January 2023

APAC payroll newsletter

As the new fiscal year has recently begun, our APAC payroll newsletter helps to provide important updates on upcoming changes and amendments to payroll regulations for the 2023 year to ensure payroll compliance across APAC.

Australia	Hong Kong	Indonesia	Korea	Philippines	Taiwan	Vietnam
China	India	Japan	Malaysia	Singapore	Thailand	

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.

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Australia

Updates

2022-23 Labour Federal budget highlights

- The Federal Treasurer, Dr Jim Chalmers, handed down the Labour government's first Federal Budget on 25 October 2022.
- Despite an uncertain global economic environment, the Treasurer has lauded Australia's low unemployment and strong export prices as reason for a 3.5% growth in the current financial year, slowing to 1.5% in 2023–24. The Budget projects a deficit of $36.9 billion, lower than the forecast by the former Government earlier this year of $78 billion.
- Described as a sensible Budget for the current conditions, it contains various cost of living relief measures including cheaper childcare, expanding paid parental leave and encouraging downsizing to free up housing stock. Key tax measures are targeted at multinationals, particularly changes to the thin capitalisation rules, and changes to deduction rules for intangibles.
- Importantly, no amendments have been proposed to the already legislated Stage-3 individual tax rate cuts. Additional funding for a range of tax administration and compliance programs have also been announced. Finally, the fate of a suite of announced but unenacted tax measures, including a few that have been around for at least 10 years, has been confirmed.
- This Mazars Federal Budget brief summarises the key tax and superannuation announcements that we expect will most affect Mazars individual and business clients. Please note that as these are just announcements they cannot be regarded as law until legislated.
- The full Budget papers are available at www.budget.gov.au and the Treasury ministers' media releases are available at ministers.treasury.gov.au. The tax, superannuation and social security highlights are set out below.
- Read ahead:
  - Individuals
  - Businesses
  - Multinationals
  - Tax administration
  - Tax agents
  - Not-for-Profit
  - Superannuation

2022-23 Labour Federal budget – Individuals

Tax Rates (Resident)			
2020/21 = 2023/24		2024/25*	
Income Band (AUD)	Tax Rate	Income Band	Tax Rate
0 – 18,200	0	0 – 18,200	0%
18,201 – 45,000	19%	18,201 – 45,000	19%
45,001 – 120,000	32.5%	45,001 – 200,000	30%
120,001 – 180,000	37%		
180,000 +	45%	200,001 +	45%

* Law already passed

Tax Rates (Non-resident)			
2020/21 = 2023/24		2024/25*	
Income Band (AUD)	Tax Rate	Income Band	Tax Rate
0 – 120,000	32.5%	0 – 200,000	30%
120,001 - 180,000	37%		
180,001 +	45%	200,001 +	45%

* Law already passed

- The Budget did not announce a further extension to the Low & Middle Income Tax Offset (LMITO) which was extended multiple times by the previous Government up to 30 June 2022, so this has now ceased. This means low and middle income earners (incomes up to $126,000) will see a reduction in tax refunds in 2023 and beyond of between $675 and $1,500.
- Extension of personal income tax compliance program:
  - Funding will be provided to extend the Personal Income Taxation Compliance Program a further 2 years to 30 June 2025. This program targets the key areas of non-compliance, including overclaiming of deductions and incorrect reporting of income.
- Incentivising pensioners into the workforce:
  - Age and veterans pensioners will be provided with a once off credit of $4,000 to their Work Bonus income bank. This will increase the amount pensioners can earn in 2022–23 from $7,800 to $11,800, before their pension is reduced. The measure will support pensioners who want to work or work more hours to do so without losing their pension.
- Income threshold for the Commonwealth Seniors Health Card increased:
  - The maximum income threshold for the Commonwealth Seniors Health Card will be increased from $61,284 to $90,000 for singles and from $98,054 to $144,000 (combined) for couples.

  - The government will also freeze social security deeming rates at their current levels for a further 2 years until 30 June 2024, to support older Australians who rely on income from deemed financial investments, as well as the pension, to deal with the rising cost of living.
- Paid Parental Leave flexibility reforms:
  - The Paid Parental Leave Scheme will be amended from 1 July 2023 so that either parent is able to claim the payment and both birth parents and non-birth parents are allowed to receive the payment if they meet the eligibility criteria. Parents will also be able to claim weeks of the payment concurrently so they can take leave at the same time.
  - From 1 July 2024, the scheme will be expanded by 2 additional weeks a year until it reaches a full 26 weeks from 1 July 2026. Both parents will be able to share the leave entitlement, with a proportion maintained on a "use it or lose it" basis, to encourage and facilitate both parents to access the scheme. Sole parents will be able to access the full 26 weeks.

