

# A SEA of Opportunities :

## Understanding Southeast Asia



---

## Legal Disclaimer

Thank you for reading **A SEA of Opportunities: Understanding Southeast Asia**.

The Contents of this guide are provided on an “as is” basis without warranties of any kind. To the fullest extent permitted by law, EDB does not warrant and hereby disclaims any warranty:

as to the accuracy, correctness, reliability, currentness, timeliness, non-infringement, title, merchantability or fitness for any particular purpose of the Contents of this guide;

that the Contents available through this guide or any functions associated therewith will be uninterrupted or error-free, or that defects will be corrected or that this guide and the server is and will be free of all viruses and/or other harmful elements.

EDB shall also not be liable for any damage or loss of any kind, howsoever caused as a result (direct or indirect) of the use of the guide, including but not limited to any damage or loss suffered as a result of reliance on the Contents contained in or available from this guide.

The Contents on this guide do not constitute financial or other professional advice. If financial or other professional advice is required, services of a competent professional should be sought.

EDB reserves the right to update or modify this guide from time to time. EDB further reserves all rights to deny or restrict access to this guide to any particular person, or to block access from a particular Internet address to this guide, at any time, without ascribing any reasons whatsoever.

EDB is not responsible for the contents of any linked site or any link contained in a linked site.

The hypertext links provided herein are provided only for convenience and the inclusion of any link does not imply endorsement by EDB of the referenced site.

**© 2022 Economic Development Board. All rights reserved.**

**This document or parts thereof shall not be reproduced in any form whatsoever without the prior written consent of EDB.**

# Contents

<b>Welcome message</b>	<b>04</b>
<b>Introduction</b>	<b>05</b>
<b>Finding success in SEA: Tips &amp; case studies</b>	
<b>Azelis</b> • Growth markets and strong supply chain for specialty chemicals	<b>11</b>
<b>Blackmagic</b> • Ideal manufacturing location for electronics	<b>12</b>
<b>Navigating Southeast Asia</b>	<b>13</b>
<b>Profile 1</b> • Singapore	<b>14</b>
<b>Profile 2</b> • Brunei	<b>23</b>
<b>Profile 3</b> • Cambodia	<b>28</b>
<b>Profile 4</b> • Indonesia	<b>33</b>
<b>Profile 5</b> • Laos	<b>42</b>
<b>Profile 6</b> • Malaysia	<b>47</b>
<b>Profile 7</b> • Myanmar	<b>56</b>
<b>Profile 8</b> • The Philippines	<b>61</b>
<b>Profile 9</b> • Thailand	<b>69</b>
<b>Profile 10</b> • Vietnam	<b>77</b>
<b>Summary</b>	<b>85</b>

# Welcome message

## Your journey to navigating the SEA of opportunities in fast-growing Southeast Asia starts here.

Where key trade routes meet in the heart of Asia, Southeast Asia (SEA) is a microcosm of the world's most dynamic economies. With strong maritime and land links to key Asia-Pacific economies—Australia, China, India, Japan—SEA saw its share of global foreign direct investments rise from 11.9 per cent in 2019 to 13.7 per cent in 2020.<sup>01</sup>

Some of the world's biggest businesses, such as Bytedance, Google, GlobalFoundries, and Sanofi, are here to innovate new products and services to serve communities in the region. They join SEA's rising unicorns: such as super-app Grab, which went public in 2021 in one of the world's largest special purpose acquisition company deals ever at nearly S\$54.6 billion (US\$40 billion),<sup>02</sup> and GoTo Group, said to contribute 2 per cent of Indonesia's GDP.<sup>03</sup>

Start your journey to join these businesses in one of the world's most exciting regions with this guide. The Singapore Economic Development Board (EDB), the city-state's investment promotion agency, and InCorp Global, a leading corporate services provider in the region, have partnered up to help you cut through the chatter and distil the facts and trends you must know to spot the opportunities in SEA.

What you can expect from this guide:

- [Overview](#) of SEA countries, including key sectors, talent pools, incorporation processes and tax systems
- [Megatrends](#) shaping growth
- [Tips from business leaders](#) who have managed to find success

As a key regional hub, Singapore serves as your gateway into SEA, from a business “control tower” for strategising expansion, to an innovation destination to pilot and localise new products for the region.

For sixty years, EDB has worked with companies to grow their presence in Singapore and to tap new opportunities here and in the region. Together with InCorp's expertise in providing corporate services in SEA, this publication is a starting point for companies to learn more about the region.

And when you are ready, reach out to [EDB](#) and [InCorp](#) for a deeper dive and unlock your growth in SEA.

---

*The Singapore Economic Development Board (EDB), a government agency under the Ministry of Trade and Industry, is responsible for strategies that enhance Singapore's position as a global centre for business, innovation, and talent.*

*Headquartered in Singapore, InCorp Global is a leading corporate services provider with an established regional presence across 8 countries including Australia, Hong Kong, India, Indonesia, Malaysia, the Philippines, and Vietnam. InCorp specialises in a broad range of corporate services in the region including Entity Formation, Secretarial and Compliance, Share Registry, Accounting, Tax Advisory, Immigration, Business Advisory, Risk Assurance and Corporate Recovery. The group services more than 14,000 corporate clients across various industries, including asset and fund managers as well as family offices.*

---

01 “ASEAN launches Investment Report 2020-2021: Investing in Industry 4.0.” ASEAN, 8 Sep. 2021, [asean.org/asean-launches-investment-report-2020-2021-investing-in-industry-4-0/](https://asean.org/asean-launches-investment-report-2020-2021-investing-in-industry-4-0/). Accessed 2 Nov. 2021.

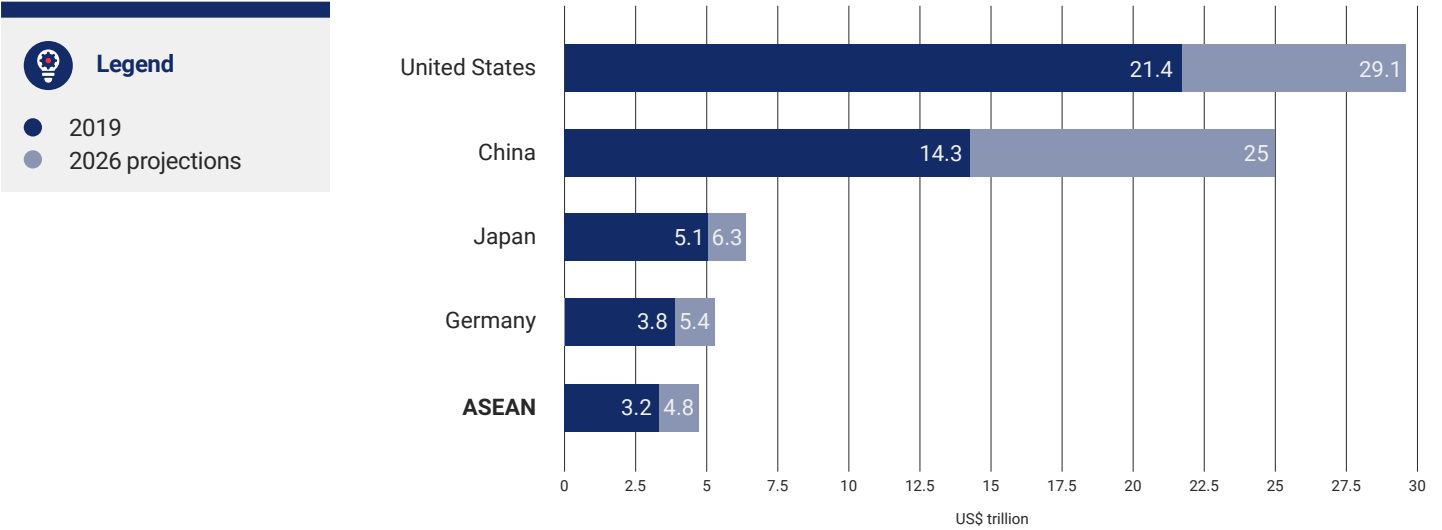
02 Choo, Yun Ting. “Grab to list on Nasdaq on Thursday after Altimeter investors approve Spac merger.” The Straits Times, 2 Dec. 2021, [www.straitstimes.com/business/companies-markets/grab-to-list-on-nasdaq-on-thursday-after-altimeter-investors-approve-spac](https://www.straitstimes.com/business/companies-markets/grab-to-list-on-nasdaq-on-thursday-after-altimeter-investors-approve-spac). Accessed 10 Dec. 2021.

03 Gilchrist, Karen. “How these millennial tech founders pulled off Indonesia's biggest-ever business deal.” CNBC, 8 Jun. 2021, [www.cnbc.com/2021/06/09/goto-how-gojek-and-tokopedia-teamed-up-in-indonesias-biggest-merger.html](https://www.cnbc.com/2021/06/09/goto-how-gojek-and-tokopedia-teamed-up-in-indonesias-biggest-merger.html). Accessed 2 Nov. 2021.

## A SEA of opportunities

Southeast Asia (SEA), comprising over 669 million people, is one of the most economically and culturally diverse regions globally. It offers a wealth of opportunities, given its mix of established and high-tech economies, as well as fast-growing frontier markets.

### World's fifth-largest economy



Source: [ASEAN](#), [IMF](#)

### Increasingly affluent and youthful consumers



**US\$300 billion in middle-class disposable income by 2022**

Source: [Bain](#)



**Digitally native millennials and Gen Z will make up 75 per cent of SEA consumers by 2030**

Source: [WEF](#)

### Resilient and competitive digital economy



**Internet economy worth US\$360 billion in gross merchandise value by 2025**

Source: [Google](#), [Temasek](#), [Bain](#)



**US\$8.2 billion in capital for tech investments in 2020**

Source: [Cento Ventures](#)



## Megatrends making waves



### Learn more

Take a deeper dive with these exclusive reports on:

[Asia's digital millennials: Opportunities for business](#)

[Sustainable urbanisation: Decarbonising Southeast Asia's built environment](#)

[Scaling digital health innovation in Asia](#)

[The Platform Economy: Southeast Asia's digital growth catalyst](#)

These economic, social, and technological trends are shaping the region's growth, with some changes already underway. With countries at various stages of transformation, each market provides differentiated and resilient opportunities, from first mover advantages, to a base for global-centric innovation.



### Middle-class consumption

According to [Bain](#), 350 million people will join SEA's middle class by 2022.

The growing prevalence of middle-class lifestyles is also shaping their identity, and leisure and entertainment are growing aspects of the lives of Southeast Asians. Their consumer patterns are also driving demand for many industries, including food and beverage, luxury goods, education, healthcare, leisure services and other consumer-related items.



### Digital economy

With young, upwardly mobile, and digitally savvy consumers, rapid adoption of digital solutions, and an ecosystem of partners, tech entrepreneurs have access to vast opportunities.

Accelerated digitalisation is driving growth in sectors such as e-commerce, online media, transport and food, online travel, digital financial services, healthtech and edtech, as well as associated sectors like payments, insurance, logistics and warehousing support services.



### Infrastructure & smart cities

The region's largest cities are the primary drivers of economic growth, consolidating large markets of eager consumers as well as ready talent pools. Urbanisation is also creating a pressing demand for infrastructure solutions, which has not kept pace with the region's growth.

SEA countries are increasing infrastructure expenditure and developing new urban centres, many with smart and sustainable solutions. Major infrastructure projects in the region include New Clark City in the Philippines, Jakarta-Bandung High Speed Rail Corridor, affordable housing in Vietnam's Ho Chi Minh City, and more.



### Manufacturing & Industry 4.0

Manufacturing accounts for a large share of the GDP of many Southeast Asian countries, which have different strengths and capabilities in this field. For example, Singapore is a regional leader in pharmaceutical and biotech, and semiconductors and aerospace components, while Vietnam is strong in electronics, Thailand in automobiles and packaged foods, and the Philippines in packaged foods and apparel.

At the same time, Industry 4.0 and new manufacturing technologies are poised to deliver a substantial boost to their economies. For example, Indonesia's Making Indonesia 4.0 initiative is providing incentives to introduce advanced manufacturing technologies to the country's key industrial sectors and expand the digital economy.

## Close regional integration

SEA countries are tightly interconnected, with the Association of Southeast Asian Nations, or ASEAN, driving integration among member countries. Close economic collaboration is strengthened under the ASEAN Economic Community, which aims to shape the region as a single, unified market and production base. ASEAN has also signed free-trade agreements

(FTAs) with economic powerhouses such as Australia, China, Japan, and South Korea. International businesses can benefit from ASEAN's FTA network with reduced importer costs, improved custom clearances, and increased access to products eligible for preferential treatment.



### ASEAN-Australia-New Zealand Free Trade Area

#### Total market size

693 million population,  
with US\$4.5 trillion in GDP

#### Trade value

US\$61 billion in 2020

#### Did you know?

Tariffs have been eliminated for at least 90 per cent of all goods traded.



### ASEAN-Hong Kong, China Free Trade Area

#### Total market size

669 million population,  
with US\$3.4 trillion in GDP

#### Trade value

US\$133 billion in 2020 <sup>01</sup>

#### Did you know?

This is ASEAN's newest and sixth FTA, entering into full force on 12 Feb 2021.



### ASEAN-China Free Trade Area

#### Total market size

2 billion population,  
with US\$17.7 trillion in GDP

#### Trade value

US\$503 billion in 2020

#### Did you know?

China is ASEAN's largest trading partner.



### ASEAN-India Free Trade Area

#### Total market size

2 billion population,  
with US\$5.6 trillion in GDP

#### Trade value

US\$64 billion in 2020

#### Did you know?

The FTA eliminates tariffs for 75 per cent of goods traded.

01 "Hong Kong ASEAN Trade Relations." Trade and Industry Department, Jul. 2021, [www.tid.gov.hk/english/aboutus/publications/factsheet/asean.html](http://www.tid.gov.hk/english/aboutus/publications/factsheet/asean.html). Accessed 8 Nov. 2021.



---

### **ASEAN-Japan Comprehensive Economic Partnership**

#### **Total market size**

788 million population,  
with US\$8 trillion in GDP

#### **Trade value**

US\$195 billion in 2020

#### **Did you know?**

Japan is ASEAN's fourth largest trading partner, after China, the European Union, and the USA.



---

### **ASEAN-Republic of Korea Free Trade Area**

#### **Total market size**

714 million population,  
with US\$4.6 trillion in GDP

#### **Trade value**

US\$153 billion in 2020

#### **Did you know?**

Korea is ASEAN's fifth largest trading partner, increasing 54 per cent in trade value between 2010 and 2019.



---

### **Regional Comprehensive Economic Partnership**

#### **Total market size**

2.2 billion population,  
with US\$26.2 trillion in GDP

#### **Did you know?**

This is the world's largest FTA, covering 30 per cent of global GDP and about a third of the world's population.

**Sources:** [ASEAN](#), [The World Bank](#)



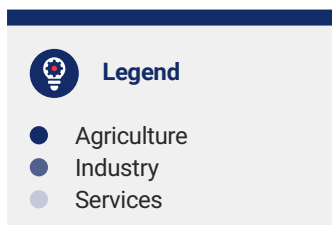
## Strength in diversity

To tap the region's diverse business and investment opportunities, businesses need to look beyond a one-size-fits-all strategy and take a localised approach. SEA is not a monolithic market, with marked differences between countries including GDP, infrastructure, culture, political systems and more.

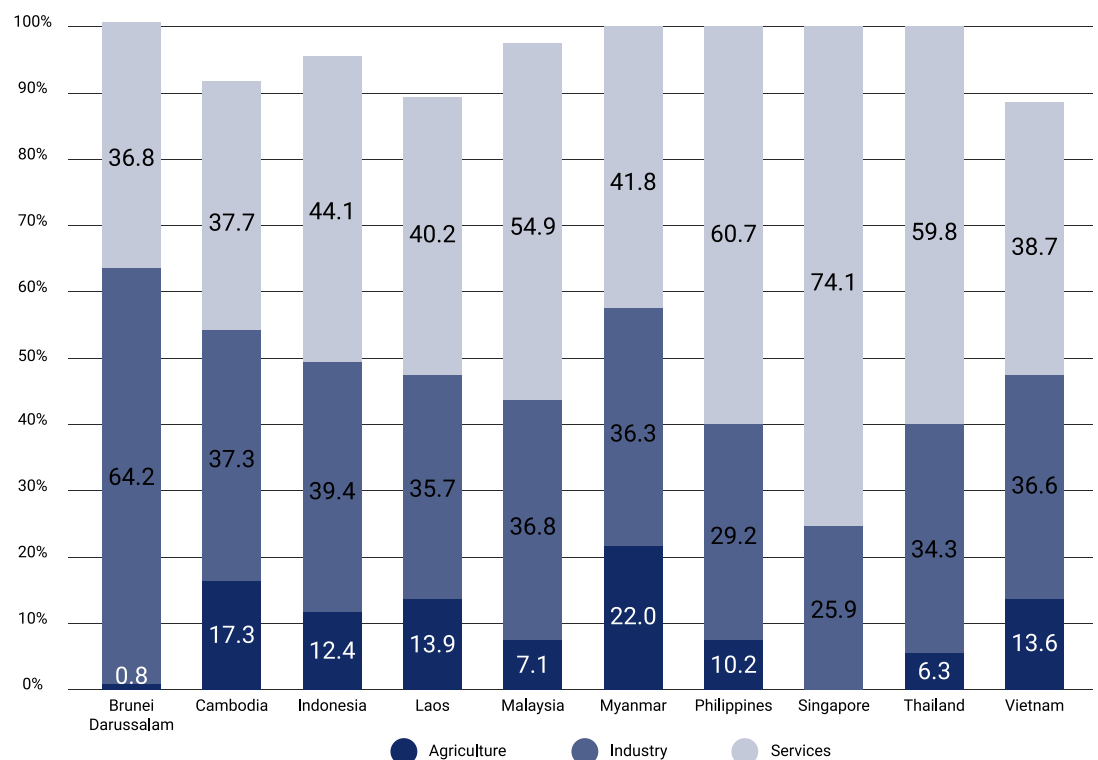
Take for example, G20 member Indonesia—where more than one-third of the region's population lives—accounts for 35 per cent of SEA's GDP in 2020, while countries like Laos and Myanmar are still considered frontier markets.

The region's more developed economies, such as Singapore and Thailand, are advanced in technology, research, and innovation, while developing markets, such as Cambodia and Laos, count an abundance of natural resources and low labour cost as competitive advantages.

This also means there are opportunities for small, medium and large businesses alike, given the wide range of demand drivers across its markets. To succeed, businesses will need to cater to the unique consumption patterns, infrastructure limitations and regulatory policies in each country.



Share of main economic sectors to total GDP in 2020 (%)



Source: ASEANstats

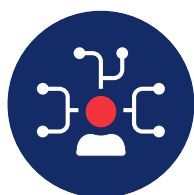
Note: The sum of these three sectors may not add up to 100 per cent due to differences in the treatment of statistical discrepancy among ASEAN member states.

# Finding success in SEA

## Tips for success

Excited by the growth opportunities, but find the region challenging? These quick tips provide a starting point for strategising successful growth in SEA.

Read on for case studies on specialty chemicals company **Azelis** and electronics manufacturer **Blackmagic Design** on why they see SEA as critical to their growth, and how they tapped the region's advantages and potential.



