJS-Health Care) and BPJS Ketenagakerjaan (BPJS-Worker). The company must register with these two BPJS offices. There is a form to be completed and signed by the company's officer. Documents need to be attached to the registration form are company's notarial deed, company's tax ID card, statement of company's domicile.

On-going compliance requirements

Monthly payroll tax (Income Tax Article 21 withholding): A company, as employer, has payroll tax obligation on monthly basis. The company is required by law to calculate the tax payable on taxable remuneration provided to its employee and other taxable individuals, withhold the tax payable, remit the tax withheld to the State Treasury and then report the tax withheld on the monthly payroll tax return to the tax office. The form of tax return is Form 1721. The remittance is due by the 10th of the following month and the filing is due by the 20th. The tax rates for tax resident is at progressive rates of 5%-30% and for non-resident is a flat rate of 20%. There is no different tax treatment for local national and expatriate employees. The key is whether the individual is considered as resident or non-resident. There is no annual payroll tax reporting. The December monthly reporting served as annual calculation as the reporting would include the total income during the respective calendar year.

Social security (BPJS obligation): After the company has registered and enrolled its employees in the BPJS program, the company would need to remit and report the total contribution (of employer and employee contributions), to the nominated bank for BPJS contribution payment purposes. The payment of BPJS health care is due by the 10th of the month, the payment of BPJS-Worker is due by the 15th of the following month.

2. Pension requirements

Registration requirements

There is no separate pension registration required. The BPJS-Worker program has covered the pension program. Nonetheless, there are companies which also set up other pension programs for their employees, in addition to the mandatory BPJS-Worker program.

On-going compliance requirements

Indonesia social security

There is a social security program which is called "BPJS" in Indonesia. On the basis of the current regulation, it is mandatory for expatriate employee to participate in this program if they work in Indonesia for more than six months.

There are two types: health care or "BPJS Kesehatan" and Worker social security or "BPJS Ketenagakerjaan."

The regulation state that BPJS contributions are made and calculated based on certain percentage of the employee's wages. Currently "the employee's wages" is interpreted as "regular income, i.e. salary payments and other fixed monthly allowances" so that irregular income such as bonus or stock option income are not commonly included as the basis for BPJS contribution.



The following table illustrates the percentage of contribution amount.

Program	Contribution amount (%)			
	Employer		Employee	
Social worker benefits (BPJS Ketenagakerjaan)				
Occupational Accident Benefit (JKK)	0.24 to 1.74	(depending on type of industry of the company)	–	
Death Benefits (JKM)	0.3		–	
Old-Age Pension (JHT)	3.7		2.0	
Pension Contribution (JP) (expatriates not mandatory for this program)	2.0	Up to a maximum of IDR 170,248 per month	1.0	Up to a maximum of IDR85,124 per month
Health care benefits (BPJS Kesehatan)				
From April 2016 onwards)	4.0	Up to a maximum of IDR 320,000 per month	1.0	Up to a maximum of IDR 80,000 per month

3. Employment obligations

There is no mandatory employee insurance program other than the BPJS health care and BPJS worker as mentioned above.

Leave days: An employee under the manpower regulation is entitled to annual leave, minimum 12 working days per year, after the employee continuously worked with the company for 12 months.

Rest hour: The company must give rest hours, a minimum of half hour after working for four hours. The rest time is not considered work hour. The working hours is maximum 40 hours per week (7 hour per day if there are 6 working days per week or 8 hours per day if there are 5 working days per week).

Minimum wages: There is a minimum wage requirement which varies on the basis of the local government regulations.

Differential treatment for permanent staff/contracted staff: Contract employment is only allowed for certain type of work for maximum period of 3 years. There is no probation period for contract employee. If contract is terminated before contract period end, the employer must pay the

salary for the full agreed contract period. With regards to leave and benefits entitlement for contract employee, it would depend on the contract. It could be the same as permanent employees.

4. Payroll requirements

Payroll requirement: There is no specific regulation related to the payment frequency. It would depend on the company policy or as per employment contract.

Payslip: There is no requirement for the company to issue payslip to each employee. However, it is a general and good practice that the company issue payslip, or make it available whenever the employee requests for such slip.

Payment from parent company: Payroll remain with parent company is possible, but it should be properly arranged and certain document should be in place to avoid unnecessary tax exposure.

5. Banking requirements related to payroll

Payment in Indonesian rupiah (IDR): Salary payment made by the company to its employee, including to expatriate employee must be in IDR.

Foreign currency: Foreign exchange from IDR to USD is maximum US\$25,000/month/customer if there is no underlying transactions.

However, if there is underlying transaction such as repayment of loan, paying school or medical fee outside Indonesia, such limitation does not apply.

6. Immigration requirements

In general, foreign nationals traveling to Indonesia to conduct non-working business activities must obtain a Visit Visa (Index 211 or 212). Depending on nationality, a foreign national may be eligible to obtain a Visit Visa through an Indonesian Embassy/Consulate or upon arrival in Indonesia (Visit Visa on Arrival – Index 213). Work activities regardless of duration, require a work permit for which the Indonesian employing entity is required to obtain a raft of permits. These include submission of a Foreign Manpower Utilization Plan, Work Permit Notification and payment of the Foreign Manpower Utilization Compensation Fund Levy (in the amount of USD100 per month for each foreign person employed and further applying for a recommendation of Limited Stay Visa (Index 312). Once authorized to sponsor work permits for approved nominated positions, work permit applicants must meet skill and work experience threshold criteria, including provide some required documents (e.g. education certificate, work reference letter, etc.). Work permit applicants and their dependents will also require the appropriate entry visa permission for entry to Indonesia and obtain the multiple re-entry permit for the duration of stay. Additional local registration, police clearances and travel permissions also apply and vary dependent on the region of Indonesia.

Work permit and long stay visas are issued for 12-month validity and are renewable up to a five year duration subject to meeting all requirements.



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Doing business in Japan – Payroll and Immigration

1. Government requirements

Registration requirements

Tax notifications required when establishing a company

When establishing a company, the following notifications related to payroll calculations must be filed with the tax authorities.

1. Tax office

- ▶ A Notification of Establishment of a Salary Paying Office must be submitted within one month of establishment (Income Tax Act 230).
- ▶ An application for Approval of Special Timing of Withholding Tax Payment needs to be submitted by the last day of the month before the company intends to implement the special withholding timing. By filing this application, a company may pay withholding tax semi-annually rather than on a monthly basis. This can only be applied if there are always less than 10 people receiving salaries (Income Tax Act 216, 217, 218).

2. Municipalities in which employees are resident

- ▶ A notification of Transfer of Salaried Workers for Special Collection must be submitted promptly to the municipality where employees resides.

Social security notifications required when establishing a company

All offices of a company which continuously employ workers must subscribe to social security. The following notifications must be submitted when an employee joins the company.

1. Labor Standards Inspection Office

- ▶ A report stating that the employer established a business to which the Labor Standards Law applies must be promptly submitted (Labor Standards Act 104-2; Labor Standards Act Enforcement Ordinance 57).
- ▶ Employers which employ ten (10) or more employees must prepare and submit rules of employment to the Labor Standard Inspection Office (Labor Standards Act 89).
- ▶ Notification of Establishment of Labor Insurance Relation must be submitted within ten (10) days from the first date a worker joins the company.
- ▶ A Labor Insurance Estimated Premiums Declaration must be submitted within fifty (50) days from the first date the worker joins the company (continued business).

2. Public Employment Security Office

- ▶ A Notification of Establishment of a Covered Enterprise must be submitted within ten (10) days of the first eligible worker joining the company. A Notification of Insured Persons for Employment Insurance must also be submitted.

3. Pension office and Japan Health Insurance Association (health insurance society)

- ▶ A Notification of New Application of employees' health Insurance and Employee Pension Insurance must be submitted within five (5) days of establishment. A notification of Insurance Persons for Employee Health Insurance and Employee Pension Insurance must also be submitted.

On-going compliance requirements

Withholding income tax

Income tax is assessed on the income earned by an individual in a calendar year (from 1 January to 31 December). Certain types of income are subject to withholding tax. A company that remits a salary, etc., to a resident employee must withhold and pay withheld amounts to the tax authorities by the 10th of the month following payment (Income Tax Act 183). In December, a year-end adjustment is made to adjust for any excess or deficit in payment.

Inhabitants tax

Inhabitants tax for individuals is assessed on income earned between January to December of the previous year. The Municipality calculates the tax payment amount, which is payable in installments.

In May, the Municipality sends a payment notification to the company. In accordance with the payment notification, the company deducts inhabitants tax every month from salaries and pays it to the municipality where the employee resides by the 10th of the following month (Local Tax Act 321-3, 4, 5).

Salary/severance allowance payment statement

When paying salaries or severance allowances to employees in Japan, the company must issue a payment slip to employees indicating the items stipulated by law (Income Tax Act 231).

Issuing a certificate of annual income and withholding taxes

1. When paying salaries to employees in Japan, the company must prepare two copies of the annual income and withholding tax forms for each employee and submit one copy to the tax office by the 31 January of the following year; the employee retains the other copy (Income Tax Act 226).
2. When making a severance payment in Japan to employees, the company must prepare two withholding tax slips for each employee and submit one to the tax office within one month of the employee leaving the company and one to the employee (Income Tax Act 226).

Declaration of exemption for dependents

If a salaried employee intends to apply the lower tax rate (Ko-ran) and take a deduction, such as, a spousal, dependent, or disability deduction, the employee must submit a declaration of intent to the company with the required items indicated by the day before receiving the first salary of the year. The company must keep this and submit it when requested by the tax office or municipalities (Income Tax Act 194).

Implementing the year-end adjustment

The company must make a year-end adjustment on the last salary payment of the year for employees that submitted a dependents deduction declaration and whose salary for the year is JPY20m or less. If there is any excess/deficit of withholding tax, this is adjusted (Income Tax Act 190).

Submission of declaration for year-end adjustment special deductions

Employees who take a spousal, dependents, or housing loan deduction, etc., must submit a declaration of intent (Income Tax Act 195-2, 196; Special Taxation Measures Act 41, etc.)

