Credit Funds & Private Debt in Asia Pacific

A markets and tax tour around the region

Foreword

2020 saw governments around the world taking various measures to manage the COVID-19 pandemic, including widespread lockdowns and social distancing rules. An unfortunate by-product is the adverse impact to the global economy — businesses are facing unprecedented challenges and many are struggling with cash flow issues.

While the 2008 global financial crisis (GFC) saw private credit being transformed into a major global asset class, it was largely concentrated in Europe and US as the GFC fall out in Asia was milder. However in 2020, the demand for private credit will be global, and Asia is no longer quarantined from the looming liquidity crisis that may arise in the post-COVID-19 world. This is despite central banks and governments committing to tap into monetary reserves to ease the short term impact of COVID-19.

The biggest questions facing private debt and credit firms in 2020 are now "which Asian jurisdiction?" and "what's the best way of investing?".

In these times, structuring credit funds and their investments have definitely become a hot topic for investment managers in Asia, and will remain so after the global economy gets a head start in recovery.

In this publication, we provide insights into the credit funds landscape in a number of Asia Pacific jurisdictions including:

- Hong Kong and Singapore, which have predominantly acted as conduits for investments into Mainland China and South East Asia;
- Japan, which has historically had an appetite to invest outbound;
- Mainland China, which will continue to attract most of the inbound liquidity;
- India and Indonesia, which are likely to have growing demands for inbound liquidity; and
- Australia and New Zealand with debt markets that have been largely domestic focused.

We also summarise some of the typical investment structures and tax considerations in these jurisdictions that will hopefully facilitate ideas for private debt and credit firms in the course of identifying and developing attractive opportunities for investors.

We hope this publication will become a useful everyday resource for you, and encourage you to consult your regular PwC contact should you have any questions or would like to discuss this area further.

In a 2019 survey, 34% of private credit managers expect more in Asian private credit markets.[1]

Florence Yip

Tax Leader, Asia Pacific Asset & Wealth Management, and Financial Services

May 2020

[1] According to an annual private credit survey by the Alternative Credit Council (ACC) in conjunction with Dechert LLP: "Financing The Economy" The figures for Asia excludes China and India. The figures were 17% in respect of the China market and 18% in respect of the India market.

Hong Kong and Singapore — the conduits for investments into Mainland China and South East Asia

Hong Kong

Growing interest and investments in credit funds over the past few years

Hong Kong offers limited opportunities for investment in private debts but it is still one of the preferred jurisdictions in Asia for private fund managers to establish fund management or advisory operations. This is owing in part to its excellent infrastructure, simple tax system, and availability of talent. The tax system for Hong Kong's asset and wealth management industry is constantly evolving to meet the needs of the market, including the introduction of the unified fund tax exemption regime in early 2019 and the anticipated introduction of the carried interest concession in 2020/21.

The above, coupled with Hong Kong's close proximity to Mainland China, means that Hong Kong is the go-to gateway for foreign credit funds to access the China market. Since the private credit, distressed debt and non-performing loan market in Mainland China has grown significantly in recent years, the number of credit fund managers setting up in Hong Kong has also followed suit.

Commonly seen vehicles and structures for credit funds

Most of the private credit funds sponsored by Hong Kong managers or advisors are established in the form of limited partnerships. To date, the Cayman Islands remain the dominant fund domicile location for private credit funds. However, this may change soon with the introduction of economic substance requirements in the Cayman Islands, the inclusion of Cayman Islands in the European Union's list of blacklisted jurisdictions, changing investor preferences and the introduction of new investment vehicles by asset management hubs in Asia such as Hong Kong and Singapore. To highlight, the Hong Kong Limited Partnership Fund Bill for private close-end funds was gazetted in March 2020. Together with the existing Hong Kong open-ended fund company regime, Hong Kong provides attractive alternatives for offshore investment funds.

