

Asset level exit taxes and structuring considerations



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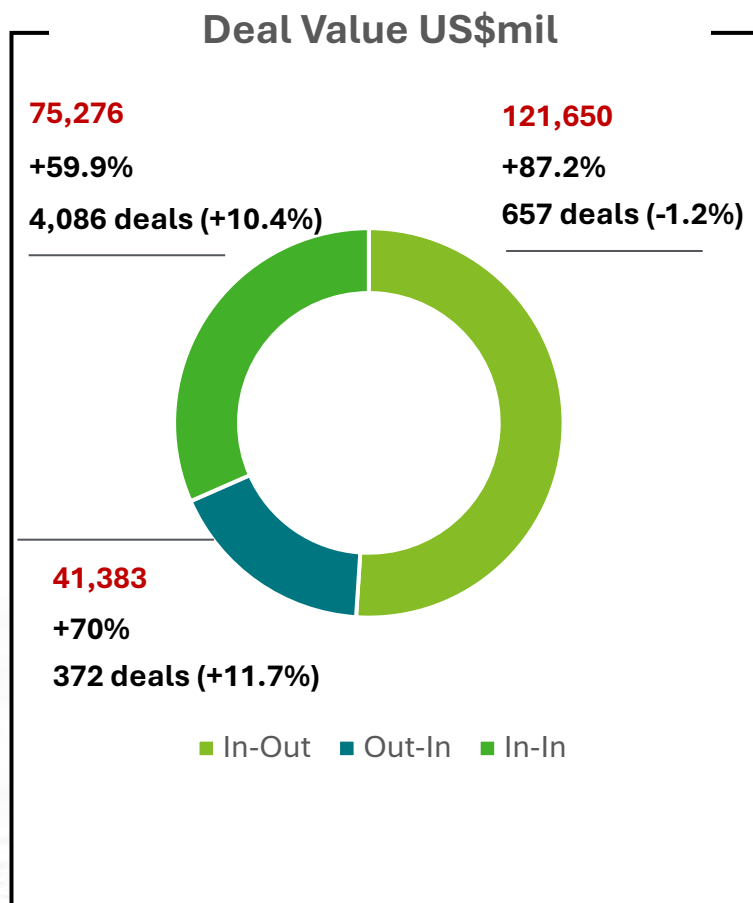
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Country Updates

Japan

Japan

2025 M&A activity



In-Out	
Region	Deal value US\$mil
Asia/ASEAN	12,035
Europe	18,138
North America	82,741
Latin America	240
Oceania	8,478
Middle East	9
Africa	10
Total	121,650

