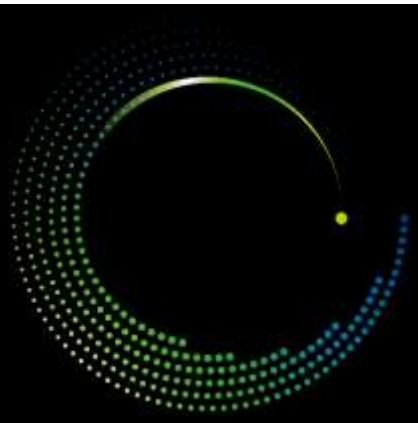
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International Tax

Brunei Darussalam Highlights 2025

Updated March 2025



Investment basics

Currency: Brunei Dollar (BND)

Foreign exchange control: There are no foreign exchange controls in Brunei Darussalam (Brunei), although exchanges and movements of currency are monitored. Nonresident bank accounts are permitted, and there are no restrictions on borrowing by nonresidents.

Accounting principles/financial statements: IFRS is required for public interest entities (PIEs). Non-PIEs must comply with Brunei Darussalam Accounting Standards for non-PIEs.

Principal business entities: These are the public/private limited company, partnership, sole proprietorship, and branch of a foreign company. A foreign company must register with the Registrar of Companies before establishing a place of business or commencing business activities in Brunei.

Corporate taxation

Rates	
Corporate income tax rate	18.5% on a threshold basis
Branch tax rate	18.5% on a threshold basis
Capital gains tax rate	0%

Residence: A company is resident in Brunei if it is managed and controlled in Brunei.

Basis: A company is subject to tax on income accruing in or derived from Brunei or received in Brunei from outside Brunei. Branches are taxed in the same way as subsidiaries.

Taxable income: Taxable income includes income derived from a trade or business, as well as investment income, including dividends received from companies not previously assessed to tax in Brunei, interest, and royalty income. Certain income is exempt, e.g., dividends received from a company subject to tax in Brunei and income of specific government and nonprofit organizations.

Rate

General

The corporate income tax rate is 18.5% and is charged on a threshold basis as follows:

- Twenty-five percent of the first BND 100,000 of assessable income is charged at 18.5%;
- Fifty percent of the next BND 150,000 of assessable income is charged at 18.5%; and
- The full amount of the remaining assessable income is charged at 18.5%.

Petroleum income tax at 55% applies to petroleum operations of oil and gas companies.

Companies with revenue that does not exceed BND 1 million are exempt from corporate income tax.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Brunei has not made any official announcements regarding the implementation of rules that generally are in line with the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: See "Taxable income," above.

Capital gains: There is no tax on capital gains.

Losses: Losses may be carried forward for six years but may not be carried back.

Foreign tax relief: A tax credit is available for tax paid on foreign-source income in a Commonwealth of Nations jurisdiction that provides reciprocal relief, but it is limited to the tax assessed at one-half of Brunei's tax rate.

Participation exemption: There is no participation exemption regime.

Holding company regime: There is no holding company regime.

Incentives: A tax exemption may be available for pioneer industry companies.

Tax credits are available for certain salaries and training expenditure.

Companies dealing with exports can opt to pay tax at a fixed rate of 1% on approved exports, in lieu of corporate income tax.

Compliance for corporations

Tax year: The tax year is the calendar year.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: An e-filing system (OCP-STARS) applies. The deadline for filing a return is 30 June of the year following the taxable period. Advance tax on estimated chargeable income must be paid within three months after the company's financial year end.

Penalties: A fine of BND 10,000 and imprisonment for 12 months may be imposed for failure to file.

Rulings: Advance rulings are not granted.

Individual taxation

Rates	
Individual income tax rate	0%
Capital gains tax rate	0%

Residence: Individuals are resident if they reside in Brunei and are physically present or exercise an employment (other than as a director of a company) in Brunei for 183 days or more in the preceding year of assessment.

Basis: Although the Income Tax Act provides for the taxation of income derived by individuals, such income is exempt from tax under the second schedule of the act. Remuneration paid to a nonresident director is subject to a 10% withholding tax.

Taxable income: There is no taxable income.

Rates: See above under "Basis."

Capital gains: Brunei does not tax capital gains.

Deductions and allowances: There are no deductions or allowances, as income is not taxable.

Foreign tax relief: The Income Tax Act provides for a tax credit for tax paid on foreign-source income in a Commonwealth of Nations jurisdiction that provides reciprocal relief, limited to the tax assessed at one-half of Brunei's rate. However, income received by individuals is exempt from tax under the second schedule of the act.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: There is no filing status, as there are no filing requirements.

Filing and payment: There are no filing or payment requirements.

Penalties: There are no penalties, as filing and payments are not required.

Rulings: Advance rulings are not granted.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%	0%	0%	0%
Interest	0%	0%	2.5%	2.5%
Royalties	0%	0%	10%	10%

Dividends: Brunei does not impose withholding tax on dividends that have been assessed to tax, regardless of whether paid to a resident or a nonresident.

Interest: Interest paid to a nonresident is subject to a 2.5% withholding tax, unless the rate is reduced under an applicable tax treaty. Interest paid to a resident is not subject to withholding tax.

Royalties: Royalties paid to a nonresident are subject to a 10% withholding tax, unless the rate is reduced under an applicable tax treaty. Royalties paid to a resident are not subject to withholding tax.

Fees for technical services: Technical service fees and fees for the use of scientific, technical, industrial, or commercial knowledge or information paid to a nonresident are subject to a 10% withholding tax, unless the rate is reduced under an applicable tax treaty. Technical service fees paid to a resident are not subject to withholding tax.

Branch remittance tax: There is no branch remittance tax.

Other: Remuneration paid to a nonresident director and management fees paid to a nonresident are subject to a 10% withholding tax. A 10% withholding tax also is imposed on rent or other payments made to a nonresident for the use of movable property.

Anti-avoidance rules

Transfer pricing: There are no transfer pricing rules.

Interest deduction limitations: There are no interest deduction limitations.

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: There are no disclosure requirements.

Exit tax: There is no exit tax.

General anti-avoidance rule: The tax authorities can disregard certain transactions and dispositions if they are satisfied that the purpose or effect of an arrangement is to directly or indirectly reduce or avoid a liability to tax.

Value added tax

Brunei does not have a VAT or sales tax.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: A national retirement scheme (Skim Persaraan Kebangsaan) applies. The employer contribution rates are BND 57.50 (for monthly salary up to BND 500), 10.5% (for monthly salary above BND 500 and up to BND 1,500), 9.5% (for monthly salary above BND 1,500 and up to BND 2,800), and 8.5% (for monthly salary above BND 2,800).

Payroll tax: There is no payroll tax.

Capital duty: There is no capital duty.

Real property tax: Although no taxes are levied on property, a 12% building tax is levied on buildings located in Bandar Seri Begawan.

Transfer tax: There is no transfer tax.

Stamp duty: Stamp duties are levied at fixed or ad valorem rates on various business documents.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Tax treaties: Brunei has concluded more than 15 tax treaties.

Tax authorities: Revenue Division under the Ministry of Finance and Economy

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