



# APAC PAYROLL NEWSLETTER – COVID-19 SPECIAL

9 APRIL 2020

In this special edition of our APAC Payroll Newsletter, we have both general updates and the latest COVID-19 measures announced across Asia-Pacific. For the very latest news please follow the links provided to the Mazars' websites in the respective countries.

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## GLOBAL PAYROLL SERVICES

Managing **global payroll** across multiple countries can be challenging for many businesses. You may face different payment dates and deadlines, local rules and regulations, types of deductions, frequency of payments and a variety of reporting requirements. It can also be problematic and inefficient using multiple local providers and hiring specialists in countries to service only a few employees.

### How can we help you?

Mazars offers a comprehensive **multi-country** payroll outsourcing service that is seamless and efficient. By centralizing your global payroll services with **one experienced firm**, you retain greater control over the various regulations required to comply with payroll across multiple countries.

For more information, please visit our [Global Payroll Services](#).



# AUSTRALIA

## COVID-19 update

### **JobKeeper allowance**

The Government will pay a wage supplement (JobKeeper allowance) of AUD 1,500 per eligible employee per fortnight for up to 6 months to eligible employers who can demonstrate a significant drop in turnover compared with 2019.

### **Tax-free payment of up to AUD 100,000 for SMEs**

The Australian government has announced several stimulus and relief packages to assist small businesses.

- The initial stimulus package provided a tax-free payment to small and medium enterprises (SMEs) (with up to AUD 50 million in turnover) of an amount equal to 50% of PAYG withholding (PAYGW) from March to June 2020.
- The amount is capped at AUD 25,000, with the minimum being AUD 2,000. The payments are made by crediting the employer's integrated client account as business activity statements are lodged.

The second stimulus package:

- increases the 50% of PAYGW to 100%.
- increases the AUD 25,000 cap to AUD 50,000.
- increases the minimum payment from AUD 2,000 to AUD 10,000.

These payments will be made after the March to June business activity statements (BAS) have been lodged.

In addition, further payments which equal the above payments will be made in the period from July to October 2020. This will either be paid monthly or twice (July and October). This means, in total, up to AUD 100,000 tax-free will be provided to SMEs between March and October 2020.

More information on

**Mazars Australia** website: <https://www.mazars.com.au/>

Latest news: <https://www.mazars.com.au/Home/News/COVID-19-Resources-we-re-here-to-help>

Human Resources consulting: <https://www.mazars.com.au/Home/Services/Human-Resources-Consulting>



# CHINA

## COVID-19 update

### Notice on periodically reducing or exempting company social insurance premiums

A reduction in corporate social insurance premiums in provinces except for Hubei, as follows:

- From February to June 2020, the below social insurance premiums can be exempted for small and medium enterprises; and
- From February to April 2020, the below social insurance premiums can be halved for large enterprises.

Types of social insurance premiums	Employer contribution rate in Shanghai
Pension	16.00%
Unemployment insurance	0.50%
Injury insurance	0.16% - 1.52%

### Delay in payment of housing funds

- A company can apply to the local authority for a deferment in paying housing funds. Applications must be submitted by 30 June 2020. Employers and employees can defer payments to their mandatory housing fund.

### SME Unemployment Insurance Refund – Shanghai

- Insured companies with no or few layoffs are entitled to a minimum 50% refund of the unemployment insurance premiums that they paid for the previous year.
- For small and medium-sized enterprises, the threshold of the layoff rate for this policy is extended to “not higher than the target of the unemployment rate control of the national urban survey in the previous year (i.e., 5.5%)”.
- If there are less than 30 insured employees in a company, the layoff threshold will be extended to “not more than 20% of the total number of employees in the company”.

More information on

**Mazars China** website: <http://www.mazars.cn/>

Latest news: <http://www.mazars.cn/Home/News/Latest-News>



## HONG KONG

### COVID-19 update

#### **Time extension for filing of individual tax returns**

- The HKIRD will delay its issuance of Hong Kong Salaries Tax ("HKST") return for Y/A 2019/20 to 1 June 2020. Generally, taxpayers are required to submit their HKST returns by 30 June 2020. For taxpayers who appoint tax representatives to handle their Y/A 2019/20 HKST returns, the HKIRD will grant extension of time for filing their HKST returns to the following dates:
  - For cases not involving sole proprietorship business accounts: 3 August 2020
  - For cases involving sole proprietorship business accounts: 2 November 2020

#### **Reduction in salary tax**

- Salary tax and personal tax for the 2019-2020 tax year are reduced by 100%, capped at HKD 20,000.

More information on

**Mazars Hong Kong** website: <http://www.mazars.hk/>

Latest news: <http://www.mazars.hk/Home/News/Latest-News>



# INDIA

## COVID-19 update

### Postpone income tax return deadline

- Extended submission of personal income tax return for 2018-19 tax year. The extended date is to 30 June 2020.