Key tax issues to consider for fund management companies

One of the key considerations for setting up fund management operations in a jurisdiction is the availability of safe harbour rules for investment funds in that jurisdiction. While investment funds are generally established in tax neutral jurisdictions (e.g. the Cayman Islands, which imposes no tax on a Cayman Islands established fund), the activities of the manager or advisor in the jurisdiction which it operates could potentially expose the funds to tax in that jurisdiction. Safe harbour rules in a jurisdiction allow an investment manager to manage the investments of a fund in that jurisdiction without exposing the investment fund to tax in that jurisdiction.

Hong Kong has a number of safe harbour rules for investment funds. Of notable interest is the unified fund tax exemption regime applicable to private investment funds. Under regime, a Hong Kong investment manager will be able to make investment and/or divestment decisions on behalf of the fund without exposing the fund to Hong Kong profits tax provided the fund fulfils the relevant conditions. However, under the Hong Kong tax authority's current interpretation, Hong Kong sourced interest income, if any, together with other transaction incidental to the "qualifying transactions", have to be less than 5% of the fund's total trading receipts in order to be tax exempt. Because of this interpretation, depending on how a private credit fund structures its investments and the nature and amount of income derived by the fund, the 5% threshold needs to be clearly monitored. Putting this aside, as Hong Kong adopts a territorial basis of taxation, it may still be possible to structure interest income as non-taxable offshore sourced income.

Another emerging opportunity for credit fund managers to consider is Hong Kong's proposal to introduce a new tax concession for carried interest (details yet to be announced at the date of publication).

Singapore

Growing interest and investments in credit funds over the past few years

Singapore's asset management industry registered a growth of 5.4% to US$ 2.5 trillion in 2018 compared to global assets under management, which declined by 4% in the same period. Singapore continues to serve as the gateway into Asia for asset managers and investors to tap the region's growth opportunities.

There has been a steady increase in the interest shown by credit and debt fund managers to set up in Singapore. Singapore has positioned itself as a developed pan-Asian asset management centre with a conducive environment for asset managers to locate and hub their investment activities. Singapore offers a stable political and regulatory environment, a highly skilled local talent pool and a high standard of living to attract overseas talent. All these factors and many more have attracted a strong pool of regional and global players offering and managing traditional and alternative investment strategies to Singapore. Singapore also has over 80 tax treaties which may be of benefit to Singapore based credit funds. To position Singapore as a major fund domiciliation hub, the Monetary Authority of Singapore has also recently launched the new fund vehicle type — Variable Capital Company (VCC).

The private credit market has recently captured the attention of the financial sector, with the number of institutions investing in private debt climbing significantly in recent years. While private credit activity in the Asia Pacific region is in its infancy, the number of Asia Pacific-based investors' private debt mandates nearly doubled from 29% to 55% between 2015 and 2018. Moreover, Asian-based investors are making up an increasing proportion of the sector — nearly doubling from just 6% of active investors at the beginning of 2016 to 11% at the beginning of 2018.

Consequently, the size of private credit AUM for Asia Pacific over 2015-2018 has increased three-fold. Singapore-focused private credit managers' assets climbed from US$ 362 million to US$ 698 million reported as of March 2019.

Commonly seen vehicles and structures for credit funds

The vehicles and investment structures seen in Singapore are companies and limited partnerships. For credit funds, use of a company vehicle as the fund vehicle is common. For certain cases, there could be a mix of a limited partnership being used as a feeder fund which feeds into a master fund which is set up as a company. As mentioned earlier, Singapore has also recently introduced a new fund vehicle type, VCC. It is envisaged that going forward, credit funds may be structured as a VCC.