---

**Think digital-first:** 40 million new Internet users in SEA came online in 2021, according to [Google, Temasek and Bain](#). COVID-19 has accelerated lasting changes on how companies reach, interact and transact with consumers in a region that is increasingly mobile-first.



---

**Localise your content:** Catering to the local market is critical for digital businesses to succeed in a region with hundreds of languages and local dialects. Businesses that can provide relevant and individualised customer experiences and offer a unified omni-channel customer journey will differentiate themselves from the competition.



---

**Look for local partners:** Well-known brands with local business knowledge and an established supply chain will provide support to expand quickly. Adapt global products and services for local markets to create “sticky” products for the burgeoning SEA middle class.



---

**Pay attention to mid-tier cities:** Many provincial and regional capitals are attracting infrastructural investment, and are growing at a faster rate than the high-profile capital cities. This is also where the middle class will next emerge.



---

**Use Singapore as a launchpad into the region:** The city-state is renowned for its ease of doing business, intellectual and property rights, political and economic stability, and well-developed fintech and financial infrastructure. With Singapore as a base, the entire region is accessible within a 3.5-hour flight.



Laurent Nataf  
CEO and President Asia Pacific  
Azelis

## Accessing growth markets and building a strong supply chain for specialty chemicals

"SEA is a very attractive market for growth opportunities. It is a region full of potential if you carefully understand and adapt to the markets' needs," shares Laurent Nataf, CEO and President Asia Pacific at Azelis.

Headquartered in Belgium, the global specialty chemicals and food ingredients distributor opened its Asia Pacific headquarters in Singapore in 2016 to drive its growth in the region. Looking to bring its innovations to industries such as food and health, personal care, specialty agriculture and horticulture, and CASE (paint & construction), the company has since built eight dedicated application labs and technical teams in SEA.

**"SEA's population is 50 per cent bigger than the European Union and about double the number of the United States, while its unique culture and heritage create demand for specific products."**

Businesses unfamiliar with the region might have poor views of SEA's supply chain infrastructure, digital readiness, and compliance issues. However, Laurent assures that the experience for Azelis has been the opposite.

SEA's efficient local freight and warehousing systems allow the company to deliver its specialty products on time, while maintaining full visibility across its supply chain, thanks to the region's strong digital infrastructure. A ready talent pool of quality and regulatory and legal experts also ensures that Azelis complies with local laws and standards.

**"Given the outstanding experience we had, we decided to make Singapore our logistics hub for all key principals to streamline our financial and supply chain processes and reduce business complexity for both Azelis and its stakeholders."**

The company is making SEA a key focus in its growth strategy. "By the end of financial year 2021, we estimate SEA to continue its positive growth momentum. Being so centrally located, the region plays an important part of Azelis' long-term strategic vision," Laurent says.

He adds: "Singapore has played a crucial role in our regional development, serving as the centre of excellence from where we provide regional support and guidance for the entire Asia Pacific region and cascade our regional strategy from."



### Profile

- **Industry:**  
Specialty chemicals and food ingredients
- **Founded:**  
2001
- **Headquarters:**  
Antwerp, Belgium
- **Presence:**  
Over 50 countries in Asia Pacific, EMEA and the Americas
- **Turnover:**  
€2.22 billion (2020)
- **Employees:**  
2,800



### Tips from Azelis

1. Carefully study the local market to understand regulation, taxation and business practices. Ensure you are familiar with all the legal and compliance aspects of operating and doing business in that country.
2. Consider mergers and acquisitions to help accelerate the expansion of your company's presence in the region, but a full integration process should be planned.



## Building the ideal manufacturing location for electronics



Richard Wilson  
Director of Manufacturing,  
Blackmagic Design



### Profile

- **Industry:**  
Broadcast and cinema hardware
- **Founded:**  
2001
- **Headquarters:**  
Melbourne, Australia
- **Offices:**  
Amsterdam, Beijing, Los Angeles, Manchester, Melbourne, Osaka, San Francisco, Singapore, Tokyo
- **Production facilities:**  
Batam, Melbourne, Singapore
- **Employees:**  
1,500

"The growth we have experienced in SEA has been critical in our dedicated aim to supply affordable, highest quality video technology to all customers," says Richard Wilson, Director of Manufacturing at Blackmagic Design, a leading manufacturer of creative video technology.

Over the last 10 years, the Australian company has grown its production and distribution operations in SEA by ten-fold to support growth in markets such as Europe, Japan, and the US. This started with a regional base in Singapore.

**"Our reason for building the factory in Singapore was to access the management talent in electronics manufacturing. We could not find these skills in Australia. The level of all workers from production operators through to engineers and managers we have hired in Singapore have been exceptional."**

It subsequently added facilities in Batam, Indonesia at the [Batamindo Industrial Park](#), which are crucial in supporting its global operations. The bilateral economic agreement between Singapore and Indonesia was a decisive factor that enabled the firm to expand and set up in Batam. Ready partners in Singapore also facilitated the setting up of a new company in a new country with minimal problems.

**"Singapore's experience in the electronics industry as well as its excellent distribution network provided by a world-leading number of FTAs made it a natural choice when we looked to expand our operations in SEA."**

Debunking a common misconception that companies move to SEA for low-cost manufacturing, Richard shares: "Rather than cost-saving, our expansion in Singapore and Indonesia has resulted in multimillions of dollars spent to create exceptional facilities we are very proud of."

He adds that such investments are critical to Blackmagic Design's commitment to innovation, such that the company remains at the forefront of providing cutting-edge video tech to everyone, from video enthusiasts to post-production and television companies.



### Tips from Blackmagic

1. There is exceptional talent in the region, so it's important you take into account these skills in your global decision making. Make sure you change and adapt based on what you learn as you collaborate with the staff you hire. You might be surprised by what you learn!
2. Understanding the challenges in each region is critical. Singapore and Batam may be only 32 km apart, but each has its own differing rules and regulations.

# Navigating Southeast Asia

## Overview

Ready for a deeper dive into SEA? We share key information for businesses: the sectors to watch, talent pool, incorporation process and tax system of each market.

Click on the countries below to find out more.

	World Economic Forum Global Competitiveness Rank (2019)	Sectors to watch ● Sustainability ● Technology	No. of steps for incorporation
● Singapore	1	Smart energy Future mobility & transport Smart infrastructure	2 steps, 1.5 days
● Brunei	56	ICT Tourism Downstream oil & gas	3 steps, 5.5 days
● Cambodia	106	Renewable energy Food & beverage Healthcare and pharmaceuticals	9 steps, 99 days
● Indonesia	50	Agritech Fintech E-commerce	11 steps, 12.6 days
● Laos	NA	Services Handicrafts Construction	9 steps, 173 days
● Malaysia	27	Electric vehicles Cybersecurity Cloud computing	8 steps, 17.5 days
● Myanmar	NA	Smart city E-commerce Construction	6 steps, 7 days
● The Philippines	64	Information Technology Aerospace Electronics	13 steps, 33 days
● Thailand	40	Sustainability Smart city Digital banking	5 steps, 6 days
● Vietnam	67	Renewable energy E-commerce Pharmaceutical	9 steps, 45 days



# Singapore





## Doing business in Singapore

Singapore ranks amongst the most competitive economies<sup>01</sup> in the world, known for strong economic performance, and business and government efficiency. Investors continue to show trust in Singapore, as the country received the 3<sup>rd</sup> largest inflow of foreign direct investments<sup>02</sup> globally in 2020.

With a strong manufacturing base, Singapore continues to diversify its economy and transform into an innovation-driven digital economy. The government has committed S\$25 billion (US\$18 billion) over the next 5 years with its Research, Innovation and Enterprise 2025 plan,<sup>03</sup> which looks

to leverage R&D to reinforce Singapore's position as a global business hub, drive digital economy initiatives and build sustainability solutions.

While Singapore is known for its high cost of living, it frequently ranks top in Asia for quality of life, with an efficient public transport system, low crime rate, and sustainable resources.<sup>04</sup>

Singapore's education system is also lauded as one of the best in the world, and the country has over [60 international schools](#) and [368 local schools](#), providing options for entrepreneurs who relocate here with their families.

## Demographics<sup>05</sup>



**5.69 million**

Population



**728 km<sup>2</sup>**

Land Area



**US\$59,785**

GDP/capita



**S\$4,680 (US\$3,456)  
per month**

Median wage<sup>06</sup>

## Connectivity



**27 Free Trade Agreements and  
2 Digital Economy Agreements<sup>07</sup>**

Singapore is the 2<sup>nd</sup> most connected country in the world,<sup>08</sup> strategically located along major trade, shipping, and aviation routes.

Changi Airport, which is consistently ranked as the world's best airport,<sup>09</sup> serves more than 100 airlines flying to 300 cities worldwide.<sup>10</sup>

Within 4-6 hours, one can reach key business hubs in Hong Kong, China or any other SEA destination.

Singapore is also connected to over 600 ports worldwide,<sup>11</sup> with 200 shipping lines passing through<sup>12</sup> and more than 130,000 ships calling at the city-state's port each year.



### Curious about life in Singapore?

Take a look at this [guide](#) for a snapshot on the country's healthcare system, getting around, living expenses, and more.

## Strengths & challenges

### Strengths



Easy to set up a business



Multicultural, cosmopolitan society



Stable rules and regulations



High mobile and online penetration



Easy access to investors



Robust financial and technical infrastructure

### Challenges



High cost of living



Small domestic market



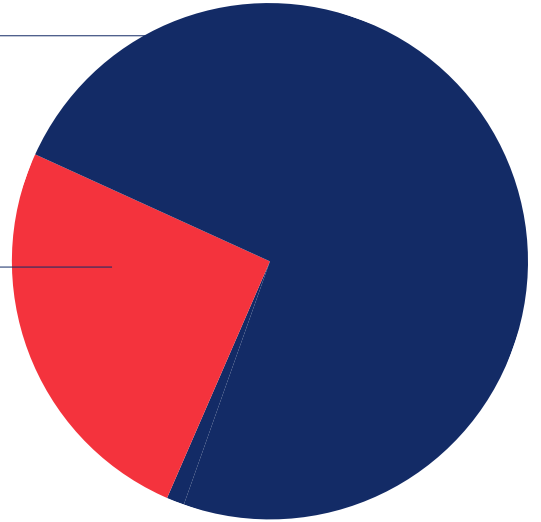
### Are you a tech company?

Discover how Singapore is a global tech node, ready to support your journey to scale up in the region with this [one-stop guide](#).

## Key sectors in Singapore

### Main sectors <sup>13</sup>

- **Services, value added (% of GDP)**  
**70.95%**  
Professional services  
Financial services  
Information and communications technology
- **Industry (including construction), value added (% of GDP)**  
**24.37%**  
Electronics and Precision Engineering  
Chemicals  
Biomedical Sciences  
Semiconductor  
Aerospace



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

### Growth sectors



Agrifood

Fintech

Future mobility & transport

Sustainability



## Singapore's talent pool

Singapore is home to a ready talent pool of highly skilled workers, educated at some of the best universities in the world. The National University of Singapore and Nanyang Technological University are ranked among the top 15 universities<sup>14</sup> across the world.

The city-state actively upskills and re-skills its workforce with comprehensive support for employers, including grants and funding, and programmes for capability transfer and career conversions. As a global tech node, Singapore is seeing a growing number of tech graduates, with the number set to grow by two-thirds in 2022.<sup>15</sup>



### Hire the perfect team in Singapore

Check out this exclusive guide to building your A-team [here](#). If you are looking for tech talent in particular, you can also take a look at this [guide](#) to discover why global tech talent are choosing to call Singapore home.

● Total labour force (2020) <sup>16</sup>	2.3 million
● Tertiary graduates in labour force (2020)	58.9 per cent



Source: [Ministry of Manpower](#)

### Top national universities



National University of Singapore (NUS)



Nanyang Technological University (NTU)



Singapore Management University (SMU)

### Top fields of study



Engineering & technology



Computer science



Accounting & finance

### New courses



Cybersecurity



Artificial intelligence



Agrifood



## Registering a company in Singapore

Singapore is one of the easiest and most competitive countries in the world for businesses, with streamlined regulations and digitalised processes in a business-friendly environment.



### Setting up

Get your business up and running in the shortest possible time with this [exclusive guide to setting up in Singapore](#).



1<sup>st</sup>

World Economic Forum Global Competitiveness Report 2019 <sup>17</sup>



8<sup>th</sup>

Global Innovation Index 2021 <sup>18</sup>



11<sup>th</sup>

IP Index Overall Ranking 2020 <sup>19</sup>

Incorporation process	2 steps <sup>20</sup>	1.5 days <sup>21</sup>
Setup requirements (Private Limited Company)	<ul style="list-style-type: none"> <li>• Minimum 1 resident director</li> <li>• Minimum 1 local company secretary</li> <li>• Minimum 1 shareholder</li> <li>• Minimum S\$1 paid-up capital</li> <li>• Local registered address</li> </ul>	

## Comparison of business entities



### How InCorp can help

Learn how Singapore is the right business hub for you, and grow with confidence in SEA. Reach out to the experts at InCorp [here](#).



### Work visas

Find out more about work visas [here](#).

	Limited Liability Partnership/ Partnership	Private Limited Company  Recommended by InCorp	Branch	Representative Office
Legal entity in its own name	Yes	Yes	Yes	No
Foreign ownership	Yes	Yes	Yes	Yes
Recommended for	Audit/law firms	Commercial businesses/ subsidiaries of foreign companies	Foreign companies that do not want to set up a new legal entity	Foreign companies looking to conduct market research/ liaison office
Able to 1. Raise new funding 2. Add new investors or shareholders	Limited	Yes	No	No



## Singapore's tax system

One of Singapore's competitive advantages is its simple tax framework. Singapore has a single-tier tax system where tax is only paid by a company on its income and all dividends are exempt from further taxation. As a member of the OECD/G20

Inclusive Framework on Base Erosion and Profit Shifting (BEPS), Singapore is also committed to working with the international community to counter artificial shifting of profits and continues to welcome substantive economic activities.



**Corporate tax** <sup>22</sup>  
17 per cent  
(before rebates and tax exemptions)



**GST/VAT** <sup>23</sup>  
7 per cent



**>80 Avoidance of Double Taxation agreements** <sup>24</sup>



**Double tax reliefs**



**No dividend tax**



**No capital gains tax**



### GST Exemption Scheme

GST registration is only required when a company's annual taxable turnover exceeds S\$1 million. Companies can qualify for exemption from registration if the proportion of zero-rated supplies over total taxable supplies exceeds 90 per cent.

### Tax reliefs on foreign income

Besides Avoidance of Double Tax agreements, a Singapore tax resident company can enjoy tax exemption on its specified foreign income, such as foreign-sourced dividend, foreign branch profits and foreign-sourced service income, that is remitted into Singapore.





## Tax information

For more information on taxes for Singapore businesses, refer [here](#).

## Tax exemption schemes and enhanced tax deductions

Please see below for tax exemption schemes and enhanced tax deductions available, which may help to reduce businesses' tax bills.<sup>25</sup>



### Tax exemption scheme for new startups

**Available for first 3 years from date incorporated**  
From Year of Assessment 2020 onwards:

- 75 per cent tax exemption on first S\$100,000 of normal chargeable income
- 50 per cent tax exemption on next S\$100,000 of normal chargeable income

### Tax deduction for qualifying R&D activities

Businesses can claim 250 per cent tax deduction on staff costs and consumables on qualifying R&D projects.

### Partial tax exemption

**Available for all companies, unless they are claiming the tax exemption for new start-up companies**

From Year of Assessment 2020 onwards:

- 75 per cent tax exemption on first S\$10,000 of normal chargeable income
- 50 per cent tax exemption on next S\$190,000 of normal chargeable income

### Tax deduction for qualifying IP licensing expenditure

Businesses that have incurred expenses to license IP rights used for a qualifying R&D project can claim a 200 per cent tax deduction on such expenses for the first S\$100,000 of qualifying IP licensing expenditure.



Calculate your gross tax payable and effective tax rate now using this simple Corporate Tax Calculator.

[Corporate Tax Calculator »](#)



## Endnotes

- 01 "World Competitiveness Rankings." IMD - International Institute for Management Development, 17 Jun. 2021, <https://www.imd.org/centers/world-competitiveness-center/rankings/>. Accessed 30 Aug. 2021.
- 02 "World Investment Report 2020." UNCTAD, 30 May 2020, p. 12, [https://unctad.org/system/files/official-document/wir2020\\_en.pdf](https://unctad.org/system/files/official-document/wir2020_en.pdf). Accessed 30 Aug. 2021.
- 03 "RIE2025 Plan." National Research Foundation Singapore, 2020, <https://www.nrf.gov.sg/rie2025-plan>. Accessed 30 Aug. 2021.
- 04 "Singapore tops Mercer's 21st Quality of Living ranking for Asia." Mercer, 13 Mar. 2019, <https://www.mercer.com.sg/newsroom/2019-quality-of-living-survey.html>. Accessed 6 Oct. 2021.
- 05 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 06 "Average (Mean) Monthly Nominal Earnings Per Employee By Sex, Quarterly." Data.gov.sg, 1 Apr. 2021, <https://data.gov.sg/dataset/average-monthly-nominal-earnings-per-employee-by-sex-quarterly>. Accessed 3 Nov. 2021.
- 07 "All you need to know about Singapore's free trade agreements and digital economy agreements." Ministry of Trade and Industry Singapore, 2020, <https://www.mti.gov.sg/-/media/MTI/improving-trade/FTAs/All-you-need-to-know-about-SG-FTAs-and-DEAs.pdf>. Accessed 6 Oct. 2021.
- 08 "Global Connectedness & Business Decisions." DHL Spotlight, 2020, <https://www.dhl.com/global-en/spotlight/globalization/global-connectedness-index.html>. Accessed 30 Aug. 2021.
- 09 "The World's Best Airports in 2020 are announced." Skytrax, 11 May 2020, <https://www.worldairportawards.com/the-worlds-best-airports-in-2020-are-announced/>. Accessed 30 Aug. 2021.
- 10 "Airlines." Changi Airport Group, 2021, <https://www.changiairport.com/corporate/partnerships/airlines.html>. Accessed 6 Oct. 2021.
- 11 Ministry of Transport. "Premier Hub Port." Ministry of Transport, 31 Mar. 2021, <https://www.mot.gov.sg/About-MOT/Sea-Transport/Advancing-the-Maritime-Industry/Premier-Hub-Port/>. Accessed 30 Aug. 2021.
- 12 Maritime and Port Authority of Singapore. "Global Hub Port." Maritime and Port Authority of Singapore, 11 Sep. 2019, <https://www.mpa.gov.sg/web/portal/home/maritime-singapore/what-maritime-singapore-offers/global-connectivity/global-hub-port>. Accessed 20 Oct. 2021.
- 13 "Singapore Economy." Department of Statistics Singapore, 31 Jul. 2021, <https://www.singstat.gov.sg/modules/infographics/economy>. Accessed 2 Nov. 2021.
- 14 Quacquarelli Symonds Limited. "QS World University Rankings 2021." Top Universities, 2021, <https://www.topuniversities.com/university-rankings/world-university-rankings/2021>. Accessed 30 Aug. 2021.
- 15 Ang, Jolene. "Rising number of tech grads in Singapore set to plug gap in sector." The Straits Times, 18 Nov. 2019, <https://www.straitstimes.com/singapore/education/rising-number-of-tech-grads-set-to-plug-gap-in-sector>. Accessed 30 Aug. 2021.
- 16 Ministry of Manpower. "Summary Table: Labour Force." Manpower Research and Statistics Department, 28 Jan. 2021, <https://stats.mom.gov.sg/Pages/Labour-Force-Summary-Table.aspx>. Accessed 30 Aug. 2021.
- 17 Schwab, K. The Global Competitiveness Report 2019. World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 18 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 19 "The Global Intellectual Property Center." The Global IP Center, 2020, [www.theglobalipcenter.com/ipindex2020/](http://www.theglobalipcenter.com/ipindex2020/). Accessed 25 Oct. 2021.
- 20 "Start-up procedures to register a business (number) - Singapore." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=SG](http://data.worldbank.org/indicator/IC.REG.PROC?locations=SG). Accessed 29 Oct. 2021.
- 21 "Time required to start a business (days) - Singapore." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=SG](http://data.worldbank.org/indicator/IC.REG.DURS?locations=SG). Accessed 29 Oct. 2021.
- 22 "Corporate Tax Rates." IRAS, 12 Apr 2021, <https://www.iras.gov.sg/irashome/Quick-Links/Tax-Rates/Corporate-Tax-Rates/>. Accessed 30 Aug. 2021.
- 23 "Current GST rates." IRAS, 2021, <https://www.iras.gov.sg/irashome/GST/GST-registered-businesses/Learning-the-basics/How-to-implement-GST/Current-GST-Rates/>. Accessed 30 Aug. 2021.
- 24 "List of DTAs, limited treaties and EOI arrangements." IRAS, 2021, <https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/List-of-DTAs-limited-treaties-and-EOI-arrangements/>. Accessed 30 Aug. 2021.
- 25 "Common Tax Reliefs That Help Reduce the Tax Bills." IRAS, 2021, <https://www.iras.gov.sg/irashome/Businesses/Companies/Learning-the-basics-of-Corporate-Income-Tax/Common-Tax-Reliefs-That-Help-Reduce-The-Tax-Bills/>. Accessed 30 Aug. 2021.