Other

1. Certain allowances paid to employees are not subject to tax, such as travel, commuter, and education expenses (Income Tax Act 9).
2. Economic benefits provided to employees are subject to income tax and inhabitants tax in the same way as monetary benefits (Income Tax Act 36).
3. Salary paid irregularly is treated as a bonus and the withholding tax is calculated at a different rate to salaries.

2. Pension requirements

Registration requirements

Subscribing to social security

1. Health insurance, nursing care insurance and employee pension

Employees which fulfil certain requirements must subscribe to employee health insurance, nursing care insurance (employees over 40 years old) and the employee pension plan.

Example of requirements: Full-time employees are required to enroll in employer provided health, nursing care, and employee pension plans (together, Care Plans). Part-time employees are required to join employer Care Plans where, in principle, the part-time employee's working hours per week and working days per month are at least seventy-five percent (75%) of those of normal full-time employees (Health Insurance Law, Long-Term Care Insurance Law, Employees' Pension Law, etc.).

2. Employment insurance

Employees which fulfil certain requirements must enroll in employment insurance.

Examples of requirements: workers expected to be employed continuously for at least 31 days, or work more than twenty (20) hours of work per week (Employment Insurance Act)

3. Workers' compensation insurance

Workers employed by a labor insurance-covered office, must generally be insured for workers' compensation (Industrial Accident Compensation Insurance Act)

Documents for submission when a new employee joins a company

When an employee joins a company, the following documents must be submitted for the calculation of salaries.

1. Public Employment Security Office
 - ▶ A notification of Insured Person for Employment Insurance must be submitted within ten (10) days of the employee joining the company.
2. Pension Office and Japan Health Insurance Association (health insurance society)
 - ▶ A notification of Insured Person for Employee Health Insurance and Employee Pension Plan with certain attachments must be submitted within five (5) days of the employee joining.

On-going compliance requirements

Employee pension and health insurance standard compensation

When an employee joins a company, the company must conduct procedures for them to subscribe to the employee pension plan and health insurance.

The standard monthly compensation amount which forms the basis of social security premiums is determined according to compensation on joining the company, and provided there is no significant change subsequently; social security premiums are deducted from the monthly salary for one year based on the same standard monthly compensation amount.

Employee pension and health insurance changes

If there is a significant change in fixed wages, companies must report the compensation for the three months from the change and change the standard monthly compensation amount.

Employee pension and health insurance regular revisions

It is necessary to submit a calculation basis notification for insured persons by 10 July each year. In the calculation basis notification, the standard monthly compensation amount is calculated on the basis of the average compensation amount from April to June; a new standard monthly compensation amount is applied from September's insurance premiums.

Payment of employee pension and health insurance

The company pays the insurance premiums, received from employees plus the company's own portion to the pension office, etc., by the end of each month.

Employment insurance

When paying compensation each month, the company deducts employment insurance calculated at a certain rate to be paid on behalf of the employee. The year for calculation of employment insurance is from 1 April to 31 March of the following year. Between 1 June and 10 July each year, the insurance premium amount is calculated on the basis of the total wages in the previous insurance year. The company declares and pays the insurance premiums received from employees together with the insurance premiums payable by the company.

Workers' compensation insurance premiums

Employees do not pay premiums for accident insurance. The workers' compensation calculation period is from 1 April to 31 March the following year. Between 1 June and 10 July each year, the insurance premium amount is calculated on the basis of the total wages in the previous insurance year. The company declares and pays the insurance premiums payable by the company.



Social security premiums on bonuses

Social security premiums on bonuses are calculated separately from the insurance premiums on salaries. The company must submit a bonus payment notification to the pension office and the health insurance association.

3. Employment obligations

Employment Law

There are many laws governing employment relationship. Among them, the Employment Contract Act (LCA) and the Labor Standards Act (LSA) are fundamental regulations. A serious violation of the LSA may result in criminal sanctions.

Governing authority

The Ministry of Health, Labor and Welfare is the main governing authority of employment laws. Within the Ministry, the Prefectural Labor Bureaus fulfil the duties of regionally based general labor administration agencies. Also, the Labor Standards Inspection Offices provide supervisory oversight to ensure that companies fully comply with LSA working condition regulations and standards.

Minimum wages

Wages to be paid for normal working hours must meet or exceed the minimum wage requirements provided under the Minimum Wages Act. Minimum wages mean either:

- (1) the minimum wages stipulated by each region; or
- (2) the minimum wages stipulated by each industry.

Working hours and rest time

In principle, under the LSA, working hours shall not exceed 8 hours per day and 40 hours per week, excluding rest time. An employer shall provide workers with at least 45 minutes of rest time during working hours when working hours exceed six hours, and at least one hour in when working hours exceed eight hours. In order for an employer to have workers work overtime, the employer is required to:

- (1) enter into a labor-management agreement with the workers' representative and file the same with the relevant Labor Standards Inspection Office; and
- (2) pay statutory increased wages for overtime work.

Days-off

An employer must provide workers with at least one day-off per week. Alternatively, an employer may provide workers with four days-off or more during a four-week period. In order for an employer to have workers work on such days off, the employer is required to (1) enter into a labor management agreement with the workers' representative and file the same with the relevant Labor Standards Inspection Office, and (2) pay statutory increased wages for work on days off.

Annual paid leave

The LSA provides minimum standards for workers' annual paid leave. Under the LSA, annual paid leave accrues automatically if a worker has been employed continuously for at least six (6) months and has reported to work on at least 80% of the total working days. The number of days of annual paid leave gradually increases according to the worker's years of completion (from 10 days upon six months completion to 20 days upon completion of six years and six months). For part-time workers, pro-rated number of days of annual paid leave must be granted.

Dismissal

Generally, there is no concept of "at will" employment in Japan where an employer may terminate the employment contracts of regular workers at any time without cause. Rather, it is generally very difficult for any employer in Japan to unilaterally terminate an employment contract. The default position is that a dismissal by an employer is deemed by law to be an abuse of the employer's authority and therefore null and void if the dismissal lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms.

Differential treatment for fixed-term or part-time workers

Under the LCA, if the working conditions of a fixed-term employment contract worker is different from those of a non-fixed-term contract, such a difference must not be unreasonable. Factors considered includes (1) the duties of the workers and the extent of responsibility accompanying the said duties; (2) the extent of changes in the duties and work locations; and (3) other circumstances. Similarly, the Act on Improvement of Employment Management for Part-Time Workers prohibits discriminatory treatment against part-time workers that undertake the same work as ordinary workers (typically full-time workers).



4. Payroll requirements

Basic rules for paying wages

1. Currency payment rule
 - ▶ No payment in kind
Wages must be paid in currency. Payment in kind is forbidden.
However, if there are separate rules in law or labor agreements, payment other than currency may be permitted.
 - ▶ Remittance of wages to a savings account
With the employee's consent, wages may be remitted by bank transfer and paid into savings or deposit account at a bank or other financial institution or into a securities account under the employee's name.
2. Full amount payment rule
Wages must be paid in full without deductions.
However, in the following cases, deductions may be made from wages:
 - ▶ Where there are separate stipulations in the law, such as withholding tax, social security, and other deductions.
 - ▶ Where a labor-management agreement has been concluded
Expenses for company accommodation, payment for purchased items, etc.
In such case, it is necessary to conclude an agreement with the employee representative.
 - ▶ When labor was not provided due to absence, late arrival or early departure, or when wages had been paid in advance
3. Once a month rule
Wages must be paid at least once a month (twice a month or once a week is also possible)
4. Fixed payment date rule
A wage payment date must be fixed and specified.
5. Direct payment rule
 - ▶ Wages must be paid directly to the employee.
 - ▶ Wages must not be paid via another person or to a representative of the employee.
 - ▶ Even for minors, a guardian cannot receive wages on behalf of the employee.

5. Banking requirements related to payroll

There is no particular law, but payment of taxes and social security premiums must be made via a Japanese financial institution (Bank of Japan revenue agency).

6. Immigration requirements

Eligible nationals (nationals of countries, which have reciprocal visa exemption agreement with Japan) may obtain a visa on arrival to Japan for limited periods if they do not receive any remuneration for the activities in Japan from either a host or home company. Foreign nationals who intend to engage in work or any activity for remuneration in Japan are required to obtain a working visa before entry. In order to obtain a work authorization in Japan, a Certificate of Eligibility must first be obtained from the Immigration Bureau in Japan under the appropriate category. The Certificate of Eligibility must be sponsored by an eligible Japanese entity and meet the threshold criteria associated with the applicable category. Once issued, the Certificate of Eligibility certifies that the visa applicant has met the criteria established for a certain status of residence in Japan and an application for the requisite work visa can be made at the Japanese Consulate/Embassy prior to travel to Japan.



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Doing business in Korea – Payroll and Immigration

1. Government requirements

Registration requirements

Registration with tax office: As long as the entity is registered with the tax office for its establishment, no further registration for payroll is specifically required.

Registration with social security agencies: At the time of first hire, an employer is required to register with the social security agency for four kinds of social securities program, which are as follow:

▶ National Pension Plan

Under the National Pension Law, a company with at least one employee will be required to join the National Pension Plan. The contribution of 9% of payroll will be shared equally (4.5% by the employer and 4.5% by the employee). The cap on the monthly salary income, which becomes the basis for the insurance premium, is KRW 4,680,000. On every July, the cap amount is changed.

▶ National Medical Insurance Plan

Under the National Medical Insurance Law, a company with at least one employee is required to join the National Medical Insurance Plan.

(i) National Medical Insurance:

The contribution rate for National Medical Insurance is 6.46% (3.23% per employee and employer) and the insurance premiums are determined based on the employee's taxable salary income. The cap on the monthly taxable salary income, which becomes the basis for the insurance premium, is KRW99,250,000.

(ii) Medical Care Expense Insurance:

The contributing amount for Medical Care Expense Insurance is 8.51% of the National Medical Insurance and is shared equally by an employee and employer.

▶ Worker's Accident Compensation Plan

Under the Worker's Accident Compensation Law, a company with at least one employee, including foreigners if their salaries are paid or borne by the Korean entity, is required to join the Worker's Accident Compensation Plan and pay the premium on an annual basis. The premium is entirely borne by the employer and is deductible for corporate tax purposes. The premium rate ranges from 0.85% to 22.65% of an employee's salary depending on the type of industry.

