



DEZAN SHIRA & ASSOCIATES

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DOING BUSINESS IN ASIA

USPAACC BUSINESS LEADERSHIP SERIES

Richard Cant, North American Director
April 26th, 2016

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About Dezan Shira & Associates

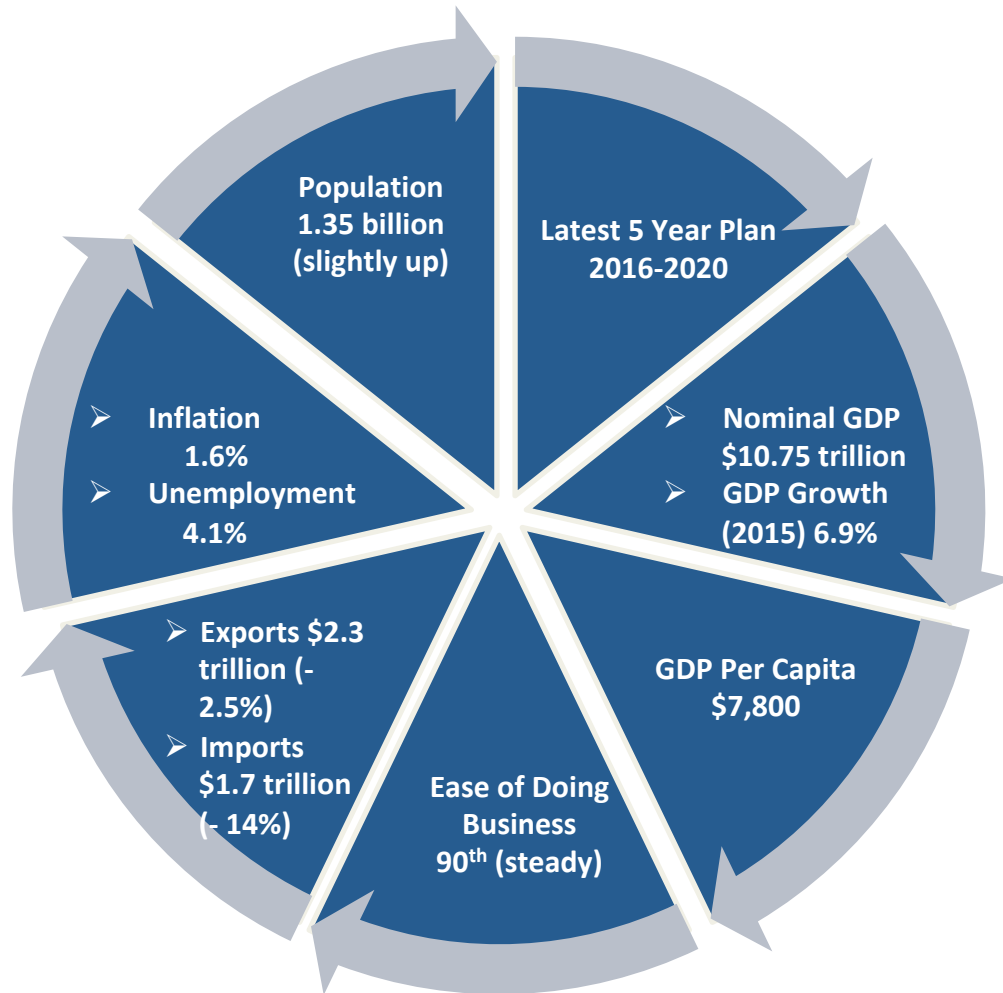
Specialist Foreign Direct Investment Practice

- ✓ Our services include: Corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence and financial review services to multinational companies investing in Asia.
- ✓ Since 1992, the firm has grown into one of Asia's most versatile full-service consultancies with 24 operational offices across Asia.
- ✓ The firm has won several prestigious international awards for innovation and best practice and currently employs over 200 legal, tax, accounting and audit professionals servicing multinational retained clients from some 80 different countries.