## General update

### Tax rates, surcharges, and cess

In February 2020, the Finance Minister presented the union budget.

Subject to what is stated herein, there is no change in the existing rates of income tax and surcharges for individuals, Hindu undivided families (HUF), associations of persons, bodies of individuals, artificial judicial persons, domestic companies, or foreign companies.

- To provide significant relief to individuals and HUFs, and to simplify the income tax laws, a proposal has been made to introduce a new and optional personal income tax regime under Section 115BAC with reduced tax rates for those who forgo certain deductions and exemptions.
- The income under this scheme shall be computed without claiming any deduction under Chapter VI-A (except 80CCD(2) and 80JJAA), Section 24 and exemptions.
- The deductions and exemptions for leave travel concession, house rent allowance, MPs/MLA allowance, deductions in respect of minor income, standard deductions, professional tax, interest paid on housing loans, food & beverage vouchers, and certain investment-related deductions, etc., would not be available.

Taxable Income	Existing Rates	New Rates
Up to INR 250,000	-	-
INR 250,001 to INR 500,000	5%	5%
INR 500,001 to INR 750,000	20%	10%
INR 750,001 to INR 1,000,000	20%	15%
INR 1,000,001 to INR 1,250,000	30%	20%
INR 1,250,001 to INR 1,500,000	30%	25%
Above INR 1,500,000	30%	30%

### Rationalization of tax treatment of employer's contribution to national pension scheme, recognized provident funds, and superannuation funds

- It is proposed to provide a combined upper limit of INR 750,000 for an employer's contribution in a year to the national pension scheme, recognised provident funds, and superannuation fund.

More information on

**Mazars Indonesia** website: <https://www.mazars.co.in/>

Latest news: <https://www.mazars.co.in/Home/News/Latest-News/COVID-19-Updates-Insights>



# INDONESIA

## COVID-19 update

### **Withholding tax article 21**

Employees of specified manufacturing industries subject to Article 21 of the income tax law with income under IDR 200 million a year will receive 100% tax relief for 6 months (April to September 2020). The amount borne by the government must be paid to the employee, and is not included as part of the employee's taxable income.

### **Deadline extensions**

Director General of Taxes will waive the administration sanctions for late reporting of the monthly Withholding Tax Return for February 2020 period that is carried out between 21 March 2020 up to 30 April 2020. The payment however, still needs to be completed on time.

## General update

The Minister of Labour issued a mandate in October 2019 for the following changes to be implemented:

### **Increase of provincial minimum salary in the province of Jakarta for 2020**

- The minimum provincial salary applicable in Jakarta has been increased by 8.51% from IDR 3,940,973 to IDR 4,276,349, effective 1 January 2020.
- Employers are prohibited from paying a salary lower than the provincial minimum salary, and employers violating the regulation will be subject to sanctions in accordance with statutory regulations.

### **Increase of the maximum cap on salary for calculating healthcare contributions**

- There was an increase in the maximum salary limit for calculating BPJS healthcare contributions from IDR 8,000,000 to IDR 12,000,000, effective 1 January 2020.
- Percentages applicable for calculating contributions remain the same (4% for employers and 1% for employees).

### **Increase in the maximum cap on salary for calculating social security contributions**

- There was an increase in the maximum salary limit for calculating contributions to the BPJS pension programme from IDR 8,512,400 to IDR 8,939,700, effective 1 March 2020.
- Percentages applicable for calculating contributions remain the same (2% for employers and 1% for employees).

More information on

**Mazars Indonesia** website: <https://www.mazars.id/>

Latest news: <https://www.mazars.id/Home/News/Latest-news>



# JAPAN

## COVID-19 update

### Postpone income tax return deadline

Tax return filing due date and tax payment due date of Individual Income Tax return, Consumption Tax return for individual proprietor and Gift Tax for fiscal year 2019 is postponed to April 16. The due date for filing the report of overseas assets and other applications is also postponed to April 16.

### Employment adjustment subsidies

- The Japanese government has announced that, as of 1 April 2020, where the productivity of a business falls by more than 5% due to the effects of COVID-19, the employment adjustment subsidies will cover up to 80% of the “holiday allowance” for small to medium-sized enterprises, and up to 67% of the “holiday allowance” for large enterprises.
- In addition, for enterprises which have zero employee terminations in the same period, the government will bring the subsidy rate up to 90% of the “holiday allowance” for small to medium-sized enterprises, and up to 75% for large enterprises.
- These special measures will be in effect from 1 April to 30 June 2020.