## Doing business in Brunei

Located on the north coast of the island of Borneo, Brunei Darussalam is among the world's wealthiest nations. Rich in natural resources and politically stable, much of Brunei's economic output is due to its oil and gas industry. The government is actively driving efforts to diversify its economy and encourage business growth under the [Wawasan Brunei 2035 initiative](#).

Priority areas include downstream oil and gas, manufacturing and other services, food, information communications technology and tourism.<sup>01</sup>

Brunei offers a high quality of life, and its capital Bandar Seri Begawan ranks 106<sup>th</sup> out of 231 globally in Mercer's Quality of Living<sup>02</sup> city ranking.

### Demographics<sup>03</sup>



**453,600**

Population



**5,765 km<sup>2</sup>**

Land Area



**US\$25,885**

GDP/capita



**B\$1,463 (US\$1,078)  
per month**

Median wage<sup>04</sup>

### Strengths & challenges

#### Strengths<sup>05</sup>



Low-tariff regime



Political stability



Rich in oil and natural gas

#### Challenges<sup>06</sup>



Relatively small domestic market



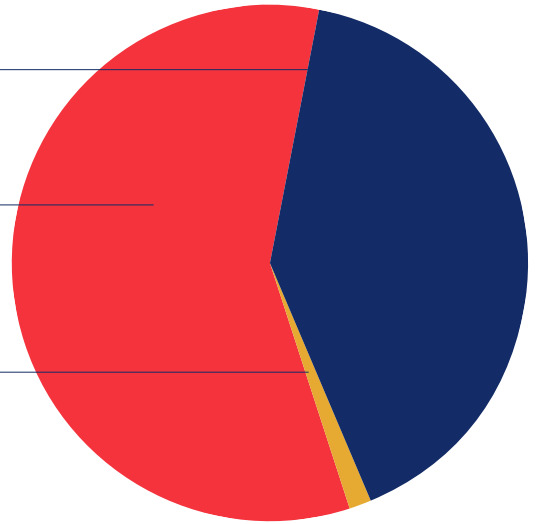
Businesses may be required to find a local partner to qualify for certain government and Brunei Shell Petroleum projects



# Key sectors in Brunei






## Main sectors

- **Services, value added (% of GDP)**  
41.51%
- **Industry (including construction), value added (% of GDP)**  
59.10%
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
1.19%



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

## Top exports (2019) <sup>07</sup>

-  **Petroleum gas**  
(US\$3.23B)
-  **Crude petroleum**  
(US\$2.7B)
-  **Refined petroleum**  
(US\$361M)
-  **Acyclic alcohols**  
(US\$161M)
-  **Hydrocarbons**  
(US\$49.9M)

## Top export destinations (2019) <sup>08</sup>

-  **Japan**  
(US\$2.37B)
-  **Australia**  
(US\$822M)
-  **Singapore**  
(US\$686M)
-  **India**  
(US\$565M)
-  **Malaysia**  
(US\$563M)

## Growth sectors <sup>09</sup>



Downstream oil & gas

Food

ICT

Tourism

Services





## Registering a company in Brunei

The [Registry of Companies & Business Names \(ROCBN\)](#) facilitates all company formations.



56<sup>th</sup>

World Economic Forum Global  
Competitiveness Report 2019 <sup>10</sup>



82<sup>nd</sup>

Global Innovation Index 2021 <sup>11</sup>



### Work visas

Find out more about work  
visas [here](#).

Incorporation process	3 steps <sup>12</sup>	5.5 days <sup>13</sup>
Types of business entities <sup>14</sup>	<ul style="list-style-type: none"><li>• Private Company</li><li>• Public Company</li><li>• Partnership</li><li>• Sole Proprietorship</li></ul>	
Setup requirements (Private Company)	<ul style="list-style-type: none"><li>• Minimum of 2 directors; at least 1 must be a Brunei citizen</li><li>• Minimum of 2 shareholders</li></ul>	

## Brunei's tax system

Brunei offers a simple and attractive corporate tax regime for foreign investors.



Corporate tax <sup>15</sup>  
18.5 per cent



GST/VAT <sup>16</sup>  
No GST/VAT





## Endnotes

- 01 "The Brunei Economic Development Board." The Brunei Economic Development Board, 2021, <http://www.bedb.com.bn/>. Accessed 13 Oct. 21.
- 02 Mercer. "Quality of Living City Ranking." Mercer, 2019, <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>. Accessed 30 Aug. 2021.
- 03 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 04 "Wages and compensation costs." Department of Economic Planning and Statistics, 2017, <http://www.deps.gov.bn/SitePages/Wages%20and%20compensation%20costs.aspx>. Accessed 13 Oct. 2021.
- 05 "Brunei." The Economist Intelligence Unit, 2021, <https://country.eiu.com/brunei>. Accessed 29 Oct. 2021.
- 06 "Market challenges." International Trade Administration, 26 Sep. 2021, [www.trade.gov/country-commercial-guides/brunei-market-challenges](http://www.trade.gov/country-commercial-guides/brunei-market-challenges). Accessed 29 Oct. 2021.
- 07 OEC. "Brunei (BRN) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/brn>. Accessed 30 Aug. 2021.
- 08 OEC. "Brunei (BRN) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/brn>. Accessed 30 Aug. 2021.
- 09 FDI Action and Support Centre. "Invest in Brunei." Invest.gov.bn, 2019, <http://www.invest.gov.bn/SitePages/Home.aspx>. Accessed 28 Sep. 2021.
- 10 Schwab, K. "The Global Competitiveness Report 2019." World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 11 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 Oct. 2021.
- 12 "Start-up procedures to register a business (number) - Brunei Darussalam." The World Bank, 2019, data. [worldbank.org/indicator/IC.REG.PROC?locations=BN](http://worldbank.org/indicator/IC.REG.PROC?locations=BN). Accessed 29 Oct. 2021.
- 13 "Time required to start a business (days) - Brunei Darussalam." The World Bank, 2019, data. [worldbank.org/indicator/IC.REG.PROC?locations=BN](http://worldbank.org/indicator/IC.REG.PROC?locations=BN). Accessed 29 Oct. 2021.
- 14 "Types of Business." Ministry of Finance and Economy, 2020, <https://www.mofe.gov.bn/Divisions/types-of-business.aspx>. Accessed 29 Oct. 2021.
- 15 "Income tax." Ministry of Finance and Economy, Brunei Darussalam, 2020, <https://www.mofe.gov.bn/Divisions/income-tax.aspx>. Accessed 13 Oct. 21.
- 16 "Income tax." Ministry of Finance and Economy, Brunei Darussalam, 2020, <https://www.mofe.gov.bn/Divisions/income-tax.aspx>. Accessed 13 Oct. 21.





Doing business in Cambodia

Bordering Thailand, Vietnam, and Laos, Cambodia is one of the fastest-growing economies globally, with an average GDP growth of 7 per cent from 2011 to 2019.<sup>01</sup> With a strategic geographical location, large and youthful workforce, and fertile land, Cambodia is expected to see sustained growth in the coming years.

Under a 10-year [Industrial Development Policy 2015 - 2025](#), the government is encouraging investments in priority sectors such as drugs and

medical equipment production, agro-industrial production and green technology. Its main sea port [Sihanoukville Autonomous Port](#) is located within the Gulf of Thailand, and houses eight berths with modern cargo-handling equipment.

Its capital Phnom Penh has a low cost of living, with the government making concerted efforts to improve modern amenities. There are also [55 international schools in Phnom Penh](#).

Demographics<sup>02</sup>



16.34 million  
Population



181,035 km<sup>2</sup>  
Land Area



US\$1,529  
GDP/capita



\$ 788978.99  
(US\$194)  
per month  
Median wage<sup>03</sup>

Strengths & challenges<sup>04</sup>

Strengths



Youthful population



Easy to repatriate profits



Attractive quality of life



Investment incentives in  
Special Economic Zones

Challenges



Developing infrastructure



High energy costs



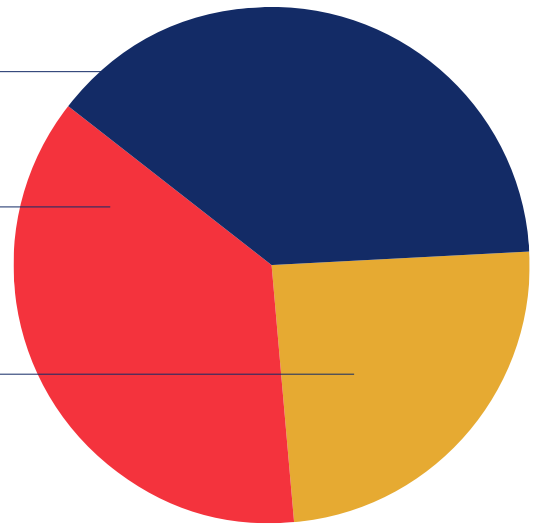
Weak law enforcement,  
including IP rights



# Key sectors in Cambodia

## Main sectors

- **Services, value added (% of GDP)**  
36.21%
- **Industry (including construction), value added (% of GDP)**  
34.67%
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
22.84%








Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

## Top exports (2019) <sup>05</sup>

-  **Knit sweaters**  
(US\$2.46B)
-  **Precious metal scraps**  
(US\$2.43B)
-  **Knit women's suits**  
(US\$1.74B)
-  **Non-knit women's suits**  
(US\$1.66B)
-  **Trunks and cases**  
(US\$1.52B)

## Top export destinations (2019) <sup>06</sup>

-  **United States**  
(US\$5.78B)
-  **Singapore**  
(US\$2.33B)
-  **Thailand**  
(US\$2.07B)
-  **Germany**  
(US\$1.94B)
-  **Japan**  
(US\$1.79B)

## Growth sectors <sup>07</sup>



Food & beverage

Renewable energy

Healthcare & pharmaceuticals

Education

ICT and new technologies

Mineral and oil resources



## Registering a company in Cambodia

Registration of companies in Cambodia has to be completed via the [Ministry of Economy and Finance online portal](#).



106<sup>th</sup>

World Economic Forum Global Competitiveness Report 2019 <sup>17</sup>



109<sup>th</sup>

Global Innovation Index 2021 <sup>18</sup>



### Work visas

Find out more about work visas [here](#).

Incorporation process	9 steps <sup>10</sup>	99 days <sup>11</sup>
Types of business entity <sup>12</sup>	<ul style="list-style-type: none"><li>• Sole proprietorship</li><li>• Limited liability company<ol style="list-style-type: none"><li>1. Private limited company</li><li>2. Public limited company</li></ol></li><li>• Commercial representative office</li><li>• Foreign branch office</li><li>• Subsidiary</li><li>• Partnership<ol style="list-style-type: none"><li>1. General partnership company</li><li>2. Limited partnership company</li></ol></li></ul>	
Setup requirements (Private Limited Company) <sup>13</sup>	<ul style="list-style-type: none"><li>• Minimum of 1 director</li><li>• Minimum of 2 shareholders, maximum 30</li><li>• Registered agent (must be a local resident)</li><li>• Local registered office address</li></ul>	

## Cambodia's tax system

Domestic and foreign investor tax returns in Cambodia are lower than the SEA average. Cambodia's corporate tax rate is among one of the lowest at 20 per cent.



**Corporate tax** <sup>14</sup>  
20 per cent



**Capital gains tax** <sup>16</sup>  
20 per cent



**VAT** <sup>15</sup>  
10 per cent



## Endnotes

- 01 "The World Bank In Cambodia." World Bank, 2015, <https://www.worldbank.org/en/country/cambodia/overview>. Accessed 30 Aug. 2021.
- 02 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 03 Kimmarita, Long. "PM adds \$2 to minimum wage agreed for next year." The Phnom Penh Post, 28 Sep. 2021, [www.phnompenhpost.com/national/pm-adds-2-minimum-wage-agreed-next-year](http://www.phnompenhpost.com/national/pm-adds-2-minimum-wage-agreed-next-year). Accessed 9 Nov. 2021.
- 04 "Business Opportunities in Cambodia." European Chamber of Commerce in Cambodia, 2021, p. 22-27, [investincambodia-eu.org/publications/](http://investincambodia-eu.org/publications/). Accessed 29 Oct. 2021.
- 05 "Cambodia (KHM) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/khm>. Accessed 30 Aug. 2021.
- 06 "Cambodia (KHM) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/khm>. Accessed 30 Aug. 2021.
- 07 "Business Opportunities in Cambodia." European Chamber of Commerce in Cambodia, 2021, p. 41-43, [investincambodia-eu.org/publications/](http://investincambodia-eu.org/publications/). Accessed 29 Oct. 2021.
- 08 Schwab, K. "The Global Competitiveness Report 2019." World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 09 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 10 "Start-up procedures to register a business (number) - Cambodia." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=KH](http://data.worldbank.org/indicator/IC.REG.PROC?locations=KH). Accessed 29 Oct. 2021.
- 11 "Time required to start a business (days) - Cambodia." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=KH](http://data.worldbank.org/indicator/IC.REG.DURS?locations=KH). Accessed 29 Oct. 2021.
- 12 "How to register a company in Cambodia." Acclime Cambodia, 10 June 2021, <https://cambodia.acclime.com/guides/how-to-register-company/>. Accessed 30 Aug. 2021.
- 13 "Company." Council for the Development of Cambodia, 2017, [www.cambodiainvestment.gov.kh/investors-information/company.html](http://www.cambodiainvestment.gov.kh/investors-information/company.html). Accessed 29 Oct. 2021.
- 14 "Tax on income." Tax.gov.kh, 2021, [www.tax.gov.kh/en/content-detail/agdKS1856449923429](http://www.tax.gov.kh/en/content-detail/agdKS1856449923429). Accessed 27 Oct. 2021.
- 15 "Value added tax." Tax.gov.kh, 2021, [www.tax.gov.kh/en/content-detail/6TKs10714450015321](http://www.tax.gov.kh/en/content-detail/6TKs10714450015321). Accessed 27 Oct. 2021.
- 16 Vireak, T. "Tax official defogs capital gains." The Phnom Penh Post, 23 Feb. 2021, [www.phnompenhpost.com/business/tax-official-defogs-capital-gains](http://www.phnompenhpost.com/business/tax-official-defogs-capital-gains). Accessed 29 Oct. 2021.





## Doing business in Indonesia

The largest economy in SEA, Indonesia is a diverse archipelago nation of more than 17,000 islands and 300 ethnic groups.<sup>01</sup> The country occupies a strategic location along major sea lanes from the Indian Ocean to the Pacific Ocean.

Indonesia's fast-growing middle class has emerged as a key driver of its economic growth, with middle class consumption growing at 12 per cent annually since 2002.<sup>02</sup> The average Indonesian consumer is also young and tech-savvy, with digitally native millennials and Gen Z accounting for 70 per cent of Indonesian consumers by 2030.<sup>03</sup>

Businesses have access to 87 industrial parks across the country, including [Kendal Industrial Park](#), a joint venture between Singapore's Sembcorp Development and Indonesia's PT Jababeka Tbk and supported by the respective governments.

The capital Jakarta ranks amongst Asia's top 25 cities for Mercer's Quality of Living survey,<sup>04</sup> while [84 international schools](#) in Jakarta and key regional cities Medan and Surabaya provide options for those relocating with families.

### Demographics<sup>05</sup>



**270.20 million**

Population



**1,916,862 km<sup>2</sup>**

Land Area



**US\$3,929**

GDP/capita



**Rp2,687,000  
(US\$1,078)  
per month**

Median wage<sup>06</sup>

### Trade and transport connectivity

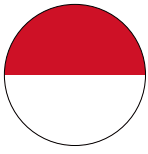


**12 Free Trade Agreements<sup>07</sup>**

Situated between the Indian Ocean and the Pacific Ocean, Indonesia is located close to other major key business hubs in Singapore, Malaysia and the Philippines and has easy trade access to countries such as China, South Korea, India and Japan.

The country has 31 international airports.<sup>08</sup> The Port of Tanjung Priok is its busiest seaport, handling more than 50 per cent of Indonesia's transshipment cargo traffic.<sup>09</sup>

Furthermore, [258 km of toll roads was added in 2020](#), with a total road network of 4,761 km to be completed by 2024.



### Take a deeper dive

Discover more of such insights from InCorp [here](#).