Key tax issues to consider for fund management companies

Singapore has several fund incentive schemes. These fund incentive schemes provide tax exemption for investment funds that are managed from Singapore on qualifying investment income and gains, subject to satisfaction of certain substance related conditions. Fund managers seeking to manage funds from Singapore should ensure that they satisfy one of the fund incentive schemes. In that regard, the following should be noted:

- Singapore can only be used as the location for a fund vehicle (efficiently) if there exists substance in Singapore. This poses a challenge to fund management companies which may not have the requisite level of substance but are keen to use Singapore. Having said that, if the fund management company has adequate substance in Singapore in relation to the management of the fund's investments, then Singapore works as a good option for locating the fund.
- The Singapore tax authorities will issue tax residency certificates only after doing a thorough review to establish whether the control and management of the fund's business is exercised in Singapore, along with a review of the substance of the funds operations from Singapore and understanding the commercial purpose of using Singapore. This makes it harder to get tax residency certificates in Singapore. But if the use of a Singapore fund is for commercial reasons, not tax driven and there is adequate substance supported by a fund incentive scheme, then getting a tax residency certificate should be achievable.
- Absent a fund incentive scheme, the income and gains of the fund are likely to be exposed to Singapore tax. It is thus imperative for the fund management company to explore and confirm that the investment funds they manage can avail themselves of the relevant fund incentive schemes.
- The two most popular fund incentive schemes are the Singapore Resident Fund (SRF) Scheme and the Enhanced Tier Fund (ETF) Scheme. Both have substance related conditions and need an approval from the authorities. The key difference between the two is that the SRF Scheme has an investor test while the ETF Scheme has no investor test but in place has a minimum fund size test of S$ 50 million and a requirement of "three investment professionals" test for the fund management company.

Japan — an appetite to invest outbound

Japan

Growing interest and investments in credit funds over the past few years

Japanese investors historically tended to seek investment in “safe assets” (for example, Japanese Government Bonds). However, the prolonged low / negative interest rate environment in Japan has seen a shift in investors gradually seeking to diversify their portfolios and increase allocations to higher yield alternatives to meet their return targets. This trend applies to all investors, albeit more so for institutional investors.

Whilst overall allocations to alternative investments are still comparatively low for Japan, Bank of Japan statistics indicate that the ongoing shift in investment focus resulted in increased cross-border investments by Japanese financial institutions in overseas credit products over the last couple of years, including expanding their exposure to highly-rated Collateralised Loan Obligation (CLO) tranches and bank loan funds. Accordingly, trading in these types of investment products is seen on the rise and Japanese investors are thus increasingly targeted by credit fund managers as a source of potential investment capital.

Commonly seen vehicles and structures for credit funds

Whilst the investment form and vehicles differ, as does the preferences and experience of investors as much as the underlying investments themselves, familiar structures generally tend to be favoured.

For cross-border investments in foreign credit funds to date (with the underlying investments often originated in the US or Europe), special purpose investment fund vehicles in the Cayman Islands as well as European fund centres such as Luxembourg or Ireland have a history of successful marketing and market presence and are readily known by Japanese investors.

Key tax issues to consider for fund management companies

From the viewpoint of a fund manager, it is important to continuously monitor whether business activities conducted in Japan may give rise to a permanent establishment (PE) for the foreign fund operated by such fund manager. These include (but not limited to), purchase/disposal of individual investments, reporting, monitoring asset allocations and limitation of risk amount instructed, periodic reporting on the investment situation of the fund manager in Japan who enters into a discretionary investment agreement, etc. with a foreign fund manager under certain situation, which may give rise to a permanent establishment as a dependent agent. If the foreign fund (a corporation) is determined to have a Direct or Agent PE in Japan, income that the foreign fund may recognize, as well as any other income allocable to such PE would be subject to the statutory Japanese tax rates, with the foreign fund required to file Japanese tax returns reporting such income and pay taxes due. The effective Japanese corporate tax rate at which such income would be subject to tax would be approximately 30% for income arising, plus applicable penalties and interest for any late filing.