New ATO draft ruling on individual tax residency

- The Australian Federal Budget announcements of a proposed change to Individual and Corporate tax residency, having not been enacted and have now lapsed with a change of Government.
- Ahead of the Budget, the Australian Taxation Office (ATO) has issued a draft taxation ruling, **TR 2022/D2 – Income Tax: residency tests for individuals**.
- The ruling consolidates and replaces prior tax rulings on individual tax residency and updates the ATO's views on the matter following several Federal and High Court decisions over recent years.
- The Australian Government taxes its residents on worldwide income at rates of up to 47% (including Medicare Levy), so understanding where you are a tax resident is important.
- The legislation has not changed in years and a resident of Australia for tax purposes is:

  *A person, other than a company, who resides in Australia **(ordinary concepts test)** and includes a person:*

  *(i) whose domicile is in Australia, unless the Commissioner is satisfied that the person's permanent place of abode is outside Australia; **(domicile test)***

  *(ii) who has actually been in Australia, continuously or intermittently, during more than one-half of the year of income, unless the Commissioner is satisfied that the person's usual place of abode is outside Australia and that the person does not intend to take up residency in Australia; **(183-day test)** or*

  (iii) who is:

  (A) a member of the superannuation scheme established by deed under the Superannuation Act 1990; or

  (B) an eligible employee for the purposes of the Superannuation Act 1976; or

  *(C) the spouse, or a child under 16, of a person covered by sub-subparagraph (A) or (B) **(Commonwealth superannuation fund test)***

- A person needs only satisfy one of the tests to be considered a tax resident. If no tests are satisfied, then a person will not be a tax resident of Australia.

- The draft ruling explores each of the tests and provides a number of practical examples which consider the application of each of the tests to the facts in each example.
- Expatriates and individuals moving into and out of other countries will also need to consider the tax rules in that other country. If the other country has a tax treaty with Australia, the tax treaty will apply a tie-breaker test to determine which country the taxpayer is considered a resident for the purpose of the treaty. The treaty provisions will generally overrule the domestic law in determining the taxation of income.
- If considering a move overseas, or moving to Australia, it is critical to consider this issue and obtain tax advice in relation to your personal circumstances.

Payroll tax for medical centres – QLD Revenue Office takes the lead

- QLD Revenue Office (QRO) is the first Australian State Revenue Authority to fully commit to a compliance position on the application of payroll tax to the complex area of medical centres. In a largely unpublicised move, it has issued a ruling on how it will apply the law to payments made by medical centres to health practitioners.
- A link to the ruling, PTAQ000.6.1 is [QLD Payroll Tax Ruling for Medical Centres]
- Revenue NSW and Victorian SRO are yet to issue such a ruling despite each having carriage of four separate stages of litigation in respect of medical centres over the past four years. QRO's ruling only applies to medical centres in Queensland but it is of national relevance as most states and territories have almost identical legislation.
- A surprising but highly welcome feature of the QRO ruling is that it expressly states that its date of effect is the date of issue – 22 December 2022. While QRO has not otherwise publicly confirmed it, that statement suggests that QRO will not seek to collect payroll tax on payments made by medical centres to non-employee health practitioners before that date.
- The general position taken in the ruling is consistent with the Victorian Optical Superstore and NSW Thomas and Naaz decisions. In summary, the ruling clarifies that:
  - The medical centre is treated for payroll tax as an "employer";
  - The health practitioner is treated for payroll tax as an employee even if they are not an employee under employment law;
  - The payments made by the medical centres to the health practitioner are treated as wages (to the extent they are payments for work related services);
  - The general payroll tax exemptions available for contractor arrangements can apply; and
  - Where exemptions are not available, the medical centre's payment will be taxable subject to payroll tax thresholds.
- As foreshadowed in a NSW Revenue draft ruling on its equivalent provisions, the provisions could apply even where:
  - The payments are made by the medical centre to the health practitioner's personal practice entity instead of the health practitioner themselves; or
  - The health practitioner receives payments directly from patients and Medicare in respect of services provided at the medical centre.

- The latter treatment will be most unwelcome by the medical profession. Many health professionals restructured their affairs so that they would not be receiving payments from the medical centres. The ruling, in effect, imposes a payroll tax liability on the medical centre for the payment made by the health practitioner's personal practice entity to the health practitioner themself. Not only is this a payment that the medical centre does not make but, in most cases, it will be one which the medical centre does not have details on, nor can it necessarily obtain such details. None of the litigation so far has examined this type of payment structure. It is Mazar's' view that litigation will be inevitable once a Revenue Authority attempts to enforce liability on these payments. We think there is a possibility that the challenges to liability on the payments made by the health practitioner's entity will succeed in some cases.
- The ruling does recognise that not all health practitioner arrangements will be caught by the provisions. There are arrangements where a centre does not provide members of the public with access to medical related services. Rather, the centre is merely a provider of rooms, facilities, equipment and in some cases services to the health practitioner only. The centre itself does not receive services from the health practitioners nor does it offer services to the public. Medical centres need to be very careful before relying on this distinction. While many may think this is the reality, their website and health practitioner contracts may present a very different picture. For example, the medical centre may in fact attract the custom and have control over the health practitioner's patient services.
- All Queensland medical centres need to consider their position in the light of the ruling. Given the new position appears to first apply not only mid-year but mid-month, the transition to the new regime for the 2022-23 payroll tax year may be complex and it appears that no guidance has been given by QRO for that yet.