▶ Unemployment Insurance Plan

A company with at least one employee is required to make contributions to the Unemployment Insurance Plan. The following three types of premiums must be paid on an annual basis:

- ▶ Unemployment insurance premium of 1.3% of an employee's salary, which is shared equally between the employer and the employee
- ▶ Employment security and development premiums of 0.25% to 0.85% of an employee's salary, which is borne entirely by the employer.

On-going compliance requirements

A monthly withholding tax return (withholding of personal income taxes on the company's payroll – payroll income from a local employer must be filed with the district tax office by the tenth day of the following month and the taxes withheld must be paid to either the district tax office or a bank designated as a national treasury agent. In addition, a year-end payroll withholding tax return needs to be prepared to make necessary adjustments to the withholding taxes that were reported during the year.

2. Pension requirements

Registration requirements

A National Pension is filed/proceeded together with other social security requirements as part of four kinds of Social Security Compliance; please refer to 1.

On-going compliance requirements

A National Pension is filed/proceeded together with other social security requirements as part of four kinds of Social Security Compliance; please refer to 1.

3. Employment obligations

An employer is required to comply with the Korean Labor Standards Act, which stipulates various requirements in hiring and maintaining its employees.

Details of obligations includes and not limited to:

- ▶ Minimum 15 days of leave per year
- ▶ Mandatory severance payment when exceeding 1 year of employment
- ▶ Minimum 1 month notice

4. Payroll requirements

Payroll requirements are also controlled by the Korean Labor Standards Act. No specific guidance for pay slips or payment frequency, however, in general practice, pay slips are released to employees, and payment frequency is once per month.

5. Banking requirements related to payroll

There is no specific control process for payment; in overall practice, the payment would be proceeded as per individual agreement through employment contract.

6. Immigration requirements

Foreign nationals from the countries under Visa Waiver Program can enter South Korea without a visa for limited periods if they are not engaging in their daily job duties or work activity in South Korea. Foreign nationals who intend to engage in work or any activity for remuneration in South Korea are required to obtain the appropriate work visa before entry. The most common long-term work visa for an assignment to Korea includes D-7 Intra Company Transfer Visa, D-8 Corporate Investment Visa. In order to obtain a work visa to South Korea, a Visa Issuance Confirmation Number(VICN) must first be applied and obtained from the Immigration Authorities under the appropriate category. The VICN must be sponsored by an eligible South Korean entity and meet the threshold criteria associated with the applicable category. Once issued, the VICN certifies that the visa applicant has met the criteria established for a certain status of residence in South Korea and an application for the requisite work visa can be made at an overseas Korean Consulate/Embassy prior to entering to South Korea. Upon arrival, an Alien registration requirements may apply. In addition to commonly introduced long-term assignment work visas, there are several other visa types available depending on the duration of stay and the purpose of visit.





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Doing business in Malaysia – Payroll and Immigration

1. Government requirements

Registration requirements

Registration with statutory bodies

1. Employees Provident Fund (EPF)

The EPF is a social security institution formed under the Employees Provident Fund Act 1991 (Act 452). EPF provides retirement benefits for members through management of their savings in an efficient and reliable manner. An employer must register an EPF account with the EPF Board within 7 days from the date the employer becomes liable to contribute (i.e. as soon as the first individual is employed). The employer is required to complete the Form KWSP 1 and submit it together with supporting documents, such as the Certification of Incorporation issued by the Companies Commission of Malaysia or a Business Registration Certificate.

Employees are also required to register upon commencement of employment, in order for their employers to make the necessary EPF contributions in respect of the employees.

2. Social Security Organisation (SOCSO)

SOCSO was formed under the Employees' Social Security Act 1969 and is entrusted with the administration of social security schemes to provide protection to employees against contingencies such as invalidity and employment injury. Employers and their employees must be registered with SOCSO not later than 30 days from when the Employee Social Security Act becomes applicable to the employer and its employees. Registration of the employer and employee is done via the Form 1 and 2 respectively, together with supporting registration documents in accordance with the business entity type.

3. Malaysian Inland Revenue Board (MIRB)

All employers are required to register with and obtain an employer tax reference number from the MIRB. The employer is required to complete and submit the Form 600E together with supporting documents such as the Certificate of Incorporation issued by the Companies Commission of Malaysia or a Business Registration Certificate.

Employers are also required to notify the MIRB of the commencement of new employees within 1 month from the relevant employee's commencement of employment. This is done by completing and submitting the Form CP22.

On-going compliance requirements

1. Contributions to EPF

Under the Employees' Provident Fund Act 1991, all employees who are Malaysian citizens or permanent residents are required to make monthly contributions to the EPF, and employers are also required to make EPF contributions in respect of such employees. The statutory contribution rate for employer is 12% if the employee's monthly wages are above MYR5,000 per month or 13% if the employee's monthly wages are below MYR5,000 per month. The statutory contribution rate for an employee is 11% of his or her monthly wages.

The deadline for payment of EPF contributions in respect of each month is the 15th day of the following calendar month.



2. Contributions to SOCSO

Employer and employee contributions to SOCSO are compulsory for Malaysian citizens. Contributions are capped at the wages ceiling of MYR4,000 (wages above MYR4,000 attracts no further contributions). Various rates are specified for SOCSO contributions.

In addition, Employment Insurance System (EIS) have been introduced in January 2018 to provide unemployed workers with financial aid and to assist them in their search for employment. Employer and employee are required to make monthly contributions of an equal amount to SOCSO as set out in the schedule. EIS contribution is in addition to the SOCSO contribution above.

Effective 1 January 2019, employers who hire foreign workers have to contribute to SOCSO. The rate of contribution is 1.25% of the insured monthly wages of the foreign workers (excluding domestic helpers) and to be paid by the employers.

The deadline for payment of SOCSO contributions in respect of each month is the 15th day of the following calendar month

2. Employee's monthly tax deductions to the MIRB

Every employer is responsible to deduct Monthly Tax Deductions (MTD) from their employee's remuneration each month, in accordance with the Schedule of Monthly Tax Deductions or Computerised Calculation Method. Deductions must be made from all remuneration (i.e. wages, overtime payments, commissions, tips, allowances, bonuses, benefits-in-kind, living accommodation etc.).

The deadline for payment of MTD to the MIRB in respect of each month is the 15th day of the following calendar month.

3. Employment obligations

The Employment Act 1955 provides for the minimum terms and conditions of employment in Malaysia. It covers the contracting arrangements between employers and employees and specific terms and benefits such as wages, notice periods, maternity benefits, rest days, hours of work, holidays etc.

It should be noted that whilst the scope of the Employment Act is limited to employees earning RM2,000 and below, in practice most employers refer to the minimum terms and conditions required under the

Employment Act, when determining the minimum terms and conditions to be offered to all employees (regardless of wage levels).

Minimum wages

Minimum wages were introduced in Malaysia from 2013. Effective from 1 Jan 2019, the minimum wage for employees in the private sector (other than domestic helpers) is set at RM1,100 per month for whole of Malaysia.

4. Human Resources Development Fund (HRDF)

The HRDF was established in 1993 with the aim of developing quality human capital and a world-class workforce through training and skills upgrading, to meet the nation's future needs. Eligible employers in the manufacturing and services sectors must register with the HRDF for the payment of the Human Resources Development Levy. This levy is a mandatory levy imposed on specified groups of employers to fund this training initiative. The HRD levy is payable for each working employee at the rate of 1.0% of monthly wages.

5. Payroll requirements

Payroll payment and pay-slip

Employers shall make available to each employee, particulars relating to their wages, contributions, deductions, etc. These "pay-slips" can be provided either in electronic form or hard copy.

The employer is required to pay its employees in respect of each month, not later than the 7th day of the following month.

6. Banking requirements related to payroll

Banking of salary and wages

Employee's wages can be paid by any one or a combination of the following:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

7. Immigration requirements

Every foreigner/expatriate who wishes to engage in any kind of employment in Malaysia must obtain a work permit from the Malaysian Immigration Department (MID). All applications for work permits in Malaysia must have a local sponsor such as a private limited company, limited company,

Representative Office, Regional Office or branch of a foreign company. Generally, there are two (2) types of expatriate work permits in Malaysia, which are the Employment Pass (which allows the holder to work in Malaysia for a period of up to 60 months) and the Professional Visit Pass (which is generally for expatriates on short-term assignments to Malaysia for periods of up to 12 months). Employment Pass holders who are earning a monthly salary of more than MYR5,000 are allowed to bring their dependents into Malaysia. The Dependent Pass or Long Term Social Visit Pass granted to dependents do not have working rights attached to them, so a separate work permit needs to be obtained for the dependents if they have the intention to work in Malaysia.

It should be noted that approvals for work permits can take a significant amount of time depending on the industry and geographical location of the approving authorities involved.





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Doing business in New Zealand – Payroll and Immigration

1. Government requirements

Registration requirements

Registration for Pay As You Earn (PAYE)

When a business enters in New Zealand and employs people, the business must register with the Inland Revenue Department (IRD) for Pay As You Earn (PAYE). If the business has already obtained an IRD number, it can register for PAYE by completing an Employer Registration form. If the business does not have an IRD number and require one, application for IRD number and PAYE can be carried out at the same time.

ACC Levies

ACC Levies are an insurance cover that ensures that the business is covered for the cost that might follow a workplace related injury or disease. These costs can include weekly and lump sum payments, medical, hospital and rehabilitation expenses, and return to work costs.

The Business levies will be assessed based upon business type and risk factors. Both Employees and the Employer pay these Levies. Levies are also charged on Vehicle Registrations and other statutory payments by all New Zealand Residents and Citizens

On-going compliance requirements

Remittance of PAYE withholding

The timeframe within which an amount withheld must be remitted to the IRD depends on the total amount of PAYE withheld by a business on an annual basis. Businesses are categorized as either large or small.

Large withholders: If the company's gross annual PAYE (including Employer Superannuation Contribution Tax (ESCT)) is NZD500,000 or more in the previous year ended 31 March, it will be required to pay PAYE:

- ▶ From wages paid between the 1st and 15th of the month by the 20th of the same month
- ▶ From wages paid between the 16th and the end of the month by the 5th of the following month, except for the second period of December, which is due on 15 January

The amount must be paid electronically.