## Strengths & challenges

### Strengths



Rich in natural resources



Fast and easy trade by land and sea



The largest domestic market in SEA



Low labour costs



Young population

### Challenges



Developing infrastructure and service networks

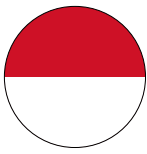


High logistics cost



Complex tax system and visa and permit processes

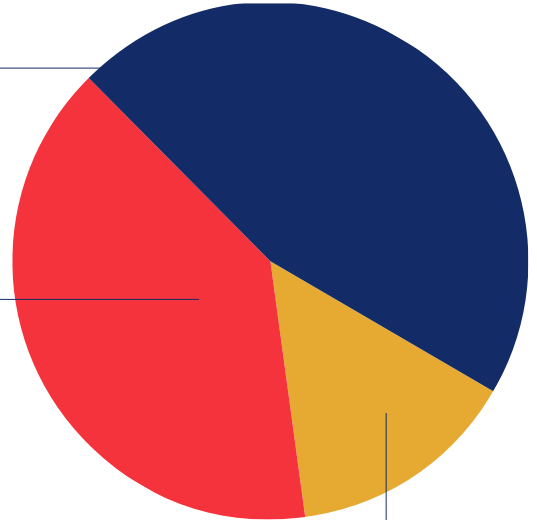




## Key sectors in Indonesia

### Main sectors

- **Services, value added (% of GDP)**  
**44.40%**  
Tourism <sup>10</sup>  
Information and communication  
Financial and insurance activities <sup>11</sup>
- **Industry (including construction), value added (% of GDP)**  
**38.26%**  
Digital industry  
Energy  
Infrastructure <sup>12</sup>
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
**13.70%**  
Plantations (e.g. coconut, rubber, and coffee)  
Fisheries <sup>13</sup>



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)



### Growth sectors

For more information on growth sectors in Indonesia, refer to:

[Fintech in Indonesia](#)

[Agriculture in Indonesia](#)

[Top Business Opportunities in Indonesia for Foreigners](#)

[Starting a Business in Indonesia in the Digital Economy Era](#)

### Growth sectors



Fintech

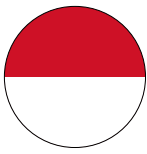
Agritech

E-commerce

Edtech

Healthtech





## Indonesia's talent pool

The Indonesian government has made strides in improving the education system in recent years, with an increase in education spending by an estimated 200 per cent in real terms since 2002.<sup>14</sup>

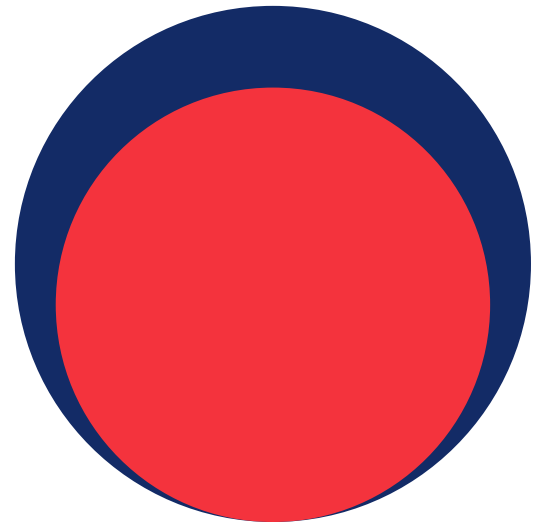
Out of the 2,626 higher education institutes in Indonesia,<sup>15</sup> 80 are public universities,<sup>16</sup> with Gadjah Mada University ranking 254<sup>th</sup> globally.<sup>17</sup>



### What is advanced education?

As defined by World Bank, advanced education comprises short-cycle tertiary education, a bachelor's degree or equivalent education level, a master's degree or equivalent education level, or doctoral degree or equivalent education level according to the International Standard Classification of Education 2011 (ISCED 2011).

- **Total labour force (2020)**<sup>18</sup> 137 million
- **Labour force with advanced education (2019)**<sup>19</sup> 84.17 per cent



### Top national universities<sup>20</sup>



Gadjah Mada University



Universitas Indonesia



Bandung Institute of Technology (ITB)

### Top fields of study



Mechanical engineering



Economics



Chemistry

### New courses



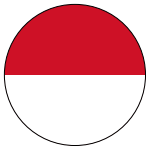
Artificial intelligence



Computer science



Data analytics



## Registering a company in Indonesia

Businesses submit applications through a single online portal called [Sistem Perizinan Berusaha Terintegrasi Secara Elektronik](#) or [Online Single Submission](#), which shortens the

incorporation timeline and allows businesses to begin their operations upon obtaining a Business Identification Number, without the need to obtain additional licenses.



50<sup>th</sup>

World Economic Forum Global Competitiveness Report 2019<sup>21</sup>



87<sup>th</sup>

Global Innovation Index 2021<sup>22</sup>



46<sup>th</sup>

IP Index Overall Ranking 2020<sup>23</sup>



### Setting up a company?

For more information on setting up a company in Indonesia, refer [here](#).

#### Incorporation process

11 steps<sup>24</sup>

12.6 days<sup>25</sup>

#### Setup requirements (Foreign Owned Company (PT PMA))

- At least 2 shareholders
- At least 1 Local Resident Director and 1 Local Resident Commissioner
- Minimum Investment Plan of above USD 800,000
- Recommended at least 1 Local Resident Company Secretary

## Comparison of business entities<sup>26</sup>



### How InCorp can help

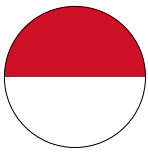
Navigate Indonesia's business environment with ease by speaking to the experts at InCorp. Reach out [here](#).



### Work visas

Find out more about work visas [here](#).

	Foreign Limited Liability Company (PT PMA)	Local PT Company	Representative Office (RO)
	Recommended by InCorp		
Legal entity in its own name	Yes	Yes	No
Foreign ownership	Yes	No	Yes
Recommended for	Labor-intensive and pioneer businesses that are allowed to be owned by foreign entities in accordance to the <a href="#">Positive Investment List</a> , such as manufacturing, electric vehicle, digital infrastructure, etc.	Business lines that are closed-off for foreign investment and reserved for local Micro, Small & Medium Enterprises (MSMEs), according to the Positive Investment List.	Foreign businesses at the early stage of expansion, looking to conduct market research in Indonesia
Able to 1. Raise new funding 2. Add new investors or shareholders	Yes	Yes	No



## Indonesia's tax system

Indonesia adopts a self-assessed taxation structure that is divided into state and local taxes.<sup>27</sup> There are various tax incentives to help

all businesses. As a member of the OECD/G20 Inclusive Framework on BEPS, Indonesia is fighting tax evasion on an international level.



**Corporate tax**<sup>28</sup>  
22 per cent



**GST**<sup>29</sup>  
10 per cent



**Capital gains tax**  
22 per cent  
(except for the sale of buildings & land, and exchange-traded shares)



**66 Avoidance of Double Taxation agreements**<sup>30</sup>



**Progressive income tax regime**



**No inheritance tax**



**No capital duty**

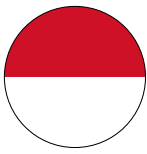


### Reduction in withholding tax rate

The withholding tax rate on dividends paid to non-residents is reduced to 10 per cent or the applicable reduced tax treaty rate.

### Tax allowance for investments

The tax allowance covers 183 types of investments, including 166 defined sectors and 17 investment categories in these sectors and regions, that qualify under the Standard Classification of Indonesian Business Fields.



### Tax information

For more information on taxes for Indonesian businesses, refer [here](#).

## Tax schemes

While the corporate tax rate is at 22 per cent, the effective tax rate can be even lower with the help of various tax schemes.



### The Batam, Bintan and Karimun islands free trade zone

Located less than an hour away from Singapore, this free trade zone allows companies to pair Singapore's regional hub capabilities with complementary manufacturing operations in the nearby islands in a "SG + BBK" [twinning model](#). Batam is also home to [Nongsa Digital Park](#), a Special Economic Zone, which brings together quality Indonesian tech talent and offers cost-efficient tech solutions for Singapore-based companies.

#### Tax holiday for several business sectors

Some business sectors that are considered labor-intensive and pioneer industries are eligible for up to 100 per cent of Corporate Income Tax reduction depending on the investment value.

The 100 per cent CIT cut is valid for 5-20 years, followed by 50 per cent CIT reduction for 2 years after.

The Indonesian Government defines businesses that employ at least 200 workers with a labor cost that accounts for 15 per cent of total production costs as labor-intensive. While some other sectors, such as Oil and Gas refining, Economic Infrastructure, and Digital Economy are classified as a pioneered industry.

#### Investment allowance

Businesses who invest in certain business lines and employ at least 300 local workers are eligible for the Investment Allowance scheme. The scheme entails reducing net income by 60 per cent of the entire investment value over a period of six years at a rate of 10 per cent each year.

#### Tax allowance

Businesses with high investment value, high absorption power, or high local content are eligible for 30 per cent of net taxable income as well as 10 per cent of Withholding Tax rate reduction.

#### Tax incentives in SEZs

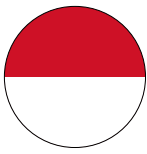
Primary industries that operate in Indonesia's Special Economic Zones (SEZs) are eligible for the following CIT cut scheme:

- Up to 100 per cent for 10-25 years for investment more than US\$68.32 million
- Up to 100 per cent for 5-15 years for investment between US\$34.16 million to US\$68.32 million.
- At a rate decided by the Ministry of Finance for 5-15 years for investment below US\$34.16 million.

SEZ Incentives for other industries as follows

- A reduction in the net taxable income of up to 30 per cent of the amount invested in the form of fixed assets, pro-rated at 5 per cent for 6 years of commercial production;
- Accelerated depreciation and/or amortization;
- Extension of the five-year tax loss carry forward to a maximum of 10 years; and
- A reduction in withholding tax on dividends paid to non-residents to 10 per cent, or applicable treaty rate.





## Endnotes

- 01 "Indonesia | Facts, People, and Points of Interest." Britannica, 6 Oct. 2021, <https://www.britannica.com/place/Indonesia>. Accessed 7 Sep. 2021.
- 02 "Aspiring Indonesia: Expanding the Middle Class." The World Bank, 3 Jan. 2020, [www.worldbank.org/en/country/indonesia/publication/aspiring-indonesia-expanding-the-middle-class](http://www.worldbank.org/en/country/indonesia/publication/aspiring-indonesia-expanding-the-middle-class). Accessed 18 Oct. 2021.
- 03 "Future of Consumption in Fast-Growth Consumer Markets: ASEAN." World Economic Forum, Jun. 2020, p. 13, [www3.weforum.org/docs/WEF\\_Future\\_of\\_Consumption\\_in\\_Fast\\_Growth\\_Consumer\\_Markets\\_ASEAN\\_2020.pdf](http://www3.weforum.org/docs/WEF_Future_of_Consumption_in_Fast_Growth_Consumer_Markets_ASEAN_2020.pdf). Accessed 18 Oct. 2021.
- 04 "Quality of Living City Ranking." Mercer, 2019, <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>. Accessed 30 Aug. 2021.
- 05 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 06 "Indonesian Economic Report, 2021." Statistics Indonesia, 17 Sep. 2021, p. 170, [www.bps.go.id/publication/2021/09/17/f3ece7157064514772b18335/laporan-perekonomian-indonesia-2021.html](http://www.bps.go.id/publication/2021/09/17/f3ece7157064514772b18335/laporan-perekonomian-indonesia-2021.html). Accessed 18 Oct. 2021.
- 07 "Free Trade Agreements." Asia Regional Integration Center, 2015, <https://aric.adb.org/fta-country>. Accessed 6 Sep. 2021. Accessed 18 Oct. 2021.
- 08 "List of airport in Indonesia." DGCA Indonesia, 2019, [hubud.dephub.go.id/website\\_en/BandaraListing.php](http://hubud.dephub.go.id/website_en/BandaraListing.php). Accessed 18 Oct. 21.
- 09 "Port of Tanjung Priok." JOC.com, n.d., [www.joc.com/port-news/asian-ports/port-tanjung-priok](http://www.joc.com/port-news/asian-ports/port-tanjung-priok). Accessed 18 Oct. 2021.
- 10 "Indonesia Fact Sheet." UOB ASEAN Insights, 2020, <https://www.uobgroup.com/asean-insights/fact-sheets/indonesia.page>. Accessed 21 Sep. 2021.
- 11 Badan Pusat Statistik. Pendapatan Nasional Indonesia 2016-2020. Badan Pusat Statistik, 2016. Badan Pusat Statistik, <https://www.bps.go.id/publication/2021/06/08/bcb06430a707226bff9f8d99/pendapatan-nasional-indonesia-2016-2020.html>. Accessed 21 Sep. 2021.
- 12 "Indonesia Fact Sheet." UOB ASEAN Insights, 2020, <https://www.uobgroup.com/asean-insights/fact-sheets/indonesia.page>. Accessed 21 Sep. 2021.
- 13 "National Income of Indonesia 2016-2020." Statistics Indonesia, Badan Pusat Statistik, 8 June 2021, [www.bps.go.id/publication/2021/06/08/bcb06430a707226bff9f8d99/pendapatan-nasional-indonesia-2016-2020.html](http://www.bps.go.id/publication/2021/06/08/bcb06430a707226bff9f8d99/pendapatan-nasional-indonesia-2016-2020.html).
- 14 "The Promise of Education in Indonesia." The World Bank, 18 Nov. 2020, [www.worldbank.org/en/country/indonesia/publication/the-promise-of-education-in-indonesia](http://www.worldbank.org/en/country/indonesia/publication/the-promise-of-education-in-indonesia). Accessed 18 Oct. 2021.
- 15 "Indonesia | Ranking Web of Universities: Webometrics Ranks 30000 Institutions." Webometrics.info, 2021, [www.webometrics.info/en/Asia/Indonesia%20?page=8](http://www.webometrics.info/en/Asia/Indonesia%20?page=8). Accessed 26 Oct. 2021.
- 16 "Top Public Universities in Indonesia." 4icu.org, 2021, [www.4icu.org/id/public/](http://www.4icu.org/id/public/). Accessed 26 Oct. 2021.
- 17 Quacquarelli Symonds. "Study in Indonesia." Top Universities, 2021, <https://www.topuniversities.com/where-to-study/asia/indonesia/guide>. Accessed 31 Aug. 2021.
- 18 "February 2020: Open Unemployment Rate (TPT) of 4.99 percent." Statistics Indonesia, 5 May 2020, <https://www.bps.go.id/pressrelease/2020/05/05/1672/februari-2020-tingkat-pengangguran-terbuka-tpt-sebesar-4-99-persen.html>. Accessed 31 Oct. 2021.
- 19 "Labor force with advanced education (% of total working-age population with advanced education) - Indonesia." The World Bank, 29 Jan. 2021, [data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=ID](http://data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=ID). Accessed 18 Oct. 2021.
- 20 "Study in Indonesia." QS Quacquarelli Symonds, 2021, [www.topuniversities.com/where-to-study/asia/indonesia/guide](http://www.topuniversities.com/where-to-study/asia/indonesia/guide). Accessed 18 Oct. 2021.
- 21 Schwab, K. "The Global Competitiveness Report 2019." World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 22 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 23 "The Global Intellectual Property Center." The Global IP Center, 2020, [www.theglobalipcenter.com/ipindex2020/](http://www.theglobalipcenter.com/ipindex2020/). Accessed 25 Oct. 2021.
- 24 "Start-up procedures to register a business (number) - Indonesia." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=ID](http://data.worldbank.org/indicator/IC.REG.PROC?locations=ID). Accessed 29 Oct. 2021.
- 25 "Time required to start a business (days) - Indonesia." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=ID](http://data.worldbank.org/indicator/IC.REG.DURS?locations=ID). Accessed 29 Oct. 2021.
- 26 "Company Registration Indonesia: Requirements and Process." Cekindo, 24 Sep. 2021, <https://www.cekindo.com/services/company-registration-indonesia>. Accessed 31 Aug. 2021.
- 27 "Taxation System in Indonesia: Your Guide to Income Taxation." Cekindo, 26 May 2015, <https://www.cekindo.com/blog/income-taxation-system-in-indonesia>. Accessed 28 Aug. 2021.
- 28 "Tax Reporting in Indonesia | Tax Services Indonesia." InCorp Global, InCorp Global, 25 Nov. 2019, [www.incorp.asia/indonesia/services/tax/](http://www.incorp.asia/indonesia/services/tax/). Accessed 27 Oct. 2021.
- 29 "Tax Reporting in Indonesia | Tax Services Indonesia." InCorp Global, InCorp Global, 25 Nov. 2019, [www.incorp.asia/indonesia/services/tax/](http://www.incorp.asia/indonesia/services/tax/). Accessed 27 Oct. 2021.
- 30 "Tax Treaty." Kementerian Keuangan Direktorat Jenderal Pajak, 2021, [www.pajak.go.id/en/tax-treaty](http://www.pajak.go.id/en/tax-treaty). Accessed 7 Jan. 2022. The Republic of Indonesia Status of List of Reservations and Notifications at the Time of Signature. 28 Apr. 2020. p. 2 -7, OECD, <https://www.oecd.org/tax/treaties/beps-mli-position-indonesia.pdf>. Accessed 30 Aug. 2021.







Doing business in Laos

Laos, officially the Lao People's Democratic Republic (Lao PDR), is a rapidly growing country located northeast of Thailand and west of Vietnam, with average GDP growth of close to 8 per cent over the last decade.

The country has strong bilateral ties with key economies in the region, including key trading partners China, Thailand and Vietnam. The government has set up [11 Special Economic Zones \(SEZs\)](#), which provide incentives, logistics infrastructure and supply chain linkages to neighbouring markets. These SEZs are home to about 380 foreign and domestic companies.

Demographics<sup>01</sup>



Strengths & challenges

Strengths

- 

SEZs offering business advantages
- 

Abundant natural resources
- 

Low labour costs
- 

Strategic location with overland links to key regional economies

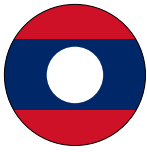
Challenges<sup>03</sup>

- 

Lack of transparency in business environment
- 

High cost of doing business
- 

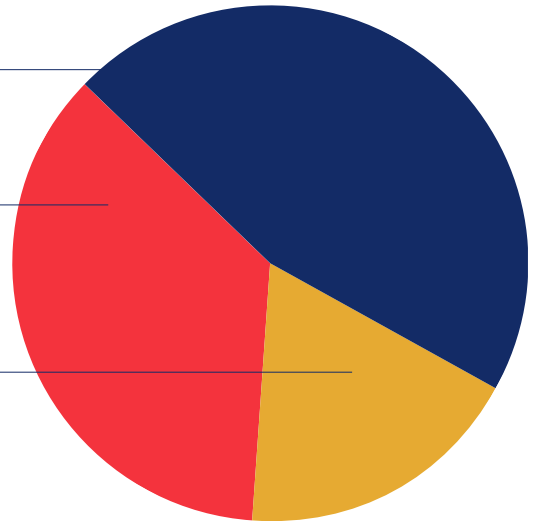
Developing logistics infrastructure in a land-locked geographical location



# Key sectors in Laos

## Main sectors

- **Services, value added (% of GDP)**  
40.64%
- **Industry (including construction), value added (% of GDP)**  
32.08%
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
16.20%








Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

## Top exports (2019) <sup>04</sup>

-  **Electricity**  
(US\$1.33B)
-  **Copper ore**  
(US\$568M)
-  **Refined copper**  
(US\$459M)
-  **Rubber**  
(US\$290M)
-  **Gold**  
(US\$240M)

## Top export destinations (2019) <sup>05</sup>

-  **Thailand**  
(US\$2.4B)
-  **China**  
(US\$1.88B)
-  **Vietnam**  
(US\$1.07B)
-  **Japan**  
(US\$164M)
-  **United States**  
(US\$146M)

## Growth sectors <sup>06</sup>



Services

Handicrafts

Construction

Hotel & restaurant





## Registering a company in Laos

The Ministry of Industry and Commerce (MOIC) operates an [online enterprise registration site](#) for a one-time registration required for business operations in Laos. A [one-stop shop service](#) was also introduced to help businesses consolidate information.



109<sup>th</sup>

Global Innovation Index 2021 <sup>07</sup>



### Work visas

Find out more about work visas [here](#).

