

ASEAN TODAY

REGIONAL LEGAL & BUSINESS NEWS

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ASEAN Economic Community News

ASEAN Fiscal Normalization

The ASEAN+3 Macroeconomic Research Office (AMRO) says that ASEAN needs to start tapering off emergency measures to ensure timely fiscal normalization for the region as the COVID-19 pandemic continues to improve. AMRO says that the economic impact from the pandemic and the huge stimulus packages have deteriorated ASEAN's fiscal position and increased fiscal deficit and debt. AMRO says that fiscal authorities need to assess the needs for specific support measures and selectively reverse the temporary changes in resource allocation including cutting emergency financial support to businesses and households and reversing broad reductions in taxes and fees. AMRO also recommended that the ASEAN member states prioritize improving their revenue collection capacity, including strengthening tax administration, before introducing new taxes or raising tax rates.

ASEAN Power Purchase Agreements

Regional electricity interconnectivity through the ASEAN Power Grid (APG) is one of the ASEAN Economic Community's goals. However, experts say that, according to new research, it is premature for ASEAN to move too ambitiously towards multilateral cross-border electricity trade. Instead, ASEAN countries should focus on bilateral power purchase agreements and large-scale investments in solar and wind power to boost regional electricity trade. The benefits of bilateral power purchase agreements include fewer requirements for technical and institutional harmonization, that bilateral negotiations are faster, easier, and more likely to receive and maintain political and industry support, and the bilateral model is a good fit with the electricity market structures the ASEAN member states.

Regional Disaster Preparedness

At the Global Platform for Disaster Risk Reduction 2022 in Bali this month, ASEAN announced its plans to further build resilience to disasters in the region. To strengthen ASEAN's capability to adapt to and recover from multi-hazards, ASEAN will implement ASEAN SHIELD (Strategic and Holistic Initiative to Link ASEAN Responses to Emergencies and Disasters). ASEAN will also advance cross-sectoral collaboration and intra-regional collaborative networks with relevant regional and global institutions to develop early warning systems and strategic foresight for disaster prevention, mitigation, preparedness, and capability and capacity building, and deliver speedy and effective responses to disasters, and conduct resilient recovery through build-back-better.

Singapore News

Conditional Fee Agreements

On May 4, 2022, Singapore lifted the ban on conditional fee agreements (CFAs) in proceedings before the Singapore International Arbitration Centre (SIAC) and certain proceedings in the Singapore International Commercial Court (SICC). Under the Legal Profession Conditional Fee Agreement Regulations 2022, lawyers in Singapore can enter into conditional fee agreements with clients in selected proceedings. CFAs are now an additional option alongside traditional fee agreements provided for under the Legal Profession Act. The new CFA framework will apply to Singapore lawyers and law practices and certain registered foreign lawyers and foreign law practices. To mitigate the risk of any potential abuse of CFAs, lawyers are required to provide specific information on the CFA to the client before entering into a CFA.

Vietnam Update

Renewable Energy Problems

After the boom in renewable energy investment in Vietnam in recent years, authorities are asking small-scale energy producers to limit their operations due to infrastructure limitations. The country's transmission lines that connect solar and wind projects to the national grid lack the capacity to deal with spikes in supply. Between 2017 and late 2021, Vietnam offered 20-year

contracts to buy electricity from new solar and wind power projects at fixed rates which sparked a construction frenzy, especially in solar. Additionally, government policies and planning have not been able to keep up and have left regulatory gaps and infrastructure problems. It takes 3 years to build a transmission line and only 1 year to build a solar farm, and lines need to be planned years in advance and this was not possible as there was no clear idea where the lines would be needed.

