APAC Payroll newsletter
Issue 3/2026

August 2026

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.

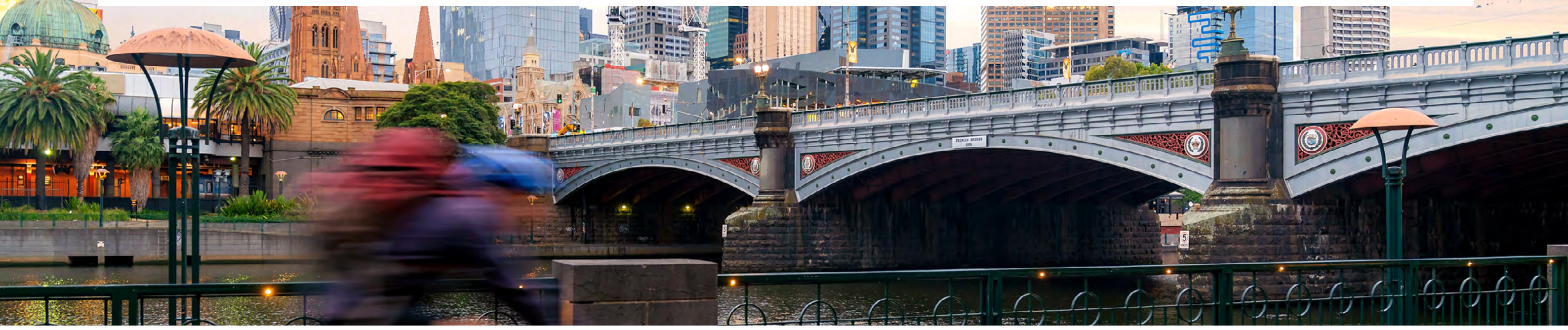
For more information, please visit our Global Payroll Services.

Thomas Chen

Partner, Head of Outsourcing APAC

Key updates in APAC

Key updates in APAC



Australian payroll updates effective from 1 July 2026

The following changes took effect on 1 July 2026.

Payday Super

From 1 July 2026, Australian employers must pay employees' Superannuation Guarantee (SG) contributions at the same time as salary and wages, replacing the previous quarterly payment system.

Superannuation contributions must be received in an employee's super account within seven business days of payday, or within 20 business days for new employees.

Key features of Payday Super

Payment timing: Superannuation contributions are paid with every pay run, whether weekly, fortnightly or monthly, rather than on a quarterly basis.

Calculation basis: Contributions are calculated at 12% of qualifying earnings, which include ordinary time earnings and additional payments such as commissions and salary sacrifice amounts.

Reporting: Contribution details must be reported through Single Touch Payroll (STP) each pay cycle, providing the Australian Taxation Office (ATO) with greater visibility of compliance.

Clearing house closure: The Small Business Superannuation Clearing House has closed. Businesses must now use alternative SuperStream-compliant software.

Superannuation contribution caps for 2026–27

- Concessional (before-tax) contributions cap: $32,500, increased from $30,000.
- Non-concessional (after-tax) contributions cap: $130,000, increased from $120,000.
- Three-year bring-forward limit: $390,000, where eligibility requirements are met.

Minimum wages

The National Minimum Wage has increased to $26.44 per hour, or $1,004.90 per week based on a 38-hour week. The increase applies from the first full pay period on or after 1 July 2026.

In addition, minimum pay rates under most modern awards have increased by 4.75%. Employers should confirm the applicable increase by reviewing the relevant modern award or enterprise agreement.

Employers should review payroll settings, employment agreements and award classifications to ensure the revised wage rates and superannuation requirements are applied correctly.

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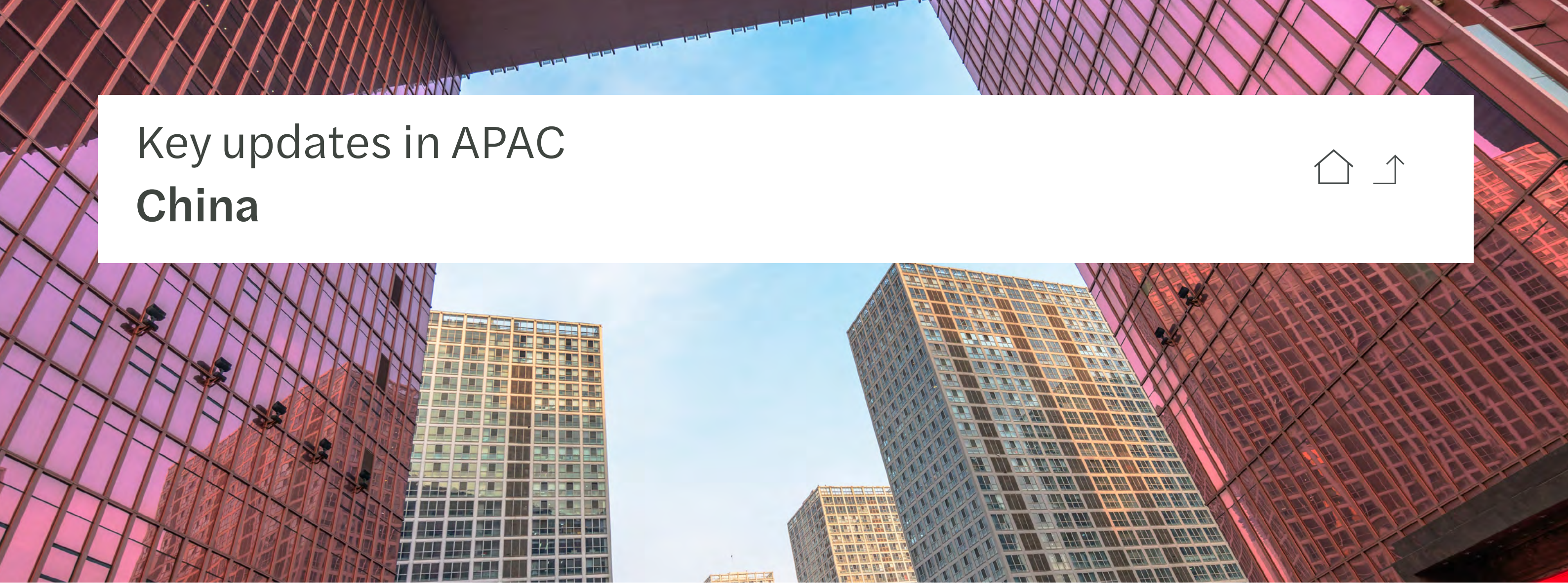
China



2025 Individual Income Tax ("IIT") annual filing has started - due on 30 June

Who should file the annual return?