Small withholders: If your gross annual PAYE (including ESCT) is less than NZD500,000 you must pay PAYE monthly.

PAYE is due by the 20th of the following month.

IRD imposes penalties and interest for late lodgment, late payment and non-payment of PAYE withholdings.

PAYE and Kiwi Saver Lodgments

Current Monthly / Fortnightly Employer Deductions form (IR345) and Employer Monthly Schedule (IR348) will be replaced as of 1 April 2019, with payday reporting. This will be an electronic reporting to the IRD for PAYE, ESCT and Kiwi Saver. Employers with an annual PAYE / ESCT liability can revert to using Paper Returns.

Employers will need to ensure their payroll software is compliant and White Listed with the IRD.

EY Payroll Oceania Payroll Operate is compliant and white listed

No annual reporting is required.

2. Pension Requirements

On-going compliance requirements

KiwiSaver is a voluntary, work-based savings initiative to help New Zealanders with their long-term savings for retirement.

KiwiSaver is open to all New Zealand citizens and people entitled to live here permanently who are under the age of eligibility for New Zealand Superannuation (age 65).

Employers are only required to contribute if the employee opts into the Kiwi saver Program.

Employees, upon joining an employer, are automatically opted in and have 2 weeks to opt out.

To join KiwiSaver, a person must be:

- ▶ Living (or normally living) in New Zealand
- ▶ A New Zealand citizen or entitled, under the Immigration Act 2009, to be in New Zealand indefinitely

Employers are required to contribute to the employee's KiwiSaver account or complying fund at 3%, 4% or 8% of their gross salary or wage. A complying superannuation fund is a section within a registered superannuation scheme that has been approved by the Financial Markets Authority as having met certain criteria similar to KiwiSaver e.g., KiwiSaver lock-in rules and portability.

KiwiSaver employer contributions need to be paid with the PAYE while contributions the employer makes to their employees' complying funds still need to be paid directly to the applicable scheme.

3. Employment obligations

Employment Law and minimum employment requirements

Minimum wage rates apply to all employees aged 16 and over, who are full-time, part-time, fixed-term, casual, working from home, and paid by wages, salary, commission or piece rates (some exceptions). The minimum wages for FY 19/20 is NZD17.70 per hour from 1 April 2019.

All employees: part-time, full-time, fixed term and casual (but not including the Armed Forces) get at least:

- ▶ Four weeks of paid annual holidays (annual leave) each year for rest and recreation (some fixed-term and casual employees may get annual holidays on a "paid as you earn" basis)
- ▶ Eleven public holidays each year (if there are days they would otherwise work). These are days of national, religious or cultural significance, and employees should be able to take them as leave, where possible
- ▶ Access to five days sick leave and three days bereavement leave:
- ▶ After six months of current continuous employment with the same employer

Or

- ▶ After working for the employer for six months for an average of 10 hours per week, and at least one hour in every week or 40 hours in every month

If an employee has to work on a public holiday, that work must be paid at no less than one and a half time. Payment for annual holidays is calculated differently from payment for public holidays, bereavement leave and sick leave.

4. Payroll requirements

Payroll payments and payslips

According to the Department of Labour, it is not a legal requirement for employers to provide payslips to their staff unless it is stipulated in their contracts. All employees do however have the right to view and copy the personal payroll data held by their employer regarding them. Employees frequently request payslips even from employers who do not supply them on a regular basis as they are needed as proof of income when applying for a loan, arranging child care payments and many other scenarios. While it may not be a legal requirement, it is good business practice to provide payslips to employees and not doing so looks very unprofessional.

All salary and wage income is income taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is made to the employee.

Depending on the size of the employing entity, there may be a requirement to report all payments to IRD within 48 hours of the payment to employee's being made.

Keep records on paper or electronically (as long as the information can be accessed easily and converted into written form).

Keep wages and time records, and holiday and leave records for six years (even if the employee has left).

Keep a signed copy of the employment agreement, or current signed terms and conditions, or intended employment agreement (and employees must be given their copy if they ask for it).

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each pay period.

6. Immigration requirements

In general, all visitors to New Zealand must apply for a visa to enter the country. Visitors and Business visitors who hold passports from a visa waiver country can obtain a visa on entry at the New Zealand border for short periods of time to undertake limited activities. However, if an individual intends to work in New Zealand they must obtain a work visa. Business visitor and visitor visa applicants from non-visa waiver countries and all work visa applicants must pre-apply for their visa ahead of their travel to New Zealand and meet the generic temporary entry instructions. This includes health and character requirements. An employer of a work visa applicant must provide evidence that no suitably qualified New Zealanders can perform the job offered to the applicant. Exceptions exist for employers who are accredited with Immigration New Zealand and for some work visa categories such as the Specific Purpose or Event category. Family members can obtain visas on the basis of their relationship to the principal applicant. If the principal applicant is granted a work visa for six months or more, the spouse is eligible for work rights in New Zealand. Dependent school age children are eligible for student visas to allow them to attend New Zealand primary and secondary schools as domestic students. New Zealand employers must ensure that all employees hold the correct work rights to work for the employer in their current role and maintain up to date records of this data. If a migrant employee's role or work location changes while they are working in New Zealand a Variation of Conditions or new work visa application may be required.



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Doing business in Philippines – Payroll and Immigration

1. Government requirements

Registration requirements

Registration with the BIR

The National Internal Revenue Code of the Philippines (Republic Act No. 8424, as last amended by Republic Act (RA) No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN), requires that every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with the rules and regulations. The withholding tax on compensation income is a method of collecting the income tax at source upon receipt of the income to all employed individuals, whether citizens or aliens, deriving income from compensation for services rendered in the Philippines.

Accordingly, every employer is required to register its employees and secure their Tax Identification Numbers (TIN) or update their employee information for purposes of filing and remitting the proper withholding tax on wages (WTW) to the Bureau of Internal Revenue (BIR). The relevant forms for submission are the Application for Registration (BIR Form No. 1902) for new employees without TIN, and Certificate of Update of Exemption and of Employer's and Employee's Information (BIR Form No. 2305) for employee information update.

Registration with other government agencies

Both employer and employees are also required to register with the following government agencies:

1. Social Security System (SSS) – RA No. 8282
2. Philippine Health Insurance Corporation (PhilHealth) – RA No. 7875
3. Home Development Mutual Fund (HDMF) – RA No. 9679

SSS provides social insurance program, health and retirement benefits to employees. PhilHealth covers health insurance coverage for medications of the employees and their dependents. On the other hand, HDMF offers affordable shelter financing, short-term loans and access to housing programs.

On-going compliance requirements

Monthly payroll tax

The employer, as a withholding tax agent, is required to file the monthly WTW return using the Monthly Remittance Return of Income Taxes Withheld on Compensation (BIR Form 1601-C). The deadline for filing of tax return and payment of related tax liability depends on the classification of the taxpayer, as follows:

1. Manual taxpayers – the WTW return and related tax liability shall be filed and paid, respectively, on or before the 10th day of the month following the month when the withholding was made, except for taxes withheld in December, which shall be filed/paid on or before 15 January of the succeeding year.
2. Taxpayers enrolled in the Electronic Filing and Payment System (EFPS) –
 - ▶ the filing of tax return shall be made on a staggered basis depending on the industry classification of the taxpayer (i.e., 11th to 15th day following month-end)
 - ▶ the payment of tax liability shall be made on or before the 15th day of the month following the month when the withholding was made, except for taxes withheld in December, which shall be paid on or before 20 January of the succeeding year.

Monthly statutory contributions

Every employer is required to deduct from employee's compensation the required statutory contributions (i.e., SSS, PhilHealth and HDMF). The employer shall remit its and employee's share in the statutory contributions to the concerned government agencies. The deadline for remittance, which shall be in the following month when the deduction was made, is as follows:

1. SSS – depends on the 10th digit of the employer's SSS number (i.e., 10th, 15th, 20th, 25th or last day of the month)
2. PhilHealth – depends on the last digit of the employer's PhilHealth number (i.e., 11th to 15th or 16th to 20th day of the month)
3. HDMF – depends on the first letter of employer or business name (i.e., 10th to 14th, 15th to 19th, 20th to 24th or 25th to last day of the month)

Year-end payroll tax compliance

Every calendar year-end, the employer is required to compute the annual tax to be withheld on the employee's compensation and compare it with the taxes already withheld in the previous months (i.e., January to November).

In case of deficiency tax, the employer shall withhold the additional tax from the compensation of employee in December. On the other hand, in case of excess tax, the employer shall credit and refund the excess tax to the employees not later than 25 January of the following year.

The employer is required to submit the Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes (BIR Form No. 1604-CF), including the alphabetical list of employees/payees, to the BIR on or before 31 January of the year following the calendar year when the compensation payment and other income payments subjected to final withholding taxes were paid or accrued.

In addition, the employer is also required to issue the Certificate of Compensation Payment or Income Tax Withheld (BIR Form No. 2316) to the employees on or before 31 January of the succeeding calendar year and submit the signed duplicate copy to the BIR on or before February 28 of the succeeding calendar year. The form shall present the total compensation income received by the employee and the total amount of tax withheld from said compensation during the calendar year.

2. Pension requirements

Registration requirements

Registration of retirement plan

In cases where the employer provides retirement benefits to the employees through a formal retirement plan, the employer shall register the retirement plan with the BIR and secure certification from it to qualify for income tax exemption. In securing the certification, the employer must file a written application and submit the documents required by the BIR. The documents to be submitted depends on whether the retirement plan is a trustee plan, non-trustee/insured plan or multi-employer plan.

On-going compliance requirements

Retirement benefits

RA No. 7641 mandates that all employees may retire upon reaching the retirement age established in the collective bargaining agreement (CBA) or other applicable employment contract. The employee shall be entitled to receive the retirement benefits earned under existing law, and the CBA and other agreements. The retirement benefits under the CBA and other agreements shall not be less than those provided in RA No. 7641.

In the absence of a retirement plan or agreement providing for retirement benefits of employees, an employee upon reaching the age of 60 years or the compulsory retirement age of 65 years, and who has served at least five years, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary for every year of service, a fraction of at least six months being considered as one whole year.

