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Indonesia

Update on implementing regulation related to taxation on benefits in-kind (BIKs) and/or enjoyment

On 27 June 2023, the Government issued a Minister of Finance Regulation Number 66 Year 2023 (“PMK-66”) regarding ‘Income Tax Treatment for Remuneration/Compensation in relation to Works or Services Received or Earned in the Form of BIKs and/or Enjoyment’, which becomes effective from 1 July 2023. This implementing regulation is the derivative of previously issued Law No 7 Year 2021 (“HPP Law”) and Government Regulation No 55 Year 2022 (“PP-55/2022”) and provides more detail information such as the type of BIKs and/or enjoyment that are exempted from tax.

In general, PMK-66 stipulates that the following type of BIKs and/or enjoyments are exempted from income tax:

- Gifts from employer to all employees in the form of, among others, groceries, beverage ingredients, meals, and drink, in the context of religious holidays (Eid al-Fitr, Christmas, Silent Day, Vesak Day, or Chinese New Year).
- Gifts from employer to employee other than in the context of religious holidays as mentioned in point 1 and the total amount does not exceed IDR 3 million per employee in one fiscal year.
- Work equipment and facilities required to support the employee’s work such as computers, laptops, mobile phones, as well as phone credits and internet connections.
- Healthcare facilities and medical treatments from the employer to employee and provided in the context of handling work accidents,

work-related illness, life-saving emergencies, continuous treatment due to work accidents and/or work-related diseases.

- Sports facilities from the employer for the employee, except golf, horse racing, power boating, gliding, and/or automotive sport, and the total value is not more than IDR 1.5 million per employee in one fiscal year.
- Accommodation facilities provided by employer for the employee that are communal (shared), such as mess rooms, hostels, dormitories, or barracks.
- Accommodation facilities from employer for the employee whose utilization is held by individuals such as apartments and houses, provided that the amount does not exceed IDR 2 million for each employee in one month.
- Vehicle facilities provided by the employer for the employee, provided that the employee is not a shareholder, and in the last 12 months the employee received an average gross income of up to IDR 100 million per month.
- Contribution to pension fund which establishment has been approved by the Financial Services Authority (Otoritas Jasa Keuangan/OJK) that are received by the employee.
- Religious facilities such as prayer rooms, mosques, chapels, and temples as long as these facilities are solely intended for worship.
- All benefits in kind and/or enjoyment received during 2022 provided to the employees or service providers.

Transition provisions

The previously issued PP-55/2022 stipulates that employer is obliged to withhold income tax on BIKs and/or enjoyments starting from 1 January 2023, while PMK-66 mentioned that employer is exempted from withholding tax requirement on any BIKs and/or enjoyments provided to employees from January to June 2023.

The BIKs and/or enjoyments received by employees from 1 January to 30 June 2023 which tax has not been withheld by the employer, then the tax must be calculated, paid, and reported by the employees in their 2023 Annual Individual Income Tax Return.

Follow-up actions

By noting that more detailed guidelines have been provided in this PMK-66, there are several points that we would like to highlight to your attention:

- Companies need to identify any BIKs provided to its employees and determine the taxability according to this new regulation, incl. preparing supporting document for calculating the BIK value.
- The company to decide on the party that should bear the tax due on BIKs and/or enjoyments and provide sufficient information to the employees if there is additional tax due that will be borne by employees.
- If the company already took position differently from this PMK-66, the company may want to revisit the position and to decide on the next course of actions.

Malaysia

Department Of Labour Peninsular Malaysia

The Department of Labour Peninsular Malaysia recently updated its forms in relation to reporting on the employment and termination of foreign employees respectively.

1. Report on Employment of Foreign Employees

Form PA 1/13 relates to the duty of an employer to report on the employment of foreign employees as required under Section 60K (1) Employment Act 1955.

This form is to be completed by employers and submit two (2) copies each time a foreign employee is employed, and shall be submitted to the nearest Labour Office within fourteen (14) days of said employment.

Failure to comply with section 60K(1) of the Employment Act 1955 is an offence under section 60K(5) of the Act and if convicted may be fined not more than RM 10,000.

Click [here](#) to access Form PA 1/13.

2. Report on Termination Of Foreign Employees

Form PA 2/13 relates to the duty of an employer to report on the termination of foreign employees as required under Section 60KA Employment Act 1955.

Every employer is required to complete and submit two (2) copies of Form PA 2/13 to the nearest Labour Office each time the services of the foreign employee is terminated.

- a) Within 30 days from the date of termination of service of foreign employee due to the following reasons:
 - i. Termination of service by the employer;
 - ii. Expiration of work pass issued by the Immigration Department except for renewal;
 - iii. Deportation of the foreign employee to his country of origin;
- b) Within 14 days from the date of termination of service of foreign employee due to the following reasons:
 - i. Termination of service by the employee; or
 - ii. Abscondment.

Click [here](#) to access Form PA 2/13.

Failure to comply with section 60KA of the Employment Act 1955 is an offence under section 99A of the Act and if convicted may be fined not exceeding RM 50,000.

Singapore

Legislative amendments on conducting general meetings by electronic means

The Singapore Companies, Business Trusts and Other Bodies (Miscellaneous Amendments) Bill was passed by the Singapore Parliament on 9 May 2023 to enable the conduct of virtual or hybrid meetings for companies, business trusts, variable capital companies and the Singapore Labour Foundation.

Other amendments are to facilitate digitalisation, enhance the ease of doing business and strengthen the regulatory framework.

These amendments took effect on 1 July 2023 and the key amendments are as follows:

- Provide companies with clarity and flexibility in holding fully virtual and hybrid company meetings, while ensuring that shareholders' rights are upheld.
- Require companies to accept proxy instructions given electronically instead of leaving this to be stipulated in the company's constitution.
- Allow relevant intermediaries to appoint multiple proxies to attend and vote at schemes of arrangement meetings.
- Reduce the disqualification period for first-time disqualified directors from 5 years to 3 years to better reflect the culpability of the director and empower the Registrar to grant disqualified directors the permission to act as director.
- Provide greater protection to minority shareholders with the revised manner of computing the threshold required for compulsory acquisition of shares.
- Increase maximum penalties imposed for offences relating to not having true and fair financial statements in compliance with the Accounting Standards in Singapore.

Vietnam

On 14 May 2023, the Government issued the Decree No. 24/2023/ND-CP ("Decree 24") regulated the Common Wage for civil servants, public employees and armed forces.

According to the Decree 24, the minimum salary is increased by 21% from VND 1,490,000/month to VND 1,800,000/month from 1 July 2023.

Consequently, the capped salary of Social insurance, Health insurance and Trade Union contribution shall be increased from VND 29,800,000/month to VND 36,000,000/month while the cap of Unemployment insurance remains unchanged. This results to increase of employment cost and employees' deduction relating to the employees whose salaries are higher than the cap.

Capped salary for Social Insurance, Health Insurance and Trade Union contribution

Before 1 July 2023	From 1 July 2023 onwards
VND29,800,000 (20 * 1,490,000)	VND36,000,000 (20 * 1,800,000)



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