Further, it is important to ensure that the fund manager receives sufficient remuneration for its services rendered in Japan for Japanese tax purposes. From the viewpoint of Japanese fund investors, it is important whether the underlying investment income is subject to foreign withholding and other taxes or exposures and whether opportunities exist for relief from foreign taxes in whole or part by Japanese investors seeking relief under applicable tax treaties. Fund investors and managers need to be aware of the timing of income allocation from the funds.

Mainland China — continues to attract most of the inbound liquidity

Mainland China

Growing interest and investments in credit funds over the past few years

China's total social financing, which is a broad measure of credit and liquidity in the economy, stood at US$ 35.64 trillion at end of 2019. US$ 21.8 trillion of which was attributed to lending, including both RMB and foreign currency denominated loans. Significant opportunities for international private credit investors lie in corporate borrowing (US$ 3.33 trillion), particularly to private companies.

China's financing ecosystem continues to evolve and many international private credit funds are looking to expand into new lending strategies. International investors have also become increasingly comfortable with the efficiency and predictability of China's legal system and are looking more broadly at the possibility of realising uncorrelated and attractive risk-adjusted returns.

The Qualified Domestic Limited Partnership (QDLP) pilot scheme launched in Shanghai also provides foreign investors and global credit funds a means raise capital and establish or grow their brand in China.

Commonly seen vehicles and structures for credit funds

In an **offshore structure**, an offshore fund invests:

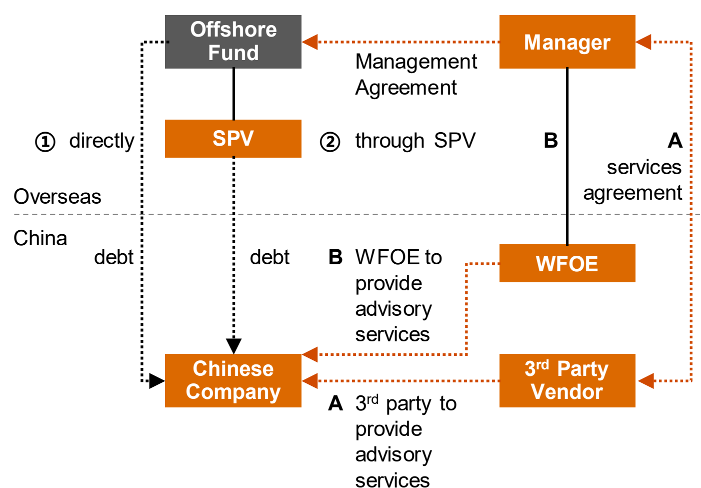
a) directly into China's credit market, or

b) via an SPV.

The offshore fund manager can:

c) engage Chinese third party vendors to provide services to the credit funds, or

d) set up a WFOE in China and engage the WFOE to provide advisory services to the credit funds.



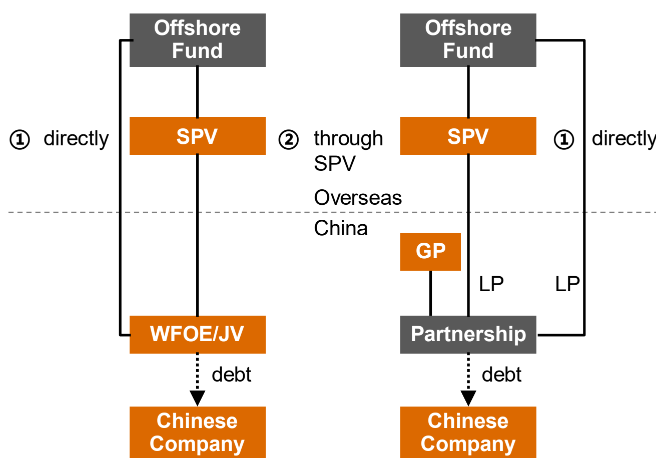
Commonly seen vehicles and structures for credit funds