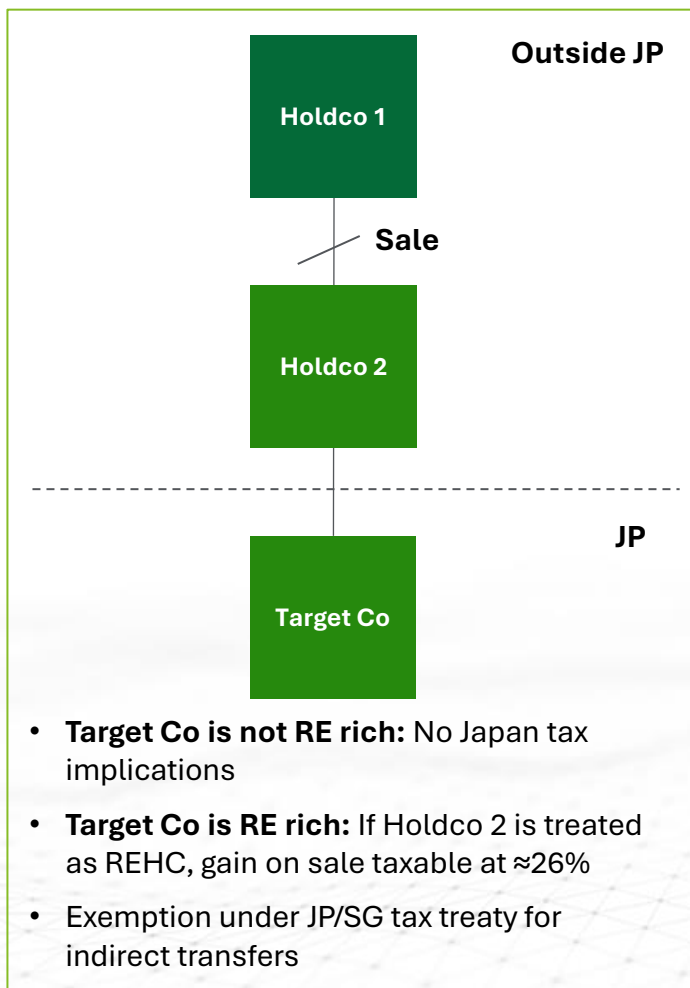
- **Record transaction and deal volume, JPY350bil (≈ USD 238bil) representing 74% increase**
- **Factors driving M&A**
 - Changing demographics forcing Japanese companies to seek growth through overseas/domestic acquisitions
 - Portfolio restructuring resulting from corporate governance reforms and increasing shareholder activism
 - Continued JPY weakness
 - Active PE participation
- **Major transactions**
 - Domestic take-private
 - Toyota Motors US\$3bil bid for Toyota Industries
 - Nippon Telegraph and Telephone US\$16bil bid for NTT Data
 - Private equity
 - Bain Capital US\$5.5bil acquisition of Seven & I Holdings supermarket and specialty store business
 - Other
 - MUFG US\$4.4bil acquisition of 20% stake in Shiram Finance
 - Softbank US\$6.6bil acquisition of Ampere Computing

