



# DOING BUSINESS IN SINGAPORE

Moore Stephens LLP, Singapore



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<sup>1</sup> As of calendar year 2020

<sup>2</sup> <https://www.mas.gov.sg/bonds-and-bills/investing-in-singapore-government-securities/Singapore-Government-Credit-Rating>

<sup>3</sup> <https://www.cnn.com/2019/10/08/singapore-overtakes-us-to-become-most-competitive-country-wef-says.html>

<sup>4</sup> <https://www.doingbusiness.org/en/rankings>

<sup>5</sup> Correct as of 1 June 2020.

<sup>6</sup> <https://www.singstat.gov.sg/modules/infographics/economy>

<sup>7</sup> <https://www.smartnation.gov.sg/whats-new/speeches/smart-nation-launch>





# I INTRODUCTION

Situated at the heart of Southeast Asia and crossroads of international route, Singapore offers competitive and unprecedented access to the emerging ASEAN markets such as the Philippines, Thailand and Vietnam, while allowing maximum connectivity to major Asian economies such as Japan, Korea, China and India. Singapore's time zone permits financial institutions to trade with Europe and America within an 8 hours working day.

Especially in the last three decades, <sup>1</sup> Singapore has proven to be an attractive market for businesses to enter. With no foreign exchange controls yet strict anti-money laundering system, Singapore is today acknowledged by world leaders as a reputable financial centre with an excellent triple A credit rating from major international credit rating agencies. It remains as one of busiest air traffic and sea ports in the world.<sup>2</sup> Singapore is also ranked the most competitive economy in the world by World Economic Forum and named by The World Bank<sup>3</sup> as the second easiest place in the world to do business,<sup>4</sup> ahead of other Asian countries such as Hong Kong (#3), Korea (#5) and Malaysia (#12), only to be behind New Zealand (#1).

The rankings are apparent of the Singapore Government's approach - business friendly to domestical and foreign investors, introducing favourable tax policies, unrestricted repatriation of profits by way of dividends of foreign investors, and maintaining competitive tax rates on the individual and corporate front. It also has an extensive network of Avoidance of Double Taxation Agreements with approximately 87 jurisdictions and 25 Free Trade and Economic Partnership Agreements.

It is notable that foreign investment commitments in Singapore have continued to rise significantly over the years, only seeing a decline in view of the COVID-19 pandemic.<sup>5</sup> In year 2018, Singapore has seen approximately S\$1,736.8B worth of stocks being invested, with United States of America ("USA") coming out on top at S\$289B. The last 5 years has also seen a surge on investments in a couple of industries such as the finance and insurance, healthcare and life

sciences as well as information and communication. With multi-national corporations bringing with them, the technological/ managerial skills and investment capital and infrastructure, it helps to accelerate the economic development of Singapore. By tapping onto these resources, Singapore has overcome the handicap of territorial size and lack of natural resources.<sup>6</sup>

Singapore also boasts a thriving start-up scene and government agencies would spring into action to offer extensive cash grant support (including the acquisition of technology-driven equipment and training of local employees), tax exemption schemes and double tax deduction schemes to help growing businesses enter new markets.

The robust infrastructure ecosystem put in place by Singapore, including information communication, airport, seaports, road network and transportation, housing, sanitisation as well as the provision of financial, professional and supporting services, prove to be essential to businesses. The Smart Nation initiative launched in 2014<sup>7</sup> but accelerated during the COVID-19 pandemic, plays a big part in exploiting technology extensively and systematically, with the aim of increasing business efficacy.

Coupled with political stability since granted self-governance and independence subsequently as well as a multi-cultural and highly educated workforce who are bilingual and tech-savvy, it is not surprising that Singapore is seen as a jurisdiction that provides a conducive environment for businesses to operate in.



## II GEOGRAPHY AND CLIMATE



### 1 GEOGRAPHY

Singapore is an island located at the southern tip of Peninsula Malaysia. It consists of one main island and 64 small islands.<sup>8</sup> The main island<sup>9</sup> measures 50 kilometres from east to west and 27 kilometres from north to south, with 193 kilometres of coastline. Singapore's total land area, including its smaller offshore islands, stands at 724.2 square kilometres. There are over 350 parks and 4 nature reserves<sup>10</sup>.

Indulging in the pockets of green spaces amidst its city landscape. Singapore is also commonly known as the "Garden City".



