



APAC Payroll newsletter

Issue 1/2026

February 2026

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Global payroll services

Managing global payroll across multiple countries can be challenging for many businesses. You may face different payment dates and deadlines, local rules and regulations, types of deductions, frequency of payments, and a variety of reporting requirements. It can also be problematic and inefficient using multiple local providers and hiring specialists in countries to service only a few employees.

How can we help you?

Forvis Mazars offers a comprehensive multi-country payroll outsourcing service that is seamless and efficient. By centralising your global payroll services with one experienced firm, you retain greater control over the various regulations required to comply with payroll across multiple countries.

For more information, please visit our [Global Payroll Services](#).



Thomas Chen

Partner, Head of Outsourcing APAC



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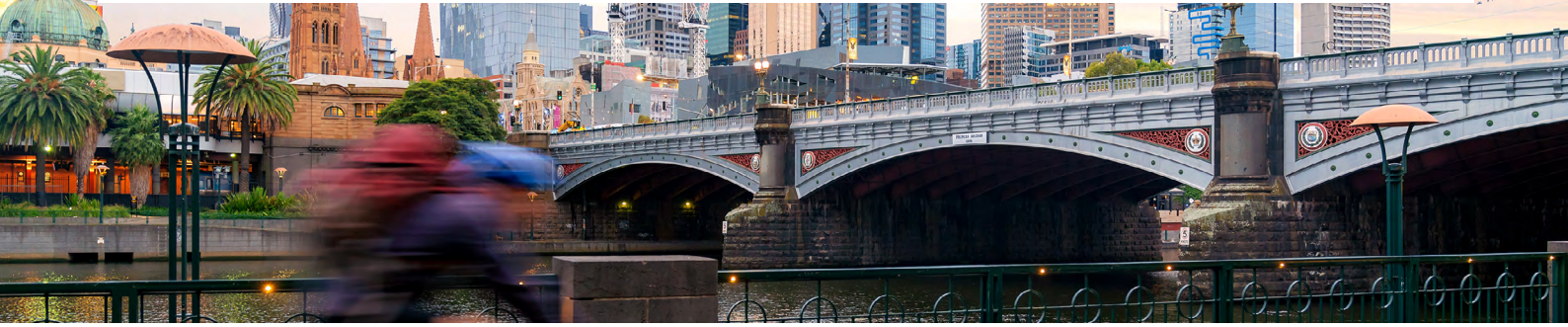
Update on introduction of an additional category of taxable income – *other incomes*

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Australia

Key updates



No recent regulatory updates in Hong Kong to report in this edition
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Paid caregiving leave introduced in Shanghai

To help ease the burden on family caregivers and strengthen protection of the elderly, Shanghai has implemented the first major amendment in nearly a decade to the *Regulations on the Protection of the Rights and Interests of the Elderly in Shanghai*.

The amendment introduces a new system of paid caregiving leave. Below is a summary of the key points.

Application scope

- The leave is available to the providers of support (children) who provide support to elderly individuals.
- It applies only when the elderly person is hospitalised for medical treatment.

Number of leave days

- Non-only children: up to 5 workdays a year.
- Only children: up to 7 workdays a year.

Treatment of salary

Employees will receive full salary based on normal attendance standards during the caregiving leave period, with no deductions permitted.

Effective date

This regulation is effective as of 1 November 2025

Recommended actions

- Refine internal systems and clarify application procedures in advance.
- Standardise leave management and retain all necessary supporting documents.
- Coordinate work arrangements to minimise operational impact.

Implementation in other Super Tier 1 cities

Caregiving leave policies implemented in other Super Tier 1 cities in China are summarised below.

City	Effective date	Application scope	Number of leave days	Treatment of salary
Beijing	26 November 2021	Only children: parents in need of care	Up to 10 working days per year	Paid as normal attendance standards during the caregiving leave period
Guangzhou and Shenzhen	1 December 2021	Only children: parents aged 60 or above or hospitalised for medical treatment Note: parents with local household registration, or one parent with local household registration.	<ul style="list-style-type: none">• 5 days per year for parents aged 60 or above.• Up to 15 days per year for hospitalised parents	<ul style="list-style-type: none">• Salary during caregiving leave must not be lower than the local minimum wage standard.• Employers are encouraged to pay caregiving leave at the same rate as paid leave.

References:

- Standing Committee of Shanghai Municipal People’s Congress: Decision of the Standing Committee of the Shanghai Municipal People’s Congress on Amending the Shanghai Municipal Regulations on the Protection of the Rights and Interests of the Elderly (link [here](#) in Chinese).
- Standing Committee of Beijing Municipal People’s Congress: Regulation of Beijing Municipality on Population and Family Planning (Amended in 2021) (link [here](#) in Chinese).
- Standing Committee of Guangdong Provincial People’s Congress: Notice on the Further Implementation of Provisions Regarding Leave Entitlements under the Guangdong Province Population and Family Planning Regulations (link [here](#) in Chinese).

Reminder: Resident individuals can now confirm the special deductions for 2026

Resident individuals in China can now submit their annual confirmations for the 2026 special additional deductions.

Under the Individual Income Tax (IIT) regulations, employees who require the employer to continue handling special additional IIT deductions for the following year must verify and confirm the deduction details in the IIT APP in December each year.

