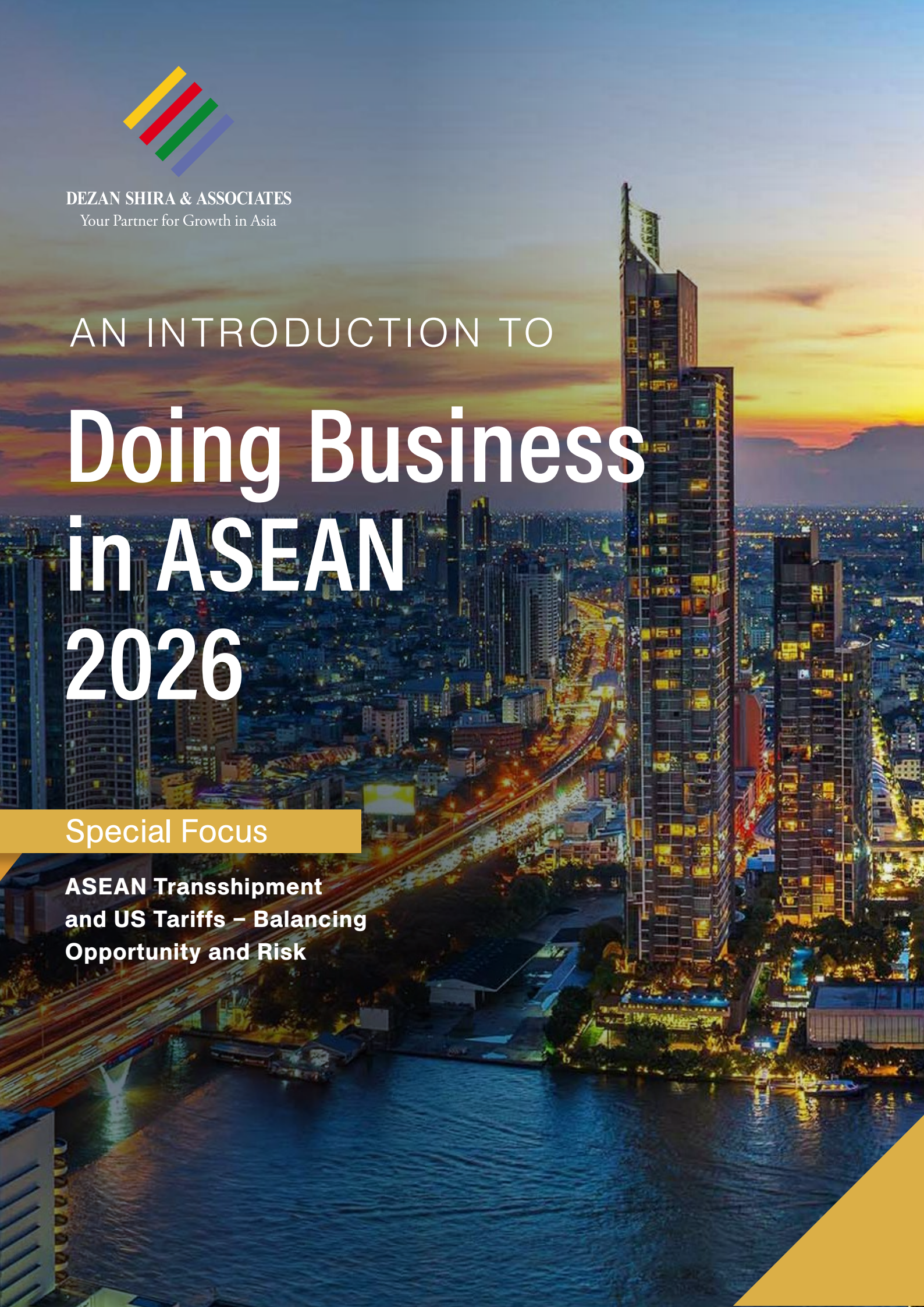

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AN INTRODUCTION TO

# Doing Business in ASEAN 2026

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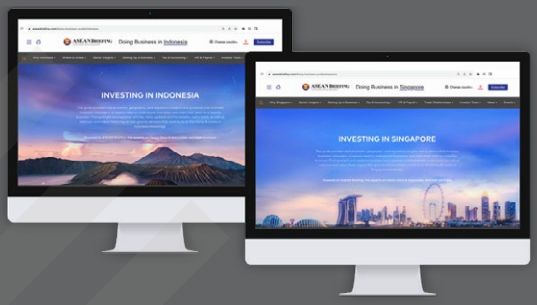