Source: RECOF DATA Corporation

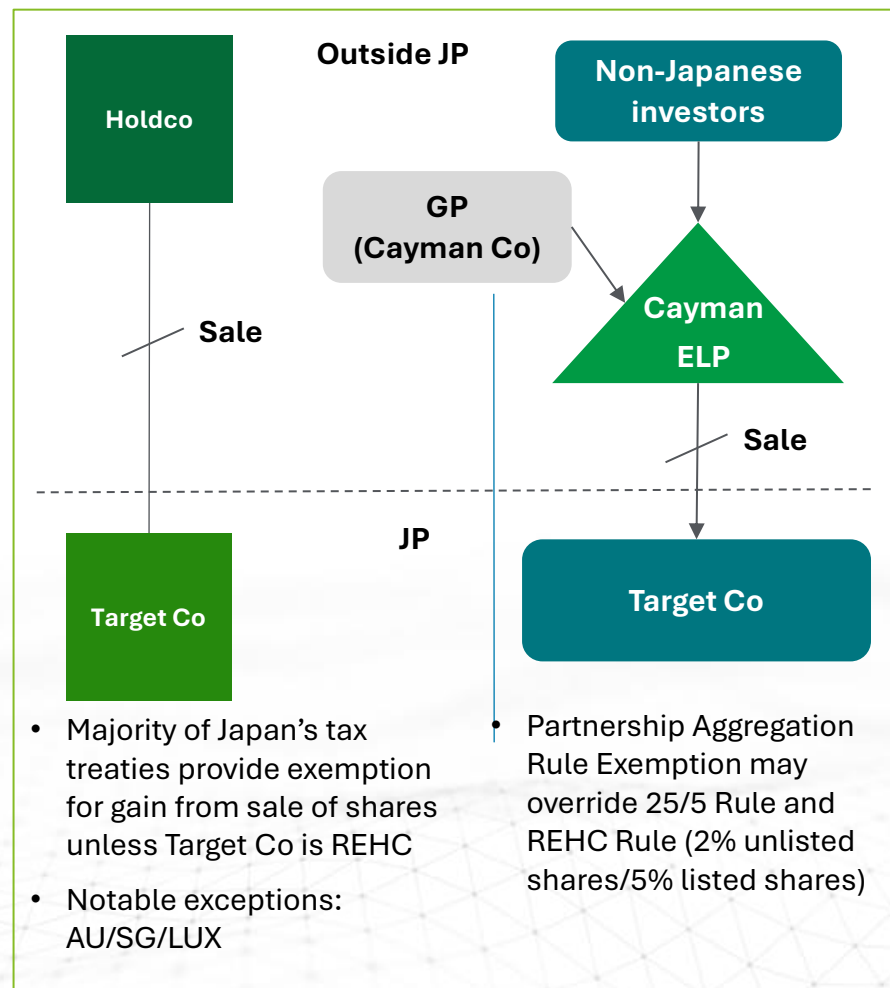
Japan

Exit options comparison

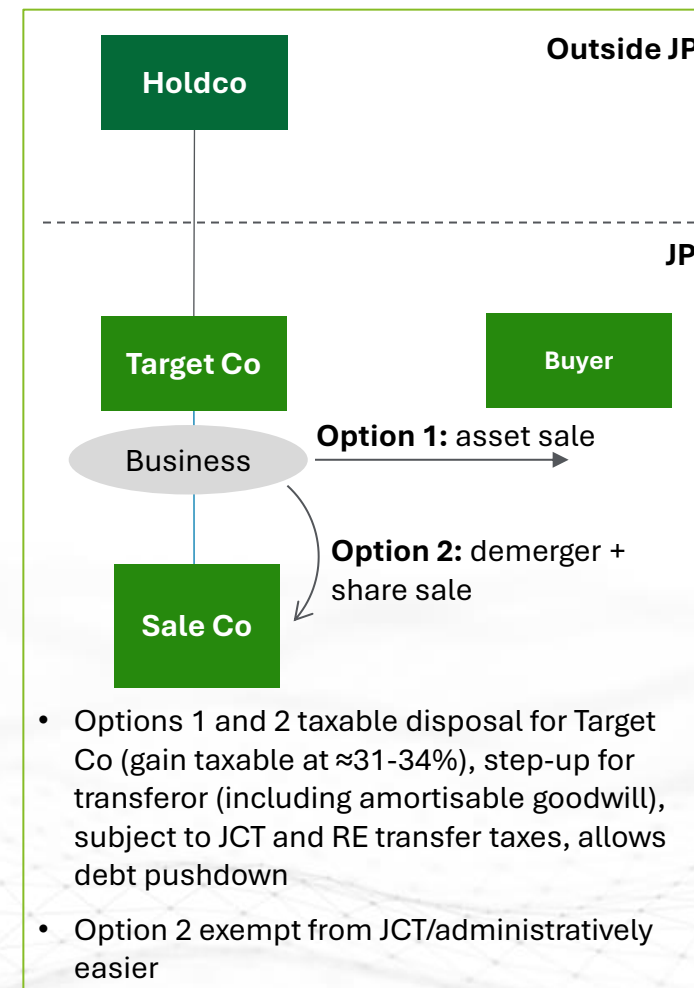
Indirect share transfer



Non-PE Direct share transfer PE



Asset deal



Overview

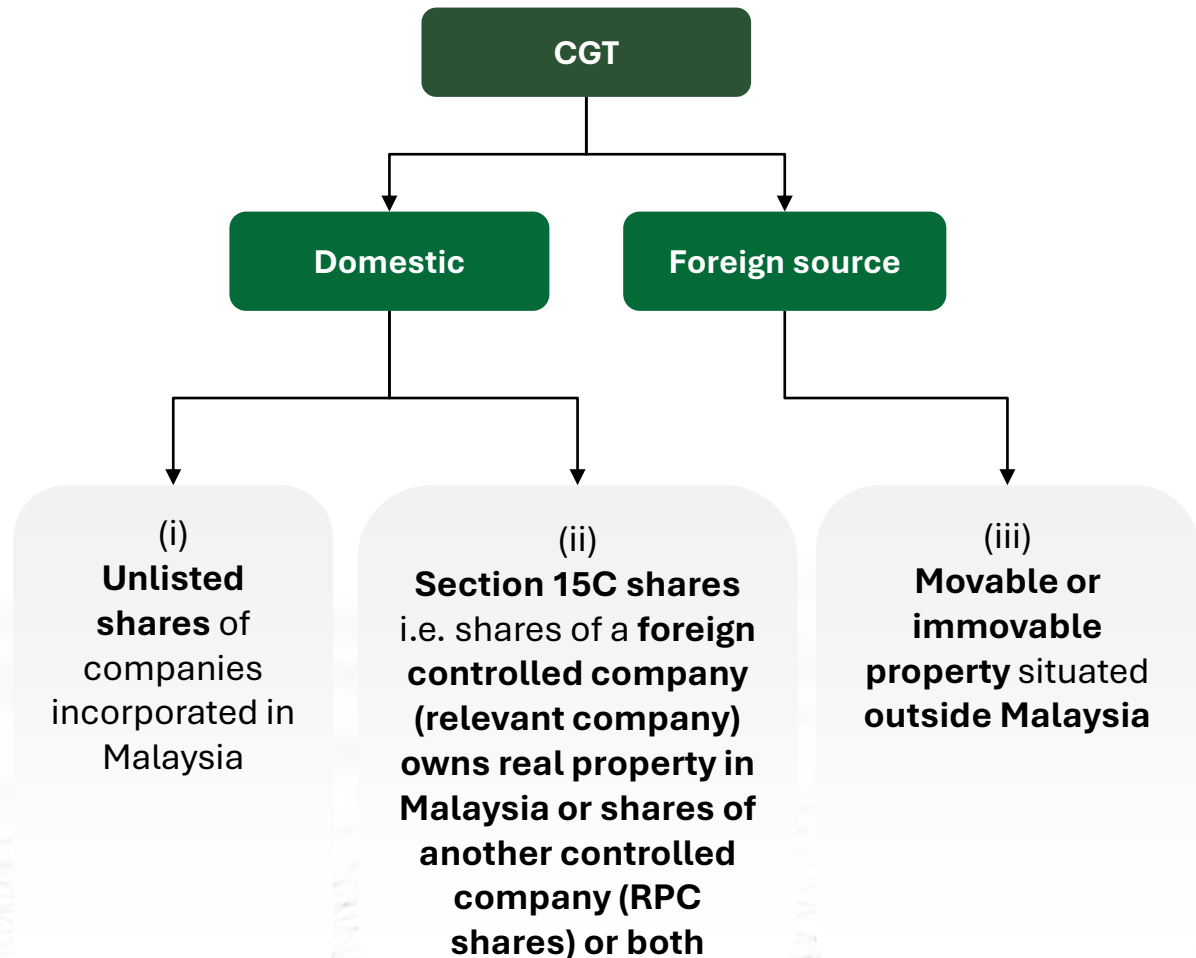
Southeast Asia Private Equity Buyout Activity (2025) & Outlook

- **In 2025, 57 PE buyout deals totaling US\$6.9bil**, a 26% decrease in deal value from 2024's US\$9.4 bil across 74 deals
- Mid-market deals remained robust, especially in healthcare, consumer, and software sectors
- TMT dominates at **38% of total deal value**
- **Singapore**: half of deal count and 70% of deal value,
- **Malaysia**: strong performance with healthcare and digital infrastructure deals
- **Indonesia**: Focuses on consumer-adjacent sectors like healthcare and hospitality
- **Vietnam**: Growth driven by capital deployment in growth-stage sectors especially in healthcare, consumer, education, and digital infrastructure
- The outlook for SEA deal activity in 2026 remains positive, supported by favorable demographics, expanding middle class, and lower interest rates

Country Updates

Malaysia

Capital Gains Tax Overview



Chargeable persons

- Company
- Limited liability partnership (LLP)
- Trust body
- Co-operative society



Applicable tax rate

Disposal of capital asset	Tax rate applicable
Shares under categories (i) and (ii) acquired before 1 Jan 2024	10% on gain or 2% of gross disposal price
Shares under categories (i) and (ii) acquired on or after 1 Jan 2024	10% on net gain
Category (iii)	At prevailing tax rates (e.g., 24% for companies)

Disposal includes reduction of share capital, purchase of own shares, redemption and conversion of shares, winding up and any circumstances that result in the cessation of share ownership.