<b>Incorporation process</b>	9 steps <sup>08</sup>	~6 months <sup>09</sup>
<b>Types of business entity <sup>10</sup></b>	<ul style="list-style-type: none"><li>• Ordinary partnership</li><li>• Limited partnership</li><li>• Sole limited company</li><li>• Limited company</li><li>• Public company</li></ul>	
<b>Setup requirements (Limited Company) <sup>11</sup></b>	<ul style="list-style-type: none"><li>• Minimum 1 director</li><li>• Between 2 to 30 shareholders</li></ul>	

## Laos' tax system

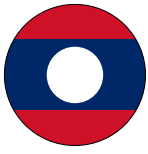
Laos has a simplified tax regime, which offers various tax and investment incentives for foreigners.



**Profit tax <sup>12</sup>**  
24 per cent



**GST/VAT <sup>13</sup>**  
10 per cent



## Endnotes

- 01 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 02 "Statistics on wages." International Labour Organization, 14 May 2021, [ilostat.ilo.org/topics/wages/](http://ilostat.ilo.org/topics/wages/). Accessed 9 Nov. 2021.
- 03 "Doing business in Lao PDR." The World Bank, 28 Aug. 2020, [www.worldbank.org/en/country/lao/brief/doing-business-in-lao-pdr](http://www.worldbank.org/en/country/lao/brief/doing-business-in-lao-pdr). Accessed 29 Oct. 2021.
- 04 "Laos (LAO) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/lao>. Accessed 30 Aug. 2021.
- 05 "Laos (LAO) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/lao>. Accessed 30 Aug. 2021.
- 06 "Laos in Brief." IPD, n.d., <http://investlaos.gov.la/why-laos/laos-in-brief/>. Accessed 26 Oct. 2021.
- 07 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 08 "Start-up procedures to register a business (number) - Lao PDR." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=LA](http://data.worldbank.org/indicator/IC.REG.PROC?locations=LA). Accessed 29 Oct. 2021.
- 09 "Time required to start a business (days) - Lao PDR." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=LA](http://data.worldbank.org/indicator/IC.REG.DURS?locations=LA). Accessed 29 Oct. 2021.
- 10 "One Stop Service Guidebook." Investment Promotion Department, 2015, p. 40, [investlaos.gov.la/images/OSS\\_Guidebook/Final\\_OSS\\_Book-web.pdf](http://investlaos.gov.la/images/OSS_Guidebook/Final_OSS_Book-web.pdf). Accessed 29 Oct. 2021.
- 11 "ASEAN Insiders Guide: Investing in Lao PDR 2016." ZICO Law, 2016, p. 18-20, [zico.group/wp-content/uploads/resources/asean\\_insiders/ASEAN\\_Insiders-Investing-in-Lao-PDR.pdf](http://zico.group/wp-content/uploads/resources/asean_insiders/ASEAN_Insiders-Investing-in-Lao-PDR.pdf). Accessed 29 Oct. 2021.
- 12 "Calculate Self Profit Tax." Tax Department, 2018, [taxservice.mof.gov.la/websquare/websquare.do](http://taxservice.mof.gov.la/websquare/websquare.do). Accessed 29 Oct. 2021.
- 13 "Chapter 2 Calculation of Value Added Tax." Tax Department, 2018, [taxservice.mof.gov.la/websquare/websquare.do](http://taxservice.mof.gov.la/websquare/websquare.do). Accessed 29 Oct. 2021.







## Doing business in Malaysia

Ranked 5<sup>th</sup> on a [Bloomberg study of emerging markets](#), Malaysia is a fast-growing economy rich in natural resources<sup>01</sup>.

The country is spurring the development of its digital economy, with public agencies such as the Malaysia Digital Economy Corporation. The government has also set out the [Malaysia Digital Economy Blueprint](#), with RM21 billion (US\$5 billion) invested over the next five years for developments such as a nationwide 5G network and a stronger international submarine

cable network. Recent initiatives such as [Cradle Investment Programme Ignite \(CIP Ignite\)](#) and [Cradle Investment Programme Accelerate \(CIP Accelerate\)](#) are providing support for tech startups.

Key cities, Kuala Lumpur and Johor Bahru, rank 85<sup>th</sup> and 101<sup>th</sup> out of 231 locations in Mercer's Quality of Living city rankings.<sup>02</sup> With [124 international schools](#) to choose from, Malaysia is a favourable location for foreign expatriates relocating with their families.

### Demographics<sup>03</sup>



**32.58 million**

Population



**329,131 km<sup>2</sup>**

Land Area



**US\$10,328**

GDP/capita



**RM2,062 (US\$493)  
per month**

Median wage<sup>04</sup>

### Trade and connectivity



**16 Free Trade Agreements<sup>05</sup>**

There are a total of six international airports in Malaysia, 16 domestic airports and 18 airport aerodromes.<sup>06</sup>

Kuala Lumpur International Airport (KLIA) is the country's main international airport, with 63 airlines flying to more than 100 destinations.<sup>07</sup> One can reach other key economic hubs in SEA within 4 to 7 hours.

Malaysia has seven major maritime ports.<sup>08</sup>





## Strengths & challenges

### Strengths



Well-developed infrastructure



Pro-business government policies



Educated workforce



Low labour cost



Vibrant business environment



Flexible banking system

### Challenges



High corporate tax



High trading costs across international borders



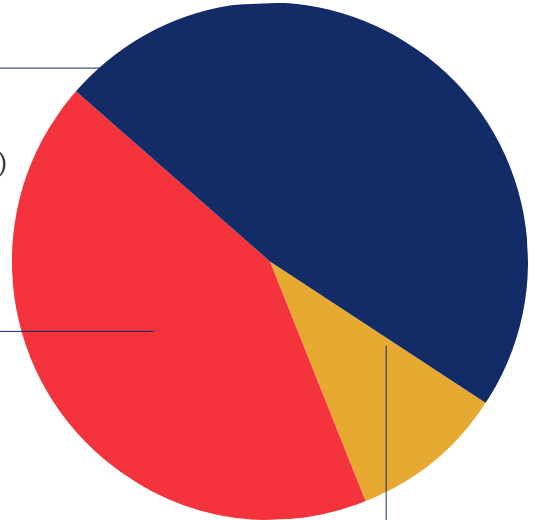
Restriction on foreign ownership for certain sectors, such as financial services and professional services



## Key sectors in Malaysia

### Main sectors <sup>09</sup>

- **Services, value added (% of GDP)**  
**54.78%**  
Business Services (including Financial Services <sup>10</sup>)  
Oil, Gas & Energy  
Research & Development (R&D)  
Information & Communication <sup>11</sup>
- **Industry (including construction), value added (% of GDP)**  
**35.91%**  
Building Technology  
Life Sciences & Medical Technology  
Electronics & Electrical <sup>12</sup>
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
**8.21%**  
Natural rubber production <sup>13</sup>  
Oil palm <sup>14</sup>



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

### Growth sectors



Cybersecurity

Cloud computing

Internet of Things

Big data analytics

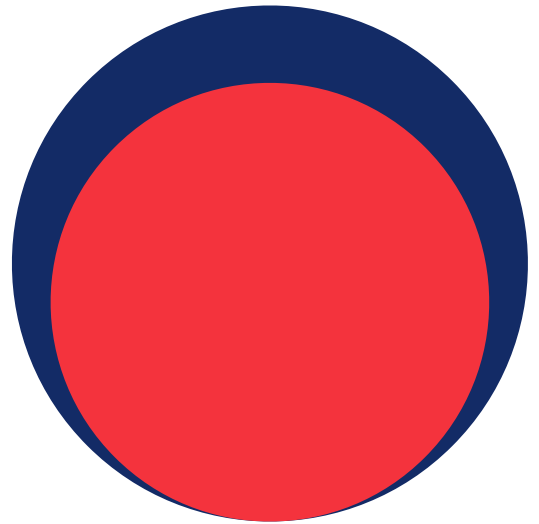
Electric vehicles



## Malaysia's talent pool

Out of the more than 100 universities in Malaysia, 20 are public universities, with Universiti Malaya ranked 59<sup>th</sup> globally in 2021.<sup>15</sup>

- **Total labour force (2020)**<sup>16</sup> 15.67 million
- **Tertiary graduates in labour force (2020)**<sup>17</sup> 34 per cent



### Top national universities



Universiti Malaya



Universiti Kebangsaan Malaysia



Universiti Putra Malaysia

### Top fields of study



Engineering



Information management (Technology)



Mathematics

### New courses



Forensic science



Urban & regional planning



Data science



## Registering a company in Malaysia

Registering a company in Malaysia is relatively straightforward and the initial set up costs are low.



### Setting up a company?

For more information on setting up a company in Malaysia, refer [here](#).



27<sup>th</sup>

World Economic Forum Global Competitiveness Report 2019 <sup>18</sup>



36<sup>th</sup>

Global Innovation Index 2021 <sup>19</sup>



27<sup>th</sup>

IP Index Overall Ranking 2020 <sup>20</sup>

Incorporation process	8 steps <sup>21</sup>	17.5 days <sup>22</sup>
Setup requirements (Sdn Bhd Company)	<ul style="list-style-type: none"> <li>• Minimum 1 resident director</li> <li>• Minimum 1 local company secretary</li> <li>• Minimum 1 shareholder</li> <li>• Minimum RM1 paid-up capital</li> <li>• Local registered address</li> </ul>	

## Comparison of business entities



### How InCorp can help

Navigate Malaysia's business environment with ease by speaking to the experts at InCorp. Reach out [here](#).



### Work visas

Find out more about work visas [here](#).

	Limited Liability Partnership/ Partnership	Sdn Bhd (private company limited by shares)  Recommended by InCorp	Representative Office
Legal entity in its own name	Yes	Yes	No
Foreign ownership	Yes	Yes	Yes
Recommended for	Audit/law firms	Commercial businesses/ subsidiaries of foreign companies	Foreign companies looking to conduct market research/ liaison office
Able to 1. Raise new funding 2. Add new investors or shareholders	Limited	Yes	No





## Malaysia's tax system

Malaysia adopts a single-tier tax system, where dividends are exempted from further deductions.



**Corporate tax**  
24 per cent  
(before rebates and tax exemptions)



**Sales and service tax (SST)**  
Sales Tax: 20 per cent  
Services Tax: 6 per cent



**Withholding tax**  
0 per cent to 15 per cent



**73 Avoidance of Double Taxation agreements**<sup>23</sup>



**Progressive income tax regime**



**No capital gains tax (except real property)**



**No dividend tax**



### Tax deductions for expatriate workers

An expatriate worker who qualifies as a tax resident in Malaysia is eligible for tax reliefs, including for:

- Spouse
- Taxpayers who must pay for parental care
- Each child below 18 years old
- Children pursuing tertiary education

### Tax filing exemption for expatriate workers

An expatriate worker who works in Malaysia for less than 60 days is not required to file personal income taxes.



## Tax information

For more information on taxes for Malaysian businesses, refer [here](#).

## Tax schemes

While the corporate tax rate is at 24 per cent,<sup>24</sup> the effective tax rate can be even lower with the help of these tax exemption schemes:



### Tax exemption for high technology companies (Pioneer Status)

- A 100 per cent income tax exemption of statutory income is given for five years.
- Unabsorbed capital allowances incurred during the pioneer period can be carried forward and deducted from post pioneer income.
- Accumulated losses incurred during the pioneer period can be carried forward and deducted from post pioneer income for seven consecutive years.

### Tax exemption for commercialisation of R&D

A 100 per cent statutory income tax exemption is given to investor companies for 10 years that commercialise:

- R&D findings from public research institutes or
- R&D findings that are non-resource based

### Investment tax allowance for private healthcare companies

Companies may benefit from an income tax exemption package of 100 per cent allowance on the qualifying capital expenditure incurred within a period of 5 years where the allowance can be used to offset against 100 per cent of the statutory income for each year of assessment of the medical service operations.

### Tax deduction for pharmaceutical companies

A 0-10 per cent income tax rate is given to pharmaceutical companies for the first 10 years of operations, followed by a 10 per cent tax rate for the next 10 years.



## Endnotes

- 01 Ahmad, Zakaria Bin. "Malaysia - Resources and power." Britannica, 7 Oct 2021, <https://www.britannica.com/place/Malaysia/Resources-and-power>. Accessed 30 Aug. 2021.
- 02 "Quality of Living City Ranking." Mercer, 2019, <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>. Accessed 30 Aug. 2021.
- 03 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 04 "Salaries & Wages Survey Report, Malaysia, 2020." Department of Statistics Malaysia Official Portal, 14 Jul. 2021, [https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=157&bul\\_id=VDRDc0pGZHpieEUwMDNFWHVHShnpkdz09&menu\\_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=157&bul_id=VDRDc0pGZHpieEUwMDNFWHVHShnpkdz09&menu_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09). Accessed 8 Oct. 2021.
- 05 "MITI FTA." Fta.Miti.Gov.My, 2021, <https://fta.miti.gov.my/index.php/pages/view/4?mid=23>. Accessed 31 Aug. 2021.
- 06 "List of Airports." Ministry of Transport Malaysia Official Portal, 2021, <https://www.mot.gov.my/en/aviation/infrastructure/list-of-airports>. Accessed 30 Aug. 2021.
- 07 "RtS2020. To be the global leader in creating airport cities." Malaysia Airports, 2020, p. 8, [https://www.malaysiaairports.com.my/sites/corporate/files/2018-09/pdf\\_%5Bweb%5D%20rts%202020%20booklet\\_26042016\\_1527899210\\_0.pdf](https://www.malaysiaairports.com.my/sites/corporate/files/2018-09/pdf_%5Bweb%5D%20rts%202020%20booklet_26042016_1527899210_0.pdf). Accessed 25 Oct. 2021.
- 08 "Ports in Malaysia." SMEinfo, 2021, <https://www.smeinfo.com.my/export/ports-in-malaysia/>. Accessed 8 Oct. 2021.
- 09 "World Development Indicators." World Bank, Jul. 2021, <https://databank.worldbank.org/source/world-development-indicators>. Accessed 11 Oct. 2021.
- 10 "Analysis of Key Sectors of Malaysia." Mordor Intelligence, 2021, <https://www.mordorintelligence.com/industry-reports/analysis-of-key-sectors-of-malaysia>. Accessed 12 Oct. 2021.
- 11 "Income of e-commerce transactions and revenue of services sector, second quarter 2021." Department of Statistics Malaysia, 11 Aug. 2021, [https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=398&bul\\_id=N0ImN091L2w2VmlYQTZtZGErczNWdz09&menu\\_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=398&bul_id=N0ImN091L2w2VmlYQTZtZGErczNWdz09&menu_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09). Accessed 12 Oct. 2021.
- 12 "Setting Up Business." MIDA, 2021, <https://www.mida.gov.my/invest-in-malaysia/setting-up-business/>. Accessed 12 Oct. 2021.
- 13 "Monthly Rubber Statistics Malaysia, July 2021." Department of Statistics Malaysia, 14 Sep. 2021, [https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=73&bul\\_id=ZEdlYXdPaVpSZWNKcEhGQ0RRcm92UT09&menu\\_id=Z0VTZGU1UHBT1VJMFlpaXRRR0xpdz09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=73&bul_id=ZEdlYXdPaVpSZWNKcEhGQ0RRcm92UT09&menu_id=Z0VTZGU1UHBT1VJMFlpaXRRR0xpdz09). Accessed 20 Sep. 2021.
- 14 "Selected Agricultural Indicators, Malaysia, 2020." Department of Statistics Malaysia, 27 Nov. 2020, [https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=72&bul\\_id=RXVKUVJ5TitHM0cwYWxIOHcxU3dKdz09&menu\\_id=Z0VTZGU1UHBT1VJMFlpaXRRR0xpdz09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=72&bul_id=RXVKUVJ5TitHM0cwYWxIOHcxU3dKdz09&menu_id=Z0VTZGU1UHBT1VJMFlpaXRRR0xpdz09). Accessed 20 Sep. 2021.
- 15 Quacquarelli Symonds Limited. "QS World University Rankings 2021." Top Universities, 2021, <https://www.topuniversities.com/university-rankings/world-university-rankings/2021>. Accessed 30 Aug. 2021.
- 16 "Labour Force Survey Report, Malaysia, 2020." Department of Statistics Malaysia, 22 Apr. 2021, [https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=126&bul\\_id=dTF2dkJpcUFYUWRrczhqUHVpcDRGQT09&menu\\_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=126&bul_id=dTF2dkJpcUFYUWRrczhqUHVpcDRGQT09&menu_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09). Accessed 30 Aug. 2021.
- 17 "Graduates Statistics 2020." Department of Statistics Malaysia, 27 Jul. 2021, [https://dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=476&bul\\_id=U1ItVWpwNXRNUR2NlhRSHZmenRMUT09&menu\\_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09](https://dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=476&bul_id=U1ItVWpwNXRNUR2NlhRSHZmenRMUT09&menu_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09). Accessed 6 Jan. 2022.
- 18 Schwab, K. "The Global Competitiveness Report 2019." World Economic Forum, 2019, p. 15, <https://www3.weforum.org/docs/WEF-TheGlobalCompetitivenessReport2019.pdf>. Accessed 25 October 2021.
- 19 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 20 "The Global Intellectual Property Center." The Global IP Center, 2018, [www.theglobalipcenter.com/ipindex2020/](http://www.theglobalipcenter.com/ipindex2020/). Accessed 25 Oct. 2021.
- 21 "Start-up procedures to register a business (number) - Malaysia." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=MY](http://data.worldbank.org/indicator/IC.REG.PROC?locations=MY). Accessed 29 Oct. 2021.
- 22 "Time required to start a business (days) - Malaysia." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=MY](http://data.worldbank.org/indicator/IC.REG.DURS?locations=MY). Accessed 29 Oct. 2021.
- 23 "Lembaga Hasil Dalam Negeri." Hasil.Gov.My, 2021, [http://www.hasil.gov.my/bt\\_goindex.php?bt\\_kump=5&bt\\_skum=5&bt\\_posi=4&bt\\_unit=1&bt\\_sequ=1&bt\\_lgv=2](http://www.hasil.gov.my/bt_goindex.php?bt_kump=5&bt_skum=5&bt_posi=4&bt_unit=1&bt_sequ=1&bt_lgv=2). Accessed 30 Aug. 2021.
- 24 "Taxation in Malaysia." Malaysian Investment Development Authority, 2020, p. 6 <https://mida.gov.my/wp-content/uploads/2020/07/Taxation-in-Malaysia.pdf>. Accessed 8 Oct. 2021.







## Doing business in Myanmar

Myanmar borders Bangladesh, China, India, Laos and Thailand. The Irrawaddy River, the country's largest and most important commercial waterway, flows from north to south across Myanmar, emptying into the Andaman Sea.

Yangon is its key economic hub, contributing 22 per cent of the country's GDP in 2013.<sup>01</sup> The government has set up [three Special Economic](#)

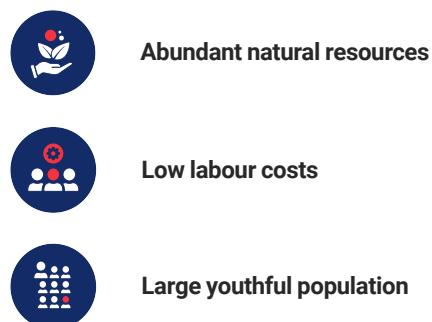
[Zones](#) in Thilawa, Kyaukphyu and Dawei, providing investment incentives, simplified processes and modern industrial facilities to encourage investment. There are three international airports and nine international sea ports in Myanmar, with key ports located in Yangon.