- Tax residents* who derive consolidated income shall calculate and settle IIT on a consolidated annual basis in accordance with the law.
- A taxpayer who derives consolidated income and meets any of the following conditions shall file the annual IIT return:
  - Taxpayers applying for a tax refund
  - Taxpayers whose comprehensive income exceed CNY 120,000 and who have an overdue tax amount due more than CNY 400. This includes the following:
    1. Individuals who joined their company after January 2025
    2. Individuals receiving salary from two or more sources
    3. Individuals receiving remuneration for independent personal services, author's remuneration, or royalties
    4. Individuals who failed to submit their special additional deduction(s)
    5. Other cases where IIT needs to be regularized, including equity incentives and other overseas-sourced income

* Tax residents refer to individuals who are domiciled in China**, or who are not domiciled in China but have stayed in China for 183 days or more in aggregate within a tax year.

** For the purposes of the Individual Income Tax Law, an individual who has a domicile in China refers to an individual who habitually resides in China by reason of household registration, family ties, or economic interests.

How to declare the annual return?

- Online (individual), either through the IIT APP or the tax website
- Online (company), through the tax platform, upon authorization from the employee
- Entrust a professional agent

Please note that:

- foreign nationals (tax residents) can also log in the IIT APP using their tax identification number. First time users may need to go to the tax office with their passport to obtain their tax identification number.
- For method 1, you could find the detailed instructions in Chinese on how to file the annual return using the IIT APP via the website of State Taxation Administration.
- for methods 2 and 3, the legal representative and finance manager of the company need to formally authorize the trustee to perform the declaration. An agency agreement will also need to be signed by the individual.

What is the deadline to file the annual return?

The declaration period is from 1 March to 30 June. Declarations must be filed by 30 June 2026.

Point of attention

A non-domiciled individual who stays in China for 183 days or more in each tax year for six consecutive years will become subject to IIT on worldwide income starting from the seventh year, unless the "six-year rule reset" condition is met.

Failure to complete the annual reconciliation within the statutory deadline may result in late payment surcharges, tax administrative penalties, or inclusion in the tax credit record system.

References:

- State Administration of Taxation Announcement [2026] No.1: Announcement on the Appointment Time for Handling the Final Settlement and Payment of Individual Income Tax on Comprehensive Income for the Year 2025 (link here in Chinese).
- State Administration of Taxation Decree No.57: Administrative Measures for Final Settlement of Individual Income Tax on Consolidated Income (link here in Chinese).

The 2026 social insurance base declaration will take place from May to July

The filing of employees' social insurance base for the year of 2026 (insurance period: July 2026 – June 2027) is conducted from May to July in Super Tier 1 cities.

Types of social insurance

Social insurance mainly includes the following items:

- Pension insurance
- Medical insurance (including maternity insurance)
- Work-Injury insurance
- Unemployment insurance

Who is required to declare

Employers shall complete the social insurance base declaration for all full-time employees.

Calculation rules for declaration

- Employees with a full working year in 2025: declare the monthly average wage of the 2025 calendar year (1 January – 31 December 2025).
- Employees with less than one full year in 2025: the social insurance base shall be calculated by dividing the total annual wage by actual working months.
- Newly recruited employees in 2026: the base shall be declared according to the full monthly salary of their onboarding month.

Declaration schedule by city

- Beijing: mid-May to late July 2026
- Shanghai: 1 May – 25 June 2026
- Guangzhou: mid-May to late July 2026
- Shenzhen: mid-May to late July 2026

Declaration channels

Enterprises may complete the above declaration via the following channels:

- Online E-tax bureau
- Social Insurance Management Client Platform
- Offline tax service hall

New social insurance base effective date

The 2026 social insurance contribution base shall take effect starting July 2026.

Important reminders

- The social insurance base is calculated based on an employee's previous year's annual average wage, including salaries, bonuses, allowances and other remunerations.
- The contribution base shall comply with the annual upper and lower limits announced by each city.
- Social insurance base filing is closely linked to employees' social insurance benefits. Employers shall complete the filing procedures within the specified time limit.
- Employers shall truthfully declare employees' social insurance base and take full responsibility for the authenticity, accuracy and completeness of the declared information.

References:

- Standing Committee of the National People's Congress: Social Security Law of the People's Republic of China (Revision 2018) (link here in Chinese).
- Shanghai Municipal Tax Service, State Administration of Taxation, [2026] no.1: Notice on Launching the 2026 Social Insurance Annual Declaration of Payment Wages by Employers (link here in Chinese).

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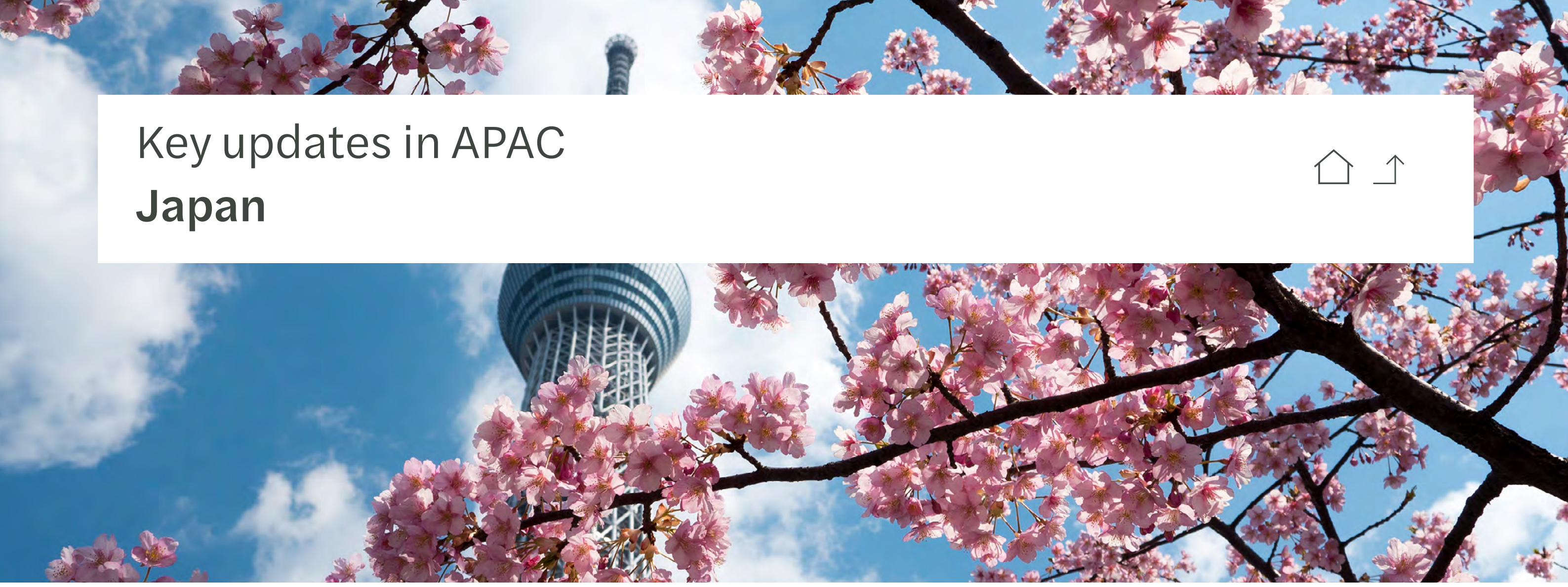
Japan



Upcoming changes to housing benefit in kind calculations for social insurance

From 1 October 2026, new rules will apply to the calculation of the value of housing benefits in kind for social insurance purposes.