The following retirement benefits are exempt from income tax:

1. Retirements benefits received under RA No. 7641
2. Those received by employees in accordance with reasonable private benefit plan maintained by the employer, provided that the following conditions are met:
 - (a) the retiring employee has been in the service of the same employer for at least 10 years
 - (b) the employee is not less than 50 years of age at the time of retirement
 - (c) the retirement benefits shall be availed by an employee only once

3. Employment obligations

Minimum wage

The Wage Rationalization Act (RA No. 6727) mandates the fixing of the minimum wages applicable to different industry sectors. These are: non-agriculture, agriculture plantation, agriculture non-plantation, cottage/handicraft and retail/service.

The Regional Tripartite Wages and Productivity Boards (RTWPB) determine the daily minimum wage rates in each region. The Regional Wage Orders issued by RTWPB prescribe the daily minimum wage rates per industry per locality within the region and in some instances depending on the number of workers and the capitalization of enterprises.

Compensation income of a minimum wage earner (MWE), who is being paid with statutory minimum wage, shall be exempt from income tax. Holiday pay, overtime pay, night shift differential pay and hazard pay earned by the MWE shall likewise be covered by income tax exemption. Additional compensation such as commissions, honoraria, fringe benefits, benefits in excess of the allowable statutory amount of PHP90,000, taxable allowances, and other taxable income given to an MWE by the same employer other than those which are expressly exempt from income tax shall be subject to withholding tax using the withholding tax table. Likewise, MWE receiving other income from other sources in addition to compensation income, such as income from other concurrent employers, from the conduct of trade, business, or practice of profession, except income subject to final tax, are subject to income tax only to the extent of income other than statutory minimum wage, holiday pay, overtime pay, night shift differential pay, and hazard pay earned during the taxable year.

Leave entitlement

Every employee who has rendered at least one year of service shall be entitled to a yearly service incentive leave (SIL) of five days with pay.

In addition, the following leave entitlement shall be granted to certain employees with full pay:

1. Maternity leave (RA No. 1161, as amended by RA No. 8282 and as further amended by RA No. 11210) – 105 days (additional 15 days for solo parents)
2. Paternity leave (RA No. 8187) – 7 days
3. Solo parent leave (RA No. 8972, as amended by RA No. 11210) – 7 days
4. Others
 - a. Gynaecology leave (RA No. 9710) – 2 months
 - b. Leave for women and their children who are victims of violence (RA No. 9262) – 10 days

Rest hours

Normal hours of work of any employee shall not exceed eight hours a day.

In addition, it shall also be the duty of every employer to give his employees not less than 60 minutes time-off for their regular meals. However, in the following cases, the employer may give a meal period of not less than 20 minutes provided that said shorter meal period is credited as compensable hours worked of the employee:

1. Work is non-manual work in nature or does not involve strenuous physical exertion
 2. The establishment regularly operates not less than 16 hours a day
 3. There is urgent work to be performed on machineries, equipment or installations to avoid serious loss which the employer would otherwise suffer
 4. The work is necessary to prevent serious loss of perishable goods
- Rest periods or coffee breaks running from 5 to 20 minutes shall be considered as compensable working time except in certain cases when a meal period of not less than 20 minutes may be given by the employer. (Presidential Decree No. 442, s. 1974)

Any work performed beyond 8 hours a day shall be considered an overtime work which shall entitle the said employee to an additional compensation equivalent to his/her regular wage plus at least 25% thereof. On the other hand, work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least 30% thereof. It shall also be the duty of every employer, whether operating for profit or not, to provide each of his employees a rest period of not less than 24 consecutive hours after every 6 consecutive normal work days.

Statutory contributions

Both employer and employee are required to remit monthly contributions based on each employee's gross or basic monthly pay to the following government agencies:

1. Social Security System (SSS)
2. Philippine Health Insurance Corporation (PhilHealth)
3. Home Development Mutual Fund (HDMF)

4. Payroll requirements

Timing of wage payment

Wages shall be paid at least once every 2 weeks or twice a month at intervals not exceeding 16 days. In case the wages cannot be paid due to circumstances beyond the employer's control, the employer shall pay the wages immediately after such circumstances have ceased. However, no employer shall make payment with frequency less than once a month. (Presidential Decree No. 442, s. 1974)

In case of payment of wages by results involving work which cannot be finished in 2 weeks, payment shall be made at intervals not exceeding 16 days in proportion to the amount of work completed. Final settlement shall be made immediately upon completion of the work.

Payslips

Every employer shall pay his employees by means of a payroll wherein the following information and data must be individually shown:

1. Length of time to be paid
2. The rate of pay per month, week, day or hours, piece, etc.
3. The amount due for regular work

4. The amount due for overtime work
5. Deductions made from the wages of the employees
6. Amount actually paid

Employers are encouraged to provide payslips to all employees one working day before the pay day. Payslips can be provided as either electronic form or hard copy.

5. Banking requirements related to payroll

Payment of salaries and wages

Wages shall be paid in legal tender. The use of tokens, promissory notes, vouchers, coupons or any other form alleged to represent legal tender is absolutely prohibited even when expressly requested by the employee.

Payment of wages by bank checks, postal checks or money orders is allowed where:

- ▶ such manner of wage payment is customary
- ▶ it is stipulated in a collective agreement

Or



- ▶ where all of the following conditions are met:
 - (a) There is a bank or other facility for encashment within a radius of 1km from the workplace.
 - (b) The employer or any of his agents or representatives does not receive any pecuniary benefit directly or indirectly from the arrangement.
 - (c) The employees are given reasonable time during banking hours to withdraw their wages from the bank which time shall be considered as compensable hours worked if done during working hours.
 - (d) The payment by check is with the written consent of the employees concerned if there is no collective agreement authorizing the payment of wages by bank checks.

Upon written petition of majority of the workers and employees, all private establishments, companies, business and other entities with at least 20 workers and located within 1km radius to a commercial, savings or rural bank, shall pay the wages and other benefits of their workers through any of said banks, within the period and in the manner and form

prescribed under the Labor Code. In addition, upon request of concerned worker or union, the bank through which wages and other benefits are paid shall issue a certification of the record of payment of said wages and benefits of a particular worker or workers for a particular payroll period. (Presidential Decree No. 442, s. 1974)

6. Immigration requirements

Eligible nationals may obtain a visa on arrival to the Philippines for limited periods if they are not engaging in work activity in the Philippines. Special work permits valid for up to three months and renewable once, can be obtained for short-term work activity up to a total of six months. For work activity in excess of six months, a variety of work visa categories exist depending on the type of employer in Philippines sponsoring the visa and nature of work to be performed. (Philippine Immigration Act of 1940)





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Doing business in Singapore – Payroll and Immigration

1. Government requirements

Registration requirements

Registration of e-Services Authorization System (EASY)

EASY is an online system managed by the Inland Revenue Authority of Singapore (IRAS) that allows organizations to authorize their employees or a third party to access e-Services on their behalf.

In addition to EASY registration, the authorized staff must have a SingPass account to access the government e-Services.

Auto Inclusion Scheme (AIS) for employment income

Under the AIS, the employer needs to submit all Form IR8E and appendices to IRAS directly. The submitted information will then be automatically included in the employee's income tax assessment, and hence the employee does not have to report the income earned in the company when filing their own tax return. Participation in AIS is compulsory for employers with 10 or more employees or who have received the "Notice to File Employment Income of Employees Electronically" gazetted under S68(2) of the Income Tax Act. Employers with less than 10 employees can also join the AIS by completing the registration form and submitting it to IRAS.

On-going compliance requirements

Tax Clearance for foreign and Singapore permanent employees

For foreign employee and Singapore Permanent Resident (PR) employee terminating their employment with the company, the employer will need to withhold all the monies due to the individual upon receiving notification of the cessation. Thereafter, the employer will lodge Form IR21 (Notification of a Non-Citizen Employee's Cessation of Employment or Departure from Singapore) and Appendices (if any) to the IRAS and report the employee's total remuneration earned for the year. Form IR21 must be submitted to the IRAS at least one month before the cessation date. Employers who fail to comply with this notice requirement may be liable to a fine up to S\$1,000, unless the comptroller accepts a shorter notice. Once the employee's taxes have been finalized, the IRAS will issue a directive to the company to remit over an amount to cover the employee's taxes and release the balance amount withheld (if any) to the employees. Singapore PR employee with no intention to leave Singapore permanently may provide a "Letter of Undertaking (LOU)" stating that he or she will not leave Singapore permanently. With this LOU, employer does not need to perform the tax clearance for the said employee.

Reporting employees' earnings

The tax system in Singapore is territorial in nature, where income is subject to tax in Singapore if it accrues in or is derived from Singapore. For employment income, it is generally regarded to be Singapore-sourced if it arises from the exercise of employment in Singapore irrespective of where the contract is made or where the remuneration is paid/charged. As such, all payment (whether in the form of cash or in-kind, including the employer's contributions towards an overseas pension/provident fund, gains from equity awards, etc.) made by an employer to an employee in respect of his/ her employment in Singapore are taxable in the hands of the employee. All employers are required by law (S68(2) of the Income Tax Act) to prepare Form IR8A/E and Appendix 8A/E, Appendix 8B or Form IR8S (where applicable) for all the employees who are employed in Singapore by 1 March of each following year.

Skills Development Levy (SDL)

As required by law under the SDL Act, all employers are required to pay a monthly SDL for each of their employees working in Singapore (regardless of nationality) rendering services either wholly or partly in Singapore. This includes employees on part-time/casual employment and business travelers from overseas office. The levy amount will depend on the gross monthly remuneration of an employee. For an incomplete month of service in Singapore, the employer can pay the levy amount on the basis of the pro-rated remuneration. The levy is 0.25% of the remuneration in any month. The minimum amount is S\$2 per month per employee and maximum amount is S\$11.25 per employee per month.

The SDL payment is usually made together with the Central Provident Fund (CPF) contributions. However, for company with only foreign employees, submission and payment have to be made directly to the SkillsFuture Singapore Agency (SFS) in the absence of a CPF account.

Self-Help Group Fund (SHG)

The SHGs include Chinese Development Assistance Council (CDAC) Fund, Mosque Building and Mendaki (MBMF) Fund, Singapore Indian Development Association (SINDA) Fund and Eurasian Community Fund (ECF). The SHGs are set up to uplift the less privileged and low-income households in the Chinese, Muslim, Indian and Eurasian communities, respectively. Depending on the race or religion of the employee, the employer will need to deduct a prescribed amount from the relevant employee's monthly remuneration.