For more information, go to:

- **Mazars in Australia** website
- Human Resources consulting
- Latest news

China

Updates

The implementation of the Private Pensions in China - What enterprises shall know

- The implementation plan for Private Pensions was issued by five government departments: the Ministry of Human Resources and Social Security, the Ministry of Finance, the State Taxation Administration, the China Banking and Insurance Regulatory Commission, and the China Securities Regulatory Commission. It was put into effective from 1 January 2022.
- It specifies the participation process, capital account management, the management of institutions and products, information disclosure, and supervision.
- The private pensions can only be contributed by the individual which doesn't require the Company's involvement. Thus, it is not necessary for the enterprise to set up a specific account or make any contribution. It is an individual and personal initiative plan.
- Why it matters to the enterprises and their employees:
    - During the period of contribution, the annual contributions of the private pensions can be exempted from the individual income tax of the employee. The Company, as the individual income tax withholding agent of the employee, shall remind the employee to declare the private pensions deduction in his or her individual income tax personal application platform (IIT APP) in due course.
- References:
    - Ministry of Finance and State Administration of Taxation, [2022] No.34: Notice on private pension related individual income tax policy (link here in Chinese).
- The Company may send the following email to the employees notifying them to report such private pensions in the individual income tax personal application platform (IIT APP) if any of them contribute the private pension.

    Dear Employees,

    With the implementation of the Private Pensions, for those who has contributed the private pensions plan approved by the China government, please follow the local rules and regulations to report such item in your individual income tax personal application system (IIT APP) as required.

    Enclosed please find the FQ&A of the private pension issued by China social insurance bureau and detail instructions of IIT item report in the IIT APP issued by China tax administration.

If you have any questions, you may scan the QR code in the bottom of the essay and subscribe the WeChat official accounts of China social insurance bureau and China tax administration.

Thanks
Company name

For more information, go to:

- **Mazars in China** website

Hong Kong

Updates

Statutory Minimum Wage (SMW) will be increased in May 2023

- The Chief Executive in Council has adopted the recommendation of the Minimum Wage Commission to raise the SMW rate to HK$40 per hour. Subject to approval by the Legislative Council, the revised SMW rate will take effect from 1 May 2023. The threshold amount for keeping records of hours worked will be increased accordingly to HK$16,300 per month.

For more information, go to:

- **Mazars in Hong Kong** website
- Latest news

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India

Updates

Income Tax Deduction from Salaries during the Financial year 2022-23

- The Central Board of Direct Taxes has declared the rates of deduction of Income tax from the payment of income chargeable under the head "Salaries" during the financial year 2022-23 and explains certain related provisions of the Act and Income-tax Rules, 1962, through CIRCULAR NO: 24/2022 dated 7 December 2022.
- Due care in working out taxable salary, what must be on an employer's records, must be taken accordingly, taking due consideration of what is now notified through the circular. Payroll and HR specialists may also take note accordingly.
- Relevance: The financial year runs up to 31 March 2023 and the notification guides all concerned on computation of taxable salary for this year. It is particularly relevant for the estimation of withholding tax for this year and working out how much should be withheld during February and March, the last two months of the financial year.
- Reference: Circular No. 24/2022

For more information, go to:

