



Tax Alert

Amendment to withholding tax (WHT) on dividend distribution

(Prakas 372, dated 5 April 2019)

The Ministry of Economy and Finance (MoEF) issued a new Prakas no. 372, dated 5 April 2019, on the Implementation of WHT on Dividend Distribution.

With reference to our update in May 2017, this Prakas replaces previous Prakas 518. Specifically, the new Prakas revises Article 7 on the sale of shares or distribution of capital or equity, as follows:

- In case there is transfer of shares in capital or equity interest (partly or wholly) of a company which has retained earnings, the retained earnings related to the shares transfer whether or not has been converted to shares capital shall be considered as distribution of dividends.
- In case there is a decrease in capital or equity interest during business life, the amount reduced is considered as a distribution of dividend. However, the deemed dividend shall not exceed the amount of retained earnings.

The 14% WHT on dividend distribution shall apply on the above cases as per Article 26 New (one) of the Law on Taxation.

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

Contact us

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