Confirmation period for 2026 deductions

Eligible employees should verify and confirm their special additional deductions for 2026 in the IIT APP before 31 December 2025.

Key reminders

- A timely confirmation is required to continue the special additional deductions.
- Unconfirmed deductions may be paused from January and will be reinstated once employees complete the confirmation in the IIT APP.

Policy for non-Chinese mainland residents

- Individuals who qualify as resident individuals in China may choose to enjoy either the tax-exempt living allowance policy or the special additional deductions. Both cannot be claimed at the same time. The selected option applies for the full calendar year and cannot be changed during that period.
- Individuals who opt for the tax-exempt living allowance policy do not need to confirm the special additional deductions in the IIT APP.

Key special additional deductions and standards

The key special additional deductions and their corresponding standards are summarised below.

Deduction category	Standard (CNY)	Comments
Infant care (parents of children under 3 years old)	2,000 / month / child	The full amount can be claimed by one parent, or it may be split evenly between both parents.
Children’s education	2,000/ month / child	<ul style="list-style-type: none">• Applicable for children aged 3 years through higher education.• The full amount may be claimed by one parent or shared equally between both parents.
Elderly support	3,000 / month	<ul style="list-style-type: none">• At least one parent must be aged 60 or above.• The deduction may be shared among supporting children, with a cap of 1,500 per month per child.• If the taxpayer is the parents’ only child, the full deduction of 3,000 per month applies.

Deduction category	Standard (CNY)	Comments
Continuing education	3,600 / year (vocational qualification)	<ul style="list-style-type: none"> Vocational qualification: Claimable only in the year the certificate is obtained.
	400 / month (academic education)	<ul style="list-style-type: none"> Academic education: Claimable during the study period, up to a maximum of 48 months.
Medical expense	15,000 to 80,000 / year	<ul style="list-style-type: none"> Claimed in the year expenses are incurred for personal burden after deducting medical insurance reimbursement
Housing loan interest	1,000 / month	<ul style="list-style-type: none"> Deduction applies from the first repayment month in the loan contract until full repayment or contract termination (maximum 240 months). Spouses may agree to designate one party to claim the full deduction.
Housing rent	1,500 / month	Centrally administered municipalities, provincial capitals, state-planned cities and other cities designated by the State Council.
	1,100 / month	City districts with a registered population greater than 1 million.
	800 / month	City districts with a registered population of 1 million or less

References:

- State Administration of Taxation, Announcement [2022] No.7: Notice on Revision and Promulgation of the Operating Measures on Special Additional Deduction(s) for Individual Income Tax Purpose (for Trial Implementation) (link [here](#) in Chinese);
- Shanghai Municipal People's Government: Notice on confirmation of 2026 Individual Income Tax Special Additional Deduction Information Begins(link [here](#) in Chinese).



Reminder: Resident-to-non-resident tax status change declaration due by 15 January 2026

Employees who did not meet the resident individual criteria in 2025 due to insufficient residence days must file the relevant tax declaration with the competent tax authority no later than **15 January 2026**.

Key points of non-tax residence

In accordance with Individual Income Tax (IIT) regulations, the key points for non-tax residents are summarised below.

- An individual working in China who stayed in the country for fewer than 183 days in a calendar year will be considered as a non-tax resident.
- An individual without domicile who was preliminarily deemed a resident but later fails to meet the criteria due to shortened residence days must report to the competent tax authority by 15 January of the following year.
- The tax payable will be recalculated based on non-resident individual basis, and any additional tax must be paid by 15 January of the following year.

Recommended actions

- Advise foreign employees to check their number of days in China in 2025 to ensure compliance with relevant tax regulations.
- Complete the required filing by the deadline for foreign employees classified as non-resident individuals for tax purposes.

References:

- Ministry of Finance and State Administration of Taxation Announcement [2019] No. 35: Notice on Individual Income Tax Policies for Non-resident Individuals and Non-domiciled Resident Individuals (link [here](#) in Chinese)

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Hong Kong statutory holiday update for 2026

The Government of the Hong Kong Special Administrative Region has announced an important update to the statutory holiday schedule. Effective from **1 January 2026**, the number of statutory holidays will increase from 14 to **15 days per year**, in accordance with the Employment (Amendment) Ordinance 2021.

Key change

Easter Monday, which falls on 6 April 2026, will be recognised as a statutory holiday for the first

Statutory holidays for 2026

The Labour Department has confirmed the following statutory holidays for the year: time. This adjustment reflects the government's commitment to gradually aligning statutory holidays with general holidays.

- New Year's Day – 1 January
- Lunar New Year's Day – 17 February
- Second Day of Lunar New Year – 18 February
- Third Day of Lunar New Year – 19 February
- Ching Ming Festival – 5 April
- **Easter Monday** – 6 April
- Labour Day – 1 May
- Buddha's Birthday – 24 May
- Tuen Ng Festival – 19 June
- Hong Kong SAR Establishment Day – 1 July
- Day after Mid-Autumn Festival – 26 September
- National Day – 1 October
- Chung Yeung Festival – 18 October
- Christmas Day or Winter Festival (employer's choice) – 22 or 25 December
- Day after Christmas – 26 December

Employer obligations

- Employers are required to grant statutory holidays to eligible employees and provide holiday pay calculated based on the average daily wage over the preceding 12 months.
- Payment in lieu of statutory holidays is strictly prohibited.
- If a statutory holiday coincides with an employee's rest day, a compensatory holiday must be arranged on the next non-holiday weekday.
- Employees who work on a statutory holiday must be given a substitute holiday within 60 days.
- Recommended actions for employers
- Update internal policies and payroll systems to reflect the revised holiday schedule.
- Communicate changes clearly to employees to ensure compliance and transparency.
- Monitor scheduling to avoid conflicts between statutory holidays and regular rest days.