Currently, the value is calculated based on the number of tatami mats in the living space excluding bathroom and toilet facilities. Under the revised rule, it will be calculated based on the total floor space of the housing in square meters.

Customer harassment prevention measures to become mandatory

From 1 October 2026, employers will be required to take appropriate employment management measures to address customer harassment. This new obligation is intended to help protect employees from inappropriate conduct by customers and other third parties and to ensure a safe and healthy working environment.

It is defined as conduct that satisfies all three of the following elements.

1. It is carried out by a customer or similar third party
2. It exceeds the scope of what is considered appropriate in general societal terms
3. It adversely affects the employee's working environment

Actions employers should take

1. Define and communicate the company's customer harassment policy.
2. Establish a consultation and response system for employees and ensure that employees are informed of the system in advance.
3. Respond promptly and appropriately to customer harassment incidents.
4. Introduce preventive measures to support an effective response framework.

Amendments to the whistleblower protection act: strengthening internal reporting systems

Under the Whistleblower Protection Act, business operators with more than 300 employees have been required since 2022 to establish an internal whistleblowing system.

**Business operators with 300 or fewer employees are also expected to make efforts to develop such a system.*

Further amendments are scheduled to take effect on 1 December 2026. These amendments are intended to strengthen corporate compliance by ensuring that employees who identify misconduct can report concerns safely and that whistleblowers are appropriately protected from disadvantageous treatment.

Actions employers should take

1. Confirm that an internal reporting channel is in place and clearly communicated to employees
2. Establish clear procedures for receiving reports, conducting investigations, taking corrective action, and providing follow-up.
3. Maintain strict confidentiality to protect whistleblowers' identities.
4. Prevent disadvantageous treatment, such as dismissal, disciplinary action, demotion, or retaliation.
5. Provide training to managers and personnel responsible for handling whistleblowing reports.

Expansion of iDeCo eligibility age

From 1 December 2026, iDeCo eligibility will be expanded to allow certain individuals aged 60 to under 70 to continue building retirement assets. Those who meet the relevant requirements, including not receiving old-age pension benefits or iDeCo old-age benefits, may be able to join or continue contributing to iDeCo.

Until November 2026	From December 2026
• Individuals insured under the National Pension System • Individuals who are not receiving old-age pension benefits or old-age benefits from an iDeCo plan	Individuals who are not insured under the National Pension System but fall under any of the categories below, provided they are not receiving old-age pension benefits or old-age benefits from an iDeCo plan and are not making matching contributions. 1. Individuals enrolled in iDeCo 2. iDeCo investment instructors 3. Individuals transferring assets from a corporate pension plan to an iDeCo account

Increase in contribution limits for iDeCo, corporate defined contribution (DC) plans, and the national pension fund

From 1 December 2026, the contribution limits for iDeCo, corporate defined contribution pension plans, and the National Pension Fund will be increased. For individuals covered by a company pension scheme, the combined monthly contribution limit will rise to JPY 62,000, regardless of whether they participate in a corporate pension plan.

For self-employed individuals, family members, and students aged 20 to under 60, the monthly contribution limit for iDeCo and the National Pension Fund will increase to JPY 75,000.

Expanded tax-exempt commuting allowances for vehicle commuters

Effective from 1 April 2026, Japan's tax-exempt limits for commuting allowances provided to employees who commute by car or other transportation vehicles have been revised. The changes include an increase in the tax-exempt limit for long-distance commuters (65 km or more one way) and the introduction of an additional tax-exempt allowance of up to JPY 5,000 per month for eligible parking expenses. For more details, please visit here.

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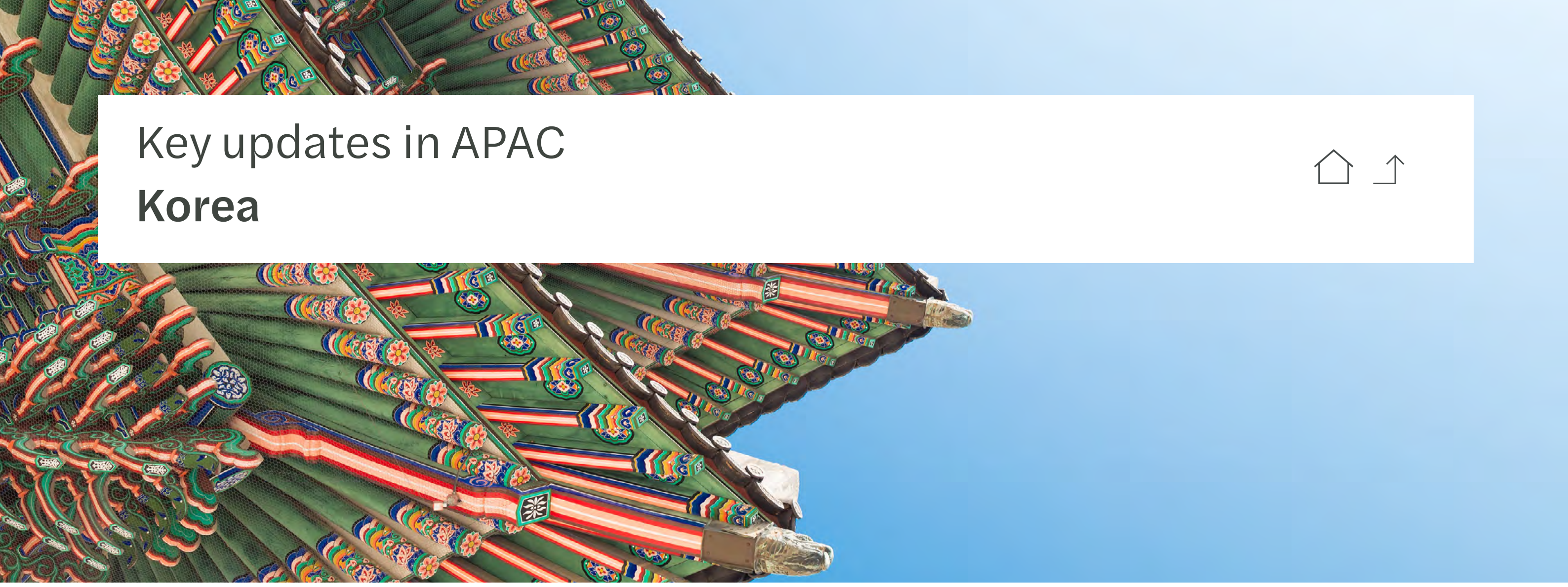
Korea



Minimum wage in 2027

The minimum wage for 2027 has been set, in this July, at KRW 10,700 per hour, a 3.7% increase from 2026. When converted to a monthly salary including weekly holiday allowances, this amounts to KRW 2,236,300 (based on 209 working hours per month).