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This edition of Doing Business in ASEAN was produced by a team of professionals at Dezan Shira & Associates, with Ayman Falak as Editor.
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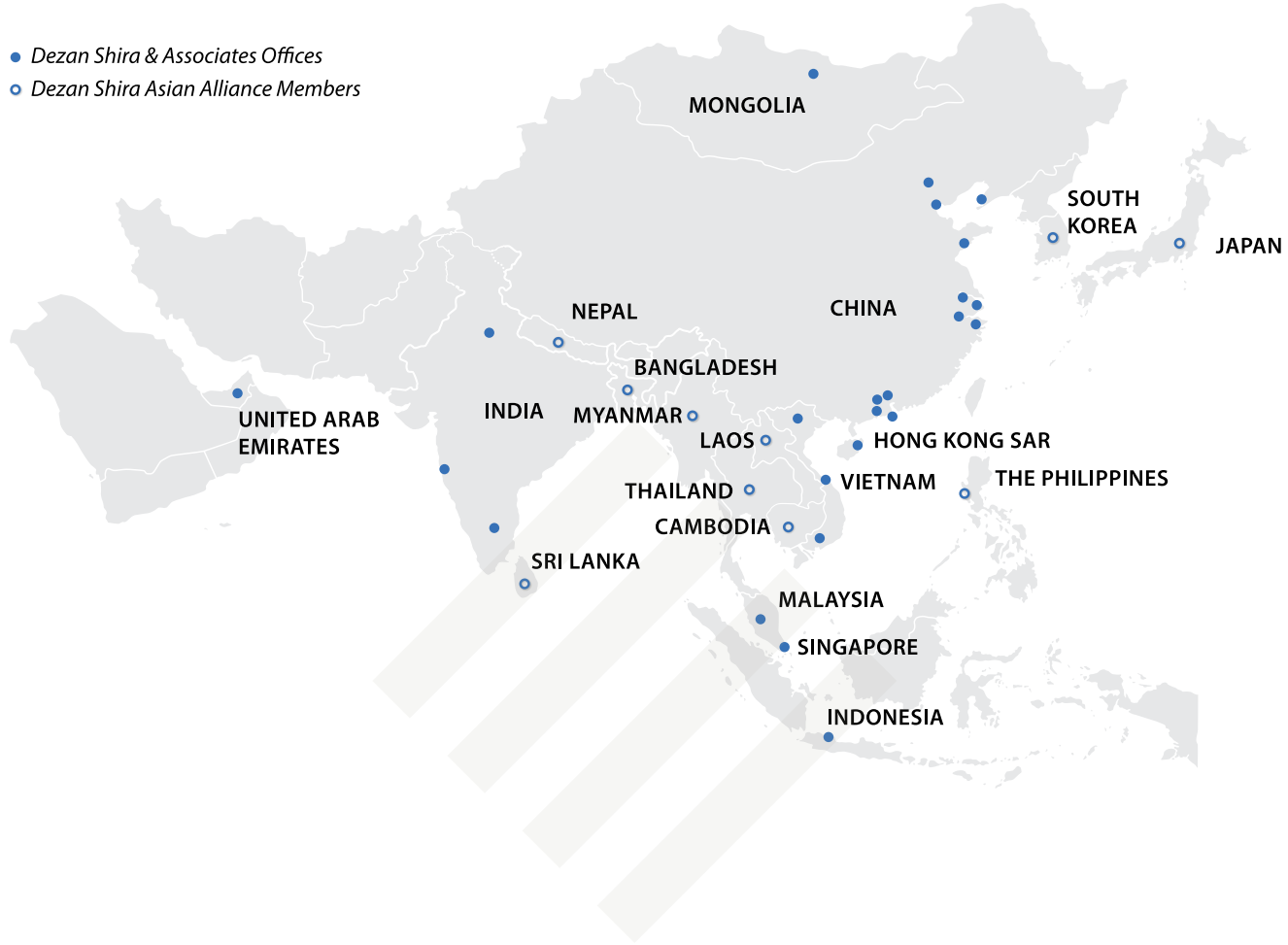


# About Dezan Shira & Associates

At Dezan Shira & Associates, our mission is to guide foreign companies through Asia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore and Vietnam, as well as liaison offices in Italy, Germany and the United States, and partner firms across the ASEAN region. With over 30 years of on-the-ground experience and a large team of professional advisers, we are your reliable partner in Asia.