### Reducing employee salaries

- Japanese labour law does not allow changes to salary if the changes are deemed unfavourable to the employee. However, in cases where such changes are unavoidable, if the company can provide an explanation as to why the salary reduction needs to be made, how long the reduction will be in effect, etc., and can obtain the consent of the employees to the reduction, it may be put into effect.
- Where employees agree to a salary reduction, the reduction needs to be “reasonable” enough for the employee to cover his current living expenses, and must exceed the minimum wage set by the government, although there is no particular limit set by the authorities. The current minimum wage for Tokyo is JPY 1,013 an hour. In addition to standards set by the government, if the company already has specific standards setting employee salaries in its work rules, the reduction should not be lower than these standards.

More information on

**Mazars Japan** website: <https://www.mazars.jp/>

Latest news: <https://www.mazars.jp/Home/News/Latest-News>



## KOREA

### COVID-19 update

#### Employee retention subsidy

The government will provide to employers a subsidy of up to 90% of salary expenses, up to a maximum of KRW 66,000 a day per person. To claim the subsidy, a company must have supporting evidence. The government will provide the subsidy for a maximum of 180 days. Employers must submit supporting documents monthly in order to claim the subsidy.

#### Deferral of insurance

Defer payment for unemployment insurance and industrial accident insurance: For special employment support industry: shipbuilding (existing measures), travel, tourism accommodation, tourism transportation, etc.

### General update

#### Increase in annual social insurance rates

As at 1 January 2020, the contribution rates for the following increased:

1. **Health insurance:** from 6.46% to 6.67% for both employees and employers (cumulative).
2. **Long-term care insurance:** from 8.51% to 10.25% for employees and employers (separately).

#### Increase in minimum wage

- The minimum wage rose by 2.9% in 2020 to KRW 8,590 an hour (approximately USD 7), or KRW 1,790,310 a month (approximately USD 1,450), effective 1 January 2020.

#### Annual leave promotion

The amended law effective 6 March 2020 states:

- **First year:** Any unused leave accrued in the first year of employment cannot be carried forward to the second year of employment. The employer must pay compensation for any unused leave, unless the company has actively encouraged employees to use the leave.
- **Second year:** No change from previous law. An additional 15 days are given on first anniversary of employment, and these days can be used until the end of the second year. The employer must pay compensation for any unused leave, unless the company has actively encouraged employees to use the leave.

More information on

**Mazars Korea** website: <https://www.mazars.kr/>

Latest news: <https://www.mazars.kr/Home/News/News>





# MALAYSIA

## COVID-19 update

### **Pension (employees' provident fund) contributions and withdrawals**

- The default employee contribution rate was reduced from 11% to 7% effective 1 April 2020. Employees can choose to remain at the 11% rate by informing their employer of this.
- Beginning April 2020, employees are able to withdraw up to RM 500 a month from their 'Employee Provident Fund Account 2', which can normally only be drawn from after reaching retirement age. This option is available for a maximum of 12 months.

### **Student loan (ptptn) repayments**

- Repayments of student loans are deferred for the 6-month period from 1 April 2020 to 30 September 2020. This will be automatically added to the recipients' current repayment plans.

## General update

There were a number of statutory changes implemented in Malaysia on 1 January 2020 as part of the budget.

### **Personal income tax**

- A new top rate band of 30% was introduced for assessable income in excess of RM 2,000,000 a year. All lower band limits and rates were left unchanged from the previous year.
- The relief of RM 6,000 given for medical expenses for serious diseases affecting oneself, one's spouse, or one's children was extended to cover fertility treatment.
- The relief of RM 1,000 given for fees paid for pre-school and kindergarten was increased to RM 2,000.
- The cap on relief for contributions for charity, sports activities, and projects in the national interest was increased from 7% of taxpayers' aggregate income to 10%.

### **Women at work**

- The scheme gives women returning to the workforce after a career break of at least 24 months a wage incentive of RM 500 a month for themselves, and RM 300 a month for their employers, for 2 years.
- The current tax exemption for these women was extended to 2023.

### **Minimum wage**

- This was increased from RM 1,100 to RM 1,200 a month in urban areas (57 major towns).

More information on

**Mazars Malaysia** website: <https://www.mazars.my/>

Latest news: <https://www.mazars.my/Home/News/Latest-News>



## PHILIPPINES

### COVID-19 update

#### **Cash assistance program**

The Department of Labor and Employment has announced a cash assistance program worth PHP 2 billion for workers in both the formal and informal sections affected by government imposed quarantine. As at 31 March the Department of Labor and Employment announced assistance of PHP5,000 per worker was given for 30,000 employees.

#### **Delay of filing income tax returns**

The Department of Finance has offered relief to Filipino taxpayers and delayed individual tax filing and payment of income tax to 15 May 2020. The original date was 15 April 2020. The Department of Finance has urged those who can file within the original date do so.