In accordance with the Minimum Wage Act, the Minimum Wage Commission must submit the approved minimum wage proposal for next year to the Ministry of Employment and Labour, and the Minister must finalise and announce it by 5 August. Once finally announced, it will take effect on 1 January 2027.

Minimum wage	2026	2027
Houry	KRW 10,320	KRW 10,700
Monthly	KRW 2,156,880	KRW 2,236,300

Establishment of short-term parental leave (Effective 20 August 2026)

A new parental leave system has been established for the care of children aged eight or younger, or in the second grade of elementary school or lower, allowing for weekly leave limited to once a year. Accordingly, it is now mandatory to permit the use of parental leave in one- or two-week increments, limited to once a year, in the event of specific circumstances such as the closure or school vacation of the childcare or educational institution. It is stipulated that such weekly parental leave is excluded from the calculation of the number of times general parental leave can be split; if an employer fails to allow such weekly leave without justifiable grounds, penalties may be imposed in accordance with relevant laws.

Also, employees are eligible to receive parental leave benefits when using short-term parental leave.

Category	Details
Eligibility criteria	• **Eligible reasons**: School vacations, temporary closure of schools or childcare facilities, child illness, and other qualifying circumstances • **Leave duration**: 1 week or 2 weeks only (partial-week usage is not permitted) • **Frequency**: Available once per year • **Impact on parental leave entitlement**: The leave period counts toward the employee's overall parental leave entitlement • **Government subsidy**: Previously, only available for parental leave of 30 days or more, but now, for 'short-term parental leave,' benefits are available for 7 days or more.

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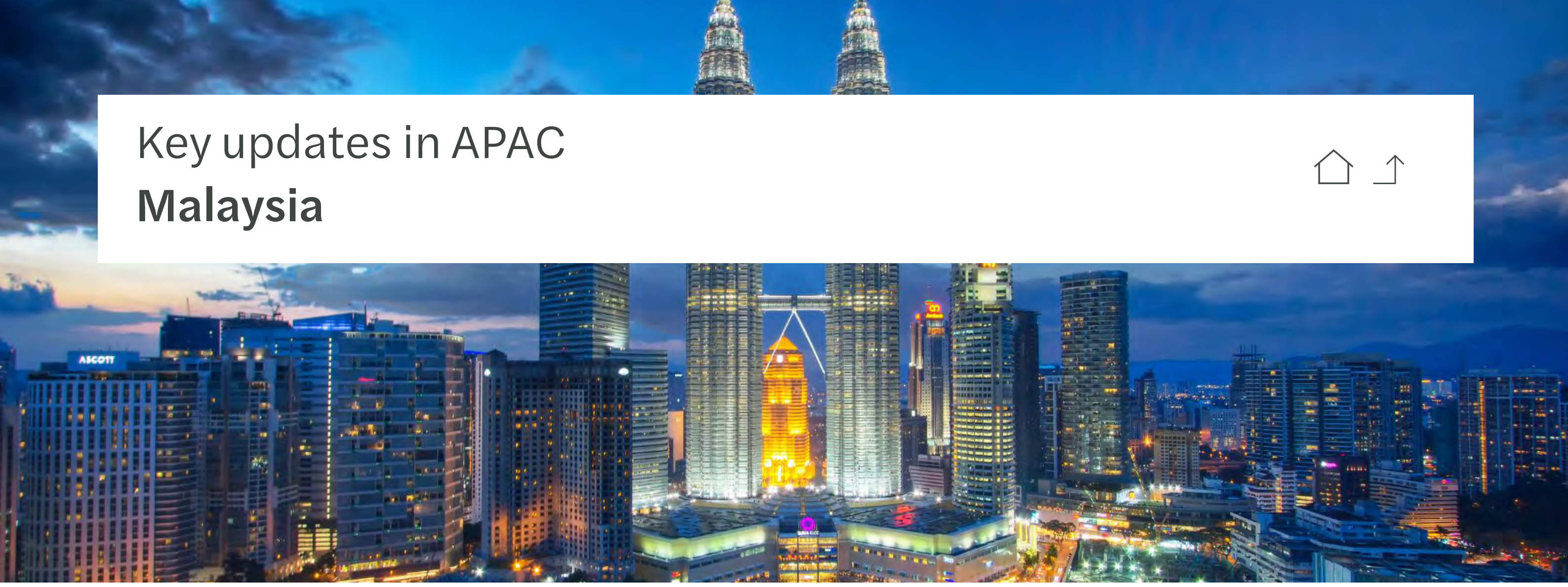

Key updates in APAC
Malaysia

SKBBK (Skim Kemalangan Bukan Bencana Kerja) update

PERKESO has announced that participation in the Skim Kemalangan Bukan Bencana Kerja (SKBBK) is now **optional for Malaysian employees**. Employees who wish to opt out of the scheme are required to register or log in to the LINDUNG Faedah portal and submit the Declaration Form (Notis Pelepasan Liabiliti) by **31 August 2026**. Employees who do not submit the Declaration Form by the deadline will remain enrolled in the scheme.

Key updates

- The opt-out option applies **only to Malaysian employees**.
- **Participation remains mandatory for foreign employees**, and SKBBK contributions will continue to apply.
- Employees who wish to opt out must complete the Declaration Form via the LINDUNG Faedah portal by the prescribed deadline.

Payroll impact

Employers should review employee participation status and ensure payroll records are updated to reflect the latest PERKESO requirements.

The Declaration Form can be accessed through the LINDUNG Faedah portal.

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New Zealand

Proposes major reform of employment leave entitlements

The New Zealand Government has announced proposed reforms to its employment leave system. The proposed changes aim to simplify leave calculations, provide greater clarity for employers and employees, and make leave entitlements more closely reflect the hours employees work.

Please note that these are proposed legislative changes only. The current Holidays Act 2003 remains in effect until any new legislation is passed and comes into force. The proposed changes are expected to take effect approximately two years after the legislation is enacted, with implementation anticipated in 2028.

A summary of the key proposed changes is outlined below.

