



# BRUNEI

Brunei - Mixed (Common and Sharia law)

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## Incorporating a company in Brunei

# Brunei taxes

If you are wanting to do business in Brunei, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LLC (SDN BHD) which is the most common legal entity in Brunei.

Brunei taxes corporate income accrued in or derived from Brunei or received in Brunei from outside Brunei. The prevailing standard rate for offshore income received in Brunei, from our research, but seek professional advice, is 18.5%. Companies with revenues under BND 1m are exempted from CIT. The standard corporation tax rate is 18.5%. Under certain conditions, companies dealing with exports are subjected to a fixed rate CIT rate of 1%. Companies engaged in oil and gas industries are taxed at a flat rate of 55%. Brunei ranks 63rd overall with regards to corp. taxation rate internationally.

There is no value-added tax or sales tax in Brunei, that ranks the country as 1st overall with regards to VAT globally. In terms of other taxation, an employer will contribute 8.50% to the equivalent of a social security fund and an employee will contribute 8.50%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 27hours. Contributing to this is the number of yearly labor tax payments, which is 5 in BN.

Thin capitalisation mandates aren't in effect. This refers to any type of restrictions on given company with respect to debt-to-asset ratios. Dividends received from a company subject to tax in Brunei are exempted. Dividends from foreign entities are considered taxable income. Dividends are distributions of earnings of a legal entity, determined by the board, to a particular class of shareholders. Dividends can be issued as cash payments, shares of stock, or other property. Capital Gains are not subject to taxation in Brunei. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Dividends are not subject to withholding tax in Brunei. This means that dividend payments to non-residents are not taxed in Brunei. The interest withholding tax rate is estimated at 15%. This should be interpreted usually that the tax authorities expects companies to automatically withhold 15% of payments offshore on interests. The royalties withholding tax rate is 10%. This should be interpreted usually that the taxman expects LLC (SDN BHD)'s to automatically withhold 10% of payments abroad for royalty payments. Payments to non-residents connected to a P.E. in Brunei are exempted of withholding taxes.

There is no known tax on wealth in Brunei. There are no known inheritance, transfer and real property taxes in Brunei. There are no widely used credits for innovation spend that include breaks on taxation in BN.

The above is not tax or legal advice for your individual personal tax obligations. We are able to help you to find an accountant in Brunei who can give you an answer. Contact us today. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Brunei is 0% which ranks 1 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 26 Tax treaties**
- 18.5% Offshore Tax**
- 18.5% Corp rate**
- 1 Loss carryback years**
- 66 Corporate time**
- 0% VAT rate**
- 0% Capital gains**
- 2018 AEOI planned**

# Brunei Legalese

When incorporating, you must look at the law in the country, in Brunei is mixed (common and sharia law) law. You will want to get some local advice as to how to best structure a company in Brunei. One is permitted to electronically sign documents.

The letters BN is for Brunei and the most common company type in Brunei is a LLC (SDN BHD).

The time to setup is usually 12 weeks to incorporate a LLC (SDN BHD) in BN. The types of currencies you can use to setup your legal entity is often legal currency.

Yes, one is allowed to re-domicile a LLC (SDN BHD) from BN. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC (SDN BHD) in Brunei as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is encouraged, up to 100% of the total shareholding.

A company is only required to have one director. Moreover, corporate directors are permitted. Directors should not expect to be private, as they are disclosed. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for a professional firm which can receive any lawsuit papers on behalf of the business. Furthermore, a corporate secretary is not always necessary, at least not by law.

There is an obligation to file yearly tax returns. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Brunei is a good option and have given it a score of 82 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 12 weeks to form**



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## Country Info



🚩 National Flag of

**Nation of Brunei, Abode  
Damai (msa)**

\$ Currency

**BND**

☎ Area Code

**+673**

🏰 Capital

**Bandar Seri Begawan**

📍 Region

**South-Eastern Asia**

🌿 Native Languages

**Malay**