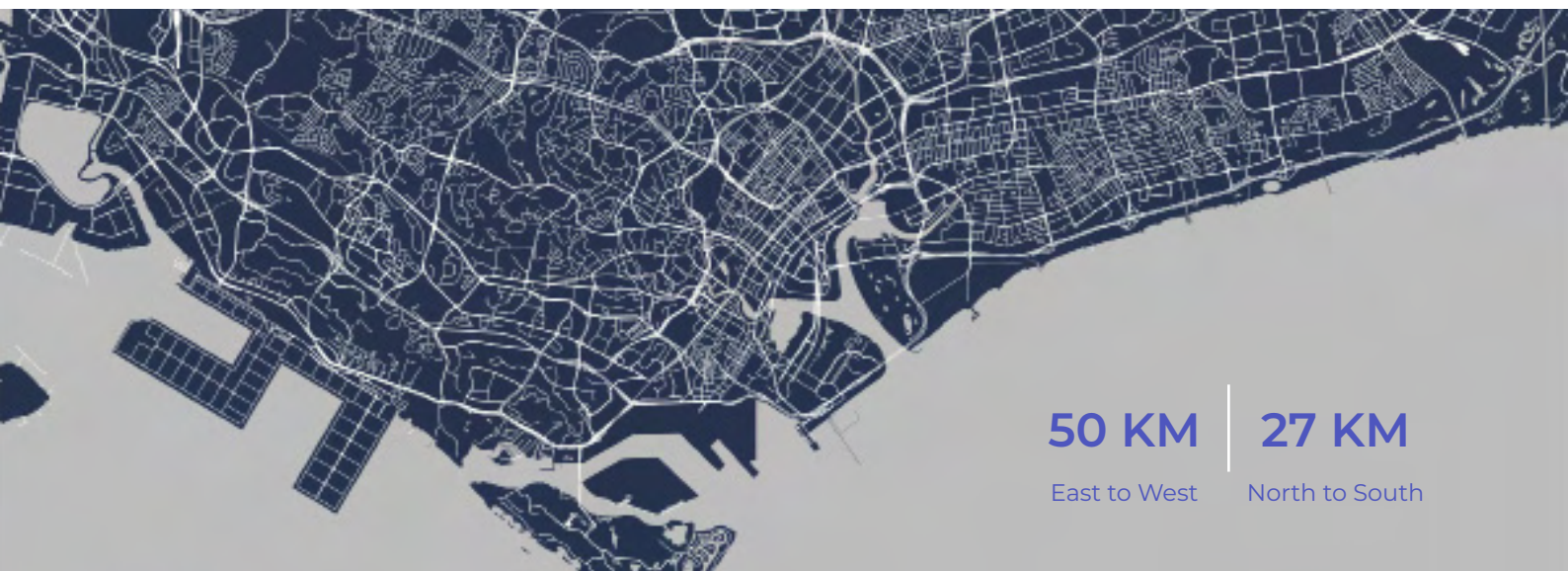
**724.2 KM<sup>2</sup>**

Total Land Area

### 2 CLIMATE

Singapore's climate is warm and humid but moderated by prevailing sea breezes. The temperature hovers around a diurnal range of a minimum of 23 degrees Celsius to a maximum 33 degrees Celsius, and often reaches between 35 to 37 degrees Celsius during mid-day. Save for the days during prolonged heavy rain where the humidity reaches 100%, the humidity generally sits in the range of 60%.

The monsoon season happens twice a year, from mid-November to early March and then from June to September, but Singapore is not exposed to natural disasters such as typhoons, severe floods or earthquakes. It has a tropical rainforest climate with no distinctive seasons, uniform temperature and pressure as well as abundant rainfall. Although Singapore does not observe daylight saving time, it follows the Greenwich Mean Time of GMT+8, one hour ahead of its geographical location.



**50 KM**

East to West

**27 KM**

North to South

<sup>8</sup> <https://www.visitsingapore.com/editorials/amazing-things-you-never-knew-about-singapore/>

<sup>9</sup> [https://en.wikipedia.org/wiki/Geography\\_of\\_Singapore](https://en.wikipedia.org/wiki/Geography_of_Singapore)

<sup>10</sup> <https://www.nparks.gov.sg/gardens-parks-and-nature/parks-and-nature-reserves>



# III TRANSPORT AND COMMUNICATION



## 1 AVIATION

Changi International Airport is widely acclaimed as the best international airport in the world, being awarded with the prestigious award for 8 years in a row, by Skytrax. In terms of passenger and air cargo traffic, it ranks among the top 10 busiest airports. Singapore is linked to 400 cities in more than 100 jurisdictions and is served by more than 100 international airlines.<sup>11</sup>

## 2 SEAPORT SERVICES

In terms of shipping tonnage handled, Singapore is the second busiest seaport in the world,<sup>12</sup> since 2010.

It is the world's busiest for transshipment traffic and the world's biggest ship refuelling centre. The Port of Singapore Authority administers the extensive port facilities of five port terminals in Singapore, namely, Tanjong Pagar Terminal, Keppel Wharves, Pasir

### TRANSPORTATION



**TOP 10**

Busiest Airports

**400**

Linked Cities



**2ND**

Busiest Seaport  
in the world

**5**

Port Terminals



**>170**

MRT Stations

**6**

MRT Lines



<sup>11</sup> <https://www.changiairport.com/corporate/our-expertise/air-hub.html>  
<sup>12</sup> <https://arcb.com/blog/10-busiest-seaports-in-the-world>





Panjang Wharves, Sembawang Wharves and Jurong Port. These terminals can accommodate container vessels, bulk carriers, cargo freighters, coasters, lighters and passenger liners.

### 3 LAND TRANSPORT

The land transport infrastructure is a state-of-art. Apart from the well paved roads, there are highways and expressways linking new towns, airports, industrial estates and the Causeway between Singapore and Malaysia to facilitate reduced travelling time for commuters.

The Mass Rapid Transit ("MRT") System has been in operation since 1987, providing fast, convenient, affordable and reliable public transportation connecting business, industrial and residential areas. Today, there are more than 170 stations (130 MRT stations and more than 40 Light Rapid Transport ("LRT") stations) across six MRT lines of 228km (200km for MRT and 28km for LRT), with over three million daily ridership.<sup>13</sup>