Capital Gains Tax

Available exemptions

Gains from **disposal of foreign capital asset** (excluding IP rights)

- Subject to **economic substance requirements**:
 - **Adequate number of employees** in Malaysia
 - **Adequate amount of operating expenditure** in Malaysia

Effective:

1 Jan 2024 to 31 Dec 2026
(Extended until 31 Dec 2030)

Gains from disposal of unlisted shares for an **initial public offering (IPO)**

- Disposal is in relation to **restructuring of any company for an IPO**
- **Application for IPO for listing** on the Main Market of Bursa Malaysia, ACE Market or LEAP Market **is required**

Effective:

1 Mar 2024 to 31 Dec 2028

Gains from disposal of unlisted shares in relation to **restructuring to increase efficiency in operation**

- Scheme for **restructuring of companies** in the same group to **increase operational efficiency**
- **At least 75%** of the consideration shall consist of **shares in the acquirer company** to the disposer

Effective:

1 Mar 2024 to 31 Dec 2028

Gains from disposal of shares by **unit trust**

- Applicable to **shares under categories (i) and (ii)**
- Excluding **REITs and listed Property Trust Funds**

Effective:

1 Jan 2024 to 31 Dec 2028

Share Deal vs Asset Deal

Key Tax Considerations

Tax Considerations	Share Deal	Asset Deal
VAT/GST	<ul style="list-style-type: none"> No GST/VAT tax regime. No sales and service tax implications on disposal of shares and assets.. 	
Transfer of tax liabilities	<ul style="list-style-type: none"> There is no transfer of tax liabilities applicable. 	
Loss of tax attributes	<ul style="list-style-type: none"> Only applicable in the case of major change in shareholding of a dormant company. 	<ul style="list-style-type: none"> The tax attributes remains with the company and not transferable.
Stamp duty	<ul style="list-style-type: none"> 0.3% on the value of shares 	Depending on the type of instruments being executed for the asset deal. <ul style="list-style-type: none"> Transfer of marketable securities—0.3% Transfer of real properties and other selected assets—1% to 4%
Capital gains tax	<ul style="list-style-type: none"> CGT @ 10% on gain or 2% on gross proceed. Maximise distribution of retained earnings to reduce capital gains tax exposure. 	<ul style="list-style-type: none"> Balancing charge or balancing allowance if capital allowances have been claimed on the asset previously. No tax implication on goodwill and amortisation/impairment of goodwill.

Repatriation of Profits

Tax Considerations

Form	In Malaysia	Outside of Malaysia
Dividend	<ul style="list-style-type: none"> Exempted as single tier dividends in the hands of recipients. 2% dividend tax is applicable in the case of individual recipient with on dividend in excess of RM100,000 	<ul style="list-style-type: none"> No withholding tax on dividend is applicable
Interest	<ul style="list-style-type: none"> Taxable in the hands of recipient at the prevailing income tax rate (i.e., 24%) 	<ul style="list-style-type: none"> Withholding tax at the rate of 15% Reduced tax treaty rate may be applicable
Royalty	<ul style="list-style-type: none"> Taxable in the hands of recipient at the prevailing income tax rate (i.e., 24%) 	<ul style="list-style-type: none"> Withholding tax at the rate of 10% Reduced tax treaty rate may be applicable
Management Fees	<ul style="list-style-type: none"> Taxable in the hands of recipient at the prevailing income tax rate (i.e., 24%) 	<ul style="list-style-type: none"> Withholding tax at the rate of 10% is applicable on the payment for services rendered in Malaysia Reduced tax treaty rate may be applicable Services rendered outside of Malaysia is exempted from Malaysian withholding tax.