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India

Key updates



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Minimum wage updates for FY 2026

Indonesia has announced an updated national framework for determining minimum wages for FY 2026, using inflation, economic growth, and a revised regional adjustment factor designed to better reflect on workers living standards.

Key points:

- Jakarta's 2026 minimum wage is fixed at IDR 5,729,876, representing a 6.17% increase.
- Nationally, minimum wage adjustments fall within the 5-7% range, based on provincial governor decrees.

These mandated increases require immediate recalibration of workforce budgets and cost structures, particularly for multinationals operating across multiple provinces.

In addition, the updated minimum wage directly impacted the BPJS Healthcare contribution cap effective January 2026.

Mandatory digital tax administration (Coretax DJP)

Indonesia has fully implemented the Coretax DJP digital tax system for tax filing in FY 2026, marking the end of legacy e-SPT and DJP-Online submission tools.

The new system centralises tax administration and uses a data-driven approach to improve accuracy and compliance.

Under this framework, the authorities can validate taxpayer information by integrating data from multiple government databases, including licensing records and financial reporting systems.

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Income tax law reform in 2026

Basic deduction increase

The table below shows the basic deduction for 2025 and the revised amounts applicable for 2026/2027 (special provisions).

Total taxable income amount (Annual gross income) in JPY	Basic deduction (Income tax) in JPY	
	2025	2026 / 2027 (Special provisions)
1,320,000 or less (2,003,999 or less)	950,000	1,040,000
Over 1,320,000 up to 3,360,000 (over 2,003,999 up to 4,751,999)	880,000	
Over 3,360,000 up to 4,890,000 (over 4,751,999 up to 6,655,556)	680,000	
Over 4,890,000 up to 6,550,000 (over 6,655,556 up to 8,500,000)	630,000	670,000
Over 6,550,000 up to 23,500,000 (over 8,500,000 up to 25,450,000)	580,000	620,000
Over 23,500,000 up to 24,000,000 (over 25,450,000 up to 25,950,000)	480,000	480,000
Over 24,000,000 up to 24,500,000 (over 25,950,000 up to 26,450,000)	320,000	320,000
Over 24,500,000 up to 25,000,000 (over 26,450,000 up to 26,950,000)	160,000	160,000
Over 25,000,000 (over 26,950,000)		0

Salary income deduction adjustment

The table below shows the salary income deduction for 2025 and the revised amounts for 2026/2027 (special provisions).

Annual Gross Income in JPY	Salary Income Deduction in JPY	
	2025	2026 / 27 (Special provisions)
1,900,000 or less	650,000	740,000
Over 1,900,000 up to 2,200,000	Gross Income x 30% + 80,000	740,000
Over 2,200,000 up to 3,600,000	Gross Income x 30% + 80,000	
Over 3,600,000 up to 6,600,000	Gross Income x 20% + 440,000	
Over 6,600,000 up to 8,500,000	Gross Income x 10% + 1,100,000	
Over 8,500,000	1,950,000 (maximum)	

Change to the calculation method for dependent status under health insurance

From 1 April 2026, the calculation of the annual income limit* for eligibility as a dependent under health insurance will change as follows:

Before	After
Estimated annual income, including additional income such as overtime and ad hoc bonuses	Based on the annual income stated in the employment contract, excluding any additional or variable income

Annual income limits*

Category	Annual income limit (JPY)
Dependents aged 60 or above, or with certain disabilities	1,800,000 or less
Dependents aged 19 to 22 (excluding spouses)	1,500,000 or less
All other dependents	1,500,000 or less

*Annual income limits remain unchanged; only the calculation method is revised.

Child and childcare support contribution system

To expand child and childcare support under the Japanese government's 'Acceleration Plan', a new child and childcare support contribution system will be introduced from April 2026.

Both employers and employees will pay a monthly contribution, which will be deducted from salaries alongside existing social insurance premiums.

From April 2026, the insurance premium rate will be 0.23%, shared equally between employers and employees.

Change to the old-age pension system for active employees

Active employees who receive an old-age pension (Rorei Kosei Nenkin) may have their pension payments adjusted if their total income* exceeds a set threshold.

From April 2026, this threshold will increase from ¥500,000 to ¥620,000 per month.

*Salary and old-age pension

Revised rail and bus fares on major railways

Railway and bus companies, including JR and private railways, are scheduled to revise their fares in March 2026.

Why this matters for payroll

In Japan, employers typically provide commuting fees as part of employees' allowances. When fares change, payroll records must be updated to reflect the revised commuting fee for each affected employee. This ensures accurate calculations and continued compliance with local practice.