Indonesia Bulletin

Tax Harmonization Law

Indonesian's Tax Regulations Harmonization Law (HPP) became effective on October 29, 2021. Different provisions of the law take effect at varying times in 2022 with the VAT rate increasing on April 1, 2022. For the 2022 fiscal year, there is an increase in the progressive tax brackets for personal income tax, and a return to the previous corporate income tax rate. The general VAT rate rose to 11% and will rise to 12% by January 1, 2025, and many exemptions to the VAT base were removed. There is a new personal income tax rate of 35% for income over IDR 5 billion (US\$ 345,000). After being reduced to 20% in 2020, corporate income tax now returns to 22% in the 2022 fiscal year.

Laos Watch

State-Owned Enterprises

Laos announced that it plans to overhaul the operations of Electricite du Laos (EDL), the state-owned electricity provider, as part of the government's plan to strengthen business operations across all state enterprises. The government says that EDL is a key state enterprise and plays a significant role in the national economy, but that it needs to earn more revenue and pay off its accumulated debts. Laos has seen many of its state-owned enterprises performing poorly, making huge losses, and creating massive public debt.

Philippines Brief

Intellectual Property

The Intellectual Property Office of the Philippines (IPOPHL) launched the IPOPHL Learning Activities Workspace (ILAW) and is now the first intellectual property office in

Southeast Asia to offer an online IP learning system to promote IP awareness. At present, ILAW is offering introductory courses on intellectual property, trademarks, copyright, and patents. The courses include lecture slides, interactive games, and video presentations that are entirely in Filipino. Registration is also available for upcoming IPOPHL-hosted master courses aimed at more advanced IP learners.

Malaysia News

Investment Incentives

Malaysia announced increased incentives for businesses establishing a principal hub in the country. Introduced in 2015, the principal hub incentives were used to help make Malaysian cities more attractive to multinational companies wanting to establish a regional hub in Southeast Asia. The new incentives ease the eligibility conditions for businesses and give a corporate income tax rate between 0-10% depending on the qualifying business activity. To be considered a principal hub, the company must be incorporated in Malaysia and use the country as a base to manage and support key functions of its regional or global business.

THAILAND LEGAL REVIEW

Immigration News

Extension of the State of Emergency

Thailand's Centre for COVID-19 Situation Administration (CCSA) has extended the State of Emergency Decree for another 2 months, from June 1, 2022, to July 31, 2022.

Extension of COVID Visa Extension Scheme

On May 20, 2022, the Immigration Bureau announced that foreigners who are stranded in Thailand because of the COVID-19 situation or who are impacted by the warfare in certain regions of the world and cannot leave Thailand will be able to continue staying in the country. The visa scheme will be extended until July 25, 2022. The substantial information of this Announcement is the same as the previous Announcement dated March 24, 2022.

Corporate Law News

Significant Changes to the Public Limited Companies Act B.E. 2535 (1992)

On May 24, 2022, the Public Limited Companies Act (No. 4) B.E. 2565 (2022) came into effect resulting in significant amendments to certain provisions which were out of date and inconsistent with the development of technology as stipulated in the Public Limited Companies Act B.E. 2535 (1992) (the "Act"). The main purpose of such amendment is transparency and to allow the public limited companies to apply electronic methods to their lawful management including convening meetings, submission of documents, and proxy. Our summary is as follows:

(1) Section 6

Giving a notification, warning, report or advertisement relating to the company to other persons or the general public can be advertised by way of electronic means (according to the criteria prescribed by the Registrar), apart from publishing in a newspaper.

(2) Section 7/1

Where the company or the board of directors is required to submit letters or documents according to the Act to any directors, shareholders, or creditors of the company, such submission can be made by way of electronic means, provided that such persons have expressed their intentions or given consent to do such (according to the criteria prescribed by the Registrar).

(3) Section 79

- Meetings of the board of directors may be convened by way of electronic means in accordance with the laws concerning electronic meetings, provided that there is no specific regulation forbidding such action in the company's Articles of Association.
- The registered office shall be deemed to be the place for convening electronic meetings of the board of directors.

