



DOING BUSINESS
IN SINGAPORE



INTRODUCTION

Singapore is often regarded as one of the world's easiest place to do business (e.g. Doing Business 2012 report by the World Bank).

Singapore has excellent infrastructure, convenient online portals which allows fuss free dealings with government and, most importantly, transparent laws.

Every Reason to Invest

Singapore ranks highly as a business hub across many industries and sectors and has a vibrant economy in its own right with a wealthy population approaching 6 million.

Registering a Business

You can easily register your business, whether a sole proprietorship, partnership (including limited liability partnerships), foreign branch or a private limited company online (or offline) at the Accounting & Corporate Regulatory Authority (ACRA). Representative Offices (ROs) need to be registered with International Enterprise Singapore, while ROs in banking and insurance need to register with the Monetary Authority of Singapore.

Finding Premises

When it comes to locating appropriate premises, businesses have plenty of choices. Plenty of options are available, from high grade offices, shophouses, factories and warehouses, and these are located throughout Singapore – whether in the heart of the commercial district or in a suburban estate. Short and long term leases are available should you decide to rent.

Recruiting Manpower

Singapore maintains an edge in human resource with a strong pool of local talent as well as a capable international workforce. Singapore's competitive economy, pro-business labor relations and investments in talent training and infrastructure contribute to a supportive talent ecosystem here.

GOVERNMENT ASSISTANCE

Singapore is an investor's dream. The Singapore Government has developed an integrated series of incentives and programs tailor-made to welcome investors into both the business community and local society.

It is these efforts that have earned Singapore the reputation for being the world's easiest place to do business as well as one of the most competitive economies in the world.

Grants and Tax Incentives

A slew of financial incentives are offered to investors ready to expand their businesses, covering areas from equipment and technology, to business development, R&D and intellectual property, headquarters management and industry development.

You will enjoy one of the lowest corporate tax rates in the world when you do business in Singapore. Resident companies enjoy additional benefits including protection from double taxation, tax exemption on foreign-sourced income and tax exemption for new start-up companies.

Assistance from Government Agencies

Singapore's public sector is famed for its efficiency, which sees inter-agency cooperation working seamlessly to help companies and businesses grow. The following are some of the government agencies which you can tap on to support your company's growth in Singapore.

The Economic Development Board plans and executes strategies to enhance Singapore's position as a global business center, with the aim of growing the Singapore economy, and thereby generating economic opportunities and jobs for the people of Singapore.

SPRING Singapore assists start-ups and SMEs, and aims to foster a competitive and vibrant SME sector. It aids companies in financing, capabilities and management development, technology and innovation and access to markets. It is also the national standards and accreditation body.

International Enterprise Singapore falls under the Ministry of Trade and Industry. Its role is to spearhead the development of Singapore's exports. It also aims to position Singapore as a base for foreign businesses to expand into the region, in partnership with Singapore-based companies.

The Accounting & Corporate Regulatory

Authority oversees the registration and regulation of business entities and public accountants. Registration of businesses and companies are carried out with ACRA.

The Monetary Authority of Singapore is the central bank of Singapore. Its mission is to promote sustained non-inflationary economic growth, and a sound and progressive financial center. Unlike other central banks, MAS uses currency exchange rather than interest rate to control inflation.

The Infocomm Development Authority aims to cultivate a vibrant and competitive information/communication industry in Singapore. Infocomm is seen as vital to sustaining long term GDP growth as it helps improve efficiency and competitiveness for Singapore-based companies.

The Media Development Authority was established to develop Singapore into a vibrant global media city as well as foster a creative economy and a connected society. Film, television, radio, publishing, music, games, animation as well as interactive digital media fall under the purview of MDA. MDA also has a hand in developing clear and consistent regulatory policies and guidelines and helps foster a pro-business environment for industry players and increase media choices for consumers.

The Maritime and Port Authority (MPA) is tasked with developing Singapore as a premier global hub port and international maritime center and to advance and safeguard Singapore's strategic maritime interests. MPA is the driving force behind Singapore's port and maritime development and partners the industry and other agencies to ensure safety, security and environmental protection in our port waters, facilitate port operations and growth, expand the cluster of maritime ancillary services, and promote maritime R&D and manpower development.

Singapore Tourism Board (STB) is an economic development agency for one of Singapore's key service sectors – tourism. The mission of the STB is to develop and champion tourism, so as to build the sector into a key driver of economic growth for Singapore.

TAXATION

Singapore's pro-enterprise landscape is reflected in its approach to taxation. Singapore's corporate tax rates for companies are amongst the lowest among developed countries. The tax system is regulated and administered by the Inland Revenue Authority of Singapore (IRAS).

Personal Income Tax

The amount of personal income tax payable depends on whether you are a tax resident or non-resident and the income you earn.

Singapore has a progressive tax structure, so the less your taxable income, the less you pay. After deducting personal relief, personal income tax rates are between 0–20 percent.