### Demographics<sup>02</sup>



### Strengths & challenges

#### Strengths<sup>04, 05</sup>



#### Challenges<sup>06, 07</sup>

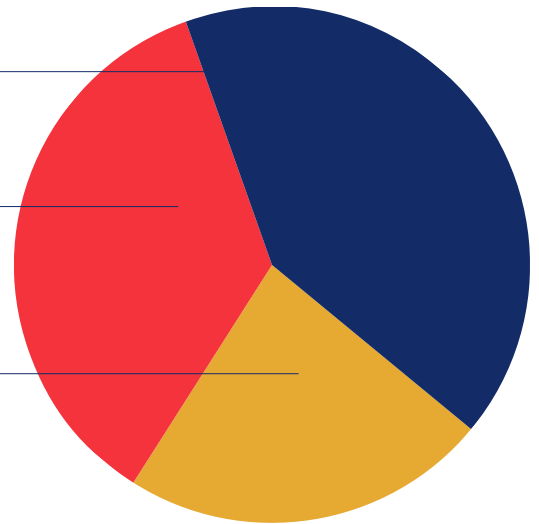




# Key sectors in Myanmar






## Main sectors

- **Services, value added (% of GDP)**  
41.40%
- **Industry (including construction), value added (% of GDP)**  
35.77%
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
22.82%








Source: World Bank (World Bank national accounts data, and OECD National Accounts data files) and Myanmar Statistical Information Service

## Top exports (2019) <sup>08</sup>

-  **Petroleum gas**  
(US\$6.42B)
-  **Non-knit women's coats**  
(US\$1.13B)
-  **Rice**  
(US\$1.1B)
-  **Refined copper**  
(US\$841M)
-  **Dried legumes**  
(US\$771B)

## Top export destinations (2019) <sup>09</sup>

-  **China**  
(US\$5.47B)
-  **Thailand**  
(US\$5.3B)
-  **Japan**  
(US\$1.54B)
-  **Germany**  
(US\$1.22B)
-  **United States**  
(US\$966M)

## Growth sectors <sup>10</sup>



Microfinance, microinsurance and trade finance services for farmers

Smart traffic management and road safety solutions

Road, bridge and railway construction



## Registering a company in Myanmar

The Directorate of Investment and Company Administration (DICA) is the primary authority in Myanmar dealing with company formation. [Myanmar Companies Online \(MyCO\)](#) can be used to register new businesses.



127<sup>th</sup>

Global Innovation Index 2021 <sup>11</sup>



### Work visas

Find out more about work visas [here](#).

Incorporation process	6 steps <sup>12</sup>	7 days <sup>13</sup>
Types of business entity <sup>14</sup>	<ul style="list-style-type: none"><li>• Private Company Limited by Shares</li><li>• Company Limited by Guarantee</li><li>• Unlimited Company</li></ul>	
Setup requirements (Private Limited Company) <sup>15</sup>	<ul style="list-style-type: none"><li>• At least 1 resident director, who must live in Myanmar for at least 183 days in a calendar year</li><li>• At least 1 shareholder</li></ul>	

## Myanmar's tax system

Myanmar offers a simplified one-tier corporate tax regime,<sup>16</sup> with tax treaties for foreign investors.



**Corporate tax**  
22 per cent



**Commercial tax**  
5 per cent



### Capital gains tax

Non-oil and gas sector: 10 per cent  
Oil and gas sector: 40 per cent to 50 per cent



## Endnotes

- 01 "Yangon 2040 The Peaceful and Beloved Yangon." Yangon City Development Committee, Mar. 2013, p. 2, [ycdc.gov.mm/](http://ycdc.gov.mm/). Accessed 29 Oct. 21.
- 02 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](http://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 03 "Myanmar Labour Law FAQs for employers." International Labour Organization, Jul. 2018, [www.ilo.org/wcmsp5/groups/public/-asia/-ro-bangkok/-ilo-yangon/documents/publication/wcms\\_634853.pdf](http://www.ilo.org/wcmsp5/groups/public/-asia/-ro-bangkok/-ilo-yangon/documents/publication/wcms_634853.pdf). Accessed 9 Nov. 2021.
- 04 "Myanmar: The Belt and Road Initiative in ASEAN." UOB Hong Kong, and Hong Kong University of Science and Technology, 2020, p. 5, 19., <https://www.uobgroup.com/web-resources/hk/pdf/hk/foreign-direct-investment/hkustiems-uob-bri-myanmar.pdf>. Accessed 31 Oct. 2021.
- 05 Malesky, E.J., D. Dulay, V. Peltovuori. "The Myanmar Business Environment Index: Measuring Economic Governance for Private Sector Development." The DaNa Facility and The Asia Foundation, 2020, [https://asiafoundation.org/wp-content/uploads/2020/11/Myanmar-Business-Environment-Index-2020\\_EN.pdf](https://asiafoundation.org/wp-content/uploads/2020/11/Myanmar-Business-Environment-Index-2020_EN.pdf). Accessed 29 Oct. 2021.
- 06 Tan, Audris. "Venturing into Myanmar: Opportunities, misconceptions and challenges." The Business Times, 17 Sep. 2018, <https://www.businesstimes.com.sg/asean-business/guides/venturing-into-myanmar-opportunities-misconceptions-and-challenges>. Accessed 19 Oct. 2021.
- 07 Malesky, E.J., D. Dulay, V. Peltovuori. "The Myanmar Business Environment Index: Measuring Economic Governance for Private Sector Development." The DaNa Facility and The Asia Foundation, 2020, p. 16, [https://asiafoundation.org/wp-content/uploads/2020/11/Myanmar-Business-Environment-Index-2020\\_EN.pdf](https://asiafoundation.org/wp-content/uploads/2020/11/Myanmar-Business-Environment-Index-2020_EN.pdf). Accessed 29 Oct. 2021.
- 08 "Myanmar (MMR) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/mmr>. Accessed 19 Oct. 2021.
- 09 "Myanmar (MMR) Exports, Imports, and Trade Partners." OEC, 2019, <https://oec.world/en/profile/country/mmr>. Accessed 19 Oct. 2021.
- 10 "Investment Opportunities." Directorate of Investment and Company Administration, 2014, <https://www.dica.gov.mm/en/investment-opportunities>. Accessed 19 Oct. 2021.
- 11 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021
- 12 "Start-up procedures to register a business (number) - Myanmar." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=MM](http://data.worldbank.org/indicator/IC.REG.PROC?locations=MM). Accessed 29 Oct. 2021.
- 13 "Time required to start a business (days) - Myanmar." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=MM](http://data.worldbank.org/indicator/IC.REG.DURS?locations=MM). Accessed 29 Oct. 2021.
- 14 "What types of companies may be registered in Myanmar?" Directorate of Investment and Company Administration, 2017, <https://www.dica.gov.mm/en/faq/what-types-companies-may-be-registered-myanmar>. Accessed 30 Aug. 2021.
- 15 "Register your company." Directorate of Investment and Company Administration, n.d., [www.dica.gov.mm/en/register-your-company](http://www.dica.gov.mm/en/register-your-company). Accessed 29 Oct. 2021.
- 16 "Myanmar - Corporate - Income determination." PwC, 2021, <https://taxsummaries.pwc.com/myanmar/corporate/income-determination>. Accessed 30 Aug. 2021.



# The Philippines



# The Philippines

## Doing business in the Philippines

An archipelago nation, the Philippines is one of the most dynamic economies in Asia, with an average annual GDP growth rate of 6.4 per cent from 2010 to 2019.<sup>01</sup> As the world's 13<sup>th</sup> most populous nation, the country has a young, skilled workforce with a median age of 23 years and strong English proficiency.

Economic development efforts are guided by the Board of Investments Priorities Plan. This includes the ₱8 trillion (US\$160 billion) [“Build, Build, Build” program](#), which aims to enhance the infrastructure

for transportation, health care systems, and the digital economy across the country. There are also [379 economic zones](#) across industries such as manufacturing, technology, and agro-industrial.

Expatriates usually enrol their children in a private school or one of the Philippines' 36 international schools,<sup>02</sup> which are all located in Manila. In Mercer's Quality of Living rankings,<sup>03</sup> Manila is ranked 137<sup>th</sup> out of 231 cities.

### Demographics<sup>04</sup>



**108.77 million**

Population



**300,000 km<sup>2</sup>**

Land Area



**US\$3,324**

GDP/capita



**₱15,375 (US\$304)  
per month**

Median wage<sup>05</sup>

### Trade and transport connectivity



**9 Free Trade Agreements<sup>06</sup>**

The Philippines has 11 international airports<sup>07</sup> and has more than 76 domestic airports<sup>08</sup> serving the country. The Ninoy Aquino International Airport is the gateway to the Metro Manila area and its surrounding regions.

Additionally, the Philippines has 396 international sea ports<sup>09</sup> – the highest number in SEA. Major seaports are located in Manila, Cebu and Subic Bay.<sup>10</sup>





## Strengths & challenges

### Strengths



Expanding infrastructure



Youthful, skilled workforce



Rising domestic consumption



English-speaking population



Strategic location in SEA

### Challenges



Heavy traffic and congestion in metro cities <sup>11</sup>



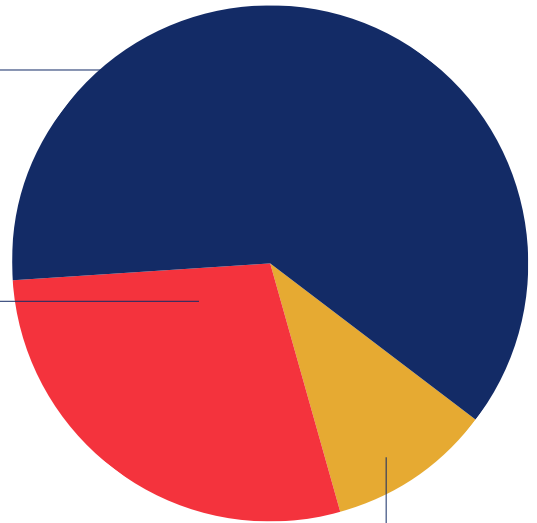
Restrictions on foreign equity/ownership is up to 40 per cent in some business sectors <sup>12</sup>



# Key sectors in the Philippines

## Main sectors<sup>13</sup>

- **Services, value added (% of GDP)**  
**61.42%**  
Healthcare and medical services<sup>14</sup>  
Business Process Outsourcing (BPO)<sup>14</sup>  
Tourism<sup>14</sup>
- **Industry (including construction), value added (% of GDP)**  
**28.40%**  
Pharmaceuticals<sup>14</sup>  
Shipbuilding<sup>14</sup>  
Electronics<sup>14</sup>  
Energy<sup>14</sup>  
Infrastructure and logistics<sup>14</sup>
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
**10.18%**  
Cacao<sup>14</sup>  
Condiments<sup>14</sup>  
Processed fruit<sup>14</sup>



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files) and [Philippine Board of Investments](#)

## Growth sectors<sup>15</sup>



Aerospace

Automotive

Copper

Electronics

Business process management

Information technology





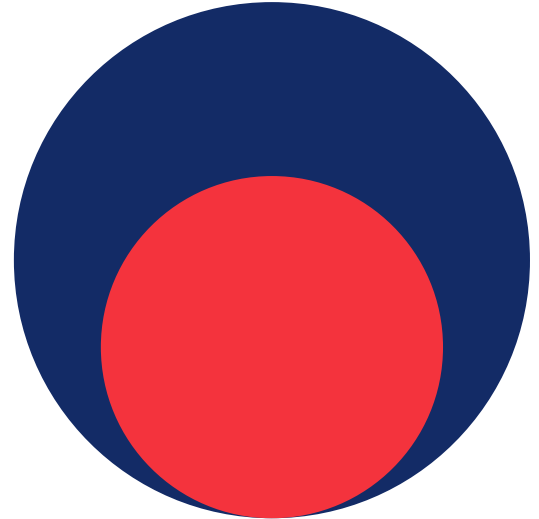
## Philippines' talent pool



### What is advanced education?

The percentage of the working age population with an advanced level of education who are in the labor force. Advanced education comprises short-cycle tertiary education, a bachelor's degree or equivalent education level, a master's degree or equivalent education level, or doctoral degree or equivalent education level according to the International Standard Classification of Education 2011 (ISCED 2011).

- **Total labour force (2020)**<sup>16</sup> 45.9 million
- **Labour force with advanced education (2016)**<sup>17</sup> 63.3 per cent



### Top national universities<sup>18</sup>



University of the Philippines



Ateneo de Manila University



De La Salle University

### Top fields of study



Aviation, aircraft/aeronautics operations or engineering



Commerce/Economics



Civil engineering

### New courses



Information technology & systems



Accounting technology



Agribusiness



## Registering a company in Philippines



### Setting up a company?

For more information on setting up a company in the Philippines, refer [here](#).



64<sup>th</sup>

World Economic Forum Global Competitiveness Report 2019 <sup>19</sup>



51<sup>th</sup>

Global Innovation Index 2021 <sup>20</sup>



37<sup>th</sup>

IP Index Overall Ranking 2020 <sup>21</sup>

Incorporation process	13 steps <sup>22</sup>	33 days <sup>23</sup>
Setup requirements (Domestic or Subsidiary Corporation)	<ul style="list-style-type: none"> <li>• Minimum 2 individual shareholders / incorporators</li> <li>• Minimum 2 directors</li> <li>• Minimum 2 local residents as officers (company secretary / corporate treasurer)</li> <li>• Minimum US\$200,000 paid-up capital</li> </ul>	

## Comparison of business entities



### How InCorp can help

Navigate the Philippines' business environment with ease by speaking to the experts at InCorp. Reach out [here](#).



### Work visas

Find out more about work visas [here](#).

	Representative Office	Branch Office	Domestic or Subsidiary Corporation <b>Recommended by InCorp</b>	One Person Corporation
Legal entity in its own name	No	Yes	No	Yes
Foreign ownership	Yes	Yes	Yes	Yes
Recommended for	Enterprises seeking to establish a liaison office, contact center, or marketing hub in the Philippines	Enterprises seeking to generate income in the Philippines by carrying out their business activities into the country	Enterprises seeking to set up a business separate from its stockholders or associated corporation	Startup entrepreneurs/ Aspiring entrepreneurs
Able to 1. Raise new funding 2. Add new investors or shareholders	No	Yes	Yes	Yes



## Philippines' tax system



**Corporate tax**<sup>24</sup>  
25 per cent



**VAT**<sup>25</sup>  
12 per cent



**Capital gains tax**<sup>26</sup>  
15 per cent



**43 Avoidance of Double Taxation Agreements**<sup>27</sup>



**Progressive personal income tax regime**



**No inheritance tax**



**No net wealth tax**

## Tax schemes



### Tax information

For more information on taxes for Philippine businesses, refer [here](#).

	Regular Corporation	Philippine Economic Zone Authority (PEZA)	Board of Investments (BOI)	Regional Operating Headquarters (ROHQ)
<b>Corporate income tax rate</b>	25%	0% 4 years: Non-pioneer 6 years: Pioneer projects  5% Special Tax on Gross Income	0% 4 years: Non-pioneer 6 years: Pioneer projects	10% Preferential Corporate Income Tax
<b>Value Added Tax</b>	12%	0%	0%	12%
<b>Tax and duty-free importation</b>	Taxable	Exempt	0% duty for export-oriented enterprises and 1% duty for domestic-oriented enterprises	Exempt only for training materials and equipment
<b>Local business tax</b>	Taxable	Generally exempt	Exempt	Exempt
<b>Individual income tax</b>	20% to 35%	20% to 35%	20% to 35%	20% to 35%
<b>Registrability</b>	Any industry	Export enterprises Tourism Agro-industrial	Investment Priorities Plan	With at least 3 affiliates, branches, and/or subsidiaries



## Endnotes

- 01 "The World Bank in the Philippines." World Bank, 2021, [worldbank.org/en/country/philippines/overview#1](https://worldbank.org/en/country/philippines/overview#1). Accessed 13 Oct. 2021.
- 02 International Schools Database. "International Schools in Philippines." International Schools Database, 2015, <https://www.international-schools-database.com/country/philippines>. Accessed 1 Sep. 2021.
- 03 "Quality of Living City Ranking." Mercer, 2019, <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>. Accessed 30 Aug. 2021.
- 04 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](https://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 05 "2019 Philippine Statistical Yearbook." Philippine Statistics Authority, p. 392, [psa.gov.ph/sites/default/files/2019-PSY\\_1003.pdf](https://psa.gov.ph/sites/default/files/2019-PSY_1003.pdf). Accessed 13 Oct. 2021.
- 06 "Free Trade Agreements." Asia Regional Integration Center, 2015, <https://aric.adb.org/fta-country>. Accessed 27 Oct. 2021.
- 07 "Number of international airports (in Count)." ASEANStatsDataPortal, 2018, <https://data.aseanstats.org/indicator/ASE.TRP.AIR.A.302>. Accessed 1 Sep. 2021.
- 08 "Number of domestic airports (in Count)." ASEANStatsDataPortal, 2018, <https://data.aseanstats.org/indicator/ASE.TRP.AIR.A.303>. Accessed 1 Sep. 2021.
- 09 "Number of international ports (in Count)." ASEANStatsDataPortal, 2018, <https://data.aseanstats.org/indicator/ASE.TRP.WTR.A.202>. Accessed 1 Sep. 2021.
- 10 "Major 5 Ports in Philippines." iContainers, 2020, <https://www.icontainers.com/us/2020/03/30/top-five-ports-philippines/>. Accessed 30 Aug. 2021.
- 11 "A Guide to Foreign Business Ownership in the Philippines." Kittelson & Carpo, 27 Jul. 2021, <https://kittelsoncarpo.com/guide-to-foreign-business-ownership-in-the-philippines/>. Accessed 7 Sep. 2021.
- 12 "Manila's traffic congestion is second worst in the world, says report." CNN Philippines, 30 Jan. 2020, <https://cnnphilippines.com/news/2020/1/30/Manila-second-worst-traffic-congestion-report.html>. Accessed 7 Sep. 2021.
- 13 "World Development Indicators." World Bank, Jul. 2021, <https://databank.worldbank.org/source/world-development-indicators>. Accessed 11 Oct. 2021.
- 14 "Where to invest." Philippine Board of Investments, n.d., [boi.gov.ph/where-to-invest/](https://boi.gov.ph/where-to-invest/). Accessed 29 Oct. 2021.
- 15 "The Ideal Investment Destination." Philippine Board of Investments, 2021, p. 10 - 19, [boi.gov.ph/wp-content/uploads/2021/05/BOI-Booklet-1-The-Ideal-Investment-Destination.pdf](https://boi.gov.ph/wp-content/uploads/2021/05/BOI-Booklet-1-The-Ideal-Investment-Destination.pdf). Accessed 13 Oct. 2021.
- 16 "Labor Force Survey July 2020 Round (Preliminary Results)." Philippine Statistics Authority, 2020, [psa.gov.ph/content/labor-force-survey-july-2020-round-preliminary-results](https://psa.gov.ph/content/labor-force-survey-july-2020-round-preliminary-results). Accessed 13 Oct. 2021.
- 17 "Labor force with advanced education (% of total working-age population with advanced education) - Philippines." World Bank, 2021, [data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=PH](https://data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=PH). Accessed 13 Oct. 2021.
- 18 Quacquarelli Symonds. "Study in the Philippines." Top Universities, 2021, <https://www.topuniversities.com/where-to-study/asia/philippines/guide>. Accessed 1 Sep. 2021.
- 19 Schwab, K. "The Global Competitiveness Report 2019." World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 20 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 21 "The Global Intellectual Property Center." The Global IP Center, 2020, [www.theglobalipcenter.com/ipindex2020/](https://www.theglobalipcenter.com/ipindex2020/). Accessed 25 Oct. 2021.
- 22 "Start-up procedures to register a business (number) - Philippines." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=PH](https://data.worldbank.org/indicator/IC.REG.PROC?locations=PH). Accessed 29 Oct. 2021.
- 23 "Time required to start a business (days) - Philippines." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=PH](https://data.worldbank.org/indicator/IC.REG.DURS?locations=PH). Accessed 29 Oct. 2021.
- 24 "Income Tax." Bureau of Internal Revenue Philippines, n.d., <https://www.bir.gov.ph/index.php/tax-information/income-tax.html>. Accessed 1 Sep. 2021.
- 25 "Value-Added Tax." Bureau of Internal Revenue Philippines, n.d., <https://www.bir.gov.ph/index.php/tax-information/value-added-tax.html>. Accessed 26 Oct. 2021.
- 26 "Capital Gains Tax." Bureau of Internal Revenue Philippines, n.d., <https://www.bir.gov.ph/index.php/tax-information/capital-gains-tax.html>. Accessed 26 Oct. 2021.
- 27 International Tax Affairs Division. "Double Tax Agreements." Bureau of Internal Revenue, 2021, <https://www.bir.gov.ph/index.php/international-tax-matters/international-tax-agreements.html>. Accessed 1 Sep. 2021.