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Minimum wage and insurance rate increases in 2026

The 2026 minimum wage has been increased from 1 January 2026. Moreover, effective January 2026, Korea's National Pension contribution rate will increase with a phased annual increase of 0.5% over eight years, reaching 13% by 2033. From the same date, Health Insurance and Long-Term Care Insurance contribution rates will also rise.

Minimum wage increase (effective 1 January 2026)

Category	2025	2026
Minimum hourly increase	KRW 10,030	KRW 10,320
Monthly wage (based on 209 hours)	KRW 2,096,270	KRW 2,156,880

National Pension contribution rate (effective 1 January 2026)

A gradual increase of 0.5% per year for eight years starting in 2026, reaching 13% in 2033.

Category	As-is	To be
Total	9.0%	9.5%
Employer portion	4.5%	4.75%
Employee portion	4.5%	4.75%

Health Insurance / Long-Term Care Insurance contribution rate (effective 1 January 2026)

Category	As-is	To be
Health insurance	Monthly remuneration* 3.545%	Monthly remuneration* 3.595%
Long-term care insurance	Health insurance contribution* 2.95%	Health insurance contribution* 13.14%
Employee portion	4.5%	4.75%

*Health insurance rates are borne 50% by employers and 50% by employees.

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Stamp duty voluntary disclosure programme (PKPS 2026)

The Inland Revenue Board (HASiL) has introduced a special voluntary disclosure programme to help taxpayers settle late stamp duties without penalties. Any unsigned contracts or documents, such as employment agreements or property-related papers between 2023 and 2025, may be regularised under this programme.

Key details:

- **Program period:** 1 January 2026 to 30 June 2026.
- **Eligible documents:** Documents signed between 1 January 2023 and 31 December 2025 that remain unstamped.
- **Main benefit:** No penalties will be imposed if the applicable stamp duty is paid within the six-month programme period.
- **Peace of mind:** Documents stamped under this programme will not be audited for late submission.

Important notes:

- The programme does not apply to fraudulent cases.
- Unstamped documents outside the 2023-2025 period are not covered.
- The penalty waiver is automatic and does not require a separate application.

Recommended action:

Review records for any unstamped documents from 2023-2025. Use this penalty-free window to avoid future fines and administrative complications.

For official guidance, visit HASiL's website: www.hasil.gov.my

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Upcoming changes to the Holidays Act

Proposed changes to the Holidays Act aim to simplify leave calculations and provide greater consistency across employers. Under the reforms, annual leave would accrue in hours for each hour worked, offering a fairer approach for employees with variable or casual work patterns. Sick leave would also accrue in hours from an employee's first day, based on their contracted hours, and continue to accrue during certain periods of unworked time, up to a cap of 160 hours. These changes are still under consideration and have not yet been passed into law.

Holidays in the Philippines for 2026

President Ferdinand Marcos Jr. declared regular and special holidays in the Philippines through Proclamation No. 1006, s. 2025, which lists regular holidays and special non-working days for 2026.

Regular and special holidays in the Philippines have been declared through [Proclamation No. 1006, 2025](#), signed on 3 September 2025. The type of holiday has an impact on [Payroll for Philippine employees](#).

The list of Holidays in the Philippines in 2026 are as follows:

Holiday name	Date	Day	Type of holiday
New Year's Day	1 January	Thursday	Regular
Chinese New Year	17 February	Tuesday	Special (Non-Working) Day
Maundy Thursday	2 April	Thursday	Regular
Good Friday	3 April	Friday	Regular
Black Saturday	4 April	Saturday	Special (Non-Working) Day
Araw ng Kagitingan	9 April	Thursday	Regular
Labor Day	1 May	Friday	Regular
Independence Day	12 June	Friday	Regular
Ninoy Aquino Day	21 August	Friday	Special (Non-Working) Day
National Heroes Day	31 August	Monday	Regular
All Saints' Day	1 November	Sunday	Special (Non-Working) Day
All Souls' Day	2 November	Monday	Special (Non-Working) Day
Bonifacio Day	30 November	Monday	Regular
Feast of the Immaculate Conception of Mary	8 December	Tuesday	Special (Non-Working) Day
Christmas Eve	24 December	Thursday	Special (Non-Working) Day
Christmas Day	25 December	Friday	Regular
Rizal Day	30 December	Wednesday	Regular
Last Day of the Year	31 December	Thursday	Special (Non-Working) Day
Eidul Fitr	Proclamation pending		
Eidul Adha	Proclamation pending		

The proclamation declares 25 February 2026, as a **Special (Working) Day** to celebrate the commemoration of the 40th anniversary of the EDSA People Power Revolution.

Furthermore, the proclamation of the official dates for both Eidul Fitr and Eidul Adha as national holidays shall be issued after the National Commission on Muslim Filipinos recommends to the Office of the President the actual dates on which these holidays shall fall following the Islamic calendar (Hijra) or the lunar calendar.

Updated De-Minimis provisions – increased ceiling of non-taxable benefits in the Philippines

The Bureau of Internal Revenue (BIR) has updated the De Minimis provisions, increasing the limits for non-taxable employee benefits in the Philippines. The BIR issued [Revenue Regulation \(RR\) No. 29-2025](#) on December 22, 2025. The regulation takes effect 15 days after its publication.

Under the revised rules, these benefits—considered minor facilities or privileges—remain exempt from income tax on compensation and fringe benefit tax. The amendments expand coverage to various employee perks, including higher allowances for rice, clothing, medical assistance, and laundry, as well as increased limits for monetized leave credits and achievement awards.