A tax resident is someone who:

- is a permanent resident; or
- has been in Singapore for at least 183 days in a calendar year; or
- has been physically present or working in Singapore for three consecutive years, even if the number of days spent in Singapore in the first and third year are fewer than 183 days.

All others are considered non-residents.

Tax residents are taxed on any income earned in Singapore. Overseas income that is tied to employment in Singapore and brought into the country is taxable. Otherwise, your global sources of income are not taxed.

Non-residents are exempted from paying income tax if they have been employed for 60 days or less in a calendar year, unless they are directors, public entertainers or practising a profession in Singapore.

Non-residents are taxed only on income earned in Singapore at a flat rate of 15 percent or the resident rates, whichever is higher, and may not claim for personal reliefs.

Corporate Tax

Both local and foreign companies are taxed on income earned in Singapore as well as overseas income brought into Singapore. The headline corporate tax rate is 17 percent, with a number of incentives available to achieve a lower effective rate.

Taxation on resident and non-resident companies is similar, except resident companies enjoy additional benefits, such as:

- Protection from double taxation under the agreements Singapore has drawn up with certain countries.
- Tax exemption on foreign-sourced dividends, foreign branch profits and foreign-sourced service income.
- Tax exemption for new start-up companies for up to three years.

A company is considered tax resident in Singapore when its control and management are exercised in Singapore. Typically, a Singapore branch of a foreign company is usually not considered a Singapore tax resident.

Capital Gains Tax

There are no capital gains taxes in Singapore.

Withholding Tax

Certain payments to a non-resident company require withholding of tax. These payment types include interest or fees in connection to loans, royalties, management fees and rent. Withholding tax rates can be reduced if a double taxation agreement applies.

Estate Duty

There are no death taxes or estate duties in Singapore.

REGIONAL HEADQUARTERS SCHEME

The Singapore Government's economic development policy is to create a headquarters eco system for Singapore. It reaches out to all types of multinational companies for a multinational's regional headquarters to be located in Singapore.

The Singapore Government's Regional Headquarters (RHQ) schemes are meant to attract multinationals to set up their regional headquarters (e.g. looking after activities in South East Asia) in Singapore by providing very attractive tax incentives.

For instance, the Government can provide a RHQ company, which meets their minimum requirements (amongst others) of SG\$500,000 capital in Singapore and incurs at least SG\$5 million in annual business spending:

- 15 percent tax on incremental qualifying income; and
- Three years tax relief, with extension for an additional two more years.

Multinationals that commit to exceeding the minimum requirements for the RHQ Award can be granted an International Headquarters (IHQ) Award, with greater tax incentives, such as:

- 0/5/10 percent tax on qualifying income customized on the level of commitment and as negotiated with Singapore Economic Development Board; and
- 5 to 20 years tax relief period.

The qualifying income of an RHQ or IHQ is income from management, technical assistance and other supporting services, and qualifying interest and royalty income.

There is no Singapore tax on dividends received by an RHQ or an IHQ, and dividends paid out of by an RHQ or an IHQ are free of Singapore withholding tax.

TAX TREATIES

Singapore's Avoidance of Double Taxation Agreements (DTAs)

DTAs help to widen Singapore's economic space and strengthen its position as a hub for business. Currently, Singapore has 71 comprehensive DTAs and seven limited DTAs in force. The main objective of a DTA is to minimise tax barriers to the flows of trade, investment, technical know-how and expertise between two treaty countries.

Through the provisions of a DTA, taxpayers engaged in cross-border business can enjoy certainty on the taxing rights of both countries, benefit from the elimination of double taxation, and gain access to a platform to settle tax disputes.

Unlike comprehensive DTAs, limited DTAs are limited to the tax exemption on income derived from international shipping and/or air services.

Albania	Estonia	South Korea	Norway	South Africa
Australia	Fiji	Kuwait	Oman	Spain
Austria	Finland	Latvia	Pakistan	Sri Lanka
Bahrain	France	Libya	Panama	Sweden
Bangladesh	Georgia	Lithuania	Papua New Guinea	Switzerland
Belgium	Germany	Luxembourg	Philippines	Taiwan
Brunei	Hungary	Malaysia	Poland	Thailand
Bulgaria	India	Malta	Portugal	Turkey
Canada	Indonesia	Mauritius	Qatar	Ukraine
China	Ireland	Mexico	Romania	United Arab Emirates
Cyprus	Israel	Mongolia	Russian Federation	United Kingdom
Czech Republic	Italy	Myanmar	Saudi Arabia	Uzbekistan
Denmark	Japan	Netherlands	Slovak Republic	Vietnam
Egypt	Kazakhstan	New Zealand	Slovenia	

Limited Treaties

Bahrain	Saudi Arabia
Chile	United Arab Emirates
Hong Kong	United States of America
Oman	

Exchange of Information Arrangements

Bermuda

Agreements Which are Signed but not Ratified

Austria	Belgium	Guernsey	Morocco
Barbados	Czech Republic	Kazakhstan	Poland
Belarus	Ecuador	Liechtenstein	Portugal

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