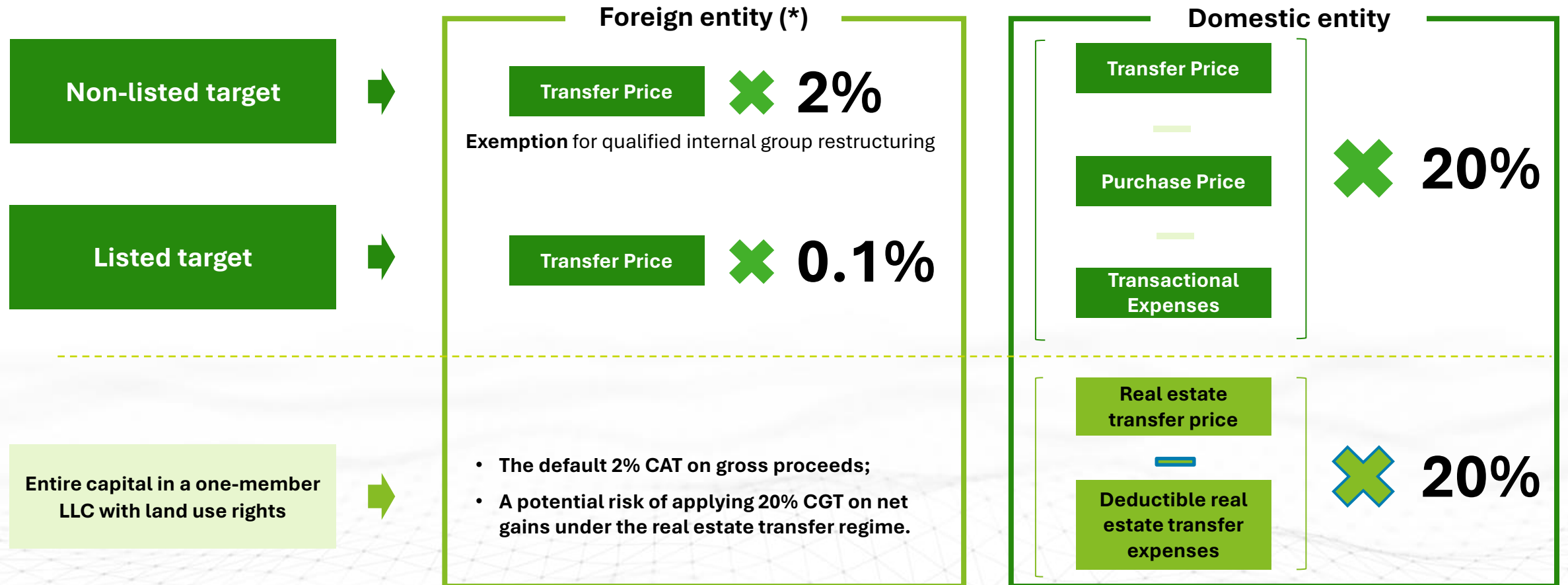
Country Updates

Vietnam

Vietnam

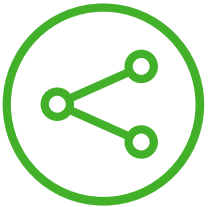
CIT Law reform - New Capital Assignment Tax (CAT) taxing scheme for foreign transferor (1/2)

From 15 Dec 2025, Decree 320/2025/NĐ-CP guiding the new CIT Law No. 67/2025/QH15 introduces substantial reforms to the taxation of share transfers.



(*) The **new CIT Law** reinforces the taxation of **both indirect and direct** share transfers of Vietnamese entities.

Intragroup restructuring exemption for foreign entities



Tax exemption is available for certain internal group restructuring that satisfies **both** of the following conditions:

- The ultimate parent entity and ownership structure **remain unchanged**
- **No income** arises from the restructuring

Grey areas

- × Which type of share transfer is considered **internal restructuring**?
- × How the parties can prove that **no income** arises from the internal restructuring?
- × Whether **transferring at cost** for the internal restructuring is allowable?