Section 2.78.1 of RR No. 2-98, as amended by [RR No. 004-2025](#), has been further amended as follows:

“Section 2.78.1. Withholding of Income Tax on Compensation Income. –

(A) Compensation Income Defined. – xxx

xxx xxx xxx

(3) Facilities and privileges of relatively small value. - xxx

- (a) Monetized unused vacation leave credits of private employees not exceeding twelve (12) days during the year;
- (b) Monetized value of vacation and sick leave credits paid to government officials and employees ;
- (c) Medical cash allowance to dependents of employees not exceeding PHP 2,000.00 per employee per semester or PHP 333.00 per month;
- (d) Rice subsidy of PHP 2,500.00 or one (1) sack of 50kg. rice per month amounting to not more than PHP 2,500.00;
- (e) Uniform and clothing allowance not exceeding PHP 8,000.00 per annum;
- (f) Actual medical assistance, e.g., medical allowance to cover medical and healthcare needs, annual medical/executive check-up, maternity assistance, and routine consultations not exceeding PHP 12,000.00 per annum;
- (g) Laundry allowance not exceeding PHP 400.00 per month;
- (h) Employee’s achievement awards, e.g., for length of service or safety achievement, in any form, whether in cash, gift certificate, or any tangible personal property, with an annual monetary value not exceeding PHP 12,000.00 received by the employee under an established written plan which does not discriminate in favor of highly paid employees;
- (i) Gifts given during Christmas and major anniversary celebrations not exceeding PHP 6,000.00 per employee per annum;
- (j) Daily meal allowance for overtime work and night/graveyard shift not exceeding thirty percent (30%) of the basic minimum wage on a per region basis; and
- (k) Benefits by an employee by virtue of a collective bargaining agreement (CBA) and productivity incentives scheme provided that the total annual monetary value received from both CBA and productivity incentive schemes combined do not exceed twelve thousand pesos PHP 12,000.00 per employee per taxable year.

Comparison table: Old vs. new De Minimis thresholds

De Minimis benefit	Old threshold	New threshold
Monetised unused vacation leave credits (Private employees)	10 days	12 days
Monetised value of vacation and sick leave credits (Government officials and employees)	Exempt	Exempt
Medical cash allowance to dependents	≤ P1,500 per semester or P250 per month	≤ P2,000 per employee per semester or P333 per month
Rice subsidy	P2,000 or 1 sack (50kg) ≤ P2,000	P2,500 or 1 sack (50kg) ≤ P2,500
Uniform and clothing allowance	≤ P7,000 per annum	≤ P8,000 per annum
Actual medical assistance	≤ P10,000 per annum	≤ P12,000 per annum
Laundry allowance	≤ P300 per month	≤ P400 per month
Employee's achievement awards	≤ P10,000 per annum	≤ P12,000 per annum
Gifts (Christmas/Anniversary)	≤ P5,000 per annum	≤ P6,000 per annum
Daily meal allowance (OT/Night shift)	≤ 25% of basic minimum wage	≤ 30% of basic minimum wage
CBA and productivity incentive schemes	≤ P10,000 per taxable year	≤ P12,000 per taxable year

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Increase to qualifying salaries for work visas from 2027

Singapore has announced several updates to its foreign workforce policies to stay open to global talent while keeping Singaporeans at the core of the labour force.

In his Budget statement on 12 February, Prime Minister Lawrence Wong said foreign professionals play an important role in strengthening businesses, transferring knowledge and supporting economic growth. At the same time, the Government will ensure that the foreign workforce continues to complement a strong Singaporean core.

Key changes to Employment Pass (EP)

From January 2027, the minimum qualifying salary for new EP applicants will increase from \$5,600 to \$6,000. For the financial services sector, the threshold will rise from \$6,200 to \$6,600. Salary requirements will scale with age.

The revised thresholds for EP renewals will take effect from 2028.

Changes to S Pass

From January 2027, the minimum qualifying salary for new S Pass applicants will increase from \$3,300 to \$3,600. In financial services, the threshold will rise from \$3,800 to \$4,000. Salary requirements will scale with age. Changes will apply from 2028.

Work permit levy adjustments

Levy changes will start from 2028, giving employers time to adapt.

- Marine shipyard: levy for basic skilled workers will rise by \$100 per month.
- Process sector: levy for basic skilled workers will rise by \$150 per month.
- Manufacturing and services: the current three tier levy structure will be streamlined to two tiers.

Increase in CPF contribution rates for older workers from 2027

From 1 January 2027, CPF contribution rates will rise for older workers. Rates will increase by 1.5 percentage points for employees aged above 55 to 60, and by 1 percentage point for those aged above 60 to 65.

These changes will raise total CPF contributions to 35.5 per cent for workers aged above 55 to 60, and to the target 26 per cent for those aged above 60 to 65.

The adjustment follows recommendations from the Tripartite Workgroup on Older Workers, and forms part of the Government's plan, announced in 2019, to increase CPF contribution rates gradually for Singaporean and permanent resident workers aged above 55 to 70.

Local Qualifying Salary to increase from \$1,600 to \$1,800 in 2026

Singapore's 2026 Budget introduces a range of measures to support lower wage, mid career and older workers.