More information on

**Mazars Philippines** website: <https://www.mazars.ph/>

Latest news: <https://www.mazars.ph/Home/News/Latest-news>



# SINGAPORE

## COVID-19 update

### Defer income tax payments

Employees with Personal Income Tax payments due in May, June and July 2020 can opt to defer their payments by three months. Self-employed persons with Personal Income Tax payments due in May, June and July 2020 will be granted an automatic three-month deferment. Individual tax filing, Income tax for trusts, clubs and association deadlines due on 18 April and 15 April respectively will automatically extend to 31 May 2020.

### Jobs support scheme

- In view of Covid19, the country is facing a huge retrenchment of employees during this economic contraction and the Government has implemented a set of safety measures taking effect from 7 April 2020 to 4 May 2020 which includes the closure of non-essential workplace and restricted interaction.
- The Government is providing a 25% cash grant for the months of October to December 2019 and January 2020 to March 2020 subject to a monthly wage cap of SGD 4,600 per employee (whom they have contributed CPF) to help businesses retain their local employees during this period of uncertainty.
- The Government is providing a 75% cash grant on the first SGD 4,600 of monthly salaries for every local employee (whom they have contributed CPF) in the month of April. Therefore, the wage support level will be 75% for aviation and tourism sectors, 50% for F&B sectors and 25% for all other sectors from May 2020 to June 2020.

### Foreign worker levy

- Further support in April 2020, the Government waive of monthly foreign worker levy ("FWL") due in April 2020, FWL rebate of SGD 750 in April 2020 from levies paid this year for each Work Permit or S Pass holder.

More information on

**Mazars Singapore** website: <https://www.mazars.sg/>

Latest news: <https://www.mazars.sg/Home/News/Latest-News/What-s-New/Accounting-and-Outsourcing/Social-and-business-measures-for-Covid-19>



# THAILAND

## COVID-19 update

### Personal income tax returns

Tax returns	Tax year	Normal deadline	Extended deadline
Year-end personal income tax returns (Forms PND. 90, 91, and 95)	2019	– 31 March 2020 (paper filing); or – 8 April 2020 (electronic filing)	31 August 2020

Where a personal income tax liability is paid in 3 instalments, each instalment must be made by the following deadlines:

- First instalment – must be paid when filing the personal income tax return by the extended deadline;
- Second instalment – must be paid within one month of the day that the first instalment was paid; and
- Third instalment – must be paid within one month of the day that the second instalment was paid.

If any instalment is not paid by the specified time, the taxpayer loses the right to continue paying taxes in instalments, and must pay a surcharge for any unpaid and subsequent instalments. The surcharge shall be calculated from the date that the extended deadline ends until the date that payment is made.

### Deduction of 300% for wage expenses

A company that does not lay off employees can claim a tax deduction of 3 times the wage expenses paid from April 2020 to July 2020. The company must meet the following conditions:

- Taxable income of not more than THB 500 million from its business in the last 12-month accounting period, where the last day of the accounting period ended on or before 30 September 2019.
- Not more than 200 employees.
- Employees insured with the Social Security Fund.
- Wages eligible for the tax incentive are those given to employees who earn not more than THB 15,000 a month.
- Number of insured employees during the eligible period must not be lower than in December 2019.

### Investment in super savings funds

- Individual investing in a super savings fund can deduct the actual investment, capped at THB 200,000, as an allowance for personal income tax purposes.
- The super savings fund must invest not less than 65% of its asset value in securities listed on the Stock Exchange of Thailand during the period from 1 April to 30 June 2020.
- This allowance is in addition to the super savings fund allowance threshold (30% of total income, capped at THB 200,000), and will not be included in the retirement savings fund threshold of THB 500,000.

More information on

**Mazars Thailand** website: <https://www.mazars.co.th/>

Latest news: <https://www.mazars.co.th/Home/News/COVID-19-Impact>



## VIETNAM

### COVID-19 update

#### **Postpone income tax return deadline**

- The deadline for settling Personal Income Tax (“PIT”) obligations of individuals or household businesses for 2019 shall be 15 December 2020.

#### **Suspension of compulsory social insurance and trade union fee contributions**

- From 17 March 2020, companies affected by COVID-19 are able to suspend contributions to social insurance, in particular to the pension and survivorship fund, which normally requires employers to make contributions of 14% and employees to make contributions of 8%.
- The trade union fee has also been suspended. The suspension in contributions is applicable until 30 June 2020. This may be extended to 31 December 2020 if the situation has not improved.

More information on

**Mazars Vietnam** website: <https://www.mazars.vn/>

Latest news: <https://www.mazars.vn/Home/News/Latest-news/COVID-19-Insights>

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