Asia & ASEAN

- **Asia is the fastest growing region in the world**
- **ASEAN comprises of 10 Asian Countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.**
- ASEAN Free Trade Zone of 600 million people, with zero tariffs on all products and services by 2015.
- GDP: USD 2.6 Trillion
- **ASEAN FTA by 2015, creates a market in total of 3.8 billion consumers, including 700 million of middle class standard**
- ASEAN has FTA's with Australia, India, New Zealand, China, Japan and South Korea
- Impact of Trans Pacific Partnership (TPP)
- Impact of Asian Infrastructure Investment Bank
- ASEAN Economic Community

China Economic Snapshot



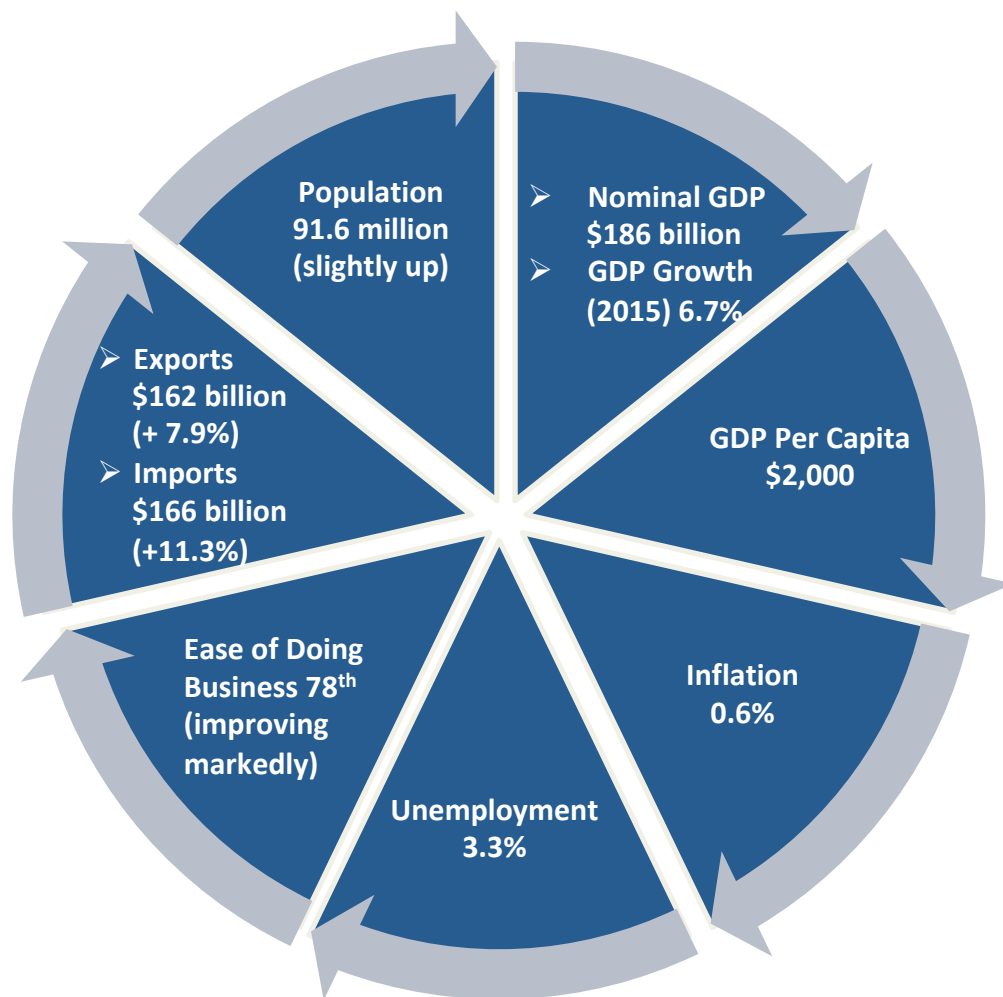
China Economic Drivers

- Transition from manufacturing to **services** and **consumer based consumption**
- **Anti-corruption campaign**
- Greater **market liberalization** of key industries (finance, telecom)
- Consumer society and nationwide **retail boom**
- Appetite for **technology**, high-end consumer items and infrastructure
- Booming **e-commerce** industry