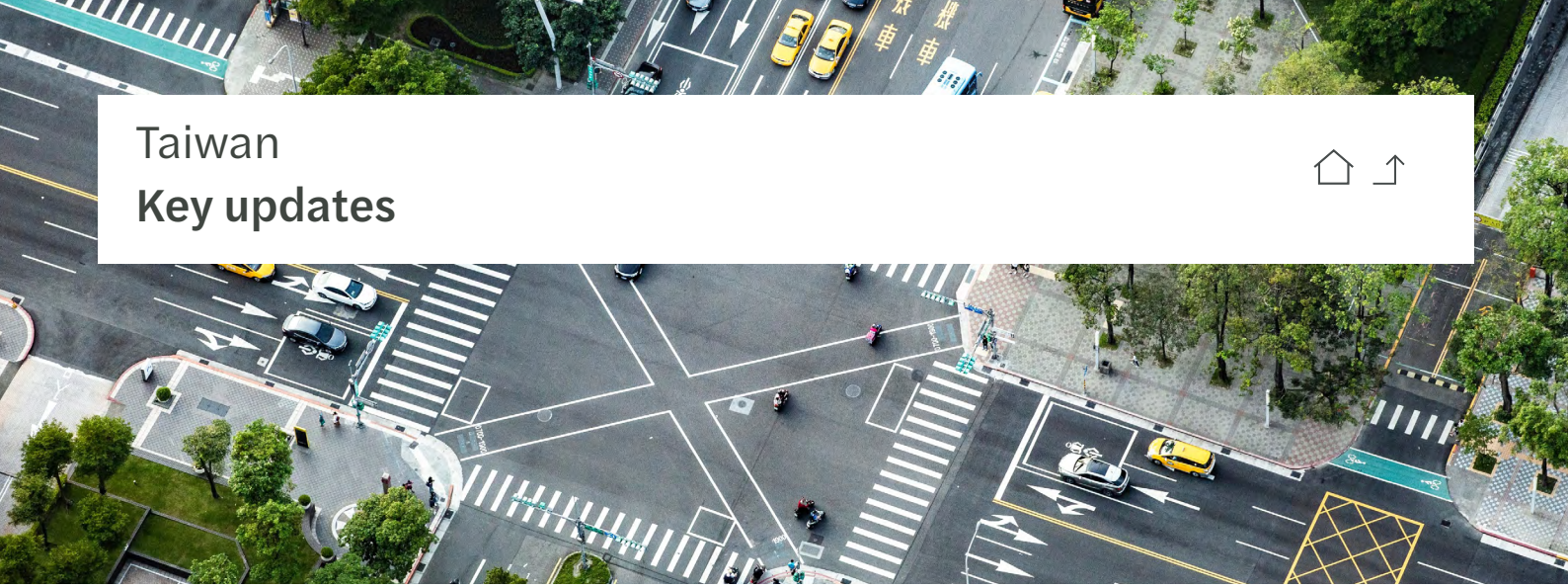
The Local Qualifying Salary (LQS) will rise from \$1,600 to \$1,800 in 2026. The LQS sets the minimum salary that firms must pay local employees before they can hire foreign workers.

To help employers manage the higher wage costs, the Government will enhance the Progressive Wage Credit Scheme (PWCS). Co funding for wage increases in 2026 will rise from 20% to 30%, and the scheme will be extended until 2028. From 2027, the minimum monthly wage increase required for PWCS support will double from \$100 to \$200 to better encourage firms to invest in their workforce.

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Ministry of Finance introduces new tax measures to ease public burden and enhance taxpayer services

To reduce the financial burden on the public, improve the convenience of tax services and create a more taxpayer-friendly environment, the Ministry of Finance (MOF) will implement new tax measures starting 1 January 2026.

The measures include increases to basic living expense allowances and key deductions, adjustments to income tax exemptions and brackets in line with inflation, and expanded tax incentives to support households and seniors.

For tax year 2025, the basic living expense per person has been increased to NT\$213,000, and the special deduction for long term care has been increased to NT\$180,000.

Further adjustments will apply to comprehensive income tax exemptions and deductions for tax year 2026, to be filed in May 2027. These include increases to the personal exemption, standard deduction, and the special deductions for salary income and persons with disabilities, as well as inflation-based adjustments to tax brackets and the tax-exempt portions of severance pay.

The MOF estimates that around 6.96 million households will benefit from these measures, resulting in an increase of NT\$14.4 billion cash on hand nationwide.

Based on calculations for various household scenarios after these adjustments, the following groups may be exempt from paying income tax:

- A single salaried worker renting a residence with annual income of up to NT\$644,000.
- A dual-income household renting a residence with combined annual income of up to NT\$1,108,000.
- A four-person family renting a residence and supporting two children under the age of six, with annual income of up to NT\$1,685,000.
- A three generation household renting a residence and supporting one dependent aged 70 or above who qualifies for disability and long term care deductions, and two children under the age of six, with annual income of up to NT\$2,183,500.

The MOF stated that these adjustments reflect the government's continued commitment to aligning tax policy with social needs, supporting family care responsibilities and responding to inflationary pressures, while ensuring fairness and efficiency in the tax system.