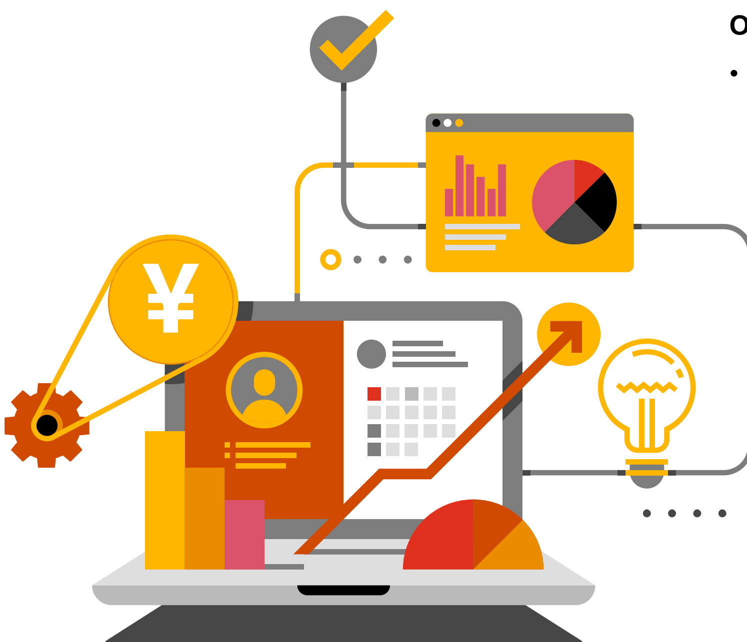
In an **onshore structure**, an offshore fund:

a) directly, or

b) through an SPV,

sets up a WFOE or JV to perform lending business in China, or sets up a Chinese partnership to perform lending business in China.





Key tax issues to consider for fund management companies

Income tax

In an **offshore structure**

- The key tax consideration is whether the fund could be deemed to have a permanent establishment in China. If so, the gains could be subject to a corporate income tax of 25%. Where there is no permanent establishment, the fund is likely subject to withholding income tax at 10% on gains.
- The transfer pricing arrangement between the fund manager and China advisor should also be considered.

In an **onshore structure**

- The onshore WFOE vehicle could be subject to tax at 25% CIT and then an additional 10% withholding tax may apply on the repatriation of dividends. Although the effective tax rate is high, managers are willing to explore the onshore structure as it may offer more flexibility from a commercial perspective.
- For an onshore partnership vehicle, the key issue is whether the offshore limited partner may be deemed to have a permanent establishment in China. If so, the gains could be subject to a corporate income tax of 25%. Compared to the WFOE structure, further repatriation should not be subject to another layer of withholding tax even if a permanent establishment is constituted. If the offshore limited partner can assert a no permanent establishment position, it may suffer only a withholding tax at 10% on allocated income from the onshore partnership.

VAT

- Interest income derived is subject to VAT at 6%.

Others

- Transactions involving foreclosure are more complex and would have additional tax considerations.

India and Indonesia — growing demands for inbound liquidity

India

Growing interest and investments in credit funds over the past few years

In November 2018, the Securities and Exchange Board of India mandated that all listed large corporates should approach capital markets for up to 25% of their incremental borrowings, which were otherwise supported by bank lending. Listings of corporate bonds had risen to around US$ 450 billion as at December 2019, compared to around US$ 250 billion in March 2015. India is also witnessing a relatively new trend of smaller privately-owned niche businesses tapping the capital markets for retail lending activities. The Union Budget 2020's announcement to raise the foreign portfolio investors (FPI) limit in government and corporate bonds also demonstrates the Government's focus to develop India's debt capital market.