Leave type	Current system	Proposed changes (Not yet in effect)
Annual leave	Employees become entitled to 4 weeks' annual leave after 12 months of continuous employment.	Annual leave would accrue from the first day of employment based on hours worked, at a proposed minimum accrual rate of 0.0769 hours of annual leave for each standard hour worked. This is designed to provide the equivalent of 4 weeks' annual leave for a standard full-time employee over a 12-month period. Employees would be able to access annual leave as it accrues.
Sick leave	Employees become entitled to 10 days' sick leave each year after 6 months of continuous employment. The entitlement is the same regardless of whether an employee works full-time or part-time.	Sick leave would accrue from the first day of employment based on hours worked, with entitlements proportional to the hours worked, at a proposed minimum accrual rate of 0.0385 hours of sick leave for each standard hour worked. This is designed to provide an entitlement equivalent to 10 days' sick leave per year for a standard full-time employee.
Casual employees	Casual employees generally receive 8% holiday pay instead of accruing annual leave.	Casual employees would instead receive a 12.5% Leave Compensation Payment (LCP) with their wages, replacing the current 8% holiday pay arrangement.
Cashing up annual leave	Employees may cash up one week of annual leave each year, subject to employer agreement.	Employees may cash up up to 25% of their accrued annual leave, subject to employer agreement.
Bereavement leave	Generally available after 6 months of continuous employment.	Bereavement leave would be available from the first day of employment.
Family violence leave	Employees become entitled to 10 days of family violence leave after 6 months of continuous employment.	Employees would be entitled to 10 days of family violence leave from the first day of employment.

Leave type	Current system	Proposed changes (Not yet in effect)
Parental leave	Annual leave payments after parental leave may be reduced because they are based on average weekly earnings.	Annual leave pay would instead be based on the employee's ordinary weekly pay before taking parental leave, preventing reduced leave payments.
Commission & bonus payments	Commission and bonus payments are generally included when calculating annual leave payments, making payroll calculations more complex.	Most commission and bonus payments would no longer be included when calculating leave payments, simplifying payroll administration.
Implementation	Current Holidays Act 2003 rules continue to apply.	A two-year transition period is proposed to allow employers time to prepare and implement the new system.

These reforms represent one of the most significant proposed changes to New Zealand's leave legislation in many years.

Key updates in APAC
Singapore

Progressive Wage Model (PWM) salary updates

As Singapore continues its efforts to uplift lower-wage workers through the Progressive Wage Model (PWM), Q3 2026 brings important wage adjustments that employers should be aware of. The key updates in Q3 relate to salaries for Administrators as well as employees in the retail sector.

Occupational Progressive Wage (OPW) for administrators and drivers

The revised OPW wage requirements for Administrators and Drivers came into effect on 1 July 2026. These requirements apply to Singapore Citizens and Permanent Residents employed in covered administrative and driving roles by employers who hire foreign workers. Compliance with these wage requirements is a condition for obtaining and renewing work passes.

Revised wage floors for administrative roles

Role	Before 1 Jul 2026	From 1 Jul 2026
Administrative Assistant	$1,980	$2,170
Administrative Executive	$2,580	$2,760
Administrative Supervisor	$3,160	$3,340

The next wage revision will take effect from 1 July 2027.

Retail PWM wage increases

The Retail PWM enters the second year of its revised three-year wage schedule on 1 September 2026, bringing another round of salary increases for retail workers.

Selected retail PWM wage adjustments

Role	From 1 Sep 2026	From 1 Sep 2026
Retail Assistant / Cashier	$2,305	$2,435
Senior Retail Assistant / Senior Cashier	$2,535	$2,680
Assistant Retail Supervisor	$2,790	$2,950

The wage increases are part of a structured progression pathway that links wages to skills, job responsibilities and productivity improvements. Corresponding adjustments also apply to covered part-time employees through revised hourly wage requirements.

What employers should do

To ensure compliance with PWM requirements, employers should:

- Review the salaries of employees in covered administrative and retail roles.
- Verify that wage adjustments have been incorporated into payroll systems by the respective implementation dates.
- Ensure employees meet any required PWM training and skills requirements.
- Communicate changes clearly to affected employees and managers.
- Monitor future PWM announcements to prepare for subsequent scheduled wage increases.

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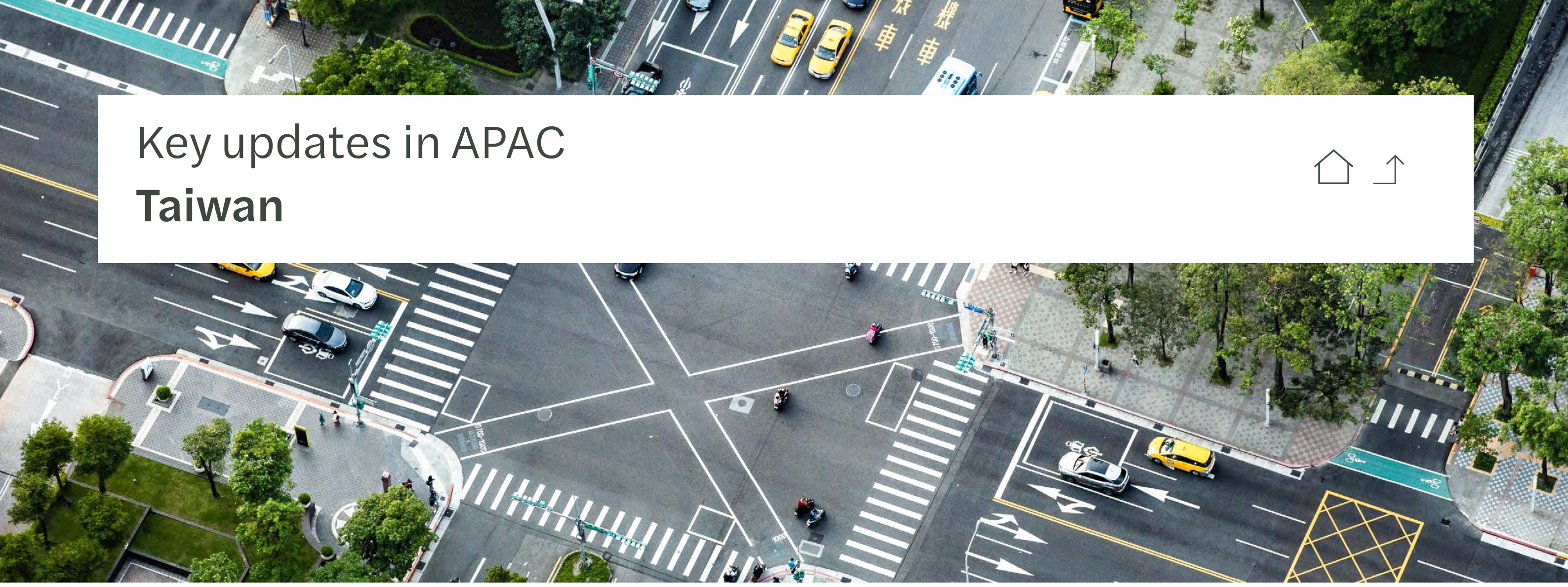

Key updates in APAC
Taiwan

Updated “Regulations of Leave-Taking of Workers”

The Ministry of Labour officially announced a revised version of the “Regulations of Leave-Taking of Workers”. The new rules stipulate that employers must not violate the principle of proportionality when deducting attendance bonuses.