China Market Entry

- Entity Types and Setup: RO, WFOE, FICE, Joint Venture
- Free Trade Zones
- Key Taxes: Corporate Income Tax (25%), Withholding Tax (10%), VAT (0-17%)
- Personal Taxes: Up to 45% for residents
- Labor Laws: China's Policies primarily serve to protect the employee, so employers must diligently adhere to the most current legislation
- E-Commerce: Huge growth area. Online retail grew 33.3% in 2015 when compared with 2014. By 2020, China e-commerce market expected to be larger than U.S., U.K., Japan, Germany and France combined

Vietnam Economic Snapshot



Vietnam Economic Drivers

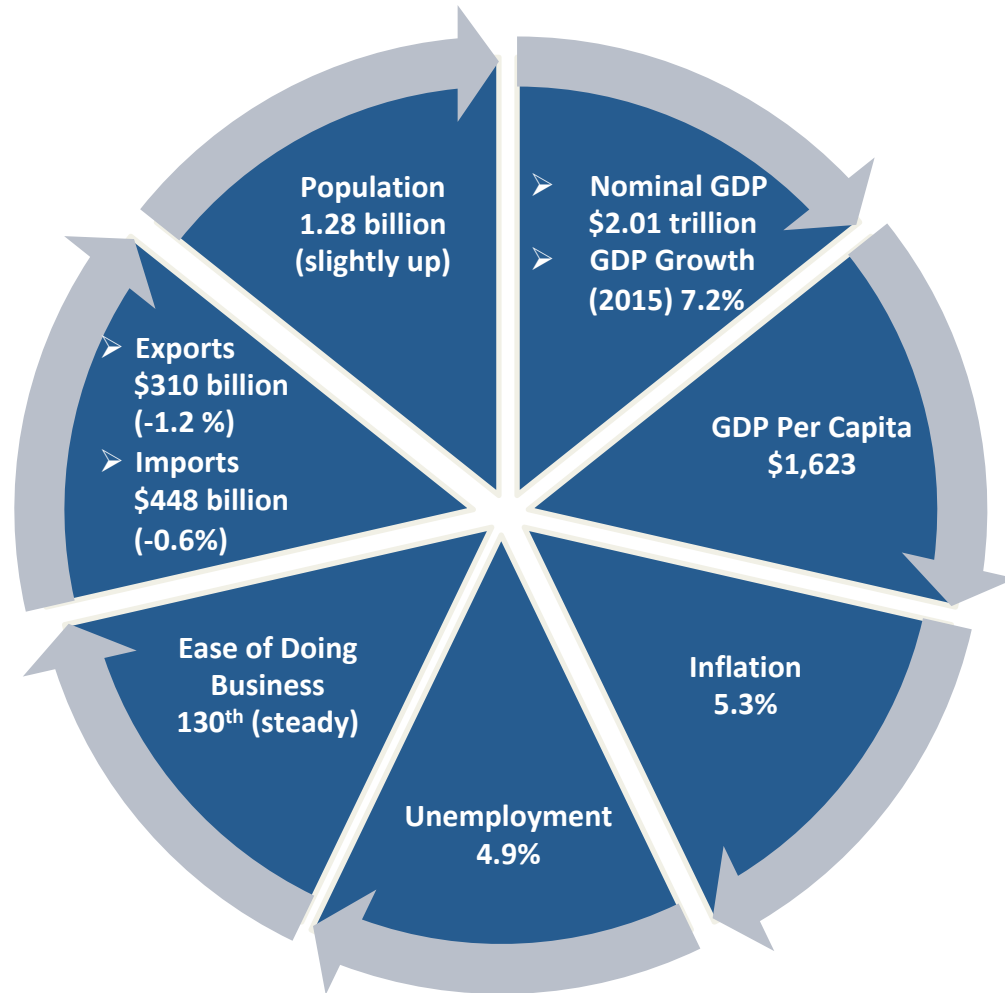
- Steady GDP growth phase
- Member of ASEAN
- TPP country
- Infrastructure & logistics are improving
- Less protectionist than other Asian countries
- Prime location for sourcing:
 - Plentiful supply of cheap labor
 - Low business expenses
 - Political stability
 - Growing domestic consumer market