The contribution amount will depend on the specific agency's contribution rate and the employee's monthly remuneration. The CPF board is the authorised collection agency for all agencies. Payment for these funds should be made by the 14th of the following month.

2. Pension requirements

Registration requirements

Registration for Central Provident Fund (CPF)

The Central Provident Fund (CPF) is a comprehensive social security savings plan that has provided many working Singaporeans with a sense of security and confidence for their retirement years. It is mandatory for employers to make CPF contributions for all Singapore citizen employees and Singapore PR employees. This requirement is governed by the CPF Act (Chapter 36). All employers are required to apply for a CPF Submission Number (CSN) to make CPF payments as soon as they intend to hire any Singapore citizen or Singapore PR employees.

On-going compliance requirements

CPF contributions

The CPF contribution amount will depend on the type of citizenship, age and the wages of an employee. The employer can deduct the employee's contribution from the employee's monthly wages. The employer will need to make monthly contribution to the board. The CPF payment should be made by the 14th of the following month. Interest on late payment is calculated daily at the rate of 1.5% per month, starting from the first day of the following month after the contributions are due (e.g. interest for August CPF contributions will be calculated from 1 September). The minimum interest payable is S\$5 per month.

CPF contributions are not mandatory for Singapore citizens or Singapore PR working overseas although they are legally employed by a Singapore entity. Having said so, employers who wish to continue making CPF contributions for Singaporean or Singapore PR employees posted overseas can still make voluntary CPF contributions. A separate CPF submission number will need to be applied for this voluntary contributions.

3. Employment obligations

Amendments in the Employment Act

From 1 April 2019, there will be changes to the Employment Act. The changes include:

- ▶ Covering all employees under the Employment Act.
- ▶ Covering more non-workmen under Part IV of the Employment Act.
- ▶ Wrongful dismissal claims to be heard by ECT.

Covering all employees under the Employment Act

Managers and executives with a monthly basic salary of more than \$4,500 will be **covered by the Employment Act**. Currently, they are not covered by the Employment Act. This means that **all employees**, with the exception of seafarers, domestic workers and public officers, in Singapore will be covered for core provisions such as:

- ▶ Minimum days of annual leave.
- ▶ Paid public holidays and sick leave.
- ▶ Timely payment of salary.
- ▶ Statutory protection against wrongful dismissal.

Seafarer, domestic workers and public officers continue not to be covered under the Employment Act. They are covered by other Acts and regulations due to the nature of their work.

Covering more non-workmen under Part IV of the Employment Act

Non-workmen earning up to \$2,600 will be covered under **Part IV of the Employment Act**.

Part IV of the Employment Act provides additional protections such as hours of work, rest and overtime pay. Currently, it covers workmen earning up to \$4,500 and non-workmen earning up to \$2,500.

Wrongful dismissal claims to be heard by ECT

Wrongful dismissal claims will be heard by the ECT. Currently, these claims are heard by the Minister for Manpower.

As the ECT already hears salary-related claims, this shift will provide a more convenient one-stop service to both employees and employers.

Similar to the existing process for salary-related claims, employees have to register their wrongful dismissal claims at TADM for mediation. If the claims cannot be resolved through mediation, they will be referred to the ECT.

Key Employment Terms (KETs)

From 1 April 2016, employees who enter into a contract of service must be issued KETs in writing within 14 days from the start of employment. This is to extend better protection for the employees and prevent any employment disputes that may arise. The items to include are full name of employer and employee, job titles and main duties and responsibilities, start date of employment, duration of employment if on fixed-term contract, working duration such as daily working hours, number of working days per week and rest day, salary period, basic salary, fixed allowances and deductions, overtime payment period and rate of pay, bonus and incentives, types of leave and entitlement, and probation and notice period. The KETs can be in soft or hardcopy.

Employment records

From 1 April 2016, all employers must maintain detailed employment records of employees covered under the Singapore Employment Act. The two categories of records are employee records and salary records. The records can be kept in soft or hard copy, including handwritten record. The latest two years records must be kept for current employees and last two years records for employees who have left employment. Employee records include address, identification numbers, date of birth, gender, date of starting and leaving employment, working hours and date of leave taken.

Paid leave

Under the Singapore Employment Act, employees who are covered under Part IV of the Employment Act and have completed at least three months of services with the employer, will be entitled to paid annual leave. At the minimum, employees are entitled to paid annual leave of at least seven days for the first year of service and additional one day per increase year of services. For hospitalization leave, the entitlement for all employees with at least 6 months of services is 60 days per annum and this includes the 14 days outpatient sick leave entitlement. Other paid leaves include maternity leave, paternity leave, shared parental leave and childcare leave. These leaves will be subjected to the eligibility of the employees.

Hours of work, overtime and rest

Under Part IV of the Singapore Employment Act, the contractual working hours per week should not be more than 44 hours. Employees are also not required to work more than 6 consecutive hours without a break. However, if the nature of the work requires continuous work up to 8 hours, breaks of at least 45 minutes must be provided for meals. Employees can claim overtime if they are a non-workman earning up to S\$2,500 or a workman earning up to S\$4,500. The overtime rate payable for non-workmen is capped at the salary level of S\$2,250, or an hourly rate of S\$11.80. For overtime work, the employee must be paid at least 1.5 times the hourly basic rate of pay and payment must be made within 14 days after the last day of the salary period. An employee are not allowed to work more than 12 hours a day, except for special circumstances. The employee can only work up to 72 overtime hours in a month.

4. Payroll requirements

Itemized payslips

From 1 April 2016, itemized payslips must be issued to employees who are covered under the Employment Act. A soft or hardcopy of the payslips must be given to the employees within 3 working days from the salary

payment. The latest two years itemized payslips must be kept for current employees and last two years itemized payslips for employees who have left employment. Salary record include full name of employer/employee, date of payment, start and end date of salary period, basic salary, allowances and deductions, overtime hours worked, pay and start and end date of overtime payment period, and net salary paid in total.

Salary payment

The salary must be paid at least once a month to employees who are covered under the Employment Act. The salary must be paid within 7 days after the end of the salary period.

- ▶ For overtime work , the salary must be paid within 14 days after the end of the salary period.
- ▶ For employees who resigns and serves the required notice period, the final salary should be paid on the last day of employment.
- ▶ For employee who resigns without notice and doesn't serve the notice period, the final salary should be paid within 7 days of the last day of employee.
- ▶ For employee who is dismissed or terminated, the final salary should be paid on the last day of employment. If this is not possible, then the final salary should be paid within 3 working days from date of termination.



For employees who are not covered by the Employment Act, the salary payment will be based on their employment contract or existing policies and practices.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.

6. Immigration requirements

Short-term visit passes are issued at the port of entry, and may be obtained without prior application for many nationalities. Citizens of listed nationalities will require an entry visa prior to arrival. These are both issued for visiting purposes only, and are suitable for business meetings but not for employment. Foreign nationals who intend to take up employment or to engage in a business, profession or occupation in Singapore must apply for a work pass, sponsored by a Singapore entity, which is normally the employer. There are various categories of work passes. Employment Pass (EP) is applicable for foreign professionals, managers and executives who meet income, education and other personal attribute requirements, and may be subject to advertising requirements under the Fair Consideration Framework. An EP may be granted for a duration of up to two years, and is renewable. Dependant privileges apply with conditions. Other work passes to note include the S-Pass and work permit.





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Doing business in Sri Lanka – Payroll and Immigration

1. Government requirements

Registration requirements

Pay As You Earn (PAYE)

In terms of Section 83 of the Inland Revenue Act No. 24 of 2017, employers are required to deduct Income Tax on employment income of employees at the time of payment of remuneration.

For this purpose, the Commissioner General of Inland Revenue specifies tax tables which are to be used in making such tax deductions. Since the tax is paid at the time of earning the remuneration, this system is called Pay-As-You-Earn system (PAYE).

The following documents can be submitted to the PAYE branch of the Department of Inland Revenue:

- ▶ Tax Payer Identification Number (TIN) Certificate
- ▶ Letter from the company requesting to open a PAYE file

On-going compliance requirements

- ▶ Remit to the Commissioner General every tax deduction made under PAYE Scheme during a month, not later than the 15th day of the month immediately following. (Section 86 (1))
- ▶ Issue to all employees details of the tax deductions made during the year in the Certificate of Tax Deduction (T 10 form), before the expiry of the 30th day of April in the following year. (Section 87 (b))
- ▶ Furnish Annual Declaration to the Commissioner General not later than 30th April every year. (Section 86 (2))
- ▶ Keep in safe custody the documents relating to every payment made to employees. Whenever officers authorized by the Commissioner General call for inspection, such documents should be made available to them. (Section 120).

2. Pension requirements

Registration requirements

Registration for Employees Provident Fund (EPF) and Employees Trust Fund (ETF)

Companies must register with the Department of Labor to obtain the registration number. The fund is government-owned and maintained by the Central Bank. No separate registration is required to register ETF and uses the same EPF number for their monthly contributions. Complete "Form-D" in duplicate with business registration certificate and certify within 14 days of recruitment of first employee. Companies must also pay gratuities to employees that have been employed for more than 5 years. The gratuity provisions do not apply to companies that have fewer than 15 employees. There is no pension scheme for private sector employees.

On-going compliance requirements

Employees Provident Fund (EPF)

Calculation of the contributions are as follows:

Employee's contribution: 8% of the total monthly earnings (to be deducted from the employee's salary/wage)

Employer's contribution: 12% of the total monthly income of the employee (to be paid totally by the employer)

Total contribution per employee will be 20% of the employee's total monthly earnings. Payments should be made before the last working day of the month, immediately following the month for which the salary should be made.

Payment of contributions

- ▶ Obtain three copies of "Form-C" (issued free) from the nearest labor office or download from the EPF website and complete in triplicate.

The original and a copy should be submitted to the collection counter of the EPF at the ground floor of the Lloydz Building in Fort with a cheque written in favor of the "The Superintendent, EPF." A receipt should be obtained and should be kept for future reference.

EPF e-Return System

According to the EPF (amendment) Act No. 2 of 2012 and regulations gazetted in May 2013, all employers who have more than 50 employees are required to submit their employees' EPF contributions and member details on monthly basis in an electronic return system.