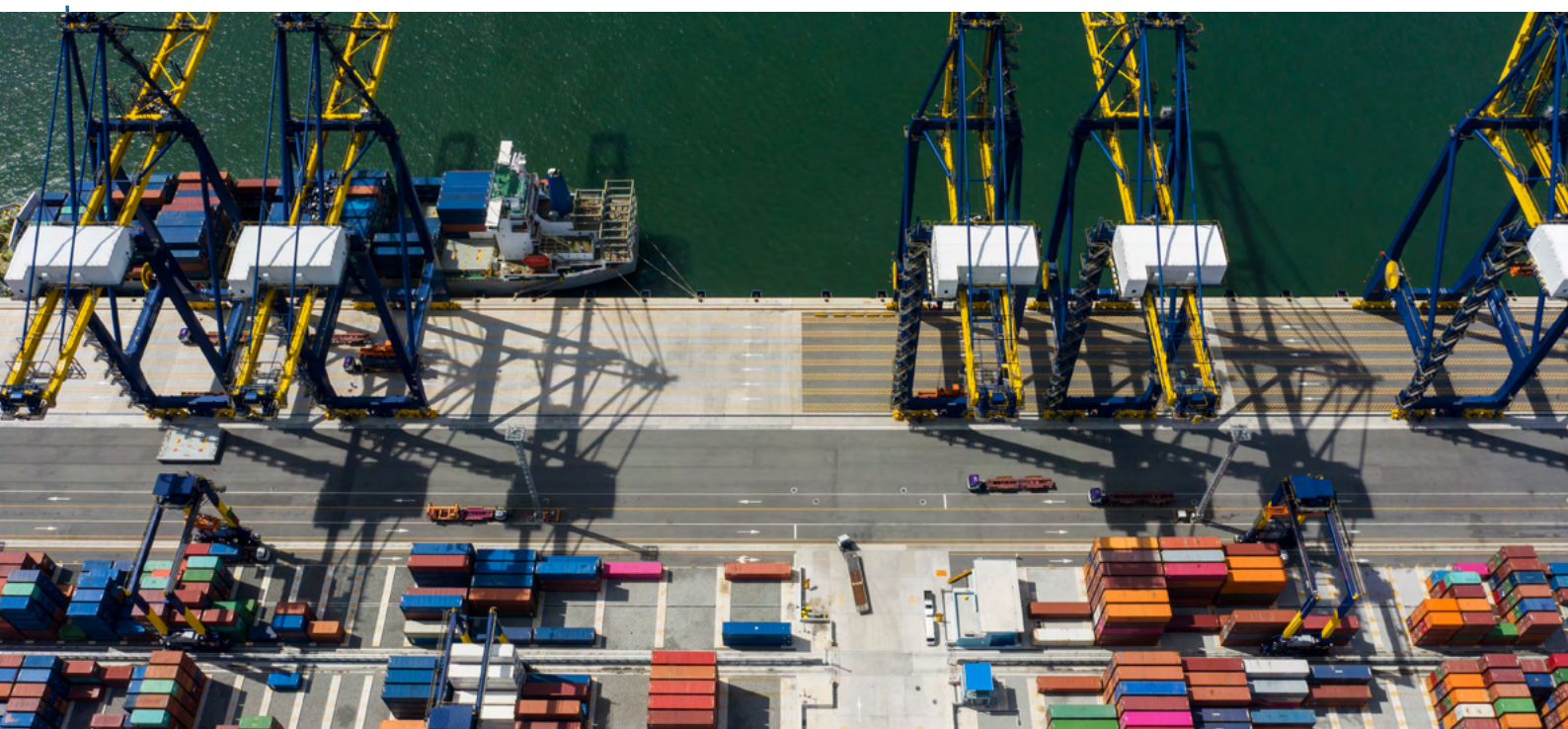
### 4 COMMUNICATIONS

Singapore has a highly developed and sophisticated telecommunication network. The Infocomm Development Authority of Singapore ("IDA") oversaw the liberalisation of the telecommunications market and recently, the implementation of the 5th generation network to help transform Singapore into a global infocomm hub.

Interestingly, Singapore is also a hub in submarine network cable connection from East Asia to South Asia, Persian Gulf, Mediterranean, Europe and vice versa. Many submarine cables have been developed and are developing into Singapore, with seven cable landing stations in Singapore.<sup>14</sup>

<sup>13</sup> [https://www.lta.gov.sg/content/ltagov/en/getting\\_around/public\\_transport/rail\\_network.html](https://www.lta.gov.sg/content/ltagov/en/getting_around/public_transport/rail_network.html)

<sup>14</sup> <https://www.submarinenetworks.com/stations/asia/Singapore>







## IV POLITICAL HISTORY AND GOVERNMENT

### 1 POLITICAL HISTORY

Singapore was founded in 1819 by Sir Stamford Raffles as a trading post of the British Empire. Recognising the vast economic potential of Singapore, he signed a treaty with the Island's rulers permitting the East India Company to establish a trading post at the mouth of the Singapore River in return for an annual fee. This treaty was superseded in 1824 by a new agreement where Singapore and the small islands within 10 miles of its coastline were ceded to the Company infinitely in exchange for cash payments and increased pensions. Singapore was then flourishing as an entrepôt centre. Contributing to the Island's "instant" success was its strategic geographical location along the important East-West trade route, its deep sheltered harbour and a hardworking and enterprising population.

In 1867, authority of Singapore was transferred to the British Colonial Office. During the Second World War, Singapore was occupied by the Japanese from 1942 to 1945, for a period of 3 years and 8 months. After the war, Singapore reverted to British control. Singapore was granted self-governance in 1959, with the British retaining responsibility for external affairs and defence. In 1963, Singapore joined Malaya, North Borneo and Sarawak as one of the constituent states of a new Federation of Malaysia, thereby, free itself from the British colonial rule. However, on 9th August 1965, Singapore separated from Malaysia by mutual agreement due to ideological differences and became a Republic with a head of state or President, Mr Yusof Bin Ishak. With this, Singapore assumed full territorial sovereignty and complete political, administrative and financial responsibility for public affairs.



## 2 GOVERNMENT

The Constitution of Singapore provides for a parliamentary system of Government based on full adult suffrage. Every citizen aged 21 or over is entitled to one vote and voting is mandatory, unless exempted. The Government is generally elected for a term of five years. The President (also by way of election by the citizens for a general term of five years) appoints the Prime Minister who can command the confidence of the majority in Parliament, though traditionally, the Prime Minister is the head of the political party being voted into place with the majority of the votes. On the advice of the Prime Minister, the President will appoint the Cabinet, which in turn is responsible collectively to the Parliament. The elected President is empowered to veto government budgets and appointments to public office. It is the Cabinet, comprising the Prime Minister and other Ministers appointed (from the elected Members of Parliament) who is responsible for the general direction and control of the Government (i.e. shaping of economic policies, etc).

## 3 JUDICIAL

The Judiciary consists of the Supreme Court and the State Courts and the head of the Judiciary is the Chief Justice. Judicial power in Singapore is vested in the Supreme Court and in such subordinate courts as may be provided for by any written law for the time being in force.