(4) Section 81

- In cases where there are at least 2 directors making a request to summon a

meeting of the board of directors, under the new law, such meeting shall also be held for a reasonable cause or for the protection of the rights and benefits of the company. Additionally, such directors shall also provide the matters and reasons to be proposed in the meeting for consideration. In this regard, the chairman of the board shall summon and fix the date for such meeting within 14 days from the date of request.

- In cases where the chairman fails to comply with the above request, such directors may summon and fix the date for such meeting within 14 days from the expiration date of such request.

(5) Section 81/1

In cases where there is no chairman of the board for whatever reason, a vice chairman of the board shall summon the meeting of the board of directors. In cases where there is no vice chairman of the board for whatever reason, at least 2 directors may summon the meeting of the board of directors.

(6) Section 82

A notice summoning a meeting of the board of directors shall be submitted to the board of directors not less than 3 days prior to the meeting, except in the case of urgent need to protect the rights or benefits of the company, such notice can be made by way of electronic means or other methods and an earlier date of the meeting can be fixed.

(7) Section 98

The meeting of shareholders may be convened by way of electronic means in accordance with the laws concerning electronic meetings, provided that there is no specific regulation forbidding such action in the company's Articles of Association.

(8) Section 101

The registered office shall be deemed to be the place for convening electronic meetings of the shareholders.

(9) Section 101/1

In cases where the shareholders holding shares in the aggregate number of not less than 10% of the paid-up capital summon an extraordinary meeting of shareholders after and as a result of the failure of the board of directors in summoning such meeting within 45 days from the date of receipt of such shareholders' written request, the notice summoning such meeting can be submitted to the shareholders by way of electronic means, provided that such shareholders have expressed their intentions or given consent to do such as prescribed in Section 7/1.

(10) Section 101/1

In cases where the shareholders appoint any person as a proxy for attending and voting at the meeting, such proxy can be made by way of electronic means which shall be safe and reliable that the proxy is made by the shareholder (according to the criteria prescribed by the Registrar).

Tax Exemption on Fundraising in Thai Startups in Targeted Industries

On March 8, 2022, the Cabinet has approved a tax measure supporting fundraising in startups by granting tax incentives for investment in startups in targeted industries whether directly or indirectly via Venture Capital effective June 30, 2022. Our summary is as follows:

1. For direct investment by individuals or companies or juristic partnerships registered in Thailand and overseas:

Those as mentioned above will be exempted from Personal Income Tax Return or Corporate Income Tax for the income arising from the transfer of shares in the startup (only profit)

2. For Investment via Venture Capital ("VC")

2.1 Corporate Venture Capital ("CVC") or Private Equity Trust ("PE Trust") will be exempted from Corporate Income Tax for the income arising from the transfer of shares in the startup (only profit)

2.2 Investors of CVC/PE Trust will be exempted from Personal Income Tax Return or Corporate Income Tax for the income arising from the transfer of shares/units of CVC/Pe Trusts (only profit)

3. Investment eligible for such tax exemptions as mentioned above shall be investment made in a startup in the following targeted industries and be approved by the institutions prescribed by the Director-General of the Revenue Department which include the National Science and Technology Development Agency or the National Innovation Agency, with the income made from such industries of not less than 80% of total income within 2 accounting periods before the transfer of shares/units:

The Targeted Industries consist of 12 industries as follows:

- (1) Industrial Robotics
- (2) Medical Hubs
- (3) Aviation & Logistics
- (4) Bioenergy & Biochemicals
- (5) Digital
- (6) Advanced Agriculture and Biotechnology
- (7) Food For the Future
- (8) Future Mobility
- (9) Intelligent Electronics
- (10) High Wealth & Medical Tourism
- (11) National Defense
- (12) Workforce and Education

4. The investors shall hold shares/units for at least 24 months prior to such transfer of shares/units

5. A Thai CVC or Thai PE Trust shall have capital of not less than 20 million Baht and be registered with the Securities and Exchange Commission

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