Regarding attendance bonuses, the rules specify that employers must not make disproportionate deductions or completely withhold the bonus for workers who take sick leave within a month, in order to prevent workers from being discouraged from taking sick leave.

The amendment adds that if a worker takes no more than 10 days of ordinary sick leave within a year, the employer must not impose unfavourable treatment due to such leave. It also specifies that any deduction of attendance bonuses must be calculated proportionally based on the number of sick leave days taken.

For example, if an employee’s monthly salary is NT$33,000, including an attendance bonus of NT$3,000, and the employee takes one day of sick leave in a given month while attending all other working days, the deduction from the attendance bonus must not exceed NT$100 (NT$3,000 ÷ 30 days).

For workers who take more than 10 days of sick leave, employers must still consider overall factors such as work ability, attitude, and actual performance when conducting personnel evaluations, and must not base their assessment solely on the number of sick leave days.

Since workers already incur a loss of half their salary when taking sick leave, the Ministry of Labour discussed with industry associations and concluded that proportionally deducting attendance bonuses based on sick leave days is reasonable. The new system aims to prioritise workers’ health, recognising that physically and mentally healthy workers are more productive.

In addition to revising sick leave rules, the regulations also stipulate that workers who personally care for family members may take personal leave on an hourly basis. Employers must not treat this as absenteeism or use it to affect attendance bonuses.

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Key updates in APAC
Thailand

Cabinet approves three-year extension of double tax deduction for education and sports donations made via the e-Donation system

On 16 June 2026, the Thai Cabinet approved in principle two draft Royal Decrees extending the tax incentive that allows taxpayers to claim a double tax deduction to educational and sports organisations made through the Revenue Department's electronic donation (e-Donation) system.

To ensure continuity of the incentive and avoid any lapse in tax benefits, the extension will apply retrospectively to qualifying donations made between 1 January 2025 and 31 December 2027.

Key features of the extension

- Individual taxpayers may claim a tax deduction equal to twice the amount of an eligible donations, subject to an overall limit of 10% of net assessable income after deduction of allowance expenses and personal allowances, but before charitable donation deductions).
- The enhanced deduction is available only for donations processed through the Revenue Department's e-Donation platform. Donations supported solely by conventional receipts remain eligible for the standard tax deduction, but will not qualify for the additional deduction benefit.
- As the Royal Decrees are intended to apply retroactively to the 2025 tax year, taxpayers who have already made qualifying e-Donations may be entitled to an additional tax deduction and potential tax refund. To claim this benefit, taxpayers will be required to submit an amended Personal Income Tax Return (PND 90 or PND 91) once the Revenue Department completes the necessary enhancements to its e-filing system. The right to claim a refund will remain valid until 8 April 2029, being three years from the original filing deadline for the 2025 tax year.
- Supported beneficiaries:

Educational institutions	Sports entities
• Government and other state educational institutions • Registered private schools (excluding non-formal/informal schools) • Private higher education institutions. • Educational institutions established in Thailand under a treaty or agreement between the Thai government and a UN specialised agency (e.g. AIT). • Designated high-potential higher education institutions from abroad (e.g. CMKL University).	• The Sports Authority of Thailand (SAT) • Provincial sports committees • Provincial sports associations • The Department of Physical Education • National-level sports associations bearing the name "...of Thailand", or the National Sports Development Fund established under the Sports Authority of Thailand Act.

Taxpayers should verify the eligibility status of recipient organisations before making donations to ensure that the contributions qualify for the enhanced tax deduction. The Revenue Department maintains an online registry of approved educational, sports, healthcare and social development institutions that are eligible under the e-Donation programme in this link The Revenue Department e-Donation portal.

The extension provides an attractive tax planning opportunity for individuals wishing to support educational and sports development initiatives in Thailand. Taxpayers who made eligible e-Donations during 2025 should monitor further announcements from the Revenue Department regarding the availability of amended return filings in order to claim any additional tax benefits or refunds that may become available.

New pension calculation formula for Social Security old-age benefits (CARE) has been approved by the Cabinet

On 14 July 2026, the Cabinet approved the draft Ministerial Regulation on Old-Age Benefits, introducing a new pension calculation formula known as Career Average Revalued Earnings (CARE). The new formula is expected to increase old-age pension benefits for the majority of insured persons.

Key changes under the CARE formula include:

- **Improved lump-sum benefit for short contribution periods**: Insured persons who have contributed for fewer than 12 months will receive the employee's and employer's contribution portions, together with investment returns. Currently, only the employee's contribution portion is refunded.

Contribution period	Current calculation	Proposed calculation
Fewer than 12 months	Insured person's contributions only	Insured person's contributions plus employer's contributions and investment return
At least 12 months but fewer than 180 months	Insured person's contributions plus employer's contributions and investment return	No substantive change

- **Every contribution month will count**: For contributions exceeding 180 months, the additional pension rate will be calculated at 0.125% for each month, replacing the current increase of 1.5% for each complete 12-month period. Consequently, incomplete years will no longer be disregarded.

Contribution period	Current calculation	Proposed calculation
Total contribution period (example)	242 months	242 months
Period exceeding 180 months	62 months	62 months
Period recognised in the calculation	5 complete years; the remaining 2 months are dis-regarded	All 62 months
Base pension rate	20.00%	20.00%
Additional pension rate	1.5% × 5 years = 7.50%	0.125% × 62 months = 7.75%
Total pension rate	**27.50%**	**27.75%**

- **Career-average contribution wage**: The pension base will change from the average contribution wage during the final 60 months to the average wage throughout the insured person's entire contribution history. Historical wages will be adjusted to their present value before the average is calculated. This may also benefit individuals who previously contributed under Section 33 but later moved to Section 39, as their earlier, potentially higher contribution wages will also be considered.

Contribution period	Current calculation	Proposed calculation
Wage basis	Average wage during the final 60 months	Average wage across all 360 contribution months
Section 33 wages included	Not included, as they fall outside the final 60 months	THB 15,000 × 240 months
Section 39 wages included	THB 4,800 for the final 60 months	THB 4,800 × 120 months
Average contribution wage	THB 4,800.00	(THB 3,600,000 + THB 576,000) ÷ 360 = **THB 11,600.00**
Pension rate	42.50%	42.50%
Estimated monthly pension	**THB 4,800 × 42.50% = THB 2,040.00**	**THB 11,600 × 42.50% = THB 4,930.00**

In this example, CARE increases the estimated monthly pension by THB 2,890, from THB 2,040 to THB 4,930.