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Political stability since 1965 and robust and transparent legal and judiciary provides businesses assurance in the continuity of policies and confidence tied to Singapore's economic growth, attracting foreign investments into the country.

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# IV POPULATION AND EMPLOYMENT



## 1 POPULATION

Singapore has an estimated population of 5.8M,<sup>15</sup> comprising Chinese (76%), Malays (15%), Indians (7.5%) and other ethnic groups (1.5%)<sup>16</sup>. There are four official languages – English, Chinese (Mandarin), Malay and Tamil. English is the most widely used language, being the main language of business, government and medium of instruction in schools, while Malay is the national language. Singapore enjoys complete freedom of worship. The main religions are Buddhism (33%), Christianity (19%), Islam (14%), Taoism (10%) and Hinduism (6.5%)<sup>17</sup>.

<sup>15</sup> <https://www.worldometers.info/world-population/singapore-population/>

<sup>16</sup> <https://www.gov.sg/article/what-are-the-racial-proportions-among-singapore-citizens>

### Population **5.8 Million**

- Chinese (76%)
- Malays (15%)
- Indians (7.5%)
- Other Ethnic Groups (1.5%)

### English Language

English is the most widely used language being the main language of business, government and in schools



## 2 EMPLOYMENT LEGISLATION

### 2.1 Terms of Employment <sup>18</sup>

The Employment Act is Singapore's main labour law. It stipulates the basic terms and conditions for all types of employment, though with some exceptions. Note that the Employment Act does not cover managers or executives. Additional terms and conditions of employment can be negotiated between the employees, the trade unions and the employers.

### 2.2 The Labour Contract

A labour contract is an agreement between the employer and the employee to define the employer-employee relationship, including the terms and conditions of employment. From 1st April 2016, all employers are required to issue key employment terms ("KETs") in writing to employees covered under the Employment Act. The KETs include certain terms and essential clauses such as start date, work arrangement, salary, job title, probation period, notice period and basic benefits, etc. For those employees who are not covered, it is highly recommended to use a formal

labour contract to minimise disputes on the agreed terms and conditions.

### 2.3 Termination of Contract

The party that wishes to terminate a labour contract prematurely must give advance notice in writing. If a party fails to give advance notification, the party at fault must compensate the other party equal to the salary for the number of days without advance notice.

The notice period should be according to the written contract, or verbal agreement. If this was not previously agreed, the following applies:

Length of Service, up to	Notice Period
26 weeks	1 day
2 years	1 week
5 years	2 weeks
Above 5 years	4 weeks

An employer may dismiss an employee without notice and penalty only after a proper inquiry. The inquiry will show whether an employee is guilty of misconduct such as theft, dishonesty, disorderly or immoral conduct at work and insubordination, etc. A guilty verdict can result in termination, demotion, or suspension of up to one week.

### 2.4 Working Hours <sup>19</sup>

An employee is not required to work more than 8 hours a day, 44 hours a week, and six days a week. If the employee works five days or fewer in a week, the cap is raised to 9 hours a day. A shift worker may work 12 hours a day given that the weekly average over a three-week period does not go beyond 44 hours. An employee cannot work for more than 12 hours a day except in cases of emergency or if the employee consents in writing after being informed of his/ her



<sup>18</sup> <https://www.mom.gov.sg/employment-practices/employment-act/who-is-covered>

<sup>19</sup> Entitlement is reduced to 12 weeks, out of which 8 weeks are mandated paid leaves, if the child is not a Singapore citizen.



rights. If the weekly rest day does not fall on Sunday, the employer must make a monthly roster at the beginning of each month showing the rest days.

Overtime rate is 1.5 times of the salary by the hour, 2 times for work done on the weekly rest day. An employee may not work more than 72 hours of overtime in a month.

## 2.5 Leave days <sup>20</sup>

### Annual Leave and Holidays

Every employee, barring the Exceptions <sup>22</sup>, is entitled to receive 7 days of statutory paid leave per year. The number of days increases by 1 for every additional year of service up to 14 days. Annual leaves may be saved only until the next year.

In addition, the Employment Act mandates 11 days of paid holiday leave every year.

### Sick Leave and Hospitalisation Leave

After three months of service, an employee is entitled to paid medical leaves. Additionally, the employer is mandated to pay for medical consultation fees. The sick leave has to be certified by a registered doctor or dentist and the employee has to notify the employer within 48 hours. Each employee is allowed 5 days of sick leave annually after three months of service, increasing by 3 days for each additional month of service up to 14 days. In cases of more severe illnesses, an employee can get 15 days of hospitalisation leave after three months of service, increasing by 15 days for each additional month of service up to 60 days. The doctor has to certify that an illness warrants hospitalisation, but it is not mandatory for the employee to stay in a hospital.

### Maternity, Paternity, Shared Parental and Childcare Leave



Lawfully married employees, including employee who is single, who has worked for at least three months for the current employer and whose child is a Singapore citizen will be entitled to the following leave:

Type of Leave	Leave period
Maternity Leave	16 weeks <sup>21</sup>
Paternity Leave	two weeks
Shared Parental leave	Up to four weeks of the wife's 16 weeks of maternity leave
Childcare Leave (for child under 7 years old)	six days per year <sup>22</sup>
Extended Childcare Leave (for child under 12 years)	

<sup>20</sup> If it is the employee's first year of service, he/ she is entitled to 2 days of paid leave after three months of service, increasing by 1 day for each additional two months of service up to six days.

<sup>21</sup> For employees with children in both age groups (i.e. below seven years as well as between seven and 12 years), the total child care leave for each parent is a maximum of six days per year.

<sup>22</sup> These conditions of service do not cover the seamen, domestic workers and government employees. This group will be referred as the Exceptions.

## 2.6 Salary

All salary is up to the commercial negotiation between the employee and employer. Salary must be paid at least once a month and at most 7 days after the working period. Overtime salary can be paid at most 14 days afterwards. In cases of termination by employer or employee, provided the employee has served the notice period, all remaining salary is to be paid in full on the last day of employment, if not, within 3 working days from the date of termination.