EPF has introduced EPF e-Return system, a total paperless solution for employers to send the EPF returns. Under this scheme, employers are requested to submit two simple text files monthly according to the specified format. No forms are required to be submitted for EPF returns once the employer join this scheme.

Every employer having access to computer facilities can create their EPF returns using a computer according to a specified format. Employers are free to use any computer system or any tool to create these files. EPF provides only the guidelines.

Employees Trust Fund (ETF)

- ▶ Employer's contribution: 3% of the total monthly earnings (not to be deducted from the employee's monthly salary/wages).

Employers divided into two categories

- ▶ Larger category – Employers who are having 15 or more employees
- ▶ Smaller category – Employers who are having less than 15 employees

Employers who have more than 15 employees must use the R1 Remittance Form and employers who have less than 15 employees may use the R4 Remittance Form when they make monthly contributions. Monthly contributions should reach ETF Board on or before the last working day of the following month. Employers who are liable to contribute to the ETF under remittance Form R1 are required to furnish half-yearly return incorporating details of contributions made on behalf of its employees in respect of each month in the following manner.

First half year return (January to June) on or before 31 August of the same year.

Second half year return (July to December) on or before 28 February of the following year.

3. Employment obligations

Minimum wage

The national minimum monthly wage for all workers in any industry or service shall be 10,000 rupees and the national minimum daily wage of a worker shall be 400 rupees rupees.

Annual leave

An employee is entitled to take annual leave when the next calendar year starts. The duration of that first annual leave period is determined according to the date/month on which the employment commenced. From the second year onward, an employee is entitled to 14 days of paid annual leave, after completion of 12 months of continuous service.

Weekly rest days

Workers are entitled to at least one and a half day of rest per week at the worker's full rate of remuneration. However, the entitlement of full remuneration is not applicable to workers who have worked for less than 28 hours, exclusive of overtime work.

Weekly rest day is not specified in the act. The rest day can be postponed and taken in 5-weekly blocks, provided that the Commissioner is satisfied that such postponement is necessary by reason of the nature of the business or for unforeseen circumstances.

4. Payroll requirements

Payroll payments and payslips

- ▶ Employees must be paid at least monthly.
- ▶ All employees must be provided payslips. Payslips can be provided either electronic form or hard copy. Electronic form must have same information as hard copy.
- ▶ Salary and wage income is income taxable in the financial year in which it is actually received, regardless of when it was earned.
- ▶ Tax should be withheld at the time when the payment is made to the employee.

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- ▶ Cash
- ▶ Cheque, money order or postal order, payable to the employee
- ▶ Electronic funds transfer

Employee should sign a record to confirm the amount of money that has been paid for each pay period.

6. Immigration requirements

Foreign nationals taking up employment in Sri Lanka require a work permit. A work permit must be sponsored by a Sri Lankan entity for a nominated occupation. Work permit applicants and their dependents will also require the appropriate entry visa, which must be pre-approved by the relevant line ministries and the Department of Immigration and Emigration. Work permits are obtained through the Sri Lankan Consulate prior to travel and the associated residence permits post arrival from the Department of Immigration and Emigration for the duration of stay.

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Doing business in Taiwan – Payroll and Immigration

1. Government requirements

Registration requirements

Registration for social insurances

The social insurances in Taiwan covers labor insurance and national health insurance. The labor insurance is a compulsory social insurance covering workers who make money by working, and is implemented as comprehensive insurance. The national health insurance (NHI) is a type of social insurance system in which each participant is required to pay a monthly insurance premium in return for medical treatment for childbirth, illness or injury. The insuring party, according to The Labor

Insurance Act and the National Health Insurance Act, is the institution or employer that employs the insured, or the organization to which the insured belongs. In addition to the above, the supplementary Second Generation NHI was also announced in 2013 to improve the current national health insurance program. For new business that enters Taiwan, it shall apply the labor insurance and NHI numbers to the insurance bureaus after business completed the legal entity setup procedure. These numbers can be used to enroll the hired employees into the social insurance program.

On-going compliance requirements

Payroll withholding tax payment

The term “tax withholder” as used in the Income Tax Act means a person or business who is required under this act to withhold income tax from the payment to be made to a taxpayer. The withholding tax should be withheld at the time when payment is made and the withholding tax should be paid by the following timeline:

- ▶ Tax residents (person who stay in Taiwan over 183 days): The withholding tax shall be paid before 10th of the following month when the payment is made.
- ▶ Non-tax residents (person who stay in Taiwan under 183 days): The withholding tax shall be paid within 10 days when the payment is made.

The tax payment method

In practical, the withholding tax can be paid by cash or check at the bank counter or convenience stores if the tax less than certain amount. Currently there is no option for transferring the tax payments electronically to the tax authorities.

Withholding tax return filing

Besides the withholding tax payment, the business is also required to file the withholding tax return for the taxpayers by the following timeline:

- ▶ Tax residents: Annual filing the withholding tax return by 31 January of the following year.
- ▶ Non-tax residents: The withholding tax return shall be filed within 10 days every time the payment is made.

Annual supplementary second generation NHI reporting

Under the National Insurance Act, business is also required to file the annual reporting of monthly Second Generation NHI premium paid by the employees. The filing timeline is 31 January of the following year.

2. Pension requirements

Registration requirements

The pension is govern by the Labor Standards Act (hereinafter referred to as the “old scheme”) and the Labor Pension Act (hereinafter referred to as the “new scheme”) (after 1 July 2005). All employers in Taiwan are required to contribute a certain minimum amount towards superannuation support for their workers. For new business entering Taiwan, it shall apply the pension number (new scheme) to the Labor Insurance Bureau after it completes the legal entity setup procedure. This number can be used to enroll the hired employees into the pension program.

On-going compliance requirements

The rate of contribution by an employer to the labor pension fund per month shall not be less than 6% of the employee’s monthly wages. An employee may voluntarily contribute per month, up to 6% of his/her monthly wages to his/her pension fund account. The full amount of the voluntary pension contribution made by an employee may be deducted from the employee’s taxable income in the year concerned. Local employees hired after 1 July 2005 and onwards are applicable under the new scheme only; under the new scheme only while foreign workers remained under the old scheme. Local employees who stayed in the same company before 1 July 2005 and who are planning to continue working in the same company can choose to remain under the old scheme. The employer must set aside pension reserves under the old scheme for foreign workers or those who are applicable under the old scheme to the account in Bank of Taiwan with a rate from 2% to 15%.

3. Employment obligations

Employment Law and Minimum Employment Requirements

Taiwan's comprehensive labor rights protection system is primarily based on the Labor Standards Act, the provisions of which stipulate the basic wage, working hours, weekends and holidays, and other basic working conditions. For persons paid by the month, the minimum monthly wage required by law is NTD23,100 (as of 1 January 2019); for persons paid by the hour, the minimum hourly wage is NTD 150 (as of 1 January 2019). In addition to the minimum wage, the employer must provide overtime pay in accordance with regulations. Provisions related to national holidays and leaves are specified in the Labor Standards Act, the Regulations of Leave-taking of Workers, and the Act of Gender Equality in Employment. Also, workers who have worked continuously for the same employer or unit for certain completed spans of time are entitled to annual leave.

The Act of Gender Equality in Employment, which seeks to eliminate gender discrimination and prevent sexual harassment, along with other regulations that provide for equality in employment, such as the right to apply for no-pay parental leave, guarantee the basic rights of workers.

4. Payroll requirements

Payroll payments

According to Labor Standard Act, except otherwise agreed by the parties to a labor contract, or where wages are paid in advance on a monthly basis, wages shall be paid on a regular basis at least twice a month. This shall also apply to wages computed on a piecework basis.

An employer shall keep a worker payroll roster in order to record entries such as wages payable, the items of wage computation and the total sum of wage payment. This payroll roster shall be kept on file for at least five years.

5. Banking requirements related to payroll

Banking of salary and wages:

In Taiwan practice, payroll payments can be mostly paid by one or combination of:

- ▶ Cash
- ▶ Check
- ▶ Electronic funds transfer (i.e. EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each pay period.

For employee receiving foreign currency payment, the withholding tax is calculated based on the foreign exchange rate of the payment date.

Under Taiwan foreign exchange controls, a subsidiary or a branch office may remit in/out unlimited funds for the import/export of goods and services.

Except for the above-mentioned circumstances and getting an approval from competent authority, a subsidiary or a branch office is allowed to remit inward/outward with accumulated amount not exceeding US\$50 million in a calendar year.

6. Immigration requirements

Foreign passport holders must have valid visas to enter Taiwan, or foreign nationals eligible for visa-exempt entry must have a passport that is valid for more than six months. Work activity will require a work permit and associated long stay visa. Alien registration requirements also apply.





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Doing business in Thailand – Payroll and Immigration

1. Government requirements

Registration requirements

Payroll withholding tax

Employer has an obligation to calculate and deduct withholding tax under progressive rates as well as social security tax based on rates as stipulated by the social security office.

Social security fund and workmen compensation fund

Social security fund is the fund that guarantees the insured with benefits in case of illness, injury, disability or death (not resulting from work), including maternity, invalidity, old age and unemployment. The insured employees should be above 15 years of age and not more than 60 years of age and have worked in establishments with employees that hires more than one employee.

Employers with one or more employees must register within 30 days in case of new employees, they must register within 30 days and in case of new employees.

Employer has to register with the Social Security Fund by submitting the registered employer form together with relevant employer and corporate documents.

Workmen compensation fund

A fund to pay compensation of the employer to the employee for sickness, injury or death due to work, prevention or treatment of a disease or sickness benefits. This happens according to the nature or conditions of work or disease, as a result of working for the employer.

For employers with more than one employee, it is obliged to register the workmen compensation fund together with the social security fund within 30 days.

On-going compliance requirements

Payroll withholding tax

Employer needs to remit the tax deduction by filing monthly payroll withholding tax return with the Revenue Department within 7 days of the following month either via hard copy or e-filing (an approval for e-filing is required).

The employer is required to file a summary of payroll withholding tax return on an annual basis with the Revenue Department within the end of February of the following year.