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Social security wage ceiling adjustment approved – effective January 2026

On 12 December 2025, a new ministerial regulation to adjust the wage ceiling used for calculating Social Security Fund (SSF) contributions was published in the Royal Gazette. This adjustment aligns with ongoing efforts to enhance the social security system and expand employee welfare benefits.

The wage ceiling increase will be implemented in three phases:

1. Phase 1 (2026–2028):
 - Maximum wage base: THB 17,500 per month
 - Maximum monthly contribution: THB 875
2. Phase 2 (2029–2031):
 - Maximum wage base: THB 20,000 per month
 - Maximum monthly contribution: THB 1,000
3. Phase 3 (From 2032 onward):
 - Maximum wage base: THB 23,000 per month
 - Maximum monthly contribution: THB 1,150

Key changes for 2026–2028 compared to 2025 include:

Item	Year 2025	Year 2026-2028
Maximum wage base for SSF calculation	THB 15,000	THB 17,500
Maximum monthly contribution	THB 750	THB 875
Maximum monthly sickness benefit	THB 7,500	THB 8,750*
Maximum monthly disability benefit	THB 7,500	THB 8,750*
Maximum monthly unemployment benefit	THB 7,500	THB 8,750*
Maternity grant	THB 22,500	THB 26,250*
Funeral grant	THB 90,000	THB 105,000*
Maximum monthly pension (15 years of contributions)	THB 3,000	THB 3,500*
Maximum monthly pension (25 years of contributions)	THB 5,250	THB 6,125*

*The Social Security Office has indicated that, alongside the Phase 1 wage ceiling adjustment, it intends to enhance benefit entitlements to reflect the updated contribution levels. However, details of these changes are yet to be officially announced.

Sources (in Thai):

- [Royal Gazette](#)
- [The Social Security Office](#)
- [The Revenue Department](#)

New payment deadlines and reductions in Social Security Fund contributions due to severe flooding in southern Thailand

On 15 December 2025 and 8 January 2026, the Royal Gazette announced new measures from the Ministry of Labour to support both insured employees and employers affected by severe flooding in southern Thailand. These measures include a temporary extension of payment deadlines and a reduction in Social Security Fund contributions for employers and employees.

The relief applies to companies registered with the Social Security Office in 9 affected provinces, as set out below:

- | | | |
|------------------------|----------------|----------------|
| 1. Trang | 4. Pattani | 7. Songkhla |
| 2. Nakhon Si Thammarat | 5. Phatthalung | 8. Satun |
| 3. Narathiwat | 6. Yala | 9. Surat Thani |

If branches located in these provinces are not registered with the local Social Security Office, such a branch is not qualified to receive this support. The new submission and payment deadlines for Social Security contributions for wages from November 2025 through April 2026 are as follows:

Month	Submission and payment method	Current deadline	Extended deadline
November 2025	On paper	15 December 2025	15 June 2026
	Electronically	25 December 2025	
December 2025	On paper	15 January 2026	15 July 2026
	Electronically	27 January 2026	
January 2026	On paper	16 February 2026	15 August 2026
	Electronically	26 February 2026	
February 2026	On paper	16 March 2026	15 September 2026
	Electronically	26 March 2026	
March 2026	On paper	16 April 2026	15 October 2026
	Electronically	28 April 2026	
April 2026	On paper	15 May 2026	15 November 2026
	Electronically	27 May 2026	

Social Security Fund contribution for both employers and employees from December 2025 to May 2026 have been reduced from 5% to 3% based on wages, capped at THB 15,000 for December 2025 and THB 17,500 from January 2026 onwards.

Month	Regular contributions		New contributions	
	Employee's contribution	Employer's contribution	Employee's contribution	Employer's contribution
December 2025	5%	5%	3%	3%
January 2026	5%	5%	3%	3%
February 2026	5%	5%	3%	3%
March 2026	5%	5%	3%	3%
April 2026	5%	5%	3%	3%
May 2026	5%	5%	3%	3%

Source (in Thai):

- [Royal Gazette – New submission and payment deadlines](#)
- [Royal Gazette – Reduction in Social Security Fund contributions](#)

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Update on employment income (salaries and wages)

Expansion of personal income tax (PIT) exempt income categories

The following types of income are now exempt from personal income tax:

- Salaries and wages paid for night shift work, overtime work and payments for unused annual leave in accordance with labour law regulations.
- Income from salaries and remuneration arising from science, technology and innovation activities.
- A five-year personal income tax exemption for individuals who are high-quality digital technology professionals or high-tech professionals, provided they are engaged in one of the following activities:
 - Salary and wage income from investments in the digital technology industry at concentrated digital technology parks.
 - Income from research, development and production of key digital technology products, including semiconductor chips and artificial intelligence systems.
 - Income from training activities for the digital technology industry workforce.
 - Income from high-tech or strategic technology research and development activities that fall under the List of High Technologies Eligible for Priority Investment and Development, or the List of Strategic Technologies and the List of Strategic Technology Products, as prescribed by the Law on High Technology.