## 2.7 Trade Unions and Strikes

Singapore uses a tripartite system in which the MOM, The National Trades Union Congress ("NTUC"), and The Singapore National Employers Federation work together to reach agreements.

Strikes are generally unheard of in Singapore. Employees in essential services, such as public transportation, public broadcast, and civil defence, may be charged criminally for holding a strike. Workers in other sectors may be outright prohibited from striking. Even if employees are allowed to strike, they must give a 14-days advance notice, given that the matter is not being settled by the Industrial Arbitration Court.

## 2.8 Central Provident Fund ("CPF")

The CPF Board is a compulsory comprehensive saving and pension plan for working Singapore citizens and Permanent Residents, primarily to fund their retirement (through interest income and return on investments in stocks/ bonds/ unit trusts, etc), healthcare (such as insurance policies, hospitalisation and related procedures) and housing needs (downpayment for a house). The plan requires both employers and employees to contribute at a progressive rate based on the employees' ordinary wages (e.g. monthly salary, overtime pay, other monthly payments, etc), though capped at S\$6,800 (\$7,400 from 1.125 & \$8,000 from 1.126) per month and additional wages, depending on the age of the employee at the time of employment, as follows:



Age	Contributions - Employer (%)	Contributions - Employee (%)
55 and below	17	20
Above 55 to 60	15	16
Above 60 to 65	11.5	10.5
Above 65 to 70	9	7.5
Above 70	7.5	5

Note that foreigners who become Permanent Residents need to make contributions to the CPF only at reduced rates in the first two years of taking up permanent residency unless opted out, with the full rates resuming in the third year.

Under the Income Tax Act, compulsory contributions made by employees are allowed as a tax deduction against their chargeable income and CPF funds withdrawn on retirement are exempt from tax. Any employer's contribution in excess of the amount which needs to be contributed compulsorily would be subject to tax in the hands of the employee.





### 2.9 Workmen’s Compensation

Compensation for injuries and diseases sustained at work is provided for by the Work Injury Compensation Act. It requires that compulsory insurance be in place for all workmen regardless of their level of earnings and non-workmen earning less than S\$2,500 per month. This is to ensure that victims and their dependents are equitably and quickly compensated.

### 3 IMMIGRATION REQUIREMENTS <sup>24</sup>

All foreigners who wish to take up employment in Singapore must apply for either an employment pass, S-Pass or work permit from MOM. Other than qualifications and technical skill sets, the individual must earn a fixed monthly salary<sup>25</sup> of the following levels (older, more experienced individuals will need to have higher salaries), effective at varying dates in 2020 and 2021:

Employment pass – S\$4,500 (new - 1 September 2020, renewal – 1 May 2021), S\$5,000 (new – 1 December 2020, renewal 1 May 2021) for financial services sector

S-pass – S\$2,500 (new – 1 October 2020, renewal – 1 May 2021)

Work permit – none, but not allowed to apply for passes for their family members.

If specified conditions are met, holders of employment passes and work permits or other eligible persons can also apply to the authority to become Singapore Permanent Residents or even Singapore Citizens. The Government adopts a pragmatic approach in its immigration policies although this has come under public scrutiny in recent years, especially during the COVID-19 pandemic where local employees have lost their permanent jobs. Generally, all foreigners who possess specialised skills or entrepreneurial ability and can contribute to the economic well-being of Singapore shall be considered favourably by the Immigration Department.



<sup>24</sup> <https://dollarsandsense.sg/singapore-employers-guide-to-work-permits-s-pass-employment-pass/>  
<sup>25</sup> <https://www.mom.gov.sg/newsroom/press-releases/2020/0827-tightening-of-work-pass-requirements>







## VI FINANCE AND CAPITAL MARKETS



### 1 CURRENCY

The unit of currency is the Singapore Dollar (\$\$ or "SGD"), which is subdivided into 100 cents. The Singapore Dollar is fully backed by external assets and is a convertible currency. Since 1973, the Singapore Dollar has been allowed to float against other currencies.

Under the terms of an agreement with Brunei, the currencies of Singapore and Brunei are interchangeable at their face values.

### 2 MONETARY AUTHORITY OF SINGAPORE

The Monetary Authority of Singapore ("MAS") is Singapore's central bank and the financial regulatory

authority administering the various statutes pertaining to money, banking, insurance, securities and the financial sector as well as currency issuances. The main role of MAS is to act as banker, fiscal agent and financial adviser to the Government, and promote sustainable non-inflationary economic growth.

### 3 BANKING SYSTEM

The financial and banking system in Singapore is highly developed. Boasting more than 131 banks, the trio of local banks – Development Bank of Singapore ("DBS"), Overseas-Chinese Banking Corporation ("OCBC") and United Overseas Bank ("UOB") dominated the local market share while many major international banks such as Citibank, Malayan Banking Corporation ("Maybank"), Standard Chartered Bank ("SCB") and Hongkong and Shanghai Banking

## FINANCIAL INSTITUTIONS



> 131  
Banks

> 1600  
Financial Institutions

Corporation ("HSBC") make up the significant minority with a strong presence in Singapore.

There are several types:

**Commercial banks** may undertake corporate banking facilities, including deposit taking, cheque services, and lending. They may also provide financial advisory services, capital market services, and insurance broking which are regulated and authorised by MAS.

**Full banks** may perform all banking businesses permitted by the Banking Act.

**Wholesale banks** can do everything a full bank can do except SGD retail banking.

**Offshore banks** have similar capabilities but must book all foreign currency transactions through their Asian Currency Units and book all SGD transactions through their Domestic Banking Unit.

**Merchant banks** can partake in corporate finance, underwriting of shares and bonds, mergers and acquisitions, investment management, management consultancy, and other fee-based activities. They generally have Asian Currency Units to transact in the Asian Dollars Market.