- **Protection for existing pensioners:** Existing pensioners will receive an increase if CARE produces a higher pension. If CARE produces a lower amount, their current pension will not be reduced.
- **Five-year transitional protection for new pensioners**: New pensioners who retire or begin receiving the old-age pension during the first year of the CARE formula's implementation but may receive less under CARE formula, will receive full compensation for any reduction in their pension benefit for the remainder of their lifetime. For those who start receiving the old-age pension in the second year after the CARE formula takes effect, compensation will be provided at 80% of the reduced amount. The compensation rate will gradually decrease to 60% in the third year, 40% in the fourth year, and 20% in the fifth year. No compensation will be provided to individuals who begin receiving the old-age pension from the sixth year onward following the implementation of the CARE formula.

Reference (in Thai):

- Royal Thai Government

Thailand expands tax incentives to support social enterprises

On 21 July 2026, the Cabinet approved in principle a draft Royal Decree under the Revenue Code aimed at enhancing tax measures that support social enterprises. The initiative is intended to encourage continued contributions toward Thailand's sustainable development goals in line with the United Nations Sustainable Development Goals (SDGs).

Key personal income tax measures

- **Tax deduction for contributions to social enterprises**

  Individuals who provide financial support to qualified social enterprises will now also be eligible for a **100% tax deduction (1x of the donation amount)**, with no expiration date for the incentive. This is a new benefit: previously only corporate donors (juristic persons) received this exemption, and it is now extended to individual donors as well, effective for contributions made from 1 January 2024 onwards.

- **Enhanced tax benefits for donations to the social enterprise promotion fund**

  Donations of cash or assets to the **Social Enterprise Promotion Fund** are eligible for tax deductions. Note that under the previous decree this benefit had expired on 31 December 2023; the new Royal Decree reinstates it, at an increased rate, only for donations made between 1 January 2024 and 31 December 2028 (i.e. it is NOT open-ended, unlike the benefit in the bullet above).

  In addition, the deduction will be increased from **1x to 2x the donation amount** for donations made between **1 January 2024 and 31 December 2028**.

Important note

To qualify for these tax incentives, all contributions and donations must be made through the Revenue Department's **e-Donation system**.

References (in Thai):

- Thai Revenue Department
- Royal Thai Government

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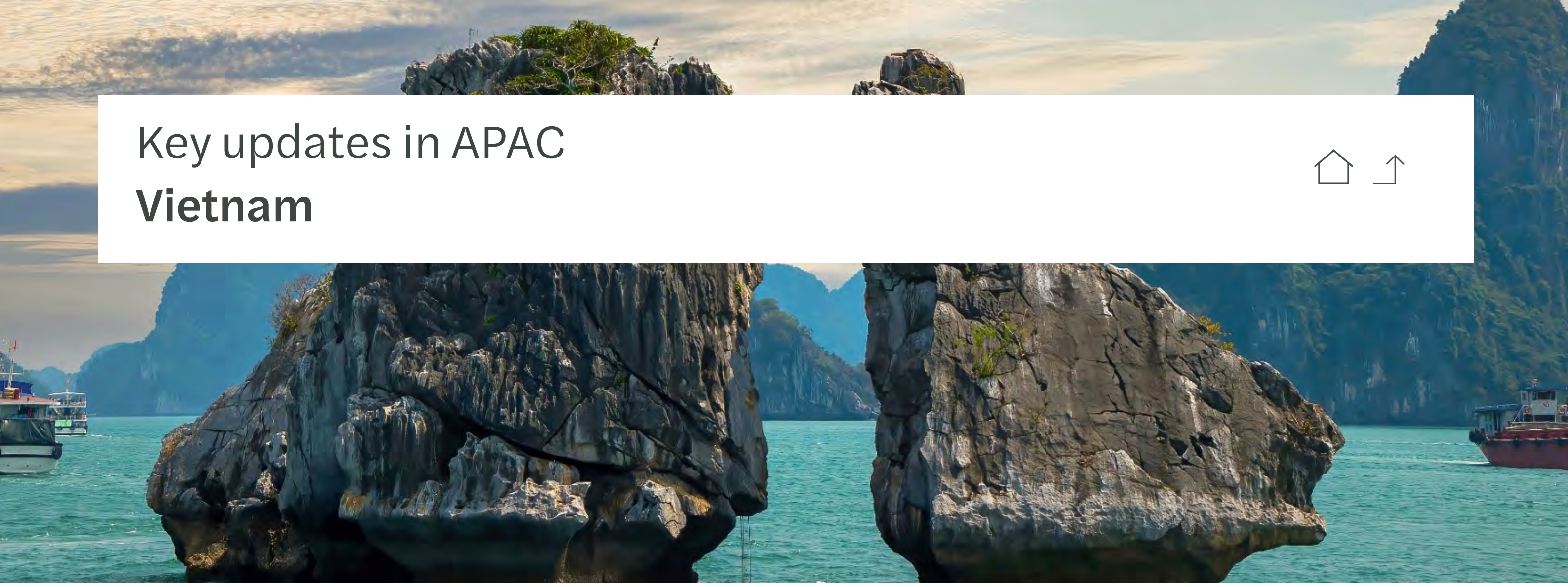

Key updates in APAC
Vietnam

Key personal income tax changes for employers and employees effective from 1 July 2026

The Government and the Ministry of Finance have issued Decree No. 253/2026/ND-CP and Circular No. 87/2026/TT-BTC, effective from 1 July 2026. These regulations provide important clarifications on employment income, tax deductions, withholding obligations, and personal income tax ("PIT") finalisation procedures.

Effective date and transitional provisions

- The Decree and Circular take effect on 1 July 2026. However, provisions relating to business income, employment income, and wages of tax residents apply from the 2026 tax year. The increased tax-exempt meal allowance cap of VND 1.2 million per employee per month is effective from 1 July 2026.
- For employment income earned during the period from 1 January 2026 to 30 June 2026, any adjustments arising from the new regulations may be reflected in the 2026 annual PIT finalisation without the need to amend previously submitted monthly or quarterly PIT returns.

Key considerations for determining tax residency

- The Decree continues to apply the existing principles for determining tax residency status and tax year based on either the calendar year or a continuous 12-month period.
- In determining the number of days present in Vietnam, the tax authorities may consider not only passports or travel documents but also other supporting immigration records relating to an individual's entry into and exit from Vietnam.