## Doing business in Thailand

Thailand is the 2<sup>nd</sup> largest economy in SEA, known for its vibrant tourism sector. With a strong domestic market and connectivity to key economies in Asia, Thailand's economy is highly diversified, from food and textiles, to automotive, electronics and machinery.<sup>01</sup>

Under the "[Thailand 4.0](#)" initiative, the government aims to move towards a digital economy. Key projects include a ฿15 billion (US\$450 million) country-wide broadband network and tech-

focused business parks. The Thai government is also developing the Eastern Economic Corridor, an economic zone for industrial, infrastructure, and urban development.

The capital Bangkok, with affordable accommodation and a well-regarded healthcare system, is amongst Asia's top 20 cities on Mercer's Quality of Living city rankings.<sup>02</sup> For foreigners relocating with their families, there are about [157 international schools](#) in Thailand.

### Demographics<sup>03</sup>



**69.13 million**

Population



**513,140 km<sup>2</sup>**

Land Area



**US\$7,362**

GDP/capita



**฿21,845 (US\$654)  
per month**

Median wage<sup>04</sup>

### Trade and transport connectivity



**14 Free Trade Agreements<sup>05</sup>**

Centrally located in mainland Southeast Asia, bordering the Gulf of Thailand and the Andaman Sea, as well as Malaysia, Laos, Cambodia and Myanmar, Thailand is one of the most interconnected countries in the ASEAN region, with a vast network of shipping and aviation routes.

Thailand has 38 airports, including seven international airports.<sup>06</sup> From Bangkok's Suvarnabhumi Airport, which serves 115

airlines, other key business hubs in SEA, such as Singapore and Jakarta, are within a few hours' reach.

Thailand has seven international maritime ports<sup>07</sup> as well as a strong network of regional river ports supporting connectivity with neighbouring countries such as China, Laos and Myanmar.





## Strengths & challenges

### Strengths<sup>08</sup>



Close proximity to Asia's fast-growing markets



Abundant agricultural resources such as natural rubber, rice, and sugarcane



Diversified exports including agri-food products, car parts and electronic components

### Challenges<sup>09</sup>



Long incorporation process



Complicated government junctions and legal procedures

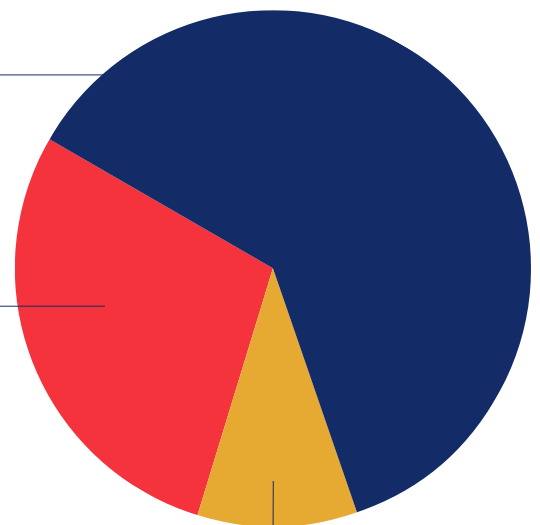


Complex contract enforcement procedures

## Key sectors in Thailand

### Main sectors

- **Services, value added (% of GDP)**  
**58.25%**  
 Tourism (medical and wellness tourism)  
 Medical hub<sup>10</sup>  
 Financial and insurance activities
- **Industry (including construction), value added (% of GDP)**  
**33.10%**  
 Automation and robotics  
 Aviation and logistics  
 Smart electronics<sup>11</sup>
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
**8.64%**  
 Agriculture and biotechnology  
 Biofuels and biochemicals  
 Food for the future<sup>12</sup>



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

### Growth sectors<sup>13</sup>



Biofuels and biochemical

Digital economy

Medical hub

Automation and robotics

Aviation and logistics



## Thailand's talent pool

Chulalongkorn University in Bangkok is Thailand's top-ranked institute, placing 43<sup>rd</sup> in Asia.<sup>14</sup> Through its various specialised and disciplinary research institutions such as Mahidol University, Thailand looks to equip its workforce with future-oriented skills.

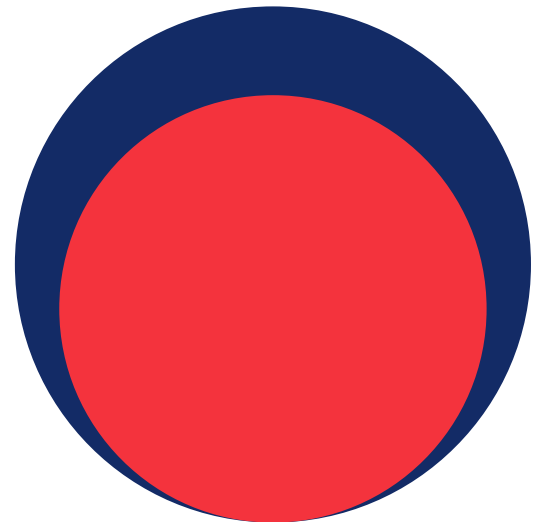


### What is advanced education?

As defined by World Bank, advanced education comprises short-cycle tertiary education, a bachelor's degree or equivalent education level, a master's degree or equivalent education level, or doctoral degree or equivalent education level according to the International Standard Classification of Education 2011 (ISCED 2011).

● **Total labour force (2021)**<sup>15</sup> 38.78 million

● **Labour force with advanced education (2019)**<sup>16</sup> 82.8 per cent



### Top national universities<sup>17</sup>



Chulalongkorn University



Mahidol University



Chiang Mai University

### Top fields of study



Engineering



Biological sciences



Pharmacy and medicine



Chemistry

### New courses



Data science



Sustainability



Artificial intelligence





## Registering a company in Thailand

In conjunction with Thailand 4.0 digitisation efforts, Thailand has streamlined its company incorporation process to help entrepreneurs in starting businesses in the country.



40<sup>th</sup>

World Economic Forum Global Competitiveness Report 2019 <sup>18</sup>



43<sup>rd</sup>

Global Innovation Index 2021 <sup>19</sup>



45<sup>th</sup>

IP Index Overall Ranking 2020 <sup>20</sup>

Incorporation process	5 steps <sup>21</sup>	6 days <sup>22</sup>
Setup requirements (Private Limited Company)	<ul style="list-style-type: none"> <li>• Minimum 3 shareholders</li> <li>• Minimum 1 director</li> <li>• Local registered address</li> <li>• Minimum paid-up capital of ฿2 million per foreign employee</li> </ul>	

## Comparison of business entities <sup>23</sup>



### Work visas

Find out more about work visas [here](#).

	Partnership	Limited Companies  Recommended by InCorp	Joint Venture
Legal entity in its own name	Yes	Yes	Yes
Foreign ownership	Yes	Yes	Yes
Recommended for	Audit/law firms	Commercial businesses/ subsidiaries of foreign companies	Commercial businesses/ subsidiaries of foreign companies
Able to 1. Raise new funding 2. Add new investors or shareholders	Yes	Yes	Yes



## Thailand's tax system

Thailand's single-tier tax system attracts entrepreneurs due to its simplicity and added benefits, where non-residents are only subjected to taxation on income earned in Thailand.

The country is also aligned with global tax rates, joining the [OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting \(BEPS\)](#).



**Corporate tax**<sup>24</sup>  
20 per cent



**GST**<sup>25</sup>  
7 per cent



**Capital gains tax**<sup>26</sup>  
15 per cent



**61 Avoidance of Double Taxation Agreements**<sup>27</sup>



**Progressive income tax regime**<sup>28</sup>



**No net wealth tax**



### **Corporate tax reduction on net profit scheme**<sup>29</sup>

A 50 per cent reduction in the corporate income tax on net profit earned from the investment for 5 years after the exemption period.

### **Tax credit for dividends scheme**<sup>30</sup>

Taxpayers who domicile in Thailand and get dividends from a Thai-incorporated company or partnership are entitled to a tax credit of 3/7 of the dividends received.



## Tax schemes

While the corporate tax rate is 20 per cent, the effective tax rate can be even lower with the help of many tax reduction and exemption schemes.<sup>31, 32</sup>



### Reduced taxation for small companies

A small company\* with a net profit between ฿300,000 to ฿3 million (US\$8984 to US\$89,841) enjoys a reduced corporate tax rate of 15 per cent.

\*Refers to a company with paid-up capital of less than ฿5 million (US\$149,736) at end of an accounting period

### Reduction on import duties

Import tariffs on raw materials and imported machinery are reduced or eliminated for businesses with Investment Promotion Privileges or for those established in both Export Processing and Free Trade Zones.

### Reduced taxation for foreign companies

A foreign company that does not conduct business in Thailand but receives various sources of income besides dividends will enjoy a reduced corporate tax rate of 15 per cent on gross receipts.

### Tax deduction on employee training costs

A Thai-registered company will enjoy a 150 per cent tax deduction on the cost incurred on employee training to enhance human capital.



## Endnotes

- 01 "Thailand." Invest In ASEAN, n.d., [investasean.asean.org/index.php/page/view/asean-member-states/view/709/newsid/862/thailand.html](https://investasean.asean.org/index.php/page/view/asean-member-states/view/709/newsid/862/thailand.html). Accessed 20 Oct. 2021.
- 02 "Quality of Living City Ranking." Mercer, 2019, <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>. Accessed 30 Aug. 2021.
- 03 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](https://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 04 "Average wage classified by industry in Bangkok." Bank of Thailand, Aug. 2021, [www.bot.or.th/App/BTWS\\_STAT/statistics/ReportPage.aspx?reportID=738&language=eng](https://www.bot.or.th/App/BTWS_STAT/statistics/ReportPage.aspx?reportID=738&language=eng). Accessed 20 Oct. 2021.
- 05 Regional, Asia. "By Country/Economy - Free Trade Agreements." Adb.org, 2015, <https://aric.adb.org/fta-country>. Accessed 26 Oct. 2021.
- 06 "Airports." The Board of Investment of Thailand, 30 Oct. 2020, <https://www.boi.go.th/index.php?page=airports>. Accessed 30 Aug. 2021.
- 07 "Number of international ports (in Count)." ASEANstats, 2019, [data.aseanstats.org/indicator/ASE.TRP.WTR.A.202](https://data.aseanstats.org/indicator/ASE.TRP.WTR.A.202). Accessed 20 Oct. 2021.
- 08 "Thailand / Economic Studies - Coface." Coface, 2021, <https://www.coface.com/Economic-Studies-and-Country-Risks/Thailand>. Accessed 26 Oct. 2021.
- 09 "Top 10 challenges of doing business in Thailand." TMF Group, 2021, <https://www.tmf-group.com/en/news-insights/business-culture/top-challenges-thailand/>. Accessed 7 Sep. 2021.
- 10 "Thailand economic profile: Fact sheet." UOB ASEAN Insights, 2011, <https://www.uobgroup.com/asean-insights/fact-sheets/thailand.page#keysectors>. Accessed 21 Sep. 2021.
- 11 "Thailand economic profile: Fact sheet." UOB ASEAN Insights, 2011, <https://www.uobgroup.com/asean-insights/fact-sheets/thailand.page#keysectors>. Accessed 21 Sep. 2021.
- 12 "Thailand economic profile: Fact sheet." UOB ASEAN Insights, 2011, <https://www.uobgroup.com/asean-insights/fact-sheets/thailand.page#keysectors>. Accessed 21 Sep. 2021.
- 13 B Anuroj "Thailand 4.0 - a new value-based economy." Thailand Board of Investment, 2018, p. 5, [www.boi.go.th/upload/content/Thailand,%20Taking%20off%20to%20new%20heights%20@%20belgium\\_5ab4e8042850e.pdf](https://www.boi.go.th/upload/content/Thailand,%20Taking%20off%20to%20new%20heights%20@%20belgium_5ab4e8042850e.pdf). Accessed 20 Oct. 2021.
- 14 "Chula Ranked No. 1 University in Thailand and Top 50 Universities in Asia by QS Asia University Rankings 2021 – Chulalongkorn University." Chulalongkorn University, 2021, [www.chula.ac.th/en/news/36901/](https://www.chula.ac.th/en/news/36901/). Accessed 26 Oct. 2021.
- 15 "Thailand in brief." Thailand Board of Investment, 2021, [www.boi.go.th/index.php?page=demographic](https://www.boi.go.th/index.php?page=demographic). Accessed 20 Oct. 2021.
- 16 "Labor force with advanced education (% of total working-age population with advanced education) - Thailand." The World Bank, 29 Jan. 2021, [data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=TH](https://data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=TH). Accessed 20 Oct. 2021.
- 17 "QS University Rankings for Asian 2021." Top Universities, 2021, <https://www.topuniversities.com/university-rankings/asian-university-rankings/2021>. Accessed 30 Aug. 2021.
- 18 Schwab, K. "The Global Competitiveness Report 2019." World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 19 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 20 "The Global Intellectual Property Center." The Global IP Center, 2018, [www.theglobalipcenter.com/ipindex2020/](https://www.theglobalipcenter.com/ipindex2020/). Accessed 25 Oct. 2021.
- 21 "Start-up procedures to register a business (number) - Thailand." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=TH](https://data.worldbank.org/indicator/IC.REG.PROC?locations=TH). Accessed 29 Oct. 2021.
- 22 "Time required to start a business (days) - Thailand." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=TH](https://data.worldbank.org/indicator/IC.REG.DURS?locations=TH). Accessed 29 Oct. 2021.
- 23 "Three types of business structures in Thailand." Acclime Thailand, 27 Apr. 2021, <https://thailand.acclime.com/guides/business-structures/>. Accessed 30 Aug. 2021.
- 24 Corporate Income Tax." The Revenue Department, 23 Nov. 2020, [www.rd.go.th/english/6044.html](https://www.rd.go.th/english/6044.html). Accessed 30 Dec. 2021.
- 25 "Thailand Sales Tax Rate - VAT." Trading Economics, 2021, <https://tradingeconomics.com/thailand/sales-tax-rate>. Accessed 30 Aug. 2021.
- 26 "Income Tax Guide for Foreign Company." The Revenue Department, 23 Nov. 2020, <https://www.rd.go.th/english/20470.html>. Accessed 30 Dec. 2021.
- 27 "Double Tax Agreement (DTA)." The Revenue Department, 2014, <https://www.rd.go.th/english/766.html>. Accessed 30 Aug. 2021.
- 28 "Personal Income Tax." The Revenue Department, 2014, <https://www.rd.go.th/english/6045.html>. Accessed 30 Aug. 2021.
- 29 "A Business Guide To Thailand 2019." Boi.Go.Th, 2019, <https://www.boi.go.th/upload/content/A%20Business%20Guide%20to%20thailand%202019.pdf>. Accessed 20 Jan. 2022.
- 30 "A Business Guide To Thailand 2019." Boi.Go.Th, 2019, <https://www.boi.go.th/upload/content/A%20Business%20Guide%20to%20thailand%202019.pdf>. Accessed 20 Jan. 2022.
- 31 "Corporate Income Tax." The Revenue Department, 11 June 2015, <https://www.rd.go.th/english/6044.html>. Accessed 30 Aug. 2021.
- 32 "Income Tax Guide for Foreign Company." The Revenue Department, 2014, <https://www.rd.go.th/english/20470.html>. Accessed 30 Aug. 2021.





## Doing business in Vietnam

Vietnam is one of the world's fastest-growing economies, with average GDP growth of 7.2 per cent annually over the past decade.<sup>01</sup> Located close to China and other SEA countries, Vietnam is a regional investment hub, attracting foreign direct investment inflows of US\$15.8 billion in 2020.<sup>02</sup>

In recent years, the government has committed to digital transformation efforts and tapping [Industry 4.0](#) to enhance economic competitiveness. Green and sustainable growth is another focus

area for the government, with [World Bank-supported projects](#) such as the Trung Son Hydropower Project and the Vietnam Industrial Pollution Management Project.

The country's two largest cities, Ho Chi Minh and Hanoi, rank 153<sup>rd</sup> and 155<sup>th</sup> out of 231 on Mercer's Quality of Living city ranking <sup>03</sup> respectively. Expatriates laud Vietnam for its low cost of living, lively culture and steady improvements to infrastructure.