# Preface

**ALBERTO VETTORETTI**
Managing Partner
Dezan Shira & Associates

ASEAN enters 2026 amid a period of strategic recalibration. The re-imposition of U.S. reciprocal tariffs under Executive Order 14257 has affected all member economies, with rates generally between 10 and 20 percent, depending on their trade balance with Washington. While the measures have increased export costs and compliance demands, they also indicate the region's enduring importance in global supply chains — offering firms a credible diversification path beyond sole reliance on China.

Despite these pressures, ASEAN's fundamentals remain sound. The Asian Development Bank (ADB) projects Southeast Asia's economy to expand by 4.3 percent in 2026, driven by resilient domestic consumption, infrastructure investment, and a growing services sector. This resilience provides the backdrop for a more strategic adjustment — where governments and businesses alike are shifting focus from short-term expansion to long-term competitiveness and structural reform. With the formal admission of Timor-Leste as ASEAN's eleventh member in October 2025, the bloc's footprint now extends farther east, signaling both deeper regional integration and new frontiers for investment in infrastructure, logistics, and energy.

These reforms signal ASEAN's intent to evolve from a cost-driven manufacturing base into a predictable, compliance-oriented operating environment. For investors, the implication is clear: competitiveness in the region now hinges less on incentives and more on structure, governance, and efficiency.

The region's ports and bonded-zone facilities are likewise drawing renewed attention as manufacturers reassess where to locate intermediate processing to remain tariff-eligible. Transshipment is increasingly part of that conversation — not as a way around trade barriers, but as an emerging channel for limited value-added processing within ASEAN. Although progress remains uneven, projects such as digital certificates of origin, Singapore's blockchain pilot, and customs-modernization programs in Vietnam and Malaysia point to measurable improvements in trade facilitation and documentation standards.

This publication, compiled by experts at Dezan Shira & Associates, introduces the fundamentals of investing in ASEAN and provides valuable insights on navigating this dynamic market. Our practice specializes in foreign direct investment services, including corporate establishment, business intelligence, tax advisory, compliance, accounting, and financial review services for multinationals investing in emerging Asia.

An Introduction to Doing Business in ASEAN 2026 covers the following:

- Corporate establishment;
- Tax and accounting;
- Human resources and payroll; and
- Audit and compliance.

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# What's New in This Guide

ASEAN countries have continued to advance policy reforms through 2025 and into 2026, with a shared focus on improving regulatory efficiency, transparency, and cross-border investment integration.

**Indonesia**

Indonesia continues to refine its investment framework to make market entry easier for foreign companies. Under Minister of Investment Regulation No. 5 of 2025, the minimum paid-up capital for foreign-owned limited liability companies has been lowered to IDR 2.5 billion (US$156,000), while the total investment requirement remains above IDR 10 billion (US$625,000) per KBLI classification and project location. The update reflects the government's intention to attract small and medium-scale foreign investors without altering its broader capital-formation goals.

These measures are complemented by the ongoing modernization of the OSS-RBA licensing platform and digital post-investment reporting. By focusing on regulatory clarity and reduced entry barriers, Indonesia reinforces its image as a predictable, investor-friendly jurisdiction within ASEAN.

**Malaysia**

Malaysia's social-protection framework has entered a new phase with the extension of Employees Provident Fund (EPF) coverage to non-Malaysian employees. Starting with wages for October 2025, mandatory EPF contributions apply to foreign workers holding valid employment passes, with both employer and employee contributing 2 percent of monthly wages.

This reform aligns Malaysia's retirement-savings regime with international labor standards and strengthens protection for the country's expanding foreign workforce. Coupled with mandatory e-invoicing set for full enforcement in 2026, it signals Malaysia's broader push toward inclusion and digital transparency in business regulation.

**Singapore**

Singapore has introduced several measures to align its tax and sustainability regimes with global standards. The global minimum tax (15 percent) under the OECD's Pillar Two framework applies to financial years beginning on or after January 1, 2025, meaning 2026 marks its first full year of implementation. The same year, the government is increasing the carbon tax rate from S$25 to S$45 per ton of emissions as part of its transition toward net-zero.