Commonly seen vehicles and structures for credit funds

Offshore Credit Fund
Masala Bonds (INR denominated)
ECB Route
Foreign Currency Bond
Traded outside India

Legend
License/ Route
Trusts
Instruments

Offshore
India

VRR or GIR
FPI Route##
ECB Route
FDI Route

Listed Corporate Bonds
Loans to Indian Corporates
Unlisted Debt Securities
AIF
REIT/ InvIT^

Mutual Fund
Reverse Repo / Money Market

Unlisted Debt Securities
Real Estate / Infra Projects

^Also permissible under FPI Route

AIF – Alternative Investment Vehicle
ECB – External Commercial Borrowings
FPI – Foreign Portfolio Investors
FDI – Foreign Direct Investment
FX – Foreign Currency
GIR – General Investment Route
Repo – Repurchase Agreement
VRR – Voluntary Retention Route

Hedging Products*
FX — OTC & Currency Derivatives
Interest Rates — Swaps & Futures
*Subject to applicable regulations

Key tax issues to consider for fund management companies

The taxation of debt instruments in India varies[2] and would depend on the licence or route under which the investment was made, tenor and operating currency of the facility.

Type of income from debt securities	Tax rates[3] under domestic law		Tax rates on gross basis under India's tax treaties for select jurisdictions				
	FDI route	FPI route	Singapore	Ireland	Mauritius	Netherlands	Luxembourg
Interest income	5% / 20% / 40%	5% / 20%	15%	10%	7.50%	10%	10%
Short-term capital gains	30% / 40%	30%	Exempt	Exempt	Exempt	Exempt	Exempt
Long-term capital gains	10% / 20%	10%					

Anti-avoidance rules and tax treaties

Further to OECD's BEPS Action Plan 15, the Principle Purpose Test (PPT) would come into effect from April 2020 for a few bilateral treaties signed by India. Credit funds would need to review PPT together with the Indian General Anti-Avoidance Rules (GAAR) to claim treaty relief.

Structuring of Credit Funds from a tax perspective

Offshore credit fund managers are typically not based in India. However, India-focused funds could have their fund manager based in India, subject to adhering to certain safe harbour conditions.

[2] Separately, Indian companies are subjected to quasi thin capitalisation restrictions when paying interest to "Associated Enterprises"
[3] Tax rates under domestic law are to be increased by applicable surcharge & cess

Indonesia

Growing interest and investments in credit funds over the past few years

Indonesian fixed income mutual funds have been quite attractive since the government lowered the tax rate on interest / discount on both corporate and government bonds (both corporate bonds and government bonds) received by mutual funds in 2009. Indonesian fixed income mutual funds also serves as an alternative to invest in proliferating infrastructure projects in Indonesia, as they provide flexibility and a degree of tax efficiency when compared to equity investments or direct holding of bonds.

While we have seen increasing interest from foreign investment funds investing in Indonesian government bonds, foreign investment fund interest in Indonesian private debts is still lukewarm.

Commonly seen vehicles and structures for credit funds

Domestic funds are typically in the form of collective investment contracts (or Kontrak Investasi Kolektif or KIK). The typical structure for investments in non-listed debt securities and/or equities is a limited participation fund (or Reksa Dana Penyertaan Terbatas or RDPT), and for investments in listed debt securities and/or equities, this is a mutual fund (or Reksa Dana).

For foreign investment funds, the investment structure tends to vary. Some structures would involve interposing tax treaty territories, but others may not given the complexities in fulfilling substance and beneficial ownership requirements in Indonesia.

Key tax issues to consider for fund management companies

Currently, under the existing domestic tax law and regulation, the income tax of interest and capital gain are treated the same.

- Interest and/or discount of bonds received by Indonesian tax residents is subject to a 15% final WHT.
- Interest and/or discount of bonds received by non- residents is subject to a 20% final WHT or the applicable reduced treaty rate.
- Interest and/or discount of bonds received by domestic mutual fund taxpayers registered with the Financial Services Authority is subject to a 5% final WHT up to 2020 and 10% for 2021 onwards. At the fund unit holder level, no withholding tax should be applicable.
- Market players should also follow the developments on the upcoming Omnibus Tax Law, especially those relating to the incentives to exempt/reduce income tax on interest and/or discount of government debt securities including the ones traded in the international market.