- **Mazars in India** website
- Latest news

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Indonesia

Updates

Implementation Rules on the Income Tax Law for Benefits-in-Kind

- The Government issued Regulation Number 55 Year 2022 (GR-55) on 20 December 2022 as implementation guidelines for the Income Tax Law (ITL) amended by the Law on Harmonization of Tax Regulations in 2021. One of the topics covered in GR-55 are the rules for benefits-in-kind (BIK)'s fiscal treatment.
- In GR-55, BIK are taxable to the employee (with some exceptions) and the costs of BIK are deductible to the employer (providing of course that those costs relate to obtaining, collecting, and maintaining income). The BIK categories excluded from taxable income are as follows:
  - a) food and beverages provided for all employees.
  - b) facilities, infrastructure, and/or facilities when working in certain areas.
  - c) BIKs necessary to carry out the employees' work activities, in the context of requirements regarding security, health and/or employee safety as required by Government.
  - d) BIKs sourced or financed from the regional/state revenue budget.
  - e) BIKs of certain types and/or thresholds, the PMK should provide guidance on the type or value of the BIK in question and the relevant criteria.
- GR-55 differentiate "benefit" and "in-kind". A "benefit" is defined as compensation in the form of the right to use a facility or a service which is provided by either the employer or a third-party where the asset is rented or paid for by the employer. While "in-kind" defines as compensation in goods other than money. The taxable value for "in-kind" is determined based on the market value, "benefit" is based on the actual cost incurred (or what should have been incurred) by the employer.
- Transitional provisions related to BIKs are as follows:
  - a) that the rules for employers (presumably around deductibility) apply from 1 January 2022 and onwards.
  - b) that the withholding tax obligations for employers do not however start until 1 January 2023.
  - c) that the Income Tax due on BIKs received for FY 2022 must be calculated, paid, and reported by employees in their 2022 Annual Income Tax Return if the tax has not been withheld by the employer.

- This is a summary of Regulation Number 55 Year 2022 (GR-55). It is therefore not comprehensive and does not constitute professional advice. Prevailing laws and regulations are subject to changes.

For more information, go to:

- **Mazars in Indonesia** website
- Latest news

Japan

Updates

Change of Health Insurance Premiums (provided by Japan Health Insurance Association)

- Applied from March 2023 to February 2024 (Tokyo)

Premium rate		Total
Employer	Employee	
5.0%	5.0%	**10.0%**

Change of Employment Insurance Premiums

- Applied from 1 April 2023 to 31 March 2024

Business Industry	Premium rate (% of total annual wage)		Total
	Employer	Employee	
Ordinary Enterprises	0.95%	0.60%	**15.5%**
Enterprises concerning Agriculture, Forestry and Fishery, and Brewing	1.05%	0.70%	**17.5%**
Construction Industry	1.15%	0.70%	**18.5%**

Change in Overtime pay rate

	Total monthly overtime hours	
Until 31 March 2023	Less than 60 hours	60 and more hours
Large Enterprise	additional 25%	additional 50%
Small to Medium sized Enterprise*	additional 25%	additional 25%

	Total monthly overtime hours	
From April 2023	Less than 60 hours	60 and more hours
Large Enterprise	additional 25%	additional 50%

Small to Medium sized Enterprise*	additional 25%	additional 50%

*Whether a company qualifies as a small to medium-sized enterprise is determined based on criteria as below (to meet either (a) or (b)).

(JPY)	(a) Initial Capital	(b) Number of employees
Retail industry	50 mil and less	50 and less
Hospitality industry	50 mil and less	100 and less
Wholesale industry	100 mil and less	100 and less
Others	300 mil and less	300 and less

Childcare Leave at time of birth

- Effective 1 October 2022
- Establishment of Paternity Leave (Childcare Leave after birth)
- Split Acquisition of Childcare Leave

	Paternity Leave After Birth *(from 1 October 2022)* *Can be taken separate from Childcare Leave*	Childcare Leave *(effective 1 October 2022)*	Previous Childcare Leave Regulation *(before 1 October 2022)*
Period and no. of leave days that can be taken	Up to 4 weeks within the period of 8 weeks after the child is born	Up to the day before the child's 1st birthday (max. extension up to a day before the 2nd birthday)	Up to the day before the child's 1st birthday (max. extension up to a day before the 2nd birthday)
Application Due date	2 weeks before the start of leave	1 month before the start of leave	1 month before the start of leave
Rules on splitting leave period	Can be split into 2 periods (both periods need to be applied for in the first application)	Can be split into 2 periods (application needs to be submitted separately before each period)	Leave period cannot be split
Rules on working during applied leave period	Only if the company has a Labour Management Agreement in place, the employee will be able to work within the agreed range during	No working is allowed during the leave period	No working is allowed during the leave period

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	Paternity Leave After Birth *(from 1 October 2022)* *Can be taken separate from Childcare Leave*	Childcare Leave *(effective 1 October 2022)*	Previous Childcare Leave Regulation *(before 1 October 2022)*
	their paternity leave period		
Childcare Leave extension after the 1st birthday		Flexibility applied to the start date of extended childcare leave	Extension start date is limited to 1st birthday or 1.5 years after birth
Reacquisition of Childcare Leave after the 1st birthday		Reacquisition of Childcare leave may be possible under special circumstances	Reacquisition of Childcare leave for the same child is not possible after returning to work

Change in the social insurance exemption during Childcare Leave

- Exemption of Monthly social insurance (deducted from salary)
  - Under this system, the monthly social insurance from the month of the first day of Childcare leave up to the month prior to the month of the final childcare leave date will be exempted.
  - Previously, in the case where the first day and last day of the childcare leave is within the same month, unless the last day of childcare leave fell on the final day of the month, there was no exemption of social insurance.
  - However, from 1 October 2022 onwards, if the childcare leave period is more than 14 days, the employee will be eligible for the social insurance exemption.
- Exemption of social insurance on bonus
  - For childcare leaves starting before 30 September 2022, if the childcare leave period includes the last day of the month, the social insurance on bonuses paid in that month was exempted.
  - For childcare leaves starting from 1 October 2022 onwards, the exemption will only come into effect if the leave period is more than 1 month (continuously) and includes the last day of the month that the bonus is paid.