Adjustment to PIT tax rates

The progressive personal income tax schedule has been amended. The number of tax brackets has been reduced from seven to five, with wider taxable income ranges applied to each bracket. Specifically:

Tax bracket	Taxable income per year (VND million)	Taxable income per month (VND million)	Tax rate
1	Up to 120	Up to 10	5%
2	Over 120 to 360	Over 10 to 30	10%
3	Over 360 to 720	Over 30 to 60	20%
4	Over 720 to 1,200	Over 60 to 100	30%
5	Over 1,200	Over 100	35%

Increase in family relief

The deduction levels for taxpayers and dependents have been adjusted in line with the stipulated thresholds in Resolution No. 110/2025/UBTVQH15:

- The personal deduction for taxpayers is VND 15.5 million per month (VND 186 million per year);
- The deduction for each dependent is VND 6.2 million per month.

The scope of eligible dependants for deductions has been expanded to include cases where a taxpayer's child has lost civil act capacity.

Other deductions

Taxpayers may also be entitled to additional deductions for:

- Health care and education – training expenses of the taxpayer and their dependants, provided the expenses are supported by invoices and payment evidence in accordance with legal regulations and are not reimbursed from other sources.
- Contributions to supplementary pension insurance under the Law on Social Insurance, purchases of voluntary pension insurance and life insurance premiums, within Government prescribed limits.

Update on income from business

Shift from presumptive taxation to declaration-based taxation

The tax declaration and payment mechanism for business individuals and household businesses has been fundamentally revised.

The former presumptive tax approach, which relied on assessed revenue, has been abolished. Taxpayers must now declare their income, and in most cases personal income tax (PIT) will be calculated based on actual profits generated.

Non-taxable revenue threshold

The non-taxable revenue threshold for personal income tax has been increased from VND 200 million per year to VND 500 million per year.

Tax calculation for cases where turnover exceeds the non-taxable threshold

- **For annual revenue exceeding VND 500 million up to VND 3 billion**, Business individuals and household businesses may choose one of the following calculation methods:
 - A tax rate of 15% applied to actual profits; or
 - A deemed tax rate of 0.5% to 5% applied to the portion of revenue that exceeds the non-taxable threshold.
- **For revenue over VND 3 billion up to VND 50 billion**, PIT is imposed on actual profit at a rate of 17%.
- **For revenue over VND 50 billion**, PIT is imposed on actual profit at a rate of 20%.

Note:

- For income from real estate leasing activities (excluding accommodation business activities), PIT is calculated at 5% of revenue exceeding the non-taxable threshold, regardless of actual revenue.
- Non-resident individuals earning income from business activities must apply the percentage of revenue method, based on the applicable rate for their business sector.

Update on income from capital transfer

Regulations on income from capital transfer have been standardised in terms of tax determination for both resident and non-resident individuals. The key changes are as follows:

- PIT is uniformly applied at a rate of 20% on actual income derived from capital transfer activities, regardless of residency status.
- Where the acquisition cost and related expenses cannot be determined, PIT is calculated at 2% of the transfer price.

Update on income from winnings, royalties, inheritances and gifts

Income from winnings, royalties and franchising remains subject to the same PIT rates previously applied. However, the taxable income thresholds have been adjusted in a way that is more favourable to taxpayers.

The deductible threshold used to determine taxable income has increased from VND 10 million to VND 20 million for each income occurrence.

Update on introduction of an additional category of taxable income – *other incomes*

A new category of taxable income, classified as *other incomes*, has been introduced. It includes the following:

- (i) Income from the transfer of Vietnam’s top-level domains “.vn”.
- (ii) Income from the transfer of greenhouse gas emission reduction results and carbon credits.
- (iii) Income from transfer of license plates purchased at auction as prescribed by law.
- (iv) Income from the transfer of digital assets.
- (v) Income from the transfer of gold bars/gold bullion.

Tax treatment

For items (i), (ii) and (iii), PIT is imposed at 5% on the portion of income that exceeds VND 20 million per occurrence.

For income from the transfer of digital assets and from the transfer of gold bars or gold bullion, PIT applies at 0.1% of the transaction value.

In the case of gold bar or gold bullion transfers, implementation will follow a Government-issued roadmap and detailed guidance, including guidance on the taxable threshold.

Update on other cases of tax exemption and reduction

Tax exemption

The following types of income are now exempt from PIT:

- Income from dividends distributed to members of agricultural cooperatives and cooperative unions, and income earned by individual farmers who contract with enterprises to participate in large-scale farming schemes (“Cánh đồng lớn”), production forestry or aquaculture.
- Income from the first transfer of certified greenhouse gas emission reduction results by individuals; carbon credits granted to individuals; interest income from green bonds; and income from the first transfer of green bonds after issuance.
- Income earned by individual investors and experts from innovative start-up projects, founders of innovative start-up enterprises and investors contributing capital to venture capital funds.
- Income from the transfer of open-ended fund certificates, where individuals hold the fund certificates for a full two years or more.

50% PIT reduction

A 50% PIT reduction applies to:

- Dividends distributed from securities investment funds and real estate investment funds, within the period prescribed by the Government.

Update on effective date of the new PIT law

The new PIT Law will take effect on 1 July 2026. However, provisions relating to income from business activities, salaries and remunerations of resident individuals will apply from the 2026 tax period.

For resident individuals, income from business activities, salaries and remunerations will therefore be subject to the new PIT provisions for the entire 2026 tax period, while the new tax policies on other types of income will apply from July 2026 onwards.

For non-resident individuals, the new tax policies will apply to all types of income earned from July 2026 onwards.

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