



# Asia Pacific Financial Services Tax Highlights

August – October 2025

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Our highlights showcase the latest developments and most pressing issues facing the industry in the region.

If you would like to discuss any of these topics further, please feel free to reach out to any of our listed contacts or your usual PwC representative.

## Australia

### Australia's new thin capitalisation regime: ATO finalises guidance on restructures

The ATO's final PCG 2025/2 sets out a four-zone risk framework for restructures in response to Australia's updated thin capitalisation and debt deduction creation rules, providing practical examples of low- and high-risk scenarios.

### ATO's Top 1,000 tax reviews: What large businesses need to know from the latest Findings Report

ATO's 2025 Findings Report for the top 1,000 income tax and GST assurance programs highlights how taxpayers are managing tax risks and governance.

Additional reading:

- [Tax Alerts](#)
- [Monthly Tax Update](#)

## Hong Kong

### IRD releases further guidance on FSIE regime

Hong Kong's IRD has expanded its Foreign Sourced Income Exemption (FSIE) guidance, adding FAQs on what qualifies as covered income, the deductibility of disposal-related expenses and whether in-kind share dividends from overseas entities are regarded as received in Hong Kong.

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## South Korea

### Tax news

- MOIS announces the government's 2025 local tax reform proposals
- The Government finalises the 2025 Tax Reform Bill
- The Government proposes amendments to presidential decrees of tax laws to boost AI and other future strategic industries
- Updated SME sales threshold becomes effective September 2025

### Changes in tax laws

- Amended Presidential Decree of the Individual Consumption Tax Law
- Amended Presidential Decree of the Transportation, Energy and Environment Tax Law

### Rulings updated

- Clarification on the acquisition date of land for applying the exclusion from aggregate taxation on the comprehensive real estate holding tax
- Clarification on local acquisition tax return filings and penalties when properties become subject to higher rates after purchase
- Whether the parent's SME grace period would apply to its newly established subsidiary not meeting the independence criterion.

For more updates and details on tax news, changes in tax laws and rulings update:

- [Korean Tax Update: Samil Commentary September](#)

## Malaysia

### Budget 2026

Key proposals of Budget 2026 based on the Budget speech as announced by the Prime Minister and Finance Minister on 10 October 2025.

Highlights related to the financial services industry:

- Foreign-sourced income exemption - exemption on qualifying foreign-sourced income received in Malaysia is extended until 31 December 2030
- AI incentive for MSMEs - further deduction of 50% for qualifying expenditure on AI training to be given once in two years, subject to conditions
- Tax on LLP's profit distributions - profit distributions to individual LLP partners exceeding RM100,000 will be taxed at 2%

Additional reading:

- [Details in pdf](#)
- [Budget 2026 microsite](#)

## New Zealand

### Tax Bill: key proposed changes and implications

New Zealand's latest tax bill – the Taxation (Annual Rates for 2025-26, Compliance Simplification, and Remedial Measures) Bill – was introduced on 26 August 2025. It advances migrant-friendly changes that ease tax barriers for visitors and new residents and proposes a deferral option to reduce the immediate tax burden under certain employee share schemes, but it notably omits the promised simplification of fringe benefit tax (FBT). While the direction on compliance is welcome, more substantive reform—particularly on FBT—is still needed to deliver real relief, and some of the new share scheme proposals may in fact add complexity.

Additional reading:

- [Tax Tips](#)

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## Vietnam

### **Resolution No. 222/2025 on International Financial Centres**

The National Assembly passed Resolution 222/2025 in June to establish the first International Financial Centres (IFCs) in Ho Chi Minh City and Da Nang. Resolution 222 came into effect on September 1, 2025.

Establishing an international financial centre in Vietnam is not merely an economic initiative but a strategic move in global financial integration.

### **Vietnam issues Decree on implementation of Global Minimum Tax rules under OECD Pillar Two Framework**

On 29 August, the Government issued Decree 236/2025/ND-CP, setting out top-up tax regulations pursuant to Resolution 107/2023/QH15. This long-anticipated decree establishes the legal framework for applying the Global Anti-Base Erosion (GloBE) rules under the OECD Pillar Two framework in Vietnam, including the Qualified Domestic Minimum Top-up Tax (QDMTT) and the Income Inclusion Rule (IIR).

The decree arrives at a pivotal moment, with effective date of 15 October 2025, enabling multinational enterprises to prepare for their first top-up tax filings for the 2024 fiscal year.

### **New Vietnamese capital gains tax and interest withholding tax rules – an update**

The Ministry of Finance has just released the 2nd draft of the decree guiding the implementation of the CIT Law and also a draft circular guiding certain articles in the decree. Compared with the 1st draft released in July, this latest draft sets out various new amended provisions, including on the taxation of foreign corporates having income from (i) capital transfers and (ii) loan interest.

## Other international tax updates

Among the topics featured in the September edition are:

- Iceland's 2026 Budget includes Pillar Two implementation plan
- Portugal releases official Pillar Two registration form
- Dutch tax authorities release Pillar Two Q&A document

Access the library of monthly updates [here](#).



# Asia Pacific Financial Services Tax

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