Application of Dependent Deductions on taxable income for family dependents living outside of Japan

- Effect for income tax calculation in year 2023.
- The following rule will be applied to the application of Dependent Deductions on taxable income for family dependents living overseas:

- Dependents living overseas and between the ages of 30 to 69 who do not fall into the following list will be excluded from the range of dependency for Dependent Deductions on income tax.
  a) Dependents who left Japan to study abroad, no longer with an address in Japan.
  b) Dependents with disabilities.
  c) Dependents who are receiving JPY 380,000 or more annually as living support and/or payment to cover study tuition from the person who will receive the Dependent Deductions on their income (i.e., the taxpayer).
- Overseas dependents between the ages of 16 and 29 will continue to be applicable for Dependent Deductions if they are dependent and receiving significant financial support from the taxpayer.

For more information, go to:

- **Mazars in Japan** website
- Latest news

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Korea

Updates

Revised tax laws have been approved by The National Assembly on 23 December 2022. Main differences with the original proposal that was submitted by the government in September 2022 are related to the period during which the income tax “flat rate” that can be applied. Below is the summary of the impact of the recently passed tax laws.

Modification of the application period for Flat tax rate for foreign workers (applicable from 1 January 2023 employment income)

Flat tax rate	As-Is	To-Be
Special Provisions on Flat Tax Rate(19%) for Foreign Workers	Application for 5 years from the start date of work in Korea	Application for **20 years** from the start date of work in Korea

Changes in income tax reduction for foreign engineers (applicable from 1 January 2023)

Reduction period	As-Is	To-Be
Foreign engineers can choose between flat tax rate or income tax reduction by 50%	Income tax reduction for 5 years	Income tax reduction for **10 years**

Income tax rate adjustment (applicable from 1 January 2023)

As-Is		To-Be	
Tax base (KRW)	Tax rate	Tax base (KRW)	Tax rate
Up to 12 million	6%	Up to **14 million**	**6%**
12 million ~ 46 million	15%	**14 million ~ 50 million**	**15%**
46 million ~ 88 million	24%	**50 million ~ 88 million**	**24%**
88 million ~ 150 million	35%	88 million ~ 150 million	35%
150 million ~ 300 million	38%	150 million ~ 300 million	38%
300 million ~ 500 million	40%	300 million ~ 500 million	40%
500 million ~ 1 billion	42%	500 million ~ 1 billion	42%
Above 1 billion	45%	Above 1 billion	45%

Shortening the submission cycle of simplified statement (applicable to the employment income from 1 January 2024)

Simplified statement submission	As-Is	To-Be
Earned income	Semi-annually	Monthly
Other income	Annually	Monthly

Reducing the burden of housing expenses (applicable from 2022 year-end tax settlement)

Deduction	As-Is	To-Be
Tax credit for monthly rent	12%, 15%	15%, 17%
Deduction of repaid principal on housing lease loan	Up to KRW 3 million per year	Up to KRW 4 million per year

Increase of the limit of non-taxable meal allowance (applicable from 1 January 2023)

As-Is	To-Be
Up to KRW 100,000 per month	Up to KRW 200,000 per month

Increase of retirement pension account tax credit (applicable from 1 January 2023)

As-Is	To-Be
KRW 7 million per year (Pension savings: up to KRW 4 million)	KRW 9 million per year (Pension savings: up to KRW 6 million)

Other changes applicable from January 2023 with regards to salary requirements and social insurances are the following:

Increase of Minimum Wage (from 1 January 2023)

As-Is	To-Be	
KRW 9,160 (hourly base)	KRW 9,620 (hourly base)	The monthly amount is KRW 2,010,580 calculated based on 40 hours of working hours per week, 209 hours per month (8 hours of paid holiday per week)

Increase of Employment Insurance Contribution Rate (from 1 January 2023)

Content	As-Is	To-Be
Employment Insurance Contribution Rate	6.99%	7.09%
Contribution Rate for Long-term Care Insurance	12.27%	12.81%

Increase Scope for Foreign Workers to the Employment Insurance (from 1 January 2023)

As-Is	To-Be
Applicable for more than 10 employees	Also applicable for less than 10 employees with the following conditions: • Unemployment Insurance is voluntary • Employment Security and Vocational Skills Insurance is mandatory

For more information, go to:

- [**Mazars in Korea** website]
- [Latest news]

Malaysia

Updates

The amendments to the Employment Act 1955 (EA) effective 1 January 2023. Below are some of the key changes:

Extended coverage to all employees irrespective of wages

- With amendments to the First Schedule of the EA, all employees are covered under the EA. However, for employees earning exceeds MYR4,000 per month they are exempted from the below:
  - i. Overtime rates for employees working on rest days.
  - ii. Overtime rates outside working hours.
  - iii. Allowance for shift-based work.
  - iv. Overtime on public holidays.
  - v. Overtime for half working days on holidays.
  - vi. Termination, lay off and retirement benefits.