At the same time, Singapore has broadened the scope of tax deductions for equity-based remuneration and begun phasing in new sustainability-reporting standards aligned with the International Sustainability Standards Board (ISSB). These changes imply Singapore's intent to balance fiscal competitiveness with environmental accountability.

### Thailand

Thailand enters 2026 with two major regulatory shifts: sustained implementation of the global minimum corporate tax and the transition to fully digital company registration. The DBD Biz Regist system now serves as the sole channel for private-limited-company incorporation, replacing paper filings with seamless online workflows.

The 15-percent minimum tax applied to large multinational groups since 2025 continues to guide Thailand's compliance with emerging global tax frameworks. Together, these changes highlight an effort to modernize corporate administration while safeguarding revenue and regulatory integrity.

### Vietnam

Vietnam enters 2026 under a revised tax framework following reforms implemented across late 2025 and early 2026. The new Corporate Income Tax Law, effective from October 1, 2025 and applicable from the 2025 tax year onward, updates rules on taxable income, incentives, and enforcement. At the individual level, Personal Income Tax adjustments take effect from January 1, 2026, including higher standard and dependent deductions and revised withholding thresholds, ahead of the broader amended PIT law scheduled for mid-2026.

Regulatory modernization continues in parallel. From 2026, tax administration and enterprise compliance increasingly rely on digital systems, including expanded use of electronic tax identification, mandatory e-invoicing, and digital platforms for company registration and ongoing filings through VNeID accounts. These changes strengthen oversight while reducing procedural friction, supporting Vietnam's attractiveness to foreign investors as it deepens regional integration.

### Timor-Leste

Timor-Leste became the eleventh member of ASEAN on October 26, 2025, marking the completion of its two-year accession process and a historic step in the country's regional integration. Membership grants Timor-Leste full participation in ASEAN's economic, political, and cultural frameworks, opening new avenues for trade, investment, and cooperation.

The government is now working to align national laws and standards with ASEAN frameworks in areas such as taxation, customs, and corporate governance. The ongoing drafting of an Audit and Accounting Law based on International Financial Reporting Standards (IFRS) underlines its commitment to institutional reform and transparency. Timor-Leste's entry strengthens ASEAN's cohesion and extends the bloc's economic footprint into the Pacific.

# Table of Contents


**Preface** 04

**What's New in This Guide** 05

**Special Focus** 07

**Part 1 | Corporate Establishment** 18

Country-wise business structures and setup process 19

Brunei 19

Cambodia 21

Indonesia 26

Laos 45

Malaysia 48

Myanmar 55

Philippines 57

Singapore 64

Thailand 75

Timor-Leste 81

Vietnam 84

ASEAN's free trade agreements 90

**Part 2 | Taxation in ASEAN** 92

Tax structures in ASEAN 93

Brunei 93

# Table of Contents


Cambodia 95
Indonesia 99
Laos 118
Malaysia 123
Myanmar 129
Philippines 131
Singapore 136
Thailand 147
Timor-Leste 153
Vietnam 156

**Part 3 | Human Resources & Payroll in ASEAN 161**

Employment permits and relevant visa categories 162
Brunei 162
Cambodia 165
Indonesia 171
Laos 194
Malaysia 197
Myanmar 210
Philippines 213
Singapore 218
Thailand 233
Timor-Leste 235
Vietnam 238
Minimum wages in ASEAN 243

# Table of Contents


| | |
|---|---|
| Brunei | 243 |
| Cambodia | 243 |
| Indonesia | 244 |
| Laos | 248 |
| Myanmar | 248 |
| Malaysia | 248 |
| Philippines | 249 |
| Singapore | 250 |
| Thailand | 250 |
| Timor-Leste | 251 |
| Vietnam | 251 |
| **Part 4 \| Auditing and Compliance in ASEAN** | **252** |
| Brunei | 253 |
| Cambodia | 256 |
| Indonesia | 258 |
| Laos | 262 |
| Malaysia | 263 |
| Myanmar | 265 |
| Philippines | 268 |
| Singapore | 271 |
| Thailand | 274 |
| Timor-Leste | 277 |
| Vietnam | 278 |

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