For foreign investment funds, the typical tax issue is on the fulfillment of Indonesian substance and beneficial owner requirements to enjoy tax treaty benefits. Otherwise, a 20% domestic WHT will apply.

Australia and New Zealand — with debt markets that have been largely domestic focused

New Zealand

Growing interest and investments in credit funds over the past few years

There has been growing interest in the New Zealand private credit market over the past few years from both domestic and foreign investors.

This is largely driven by:

- Investor demand for fixed income alternatives to term deposits and publicly listed bonds, especially in the current low interest rate environment, and
- Increasingly stringent capital requirements for the local banks who are selling or syndicating non-core assets and this is creating opportunities for non-bank providers to offer alternative credit products to domestic and foreign investors.

Commonly seen vehicles and structures for credit funds

Offshore investors in New Zealand credit funds holding New Zealand assets will typically form a tax transparent investment structure where there is no New Zealand income tax payable at the fund level and minimal New Zealand withholding tax leakage. The most common New Zealand vehicles used in such structures are New Zealand limited partnerships and New Zealand trusts.

New Zealand fund managers targeting New Zealand investors will often establish New Zealand unit trusts which elect "Portfolio Investment Entity" or "PIE" tax status for New Zealand income tax purposes. This allows the New Zealand investor to access similar tax outcomes to direct investment but with a lower tax compliance burden. New Zealand units trusts/companies that meet certain requirements can also elect "foreign investment PIE" status as a tax neutral vehicle for offshore investors.

Key tax issues to consider for fund management companies

- Capitalisation / funding of the fund management group. This includes the tax consequences if cross-border debt is introduced such as the need to consider withholding tax on interest payments (at up to 15%) and whether the income tax deduction available in New Zealand is limited by its thin capitalisation or transfer pricing rules.
- Permanent establishment risks for any offshore fund entities managed by a New Zealand fund manager as New Zealand does not have a specific investment manager exemption. In a worst-case scenario, the offshore fund's profits could be taxable in New Zealand at 28% if the offshore fund is deemed to have a New Zealand permanent establishment.
- The GST treatment of fees charged to the fund and the extent to which GST on the fund management company's costs can be recovered. The standard New Zealand GST rate for taxable supplies is 15%, however the fund manager's services may be a GST exempt supply in which case the fund manager would not be able to recover any New Zealand GST it pays on its costs.
- Minimising withholding tax leakage in relation to the fund's underlying credit investments. The New Zealand withholding tax rate on interest paid to an offshore fund or to an offshore investor in a tax transparent New Zealand fund is 15%. The interest withholding tax rate can be reduced to 10% if the investor is in a tax treaty jurisdiction. As an alternative to deducting interest withholding tax of 15% or 10%, the underlying borrower can elect to pay a levy of 2% under New Zealand's "Approved Issuer Levy" regime.

Australia

Growing interest and investments in credit funds over the past few years

Australian pension fund assets (approximately AU$ 2.8 trillion) now exceed the market capitalisation of the Australian Securities Exchange (ASX). Both superannuation and non-superannuation investors are diversifying into offshore investments. Credit funds have been an attractive asset category given the current low interest environment and the appetite to generate a higher return from fixed interest asset classes that may be structured to provide a predetermined cash yield for investors. There has also been significant interest to invest into credit funds from retail investors and self-managed superannuation fund (SMSF) investors. However, current market conditions due to COVID-19 have reduced investor demand and we have seen second tranche capital raises postponed. These credit funds have been established as listed, closed-end vehicles (see below). Listed funds may provide liquidity for investors, as certain underlying credit securities can be less liquid than investors' desire.