Vietnam

Compliance procedures for foreign transferors

Who to file the tax return?

- **Vietnamese buyer:** withhold and pay CIT for foreign transferor
- **Foreign buyer:** Vietnamese target responsible for CIT obligations.



When to pay tax?

- Within **10 days** from the date the tax obligation arises.



Tax filing method

- **CIT return** is submitted online
- Supporting documents to justify CGT calculation base are maintained by filing party to explain with the tax authority upon request



CIT filing on share transfer

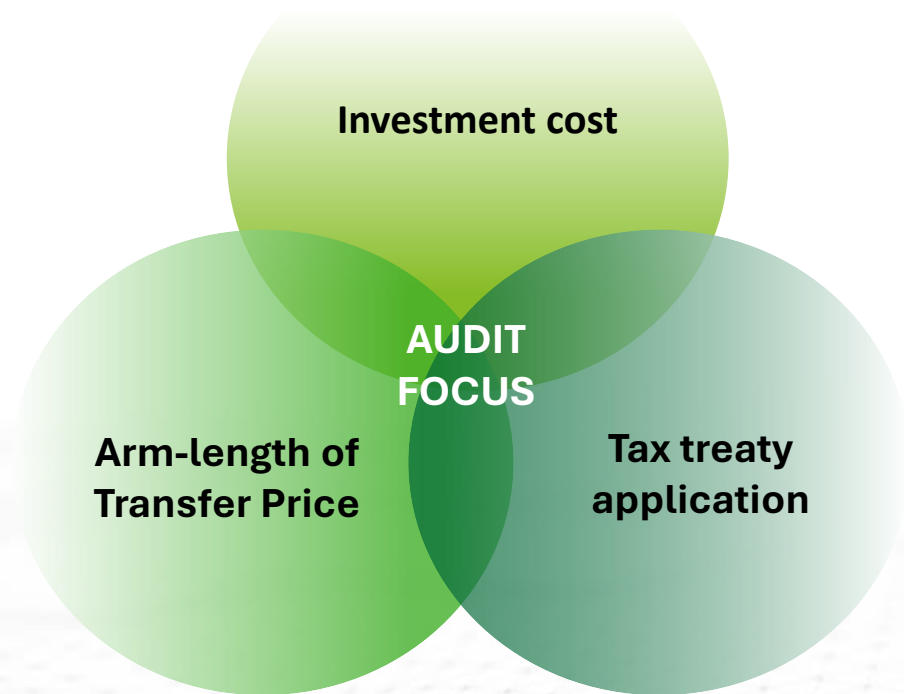
CIT declaration form under the new taxing scheme has not yet been officially introduced.

Transfer of sales proceeds

In case **the buyer is a Vietnamese entity**, the payment of the transfer price must be conducted via the **Vietnamese target's Direct Investment Capital Account (DICA)**. Otherwise, it is not required to conduct via DICA.

Vietnam

Latest trends in tax audits on CAT



1. Investment cost

Challenges Regarding Investment Costs: Tax authorities are placing increasing emphasis on scrutinising the cost of investment, including factors such as:
The exchange rate applied to determine investment costs (e.g., original FX rate versus FX rate on the transaction date);
The requirement for supporting documentation to substantiate investment costs.

2. Arm-length of Transfer Price

The arm's length basis for transfer pricing continues being a primary focus for tax authorities in capital transfer transactions, as evidenced across numerous tax audits

3. DTA application

While the statutory deadline for tax authorities to confirm or reject DTA applications in capital transfer cases is capped at 30–40 days, the actual handling process often extends considerably—sometimes even spanning years without resolution.
In practice, the tax authorities conduct meticulous assessments of these applications, including investigating potential treaty abuse for DTA shopping.