Vietnam poses a real alternative or supplement option to companies operating in China

Vietnam Market Entry

- Entity Types: Representative Office, Limited Liability Company, Joint Stock Company, Partnership
- Key Taxes: Corporate Income Tax (20%), VAT (0%, 5%, or 10%), Foreign Contractor Tax (0-10%)
- Personal Taxes: Up to 35% for residents
- Important Labor Laws
- Extensive tax treaty network
- E-Commerce market reached USD \$5B in 2015, with the strongest growth in information technology and telecommunication

India Economic Snapshot



India Economic Drivers

- Reform of the Indian labor market
- Reform of the tax system
- Young, skilled and low cost labor force with a high level of English fluency
- Investment in Infrastructure & Logistics
- Strong government efforts to allow India to compete globally:
 - Proactive FDI policy
 - Well developed banking system
 - Liberalized trade policies
 - Strong and independent judicial system
 - Reform of over regulated economy
- Increasing domestic consumer demands
- E-commerce booming industry

India Market Entry

- Entity Types: Liaison Offices, Branch Offices, Project Offices, Wholly Owned Subsidiaries
- Key Taxes: Corporate Income Tax (30-40%), VAT (4% or 12.5%), Services Tax (12%)
- Personal taxes: Up to 30%
- Important Labor Laws
- E-Commerce: Though facing government constraints, it is projected that the total annual sales could top USD \$100B within the next five years

HK & Singapore Advantages

Hong Kong

- Minimal requirements for establishing a company
- Favorable tax ,legal & banking system
- 16.5% Profits tax
- Ability to use an holding company to access Greater China
- Free market and less regulations
- Hightly efficient and reliable RMB clearing platform (RTGS)
- Relatively easy to bring in staff

Singapore

- Minimal requirements for establishing a company
- Favorable tax ,legal & banking system
- 17% Corporate Tax
- Ability to use an holding company to access India, ASEAN, and other South-East Asian countries
- Possible audit exemptions
- Tax incentives in certain areas
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HK & Singapore Disadvantages

Hong Kong

- Tight rules on the banking sector since the release of FATCA in 2014
- High operational costs
- Role of China ???
- Tax benefits harder to come by
- Not a member of ASEAN or TPP

Singapore

- Visa restrictions
- High salaries & operating costs
- High social security
- Higher regulation
- Tax benefits harder to come by

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Asia Briefing



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OUR GLOBAL PRESENCE

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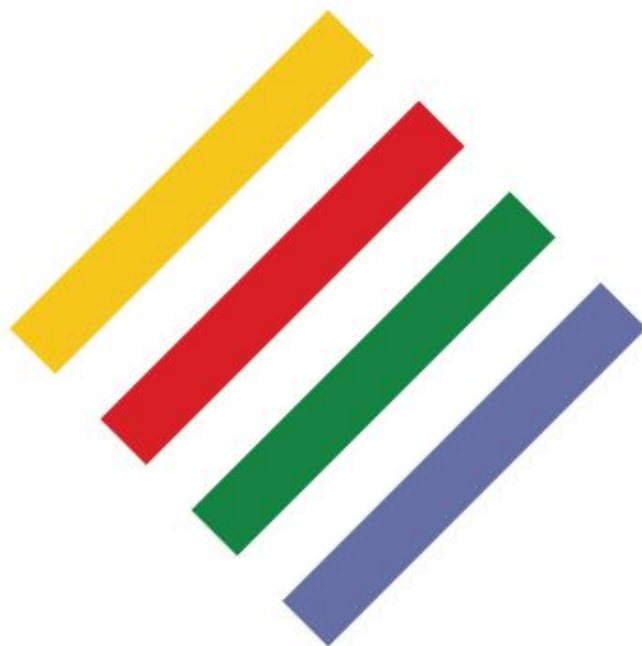
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