## 4 PRIVATE BANKING INDUSTRY

With its strict banking secrecy laws, favourable tax policies and providing citizenship for long-term residency/ stay, Singapore has benefited from the growing number of high net worth individuals and families not only from Asia, but also from other regions such as the Middle East and USA, earning the equivalent title of the banking scene in Switzerland.

## 5 SINGAPORE DEPOSIT INSURANCE CORPORATION ("SDIC")

All full banks and finance companies must become a member of the SDIC. In case a member fails, each of



its customers can receive a payout of up to SGD 75,000 per account. In the case of a joint account, the money in the account is distributed evenly and each account holder's share is then combined with his or her own accounts, for the purpose of calculating the payout not exceeding SGD 75,000 per account holder.

## 6 EXCHANGE CONTROL

There are no exchange control approvals or formalities in Singapore on payments, remittances, repatriation of profits or capital to most countries.

## 7 STOCK EXCHANGE OF SINGAPORE

The Stock Exchange of Singapore ("SGX") prides itself as Asia's most international, multi-asset exchange, operating securities, fixed income and derivatives

<sup>26</sup> <https://www.acra.gov.sg/legislation/legislative-reform/companies-act-reform/companies-amendment-act-2017/inward-re-domiciliation-regime-in-singapore>





markets of the highest regulatory standards. The SGX lists both local and foreign companies' shares, bonds, debentures and loan stocks.

## 8 CATALIST MARKET

The Catalist market was established by the SGX to enable small and medium-sized Singapore companies with good growth prospects and could not meet the requirements to be listed on the Main Board of the SGX, to raise capital in the financial market to finance business expansion. This allows participating companies to increase their visibility in the market and also widen the range of investment opportunities available to investors. Upgrading to the Main Board subsequently is possible, with milestones met.

The entry requirements for a Catalist listing are less stringent since there is no applicable quantitative requirement, without the need to demonstrate an operating track record. It also offers more flexibility in post-IPO fund raising with the ability to issue

up to 100% of its existing share capital without seeking shareholders' approval. Further, there is a lower threshold for mergers and acquisitions, i.e. shareholders' approval is only required where an acquisition exceeds 75% of the relevant tests vis-a-vis 20% for Mainboard listed companies.





## VII BUSINESS ENTITIES

### 1 BUSINESS LICENSING REQUIREMENTS

Generally, there are no licensing requirements on business activities carried out in Singapore. However, certain businesses have to apply for special licenses from the relevant authorities before they can commence certain trading activities. These include banks, insurance and finance companies, fund investment and management related companies; manufacturers and/ or trading of certain goods (detergents, motor vehicles, liquors, tobacco products, drugs, etc), entertainment venues, hospitality and travel agencies, food and beverage, real estate agencies and educational institutions.

Persons who wish to carry on business in Singapore in a corporate body must seek registration with the Accounting and Corporate Regulatory Authority ("ACRA").

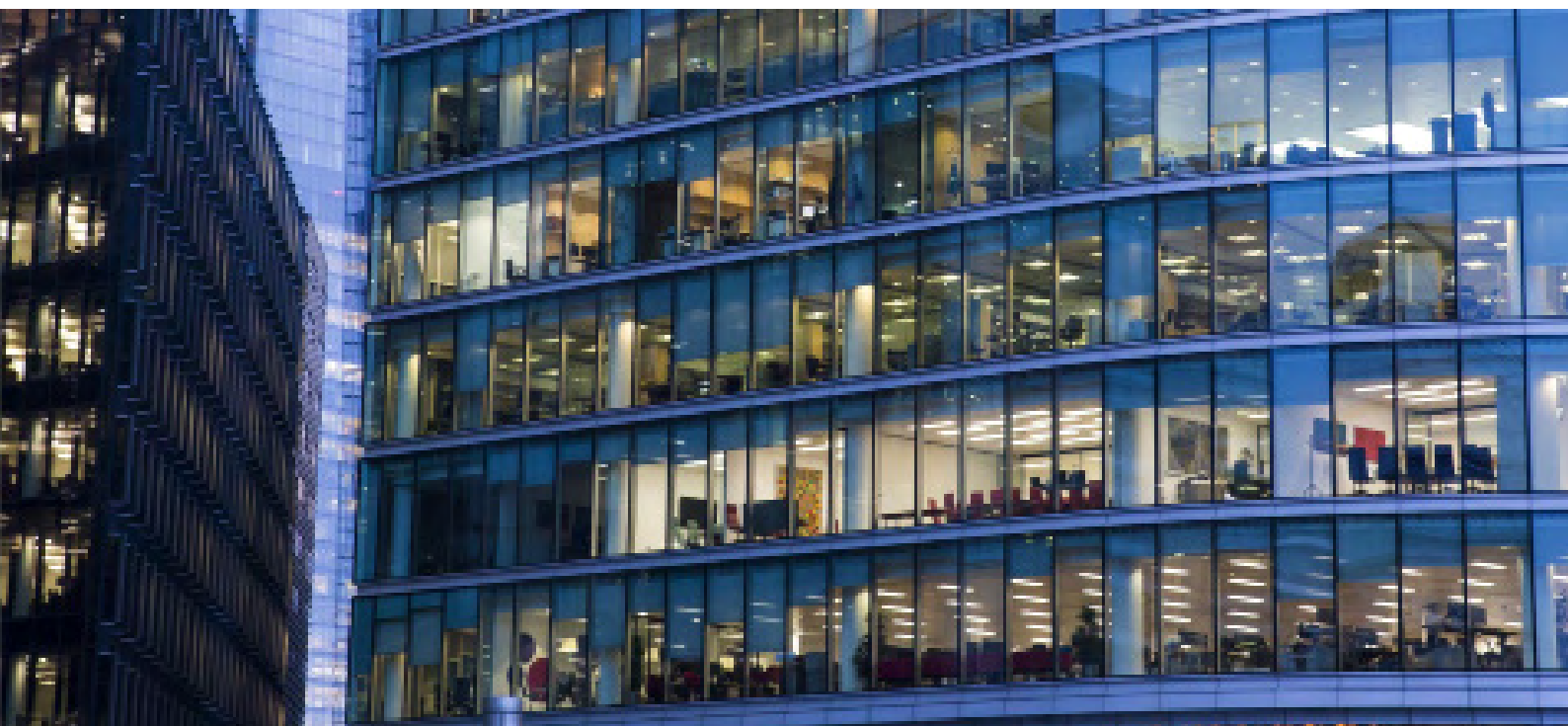


### 2 TYPES OF BUSINESS ORGANISATIONS


The various types of organisation available are sole-proprietorship, partnership, limited liability partnership, incorporated companies, branches of foreign companies.