Country Updates

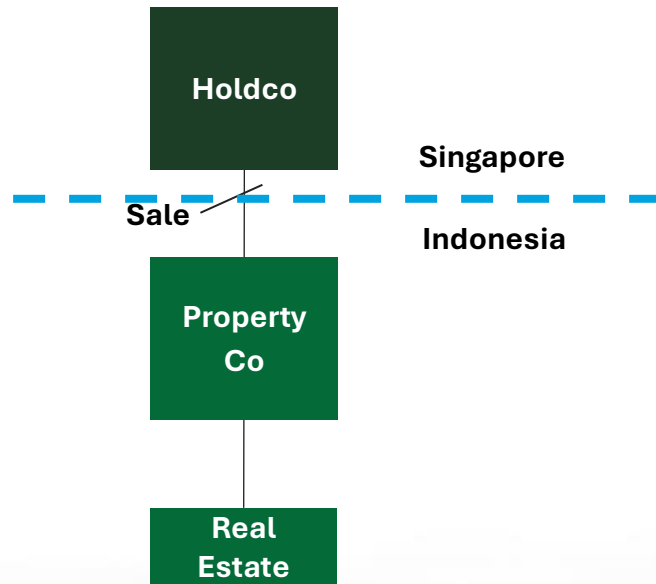
Indonesia



Indonesia

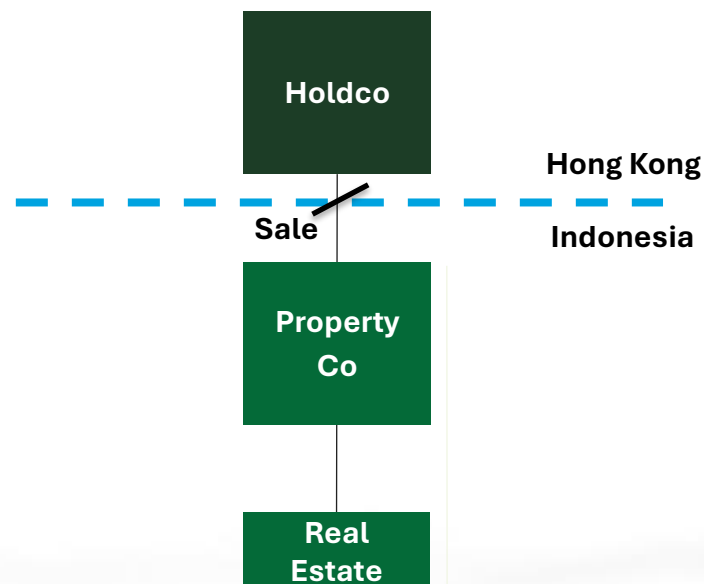
Shares Transfer of Indonesian Land Rich Entity

Share transfer of IndoCo by SG HoldCo



- Holdco owns at least 50% of shares in PropertyCo where the asset of PropertyCo is more than 50% directly or indirectly derived from immovable property: taxable in Indonesia
- Exemption is available if
 - the transfer relates to merger, scission, reorganisation or similar operation AND
 - the immovable property is used to carry on business

Share transfer of IndoCo by HK HoldCo



- Holdco owns shares in PropertyCo where the asset of PropertyCo is more than 50% is derived from immovable property: taxable in Indonesia
- Exemption is available if
 - the transfer relates to merger, scission, reorganisation or similar operation OR
 - More than 50% of the value of the immovable property is used to carry on business

Factors to consider

1. Substance test
 1. Own fixed asset and non fixed asset to run business other than just the asset generating income from Indonesia
 2. Has employee that is qualified to run business
 3. Has active income other than income from dividend interest royalty from Indonesia
 4. The main purpose is not to benefit from tax treaty with Indonesia
2. Misuse of tax treaty can be verified from among other below tests:
 1. Who is true beneficial owner
 2. Percentage and threshold of holding of shares for dividend
 3. Percentage and threshold of holding period of immovable property for capital gain
 4. Limitation of benefit and principal purpose test



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