Employment of foreign employees

- Employers are now required to obtain prior approval from Director General (DG) in order to employ foreign employees. Employers must also notify the DG within 30 days if the foreign employees are terminated. This includes work permit expiry, deportation and repatriation. If the foreign employee terminates his/her service or abscond, the employer should inform the DG within 14 days.

Change in maximum working hours

- The maximum working hours have now been reduced from 48 hours to 45 hours per week (excluding break time).

Maternity leaves

- The paid maternity leaves have now been increased from 60 days to 98 consecutive days.
- Where a female employee is pregnant or is suffering from an illness arising from her pregnancy it is an offence for her employer to terminate her services except on grounds of wilful breach of condition of contract of service, misconduct or closure of business.

Paternity leaves

- A married male employee is entitled to 7 consecutive days of paid paternity leaves if he has been employed by the same employer for at least 12 months and he has notified the employer of the pregnancy of the spouse at least 30 days from the expected confinement or as early as possible after the birth.

Awareness on sexual harassment

- A new section was introduced to raise awareness on sexual harassment in the workplace. Employers are required to display a notice to raise awareness on sexual harassment in the workplace. This notice must be placed in a location that is noticeable and must be displayed at all times.

Presumptions of employment

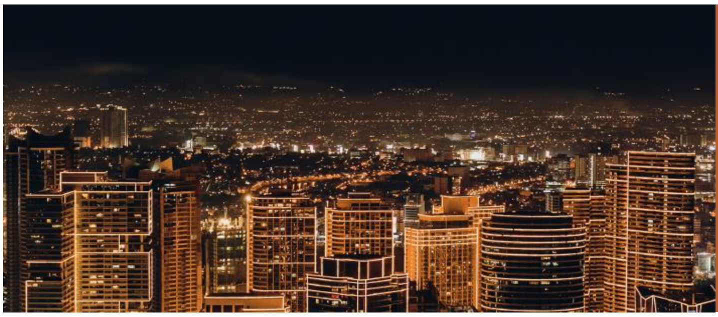
- A new section was introduced to cover presumptions of employment. In the absence of a written contract of service, an individual is considered as an employee if the below conditions are met:
  i. His/her manner of work is subject to the control or direction of another person.
  ii. His/her hours of work are subject to the control or direction of another person.
  iii. He/she is provided with tools, materials or equipment by another person to execute work.
  iv. His/her work constitutes an integral part of another person's business.
  v. His/her work is performed solely for the benefit of another person.
  vi. Payment is made to him/her in return for the work done by them at regular intervals and such payment constitutes the majority of his/her income.

Flexible working arrangement

- Employees can now apply in writing for flexible working arrangement from their employers. Employers must respond to the application within 60 days. In cases of rejection, reasons must be provided to the employees.

For more information, go to:

- **Mazars in Malaysia** website
- Latest news



Philippines

Updates

Philhealth suspends Premium Rate Hike for 2023

- The Philippine Health Insurance Corp. (PhilHealth) has suspended the upcoming increase to premium rate and income rate that was initially planned for release this year. This postponement came from a memorandum signed by Executive Secretary Lucas Bersamin.
- The official was ordered to delay both the increase of the PhilHealth Premium rate from 4% to 4.5% and the income ceiling from P80,000 to P90,000 for 2023. The decrees of this memorandum are from Section 10 of the Universal Health Care (UHC) act, which first mandated the Premium Rate Increase. This act was the one to implement the yearly increase in member premiums, beginning at 0.5% in 2021 up to the 5% limit in 2025.
- The act states that *"In light of the prevailing socioeconomic challenges brought about by the Covid-19 pandemic, and to provide financial relief to our countrymen amidst these difficult times, please be informed that the President has directed PhilHealth to suspend the above-mentioned increase in premium rate and income ceiling for Calendar Year 2023."*
- PhilHealth explains that the price hike was meant to help in sustaining the level of benefits that members currently enjoy, but the government's statement on how Filipinos are still affected by Covid-19 convinced the corporation to delay their plans.