#### 2.1 Sole Proprietorships and Partnerships (other than LLP)

A sole-proprietorship is a business conducted by a single individual. A partnership consists of a minimum of 2 to a maximum of 20 partners. (This maximum limit does not apply to professional service firms such as doctors and accountants). A partnership is not necessarily restricted to individuals. A joint venture between two companies or between individuals and incorporated companies can also form a partnership.







Businesses carried on in the form of sole proprietorships or partnerships must be registered with the ACRA under the Business Registration Act. Registration is relatively simple. The registration fee is S\$100 and the renewal fee is S\$30 per annum. There are no requirements for accounts to be audited nor any requirement for filing annual returns to the ACRA.

Sole proprietors and the individual partners in a partnership are jointly and individually liable for all debts and obligations incurred by the partnership. The partners among themselves may make arrangements as to the apportionment of the partnership's liabilities, but such arrangements do not affect the joint liabilities to external parties.

General rules governing partnerships may be found in the Partnership Act (Cap. 391). While not required, formal partnership agreements should be written down to prevent disputes. Where there is no partnership agreement or the agreement is not comprehensive, the relationship between partners shall be governed by the relevant provisions of the Partnership Act.

## 2.2 Limited Liability Partnership

A LLP gives owners the flexibility of operating as a partnership while having a separate legal identity like a private limited company. A LLP has limited liability i.e. the partners of the LLP will not be held personally liable for any business debts incurred by the LLP. A partner may, however, be held personally liable for claims from losses resulting from his own wrongful act or omission. This type of entity set-up is particularly popular for businesses in the provision of professional services such as accounting and law firms.

## 2.3 Incorporated Companies

The basis of company law in Singapore is the Companies Act (Cap. 50) which regulates all incorporated companies (other than variable capital companies) in Singapore. Under the Act, one or more persons associated for any purposes may form an incorporated company by subscribing their names to the constitution and complying with various requirements for registration with the ACRA.

The following types of company may be formed under the Act:

- I. A private company limited by shares, being the most common type of entity set-up in Singapore, can have up to a maximum of 50 shareholders (mixture of corporation and individuals is permissible) while an exempt private company limited by shares can have up to 20 shareholders (none of whom is a corporation). Such a private company have restricted rights to transfer its shares and is prohibited from inviting the public to subscribe its shares and debentures or to deposit money into it.
- II. A public company limited by shares can have more than 50 shareholders. The company may raise capital by offering shares and debentures to the public. A public company may register a prospectus with the MAS before making any public offer of its shares and debentures.
- III. A public company limited by guarantee, is one which carries out non-profit making activities that have some basis of national or public interest, such as for promoting art, or charity etc. The Minister may approve the registration of the company without the addition of the word "Limited" to its name.
- IV. An unlimited company, in which the liabilities of members are unlimited.
- V. A Variable Capital Company ("VCC") is a new corporate structure for investment funds constituted under the Variable Capital Companies Act which took effect on 14 January 2020. The VCC will complement the existing suite of investment fund structures available in Singapore. The VCC Act and subsidiary legislation is administered by the ACRA. All VCCs must be managed by a Permissible Fund Manager. The anti-money laundering and countering the financing of terrorism obligations of VCCs will come under the purview of the MAS.

Some key features of a VCC are as follow:

- I. A VCC has a variable capital structure that provides flexibility in the issuance and redemption of its shares. It can also pay dividends out of capital, which gives fund managers flexibility to meet dividend payment obligations.

- 
- II. A VCC can be set up as a single fund or an umbrella with two or more sub-funds, each holding a portfolio of segregated assets and liabilities. For fund managers that structure their funds as umbrella VCCs, there may be cost efficiencies from using common service providers across the umbrella and its sub-funds.
- III. A VCC can be used for both open-ended and closed-end fund strategies. An open-ended fund allows investors to redeem their investments at their discretion while a closed-end fund does not permit investors to do so. Closed-end funds also have a fixed number of shares and do not allow subscriptions after the offering period is over while open-ended funds are open to new subscriptions by new investors at any time.
- IV. Fund managers may incorporate new VCCs or re-domicile their existing overseas investment funds with comparable structures by transferring their registration to Singapore as VCCs.
- V. VCCs must maintain a register of shareholders, which need not be made public. However, this register must be disclosed to the relevant authorities upon request for regulatory, supervisory and law enforcement purposes.

## 2.4 Branches

As an alternative to incorporating a subsidiary company, a foreign company can carry on business in Singapore in the form of a branch.

A foreign company must submit a copy of its audited financial statements to the Registrar of Companies within 60 days after its annual general meeting. Such financial statements may be in the form required under the laws of the country in which the company is incorporated. If the company's statements are not required to be audited in its home country, the audit requirement can be dispensed with. Audited financial statements of the branch itself have to be filed in all cases. Also, a Singapore Branch is required to file a tax return on an annual basis.