### Demographics<sup>04</sup>



**97.58 million**

Population



**331,236 km<sup>2</sup>**

Land Area



**US\$2,785**

GDP/capita



**₫4.2 million  
(US\$182.7)  
per month**

Median wage<sup>05</sup>

### Trade and transport connectivity



**15 Free Trade Agreements<sup>06</sup>**

There are a total of three main international airports in Vietnam across Hanoi, Ho Chi Minh City and Da Nang. Vietnam Airlines, the country's largest airline, flies to more than 40 international destinations across Asia Pacific, Europe and North America.<sup>07</sup>

Vietnam also has an extensive maritime network, and is home to a total of 320 seaports, out of which 44 are major ports located in Hai Phong, Da Nang, Qui Nhon, and Ho Chi Minh City.<sup>08</sup>





## Strengths & challenges

### Strengths



High Internet penetration



Abundant skilled, low-cost labour



Open and growing economy



Growing purchasing power, with the rise of middle-income consumers

### Challenges



Cash flow and funding issues for startups



Weak IT Infrastructure



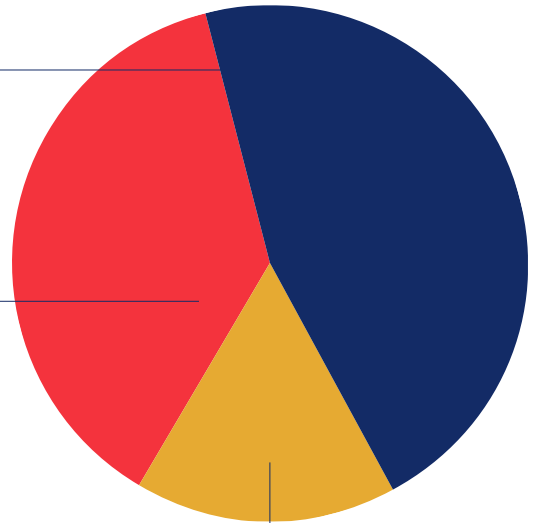
Weak intellectual property protection



# Key sectors in Vietnam

## Main sectors <sup>09</sup>

- **Services, value added (% of GDP)**  
**41.63%**  
Food services  
Healthcare and medical services  
Technology and telecommunications <sup>10</sup>
- **Industry (including construction), value added (% of GDP)**  
**33.72%**  
Construction and infrastructure  
Transportation and storage  
Wholesale and retail activities  
(e.g. vehicles and motorcycles repairs) <sup>11</sup>
- **Agriculture, forestry, and fishing, value added (% of GDP)**  
**14.85%**  
Rice  
Coffee <sup>12</sup>



Source: [World Bank](#) (World Bank national accounts data, and OECD National Accounts data files.)

## Growth sectors <sup>13, 14</sup>



Pharmaceutical

Medical electronics

Renewable energy

Fintech

E-commerce

Cybersecurity





## Vietnam's talent pool

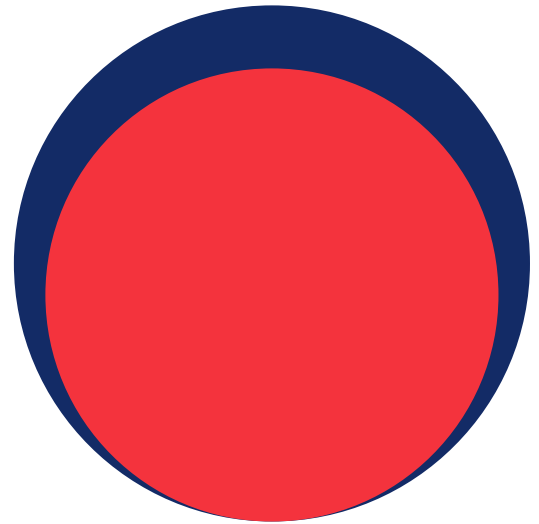
Out of 237 universities in Vietnam, 172 are public universities, with interdisciplinary courses equipping its workforce for the future economy.<sup>15</sup>



### What is advanced education?

As defined by World Bank, advanced education comprises short-cycle tertiary education, a bachelor's degree or equivalent education level, a master's degree or equivalent education level, or doctoral degree or equivalent education level according to the International Standard Classification of Education 2011 (ISCED 2011).

- **Total labour force (2020)**<sup>16</sup> 54.6 million
- **Labour force with advanced education (2020)**<sup>17</sup> 87 per cent



### Top national universities<sup>19</sup>



**Viet Nam National University**  
Ho Chi Minh City



**Ton Duc Thang University**



**Duy Tan University**

### Top fields of study



**Natural sciences**



**Technology**



**Economics**

### New courses



**Infrastructure engineering**



**Computer science**



**Civil engineering**



## Registering a company in Vietnam



### Setting up a company?

For more information on setting up a company in Vietnam, refer [here](#).



67<sup>th</sup>

World Economic Forum Global Competitiveness Report 2019 <sup>19</sup>



44<sup>th</sup>

Global Innovation Index 2021 <sup>20</sup>



42<sup>nd</sup>

IP Index Overall Ranking 2020 <sup>21</sup>

Incorporation process <sup>22</sup>	9 steps <sup>23</sup>	45 days <sup>24</sup>
Setup requirements (Limited Liability Company (LLC))	<ul style="list-style-type: none"> <li>• Minimum 1 shareholder</li> <li>• Minimum 1 local resident legal representative (acting director)</li> <li>• 1 local resident chief accountant depending on the enterprise being setup</li> <li>• Local registered address</li> <li>• No Minimum Capital Requirements.</li> <li>• However Company is expected to have enough to operate.</li> </ul> <p>Average Accepted Charter Capital is generally US\$30,000-50,000</p>	

## Comparison of business entities <sup>25</sup>



### How InCorp can help

Navigate Vietnam's business environment with ease by speaking to the experts at InCorp. Reach out [here](#).



### Work visas

Find out more about work visas [here](#).

	Limited Liability Company (LLC)  Recommended by InCorp	Joint-Stock Company (JSC)	Branch Office	Representative Office
Legal entity in its own name	Yes	Yes	Yes	Yes
Foreign ownership	Yes	Yes	Yes	Yes
Recommended for	Small & Medium Enterprises  Specialized business sector	Medium and Large  Companies who want to go public	Directly linked to Headquarters of the company  Legal entity. Only 1 legal rep is allowed.  Cannot own property or assets	Just for market research, cannot generate revenue
Able to 1. Raise new funding 2. Add new investors or shareholders	1. Yes  2. Limited to 50 investors	1. Yes  2. Minimum of 3 investors	No	No



### Tax information

For more information on taxes for Vietnam businesses, refer [here](#).

## Vietnam's tax system

Vietnam offers various tax incentives to attract and encourage foreign investment into key sectors that are aligned with development goals. As a [member of the OECD/G20 Inclusive](#)

[Framework on BEPS](#) since 2017, Vietnam has been committed to increasing the country's tax transparency.



**Corporate tax** <sup>26</sup>  
20 per cent



**Standard VAT** <sup>26</sup>  
10 per cent



**80 Avoidance of Double Taxation Agreements** <sup>27</sup>



**Tax holidays**  
(Tax holidays are granted on new investment projects depending on the industry and scale)



**No capital gains tax** <sup>28</sup>



**No dividend tax** <sup>29</sup>

## Tax schemes

While the corporate tax rate is at 20 per cent, the effective tax rate can be even lower with the help of several incentives.



### Industry-based incentives

Eligible for:

- Large-scale manufacturing firms
- High-tech companies
- Social impact projects
- Tax holiday: 4 years
- Corporate income tax (CIT) reduction: 5 per cent corporate tax for another 9 years, followed by 10 per cent corporate tax

### Location-based incentives

Eligible for industries with new investment projects income in selected zones.

#### Zone 1

Particularly difficult socioeconomic conditions, economic zones and high-tech zones

#### Tax exemption

- Subject to 15 years of CIT at 10 per cent
- 4 years tax exemption
- 50 per cent tax reduction for next 9 years

#### Zone 2

Difficult socioeconomic conditions and industrial zones

#### Tax exemption

- Subject to 10 years of CIT at 17 per cent
- 2 years tax exemption
- 50 per cent tax reduction for next 4 years



## Endnotes

- 01 "Economic Strength." Foreign Investment Agency, 2020, [fia.mpi.gov.vn/en/Single/MenuID/d6648b53-061d-4ed3-a516-afb20c62e4ad](https://fia.mpi.gov.vn/en/Single/MenuID/d6648b53-061d-4ed3-a516-afb20c62e4ad). Accessed 13 Oct. 2021.
- 02 "Flows of Inward Foreign Direct Investment (FDI) to ASEAN Countries (in million US\$)." ASEANstats, 2020, [data.aseanstats.org/indicator/FDI.AMS.TOT.INF](https://data.aseanstats.org/indicator/FDI.AMS.TOT.INF). Accessed 13 Oct. 2021.
- 03 "Quality of Living City Ranking." Mercer, 2019, <https://mobilityexchange.mercer.com/insights/quality-of-living-rankings>. Accessed 30 Aug. 2021.
- 04 "ASEAN Statistical Leaflet 2021." ASEANstats, 2021, [www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats\\_Leaflet\\_2021\\_15Oct.pdf](https://www.aseanstats.org/wp-content/uploads/2021/10/ASEANStats_Leaflet_2021_15Oct.pdf). Accessed 29 Oct. 2021.
- 05 "Vietnam's average monthly income in 2020 down 1 percent." Vietnam Plus, 2021, [en.vietnamplus.vn/vietnams-average-monthly-income-in-2020-down-1-percent/204206.vnp](https://en.vietnamplus.vn/vietnams-average-monthly-income-in-2020-down-1-percent/204206.vnp). Accessed 13 Oct. 2021.
- 06 "Free Trade Agreements." Asia Regional Integration Center, 2015, <https://aric.adb.org/fta-country>. Accessed 6 Sep. 2021.
- 07 "Vietnam Domestic Flights and Airlines." Vietnam Online, n.d., <https://www.vietnamonline.com/transport/domestic-flight.html>. Accessed 26 Oct. 2021.
- 08 "Port Infrastructure in Vietnam: 3 Regional Hubs for Importers & Exporters." Vietnam Briefing, 2019, <https://www.vietnam-briefing.com/news/port-infrastructure-vietnam-3-hubs-for-importers-exporters.html/>. Accessed 25 Oct. 2021.
- 09 "World Development Indicators." World Bank, Jul. 2021, <https://databank.worldbank.org/source/world-development-indicators>. Accessed 11 Oct. 2021.
- 10 "Socio-Economic Situation in the Fourth Quarter and the Whole Year 2020." General Statistics Office of Vietnam, 27 Dec. 2020, <https://www.gso.gov.vn/en/data-and-statistics/2021/01/socio-economic-situation-in-the-fourth-quarter-and-the-whole-year-2020/>. Accessed 21 Sep. 2021.
- 11 "Socio-Economic Situation in the Fourth Quarter and the Whole Year 2020." General Statistics Office of Vietnam, 27 Dec. 2020, <https://www.gso.gov.vn/en/data-and-statistics/2021/01/socio-economic-situation-in-the-fourth-quarter-and-the-whole-year-2020/>. Accessed 21 Sep. 2021.
- 12 "Vietnam - Agriculture, forestry, and fishing." Encyclopaedia Britannica, 2021, <https://www.britannica.com/place/Vietnam/Agriculture-forestry-and-fishing>. Accessed 12 Oct. 2021.
- 13 "Industrial Development Strategy through 2025, vision to 2035." Viet Nam Government Portal, 9 Jun. 2014, <http://chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10054959>. Accessed 6 Sep. 2021.
- 14 "Vietnam Ecommerce". International Trade Administration, 30 Sep. 2020, <https://www.trade.gov/market-intelligence/vietnam-ecommerce>. Accessed 25 Oct. 2021.
- 15 "Infographic Socio-economic Situation 2019." General Statistics Office, Jun. 2020, <https://www.gso.gov.vn/en/data-and-statistics/2020/09/infographic-socio-economic-situation-2019/>. Accessed 25 Oct. 2021.
- 16 "Infographic Population, Labour and Employment in 2020." General Statistics Office, 2021, [gso.gov.vn/en/data-and-statistics/2021/01/infographic-population-labour-and-employment-in-2020/](https://gso.gov.vn/en/data-and-statistics/2021/01/infographic-population-labour-and-employment-in-2020/). Accessed 13 Oct. 2021.
- 17 "Labor force with advanced education (% of total working-age population with advanced education) - Vietnam." World Bank, 2021, [data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=VN](https://data.worldbank.org/indicator/SL.TLF.ADVN.ZS?locations=VN). Accessed 13 Oct. 2021.
- 18 "QS World University Rankings." QS Quacquarelli Symonds, 2021, [topuniversities.com/university-rankings/world-university-rankings/2021](https://topuniversities.com/university-rankings/world-university-rankings/2021). Accessed 13 Oct. 2021.
- 19 Schwab, K. "The Global Competitiveness Report 2019". World Economic Forum, 2019, p. 15, [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf). Accessed 25 October 2021.
- 20 WIPO. "Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis." World Intellectual Property Organization, 2021, p. 4, [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf). Accessed 25 October 2021.
- 21 "The Global Intellectual Property Center." The Global IP Center, 2020, [www.theglobalipcenter.com/ipindex2020/](http://www.theglobalipcenter.com/ipindex2020/). Accessed 25 Oct. 2021.
- 22 "When is Local Company a Better Choice than Foreign Company in Vietnam?" Cekindo, 14 Jul. 2021, <https://www.cekindo.vn/blog/vietnam-company-registration-local-foreign-company>. Accessed 6 Sep. 2021.
- 23 "Start-up procedures to register a business (number) - Vietnam." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.PROC?locations=VN](https://data.worldbank.org/indicator/IC.REG.PROC?locations=VN). Accessed 29 Oct. 2021.
- 24 "Time required to start a business (days) - Vietnam." The World Bank, 2019, [data.worldbank.org/indicator/IC.REG.DURS?locations=VN](https://data.worldbank.org/indicator/IC.REG.DURS?locations=VN). Accessed 29 Oct. 2021.
- 25 "How to Set up a Business in Vietnam in 2021." InCorp Global, 2021, <https://www.incorp.asia/vietnam/learn/starting-a-business-in-vietnam/>. Accessed 6 Sep. 2021.
- 26 "Taxation and Customs." Foreign Investment Agency (FIA) Vietnam, Sep. 2020, <https://fia.mpi.gov.vn/en/Single/MenuID/793a43ff-0059-4504-b747-934193322015>. Accessed 25 Oct. 2021.
- 27 "Double Taxation Treaty." General Department of Taxation, Ministry of Finance, 2019, [gdt.gov.vn/wps/portal/!ut/p/z1/hY7LDolwEEW\\_xQVbOglCuqssoA2RKKLYjQGDBVMoAYTfF8bEx-zu3PPmQxiKqEasSvqCJ10hq0SM-cDMlXhz4tu7MNHemgkkoilG2NL11kL7fwC7118Gw-izB-K42DMsH8A2XABiLlOV56ynQPQX80MGRYwLmT7fxVWq2xyxJjtnTdao12Zc511XtwsFFBiGQeVScpGpJ1kq8EnJZduh-J1EdRnDZSZ6H08mN7ahAIM/dz/d5/L2dBISevZ0FBIS9nQSEh/](https://gdt.gov.vn/wps/portal/!ut/p/z1/hY7LDolwEEW_xQVbOglCuqssoA2RKKLYjQGDBVMoAYTfF8bEx-zu3PPmQxiKqEasSvqCJ10hq0SM-cDMlXhz4tu7MNHemgkkoilG2NL11kL7fwC7118Gw-izB-K42DMsH8A2XABiLlOV56ynQPQX80MGRYwLmT7fxVWq2xyxJjtnTdao12Zc511XtwsFFBiGQeVScpGpJ1kq8EnJZduh-J1EdRnDZSZ6H08mN7ahAIM/dz/d5/L2dBISevZ0FBIS9nQSEh/). Accessed 13 Oct. 2021.
- 28 Vietnam Highlights 2019. Deloitte, 2019, p.1, [http://www.iberglobal.com/files/2019-1/vietnam\\_deloitte\\_ficha.pdf](http://www.iberglobal.com/files/2019-1/vietnam_deloitte_ficha.pdf). Accessed 6 Sep. 2021.
- 29 "Repatriation of profits: Dividend payments in Vietnam to foreign investors." Acclime Vietnam, 23 Apr. 2021, <https://vietnam.acclime.com/news-insights/repatriation-of-profits/>. Accessed 6 Sep. 2021.



# Summary



## Discover the future of SEA

What are the megatrends shaping the business world of tomorrow? Learn more about the technological, environmental and economic [trends to watch out for](#).

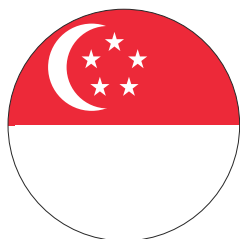
The opportunities in SEA are as diverse as its economies, cultures, and strengths. Across industries such as sustainability and healthcare, cybersecurity and supply chain, businesses can tap SEA for sustained and resilient growth.

Businesses in SEA are also in the perfect position to innovate, launch and scale new products

and services to make a positive difference in the dynamic region: from uplifting the region's underbanked and unbanked with fintech, to ensuring food security with plant-based proteins.

Ready to kickstart your journey in SEA? Singapore is here to partner businesses and chart your growth in this SEA of opportunities.

## Key takeaways



### Singapore

Singapore continues to be the leading destination for global businesses as a gateway into the region. From headquarters to innovation and R&D locations here, businesses have the opportunity to expand further into SEA and the rest of Asia.



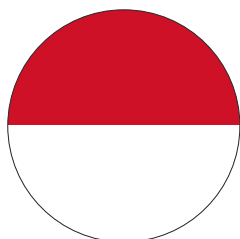
### Brunei

While the oil and gas industry has been driving to Brunei's economic growth, the government is moving the country towards the innovative and tech industries that will present many more startup opportunities.



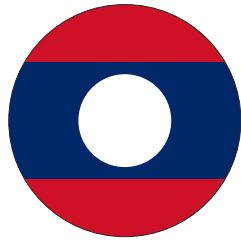
### Cambodia

The Cambodian government is developing better infrastructure and pro-business initiatives that will present an array of opportunities for Cambodia to be an attractive location for foreign investments.



### Indonesia

Already SEA's largest economy and the world's 10th-largest economy in terms of purchasing power parity, Indonesia's strong digital sector and fast-growing unicorns make it one of the key economies to watch.



---

**Laos**

Laos has experienced consistent economic growth and has strong bilateral ties with key economies such as China, Thailand and Vietnam. The Lao government is creating more business opportunities in growth sectors such as renewable energy and tourism.



---

**Malaysia**

With a focus on accelerating the growth of its digital economy, Malaysia is unlocking the full potential to drive its economic development, ranking consistently high in the region for economic competitiveness.



---

**Myanmar**

Myanmar has achieved constant GDP growth yearly with efforts to develop a more business-friendly environment, and continues to offer diverse opportunities for firms.



---

**The Philippines**

Powered by a young workforce with strong English proficiency, the Philippines is boosting the development of infrastructure for transportation, healthcare and the digital economy.



---

**Thailand**

Topping Bloomberg's study of emerging markets in 2020, Thailand is building upon a highly diversified economy to expand its digital economy.



---

**Vietnam**

Vietnam is one of the world's fastest-growing economies, emerging as a startup hub in recent years, as the government continues to accelerate Industry 4.0 transformation as well as sustainability efforts.

## Key contacts

### EDB

#### Client services

[client\\_services@edb.gov.sg](mailto:client_services@edb.gov.sg)

### InCorp Global

#### Atin Bhutani

[atinbhutani@incorp.asia](mailto:atinbhutani@incorp.asia)



#### Eric Chin

[eric@incorp.asia](mailto:eric@incorp.asia)



---

Looking for the latest insights on SEA's business landscape? [Subscribe to EDB's monthly e-newsletters](#) and receive straight to your inbox interviews with global leaders and pioneering founders, at-a-glance infographics, and thought leadership from industry experts.



## Contact Us

### **Singapore Economic Development Board**

250 North Bridge Road  
#28-00 Raffles City Tower  
Singapore 179101



### **InCorp Global Pte Ltd**

info@incorp.asia  
30 Cecil St  
#19-08 Prudential Tower  
Singapore 049712

You may submit questions or comments via [client\\_services@edb.gov.sg](mailto:client_services@edb.gov.sg), or sign up [here](#) to receive the latest updates on the Southeast Asian business landscape.

All information is accurate as of November 2021.

**In.Corp**  
Vision To Reality