New SSS contribution rates for 2023

- A new Social Security System (SSS) contribution rate has been implemented in 2023 in compliance with the provisions given by Republic Act (RA) No. 11199, otherwise called the Social Security Act of 2018, which orders an increased SSS Contribution rate starting on the January of the year when it was implemented.
- The new SSS contribution rates are as follows:

		Share		Monthly Salary Credit	
Year of Implementation	Contribution Rate	Employer	Employee	Minimum	Maximum
2019	12%	8%	4%	PHP 2,000	PHP 20,000
2020	12%	8%	4%	PHP 2,000	PHP 20,000
2021	13%	8.5%	4.5%	PHP 3,000	PHP 25,000
2022	13%	8.5%	4.5%	PHP 3,000	PHP 25,000
2023	14%	9.5%	4.5%	PHP 4,000	PHP 30,000
2024	14%	9.5%	4.5%	PHP 4,000	PHP 30,000
2025	15%	10%	5%	PHP 5,000	PHP 35,000

- SSS president and CEO, Mr Michael Regino made a statement last year on 20 December 2022; where he clarified that these new rates are part of the “four-stage” contribution rate hike following RA 11199 and is meant to solidify a viable pension fund for its members that would have a life span reaching up to 2054.
- The Social Security Commission (SSC) Resolution No 751-S 2022 released on 25 November 2022, reveals that the new contribution rate will get a 1% increase. The previous 13% rate has become 14% since 1 January 2023, this change is stated to aid SSS members to increase their retirement savings via the mandatory provident fund program or the Worker’s Investment and Savings Program (WISP).

Revised Income Tax Table for 2023

- Good news arrives for Filipino employees, as the Tax Reform for Acceleration and Inclusion (TRAIN) Law has implemented an increased take-home pay for 2023, along with a reduction to the worker’s personal income taxes. The revisions to the TRAIN Law now decree that employees earning solely from compensation income and have a total taxable earning of **less than 8 million** yearly will receive lower taxes ranging from 15% to 30% beginning 1 January 2023.
- Additionally, those who have a taxable income **higher than 8 million** will get a 3% increase in their tax rate, going from 32% to 35%.

- The new Income Tax Table applicable from 2023 onwards can be seen below:

Annual Income	Tax Rate
PHP 250,000 and below	None (0%)
Above PHP 250,000 to PHP 400,000	15% of the excess over PHP 250,000
Above PHP 400,000 to PHP 800,000	PHP 22,500 + 20% of the excess over PHP 400,000
Above PHP 800,000 to PHP 2,000,000	PHP 102,500 +25% of the excess over PHP 800,000
Above PHP 2,000,000 to PHP 8,000,000	PHP 402,500 +30% of the excess over PHP 2,000,000
Above PHP 8,000,000	PHP 2.2025 million +35% of excess over PHP 8,000,000

Sources: BIR and www.pinoymoneytalk.com

For more information, go to:

- **Mazars in Philippines** website
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Singapore

Updates

Increase in CPF rates for 55+ year olds to help save more for retirement.

- Here are the increased CPF rates effective 1 January 2022:

Employee's age (in years)	Current employee contribution rate	Current employer contribution rate	Employee contribution rate from 1 January 2023	Employer contribution rate from 1 January 2023
55 and below	20%	17%	20%	17%
Above 55 to 60	14%	14%	15% (+1%)	14.5% (+0.5%)
Above 60 to 65	8.5%	10%	9.5% (+1%)	11% (+1%)
Above 65 to 70	6%	8%	7% (+1%)	8.5% (+0.5%)
Above 70	5%	7.5%	5%	7.5%

- Yearly increases
  - The Singapore Government has plans to progressively increase CPF contribution rates at the suggested rate of 1% per year over the next ten years, subject to economic conditions.
  - The goal is to bring contribution rates for employees aged 60 and below to full rates of 20% employee contribution and 17% employer contribution.
- Reference: Central Provident Fund Board

Changes to S Pass quota

- The S Pass quota refers to the percentage of foreign workers each employer can hire in proportion to the local workforce. The S Pass quota has been updated as follows effective 1 January 2023.

Sector	From 1 January 2023
Manufacturing Construction Marine shipyard Process	Change from 18% to 15% of total workforce
Services	No change

- Upcoming changes to S Pass eligibility

For more information, go to:

- **Mazars in Singapore** website
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Taiwan

Updates

Revision of basic wage (minimum wage)

- Effective 1 January 2023, the monthly basic wage (minimum wage) will be raised from NT$25,250 to NT$26,400 and the hourly basic wage (minimum wage) from NT$168 to NT$176.

Revision of Labour Insurance premium rate

- Effective 1 January 2023, the Labour Insurance premium rate (ordinary accident) will be raised from the current 11.5% to 12% (including 1% for employment insurance) according to the Labour Insurance Regulations.