Social security contributions

The employer is required to deduct social security contributions from its employees' wages and contribute its share in an amount equal to the employees' contribution and submit the social security tax return within 15 days of the following month either in hard copy or e-filing (an approval for e-filing is required). The basis for calculation of contributions is calculated from the minimum monthly wage from 1,650 baht per month up to 15,000 baht per month.

The employer is also required to inform the change in the facts of the employer and insurers by submitting the notice form as required by the Social Security Office within 15 days of the following month.

Workmen compensation contributions

Employers pay contributions on a yearly basis. Contribution is based on the calculation of the wages to be paid to the employee for each year and up to 240,000 baht per year. The contribution rate is set based on the risk profile of the employer's business.

The employer is required to pay contributions by submitting the contribution forms in January and March of the following year.

2. Pension requirements

Registration requirements

Provident fund is a fund set up voluntarily between the employer and employees. The contribution to be made by employer shall always equal the rate of the employee's savings or higher. Therefore, setting up of a provident fund can be regarded as a kind of benefit so as to motivate employees to work for the employer.

On-going compliance requirements

The employer is required to make the provident fund contributions with the fund manager within 3 working days after pay day.

3. Employment obligations

Labour Protection Act

The minimum wage rate is 308 baht per day as determined by the Wages Committee under this act.

The standard working hour shall not exceed 8 hours per day and total working time per week shall not exceed 48 hours. Employees are entitled for overtime if working beyond or excess of normal working time or exceeding the working hours agreed between the employer and the employee.

On working days, an employer shall arrange a rest period during work for its employees of not less than 1 hour per day after the employee has been working for not more than 5 consecutive hours.

Sick leave is provided as long as he/she is actually sick. For sick leave of 3 days or more, the employer may require employee to produce a certificate from a first class physician or an official medical establishment.

An employer shall announce not less than 13 traditional holidays per year in advance for employees, including National Labour Day as specified by the minister.

An Employee who has worked for an uninterrupted period of one year, is entitled to annual holidays of not less than six working days in one year.

An employer needs to pay severance pay to an employee upon termination of employment with certain conditions under this Act.

4. Payroll requirements

Payment shall be made not less than once a month.

Payslips need to be provided to employees at the date of payment.

5. Banking requirements related to payroll

Payment payroll process

Payment can be made by cash, cheque, bank transfer.

In case of paying cash, the signature of employee needs to be obtained.

6. Immigration requirements

Non-Thai nationals entering Thailand for business or employment purposes need to obtain a Non Immigrant B Visa at the Thai Embassy/ Consulate abroad prior to travel. Depending on the type of activities carried out in Thailand and the duration of travel, a separate work authorization (work permit) as well as long stay visa may also need to be obtained. For employment purposes, a sponsor in the form of Thai registered entity needs to act as work permit and visa sponsor. The Thai sponsor must meet minimum capital requirements and maintain the appropriate foreign to local employee ratio depending on the type of legal entity. Minimum salary threshold requirements also apply and vary on nationality.

Generally, the work permit and long stay visa is granted for 1 year validity extendable subject to meeting all requirements. For annual extension, proof of taxes paid to the Revenue Department is required.

Companies granted Board of Investment (BOI) privileges have longer period of work permit and long stay visa granted from 2 years up to 4 years. The work permit granted is in the form of a Digital Work Permit app accessed through the applicant's mobile device.





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Doing business in Vietnam – Payroll and Immigration

1. Government requirements

Registration requirements

1. Registration with the Tax Department

Tax code registration is compulsory for income paying bodies and individuals having income subject to Personal Income Tax (PIT). Income paying entities are required to register for a tax code within 10 working days upon obtaining their business registration certificate. This tax code will be used to declare and pay all kinds of taxes that the company is subject to, such as, Corporate Income Tax, Value Added Tax, and Personal Income Tax. The due date for tax code registration is the 10th working day from the date a withholding tax obligation arises. The place for submission of the tax code registration forms is the tax department where the income paying entity is located. For those who are under tax withholding method, the income paying entity also needs to register for an individual tax code for their employees at least 10 days prior to the deadline of year-end tax finalization. For those who are subject to direct filing, they should register their individual tax code by themselves within 10 working days from the date income tax obligation arises but no later than the 1st provisional tax declaration deadline.

2. Registration with the Social Insurance Department

There are three types of mandatory social security in Vietnam: Social Insurance (SI), Health Insurance (HI) and Unemployment Insurance (UI). Together referred to as "SHUI". These compulsory insurances are organized by the State. When the employees contribute to compulsory insurances, they are covered under the insurance regime such as sickness, maternity, labor accident and occupational diseases, retirement, survivorship allowance and others. The income paying entities are required to register with their local Social Insurance Agent for the Social Insurance code for the company. When a new employee is hired, the company needs to:

- ▶ Obtain a Health Insurance card;
- ▶ Register the new employee with the Social Insurance Agency; and
- ▶ Obtain a new Social Insurance book (if required)
- ▶ When an employee terminates their employment contract with the company, the company is required to:
- ▶ De-register the terminated employee with the Social Insurance Agency; and
- ▶ Close the Social Insurance book

On-going compliance requirements

1. Employer's tax filing and payment

PIT is required to be filed and paid on a monthly or quarterly basis. The employer is required to withhold tax from the employee's income, declare and pay tax to the state budget. Monthly or quarterly PIT payments must be reconciled at the end of each calendar year. The deadline for the monthly filing and payment is by the 20th day of the following month and for the quarterly filing and payment by the 30th day of the first month of the following quarter.

2. Employer's annual reporting and finalization

The income paying body is responsible to declare and settle the outstanding amount of PIT payable on behalf of the authorizing employees. The due date of annual tax filing and payment is within 90 days from the last day of the calendar year.

For individuals who are not entitled to authorize the company to finalize the tax on their behalf, the income paying entity will report the total taxable income and the actual tax withheld during the year in the company's final return. In addition, the company will issue the Income Confirmation Letter and the PIT withholding certificate for their employees so that the employees can submit and pay PIT finalization under the individual's tax code.

3. Monthly filing and payment of SHUI

When there is a change of SHUI contributions (increase/decrease), SHUI filing and payment to Social Insurance Agency are required on a monthly basis by the end of the current month at the latest.

The income paying entity must also lodge documents relating to the social insurance benefit claims on behalf of their employees whenever required.

From 1 December 2018, foreign citizens shall be subject to compulsory social security if they:

- ▶ Have either a work permit, practicing certificate or practicing license issued by Vietnamese competent authorities; and
- ▶ Work under labor contracts with Vietnamese entities, including indefinite or definite with term of full one year above;

Foreign citizens who are exempted from compulsory social security are:

- ▶ Transferred internally within the entity as defined in the Section 1, Article 3, Decree 11/2016/ND-CP dated 03 Feb 2016 by the Government: “Foreign workers internally reassigned in the company are the managers, chief executive officers, experts and technicians of a foreign enterprise which has established a commercial presence in Vietnam, are temporarily reassigned within the same enterprise to its commercial presence in Vietnam and have been employed by the foreign enterprise for at least 12 months”.
- ▶ Foreign employees who have reached the retirement age as defined in the Labor Law.

The compulsory social insurance rates and timeline for foreign citizens are as follows:

Type of fund	Employee	Employer	Effective date
Sickness and maternity fund	N/A	3% of monthly salary (*)	From 1st December 2018
Labor accident and occupational disease fund	N/A	0.5% of monthly salary (*)	
Retirement and death gratuity fund	8% of monthly salary	14% of monthly salary (*)	From 1st January 2022

2. Pension requirements

In Vietnam, the pension scheme is the Social Insurance scheme.

3. Employment obligations

In Vietnam, there are two types of common wages including the minimum common wage and the minimum regional wage. The minimum common wage is used as the basis for calculation of the SI and HI contributions and the minimum regional wage is the basis for calculation of UI contribution.

The minimum wages are publicized by the National Assembly. The minimum common salary is subject to change every year and the current common salary is VND13.9 million per month. The minimum common salary shall increase to VND14.9 million per month with effect from 1 July 2019. Meanwhile, the regional common salary ranges from VND2.92 million to VND4.18 million.

The normal working hours must not exceed 8 hours per day or 48 hours per week. In addition, the income paying entity needs to ensure that the number of overtime working hours of its employees does not exceed 50% of the normal working hours per day. The total normal working hours and the overtime hours should not exceed twelve hours in a day. The numbers of overtime hours are permitted up to thirty hours in a month and two hundred hours per annum, however a limit of three hundred hours is applicable to certain industries.

With respect to the rest time and leave, there are several kinds of rest time, including break during working hours, break between shift and weekly break. An employee who has been working for an employer for a full 12 months is entitled to a minimum of 12 fully paid annual leaves per year as stated in his/her labor contract under normal working condition. The annual leave of an employee should increase one day for every five years working for an employer. Besides, an employee may take fully paid leave for personal reasons in the following cases:

- ▶ Marriage: three days
- ▶ Marriage of his/her child: one day
- ▶ Death of a blood parent or a parent of his/her spouse, his/her spouse or child: three days

4. Payroll requirements

An employee must be paid with a full wage in a direct and timely manner. The salary payment should be settled in the current working month. In some special cases in which an employer cannot pay wages on time to an employee, the employer is not allowed to postpone the payment for more than one month and shall pay the employee with an additional amount at least equal to the deposit interest rate announced by the State Bank of Vietnam at the time of wage payment.

5. Banking requirements related to payroll

Wages may be paid in cash or via the employee’s personal bank account. Where the wage is paid via a bank account, the employer shall negotiate with the employee on any fees related to the opening and maintenance of the bank account. If paying wages in cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.

6. Immigration requirements

Depending on nationality, and purpose of travel, foreign nationals may obtain a visa for entry to Vietnam prior to travel or on arrival at the border. Citizens of certain nationalities require an entry visa prior to arrival.

These are issued for visiting purposes only, but not for employment. Work activity in Vietnam requires a work permit, or in the instance of short-term-approved activity, a work permit exemption. A work permit must be sponsored by a Vietnamese operating entity for a nominated position.

Skill, professional experience, health and character threshold criteria apply. Work permits are typically issued for periods of two years maximum and are renewable. Work permit applicants and their dependents also require the appropriate entry visa permission for entry to Vietnam and associated temporary residence card for the duration of their stay.

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