Listed vehicles currently also allow stamping and broker fees to be paid to brokers. In contrast, regulatory changes do not permit the payment of commissions to financial advisers on many unlisted retail investment products. However, the Australian Government has recently announced that the stamping fee or broker fees to be paid for listed funds will also be banned from 1 July 2020, to align with unlisted investment products. This is an ongoing area of development in this space.

Commonly seen vehicles and structures for credit funds

There are two vehicles used for a listed credit fund in Australia, a listed investment company (LIC) and a listed investment trust (LIT). In the Australian market, LICs are typically equity funds (Australian or global equities). Listed credit funds have typically been established as LITs. A LIT is a unit trust that is listed on the ASX. LITs are 'flow through' vehicles for Australian income tax purposes that pay distributions of a pre-tax basis.

These credit funds may invest in global debt securities and include a mix of liquid credit and private debt. Generally, cross border structures may include an interposed holding entity in the overseas jurisdiction, where the debt securities are issued, or in a conduit jurisdiction. In some instances, the equity in the interposed holding entity is held by the LIT. Some overseas jurisdictions utilise structures where the equity in the holding entity is held by a third party and the LIT invests in the holding entity via a debt instrument. The terms of the debt instrument are designed to reflect the returns on the underlying parcel of debt securities.

Key tax issues to consider for fund management companies

The key income tax considerations include the following:

1. Flow through taxation. This has resulted in LITs being preferred over LICs as LITs pay distributions on a pre-tax basis.
2. Eligible investment business. To qualify for flow through tax treatment, the trust must not carry on or control a trading business. Careful analysis of the investments is required to confirm this.
3. MIT / AMIT classification. Whether the LIT should be structured to qualify as a managed investment trust (MIT) or an attribution MIT (AMIT). MIT and AMIT status have eligibility criteria and status as a MIT or AMIT may confer concessional income tax treatments. These may include the ability to elect capital account treatment for MITs and AMITs, and for AMITs, to decouple tax attribution and cash distributions, and special rules to deal with discrepancies (unders and overs) in the attribution of taxable income.
4. Controlled foreign company (CFC). Whether or not accruals-based taxation recognition may apply if the LIT invests in a CFC.
5. Foreign tax credits. The extent to which foreign taxes may be suffered, for which a foreign income tax offset (FITO) may be claimed by the Australian investor against Australian income tax payable on that foreign income.
6. Taxation of Financial Arrangements (TOFA). The extent that the investment may be construed to be a financial arrangement that may be subject to accruals-based taxation under the TOFA rules.
7. Debt/equity classification. Whether the interest held in intermediary entities constitute debt or equity interests that may be within the TOFA regime.

Foreign domiciled funds that appoint Australian based fund managers should consider the Investment Manager Regime (IMR) provisions. Broadly, these provisions can apply as a concession for certain foreign domiciled funds (IMR foreign funds) carrying on a business through a permanent establishment in Australia to not be subject to tax in Australia on its income and gains.

Contacts

Asia Pacific

Florence Yip
florence.kf.yip@hk.pwc.com

Australia

Ken Woo
ken.woo@pwc.com

Benjamin Butler
benjamin.butler@pwc.com

Mainland China

Oliver Kang
oliver.j.kang@cn.pwc.com

Matthew Wong
matthew.mf.wong@cn.pwc.com

Hong Kong

Puay Khoon Lee
puay.khoon.lee@hk.pwc.com

India

Balaji Balasubramanian
balaji.balasubramanian@pwc.com

Indonesia

Margie Margaret
margie.margaret@pwc.com

Japan

Akemi Kito
akemi.kitou@pwc.com

Stuart Porter
stuart.porter@pwc.com

New Zealand

Louis McLennan
louis.j.mclennan@pwc.com

Singapore

Anuj Kagalwala
anuj.kagalwala@pwc.com

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2020 PricewaterhouseCoopers Limited. All rights reserved. PwC refers to the Hong Kong member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. HK-20190122-1-C1