Revision in National Health Insurance for employer and government contributions

- Effective 1 January 2023, the average number of dependents will be adjusted from 0.58 to 0.57, which will reduce both the employer and government contributions.

For more information, go to:

- **Mazars in Taiwan** website

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Thailand

Updates

A tax deduction for individual taxpayers of up to 40,000 baht when purchasing goods or services between 1 January and 15 February 2023

- On 29 December 2022, the Royal Gazette published Ministerial Regulation No. 386 to stimulate spending by encouraging individual taxpayers to purchase more goods or services from businesses registered for VAT, including books, e-books, and OTOP products from businesses not registered for VAT, between 1 January and 15 February 2023. Taxpayers can deduct an amount up to that actually paid, but no more than 40,000 baht, for the 2023 tax year.
- Readers should also note the following:
    - Expenses for petrol can also be claimed.
    - The first 30,000 baht to be claimed can be from either paper or electronic tax invoices/receipts.
    - The remaining 10,000 baht can be claimed from electronic tax invoices/receipts only.
- However, some goods or services, such as cigarettes, alcoholic drinks, newspapers, magazines, e-newspapers, e-magazines, cars, motorcycles, boats, travel packages, accommodation, utility bills, and insurance premiums are not tax deductible.
- For more information, see Ministerial Regulation No. 386 (in Thai)

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- **Mazars in Thailand** website
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Vietnam

Updates

Change in the practice of applying for work-permit in Vietnam

- In the context of global integration, Vietnamese Government has been creating more favourable conditions for enterprises in Vietnam to recruit foreign employees. However, in practice, the Work Permit ("WP") application procedure is still facing many administrative difficulties, especially in localities due to differences in interpretation of laws and instructions on conditions and procedures.
- Recently in Ho Chi Minh City, enterprises applying for approval of demand for recruiting foreign employees must prove that they have endeavoured to recruit the Vietnamese for the same position. This requirement results in certain difficulties for enterprises, as we noticed below.

Sudden change in practice of using explanation form

- Previously in Ho Chi Minh City, when applying for approval of demand for recruiting foreigners for a new position, Form 1/PLI (Explanation on demand for recruiting foreign employees) of Decree 152/2020/ND-CP ("Decree 152") was used by all enterprises regardless of whether they had recruited any foreign employee or not. From October 2022, Department of Labour, War Invalids and Social Affairs of Ho Chi Minh City ("DOLISA") has issued new instructions, whereby, if there is a position approved for foreign employees, the enterprises shall have to use Form 2/PLI of Decree 152 (Explanation on changes in demand for recruiting foreign employees) when applying for approval of a new demand.
- The aforesaid instructions of DOLISA are consistent with the provisions of Decree 152 as well as the practice of using statutory forms in other localities (such as Hanoi or Da Nang). Nevertheless, this sudden change has caused difficulties for many enterprises, especially when they are in urgent need for WP, but the competent signatories are not in Vietnam. In addition, the enterprises shall have to submit, together with Form 2/PLI, all approvals of demand for recruiting foreign employees and WPs previously issued which are still valid up to the date of the new submission.

Reasons for enterprises' recruitment of foreign employees are considered more strictly (the enterprises have to prioritize recruiting Vietnamese employees)

- The enterprises must state clearly in the application dossiers the reasons for not being able to recruit Vietnamese employees for a specific position (such as during the recruitment process, which criteria in the job description that Vietnamese employees fail to meet, etc.), and provide documents proving the Vietnamese employees' disqualification despite the recruitment efforts of enterprises (such as recruitment notices, job postings, recruitment plans, alternative methods to train Vietnamese employees). It definitely wastes time and efforts of enterprises in order to satisfy such requirements.

Time for processing an application is prolonged

- Time for processing an application for a WP in Ho Chi Minh City, in practice, often lasts much longer than the statutory time limit. Step 1 (application for approval of demand for recruiting foreign employees) may take up to 1 month (whilst it is 10 working days under the regulations). Issuance of a WP (Step 2, after the demand is approved) usually takes about 2 weeks (while it is 5 working days under the regulations). This delay results from the fact that the enterprises have to submit the application dossiers online while there is a huge number of applications being processed at the DOLISA. The strict consideration of reasons for recruiting foreign employees now may even lengthen this processing time since the DOLISA could request the enterprises to provide further explanation and additional supporting documents.
- The enterprises should pay attention to this issue when determining the starting date of foreign employees to avoid affecting the business plan as well as the foreigner's visa term (if any) since recently, the Immigration Department has applied more strict requirements on visa application. For instance, persons submitting the visa application dossiers on behalf of an enterprise must be employed by such enterprise and must present their labour contracts, documents proving that they receive salary, pay taxes and social insurance contributions from such enterprise, etc. Furthermore, if visa extension is required due to the lengthened WP application process, normally, the maximum extended term is only 1 month for each entry/exit.

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