Conversion of taxable income

Taxable income received in a foreign currency must be converted into Vietnamese Dong (VND) using the buying exchange rate of a commercial bank or the exchange rate published by the State Bank of Vietnam at the time the income arises. Non-cash income must be valued based on the prevailing market value of the relevant goods or services at the time the income arises.

Expansion of tax-exempt employment income

- Cash payment for mid-shift meals or lunch allowances provided by employers are exempt from PIT up to VND 1.2 million per employee per month. Any excess remains subject to PIT.
- The entire amount of income earned from night shifts and overtime work performed at the workplace is exempt from PIT, provided the overtime arrangement meets the requirements of labour legislation.
- Salary or wages paid in respect of unused annual leave entitlements under labour regulations are exempt from PIT.
- Severance allowances and job-loss allowances paid in excess of statutory labour law requirements may still qualify for PIT exemption if clearly stipulated in a company's financial regulations, internal policies, labour contracts, or collective labour agreements.

New deductions and tax incentives

- Resident individuals may claim a deduction for their own and their dependents' medical examination and treatment expenses incurred at domestic healthcare facilities, up to VND 23 million per year, subject to prescribed conditions and supporting documentation.
- Resident individuals may claim a deduction for their own and their dependents' education and training expenses incurred at domestic educational institutions, up to VND 24 million per year, provided the relevant conditions are satisfied.
- Medical and education expense deductions must be claimed through a direct PIT finalisation filing with the tax authorities.
- The deduction limit for certain voluntary pension contributions, supplementary pension insurance, and related insurance products is increased to VND 3 million per person per month.
- The Decree introduces PIT incentives for certain employment income earned in the fields of science and technology, innovation, high technology, and the digital technology industry.
- Qualified high-tech professionals and high-quality digital technology industry personnel may be eligible for a five-year PIT exemption on employment income, subject to prescribed criteria and conditions.
- Income derived from participating in science, technology, and innovation projects may also qualify for PIT incentives where the relevant conditions and documentation requirements are met.

Changes to dependent eligibility and management

- Children aged 18 years or older who have lost civil act capacity may qualify as dependents for family circumstance relief purposes if the prescribed conditions are met.
- For other categories of dependents, family circumstance relief is available only where the dependent lives with the taxpayer and is under the taxpayer's legal support obligation.
- Taxpayers must complete dependent registration by 31 December of the relevant tax year to be eligible for family circumstance relief.
- The income threshold for dependents is increased to VND 3 million per person per month.

Changes to tax withholding and PIT finalisation obligations

- The threshold for applying the 10% PIT withholding on payments to individuals who do not have labour contracts or whose labour contracts are shorter than three months is increased to VND 5 million per payment.
- Payments made to former employees after termination of employment may still be subject to 10% PIT withholding, where the relevant conditions are met.
- Individuals receiving occasional income that has been subject to 10% withholding tax are not required to re-finalise such income if their average monthly income does not exceed VND 15 million.
- The Decree clarifies PIT withholding, reporting, and payment obligations where a Vietnamese company reimburses salary and wage costs to overseas organisations or individuals. This clarification may affect international assignment, secondment, and cross-border employee cost allocation arrangements.

Clarification of the tax treatment of ESOP shares and bonus shares

- The receipt of bonus shares or ESOP shares does not trigger PIT at the time of receipt. PIT implications arise when the individual subsequently transfers the shares.
- Upon transfer, an individual may simultaneously incur PIT liabilities in respect of both employment income and securities transfer income, depending on the nature of the gain.
- Securities companies and custodian banks are responsible for tracking bonus shares and ESOP shares held by each individual and carrying out the required tax withholding obligations in accordance with applicable regulations.

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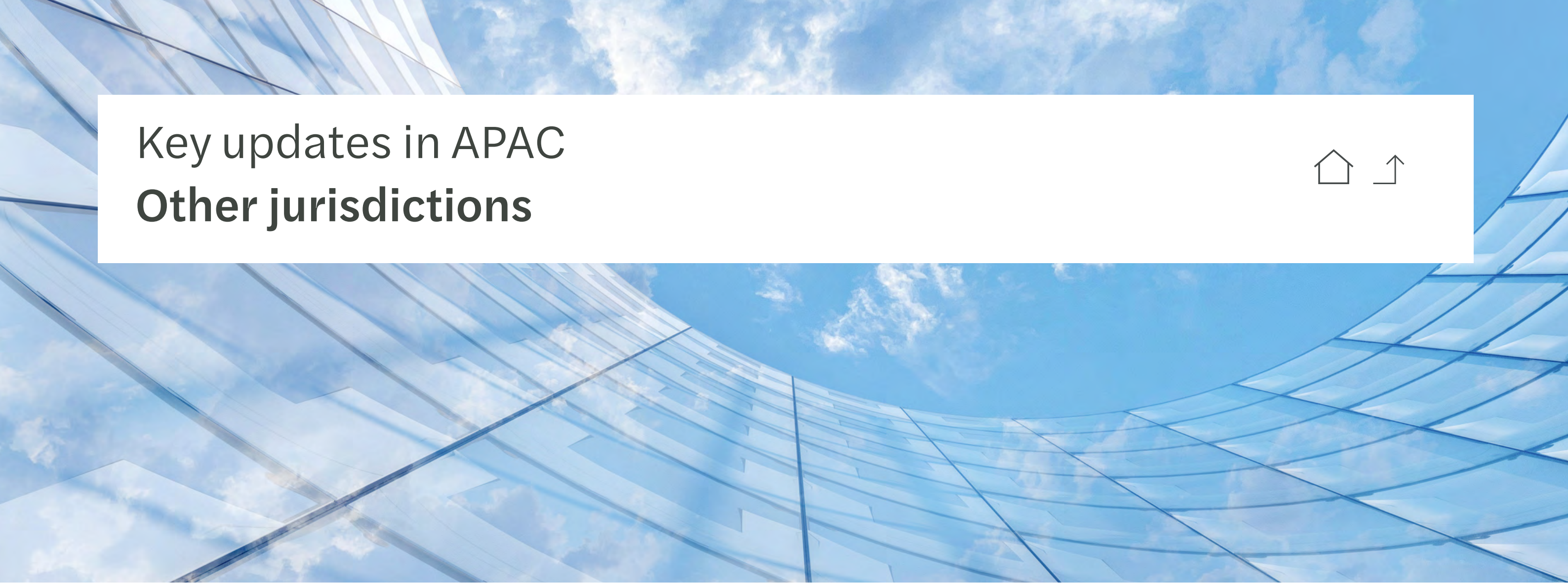

Key updates in APAC
Other jurisdictions

The following jurisdictions were reviewed and no significant payroll or regulatory updates were identified for this edition:

- Hong Kong
- India
- Indonesia
- Philippines

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