<sup>26</sup> <https://www.acra.gov.sg/legislation/legislative-reform/companies-act-reform/companies-amendment-act-2017/inward-re-domiciliation-regime-in-singapore>

## 2.5 Representative Offices

A foreign company can apply to Enterprise Singapore or MAS for approval to establish a representative office in Singapore for the purpose of carrying out market research, feasibility studies, and liaison work on behalf of its foreign parent company. A representative office is not permitted to engage in trading or profit-yielding related business activities.

Enterprise Singapore registers representative offices from the manufacturing, trading, logistics and services sectors while MAS registers representative offices from finance-related industries.

The advantages of a representative office are that there are minimal reporting requirements, simple procedures for approval of office. Since a representative office by definition does not derive income from its activities, it is not subject to income tax unless in the view of the tax authority, the representative office is in fact involved in trading activities.


## 3 INWARD RE-DOMICILIATION REGIME <sup>26</sup>

The Companies (Amendment) Act 2017 has introduced an inward re-domiciliation regime in Singapore which took effect on 11 October 2017. This regime allows a foreign corporate entity within the list of approved jurisdiction to transfer its registration from its original jurisdiction to Singapore (e.g. foreign corporate entities that may want to relocate their regional/ worldwide headquarters to Singapore and still retain their corporate history and branding).

A foreign corporate entity that re-domiciles to Singapore is required to comply with the Companies Act, just like any other Singapore-incorporated company. As re-domiciliation does not create a new legal entity, it does not affect the obligations, liabilities, properties or rights of the foreign corporate entity.

A foreign corporate entity may only be allowed to re-domicile if its application meets the minimum requirements set out in the Companies Act and the Companies (Transfer of Registration) Regulations 2017 as follows:





The minimum requirements for transfer of registration are:

- I. Size criteria – The foreign corporate entity must meet any 2 of the below:
  - The value of the foreign corporate entity's total assets exceeds S\$10 million.
  - The annual revenue of the foreign corporate entity exceeds S\$10 million.
  - The foreign corporate entity has more than 50 employees.
- II. Solvency criteria:
  - There is no ground on which the foreign corporate entity could be found to be unable to pay its debts.
  - The foreign corporate entity is able to pay its debts as they fall due during the period of 12 months after the date of the application for transfer of registration.
  - The foreign corporate entity is able to pay its debts in full within the period of 12 months after the date of winding up (if it intends to wind up within 12 months after applying for transfer of registration).
  - The value of the foreign corporate entity's assets is not less than the value of its liabilities (including contingent liabilities).
- III. The foreign corporate entity is authorised to transfer its incorporation under the law of its place of incorporation.
- IV. The foreign corporate entity has complied with the requirements of the law of its place of incorporation in relation to the transfer of its incorporation.
- V. The application for transfer of registration is not intended to defraud existing creditors of the foreign corporate entity and made in good faith.
- VI. As at the date of the application, the foreign corporate entity's first financial year end at its place of incorporation has passed.
- VII. There are other minimum requirements such as the foreign corporate entity is not under judicial management, not in liquidation or being wound up, etc.

## 4 ROLES OF DIRECTORS AND COMPANY SECRETARY

### 4.1 Directors

A company must have at least one director who must be a natural person (i.e. not a corporation) of at least 18 years of age at the time of appointment. Under the Companies Act, a company must have at least one director who is an ordinary resident in Singapore (i.e. Singapore Citizen or Permanent Resident).

There are no requirements that a director must be a skilled or qualified person. Directors are responsible for the proper execution of their duties to the company entrusted by the shareholders. The Companies Act contains many onerous responsibilities and obligations which a director must fulfil.

### 4.2 Company Secretary

A company must appoint a company secretary within 6 month from its date of incorporation. A company secretary must be a natural person and whose only place of residence is in Singapore.

The company secretary should ensure the company's smooth running in accordance to the Singapore law and procedures and that there is no breach of rules and regulations per the Companies Act. Their roles include maintenance of the register books such as Register of Member, Officers and Controllers, etc, meeting minutes of the Directors meeting, preparation of Annual General Meeting documents, etc.

## 5 OTHER COMPLIANCE MATTERS

### 5.1 General Meetings

An annual general meeting ("AGM") is mandatory – it is an annual meeting of shareholders for the company to present its financials and an avenue for shareholders to raise questions about the financial health of the company.

The AGM must be held not more than 15 months after the holding of the preceding AGM, or within 6 months



after the end of its financial year, whichever is earlier. Whereas for newly incorporated entities, the first AGM must be held within 18 months of incorporation.

An annual return to the Registrar of Companies must be lodged no later than one month after the AGM. General meetings of shareholders other than the AGM are known as "extraordinary general meetings", such as a legal matter, removal of an executive, etc.

## 5.2 Resolutions of Meetings

Unless the Act specifically states the requirement of a special resolution (i.e. a majority of at least 75%), an ordinary resolution (i.e. a simple majority of not less than 50%) will suffice in most of the general meetings with 14 days' notice. However, the meeting notice can be shorter if 95% of the shareholders agree. Ordinary resolutions include appointment/ re-appointment/ removal of a director, distribution of dividends, etc.

Matters which require special resolutions such as the alteration of clauses in the constitution, conversion to public company, change of name, reduce its share

capital, etc, require 14 days' notice to the shareholders in the case of a private company and 21 days' notice in the case of a public company.

## 5.3 Accounts and Books of Records

Companies incorporated under the Companies Act are required to keep such accounting records and supporting documentation for at least 5 years from the end of that accounting period, to sufficiently explain the transactions and financial position of the company so as to ensure that the financial statements reflect a true and fair view. For non-compliance, there is a maximum fine of S\$5,000 and/ or jail term imposed of up to 6 months.

The accounting records and supporting documentation must be kept at the registered office (which must be located in Singapore) or a suitable place as the directors deem fit. If these records and documentation are kept outside of Singapore, such records and documentation that will enable true and fair financial statements to be prepared must be sent to and be kept in a safe place in Singapore. The accounting records and supporting documentation must at all times, be open to inspection by the directors as well as the relevant authorities, upon request.

## 5.4 Audit

Unless exempted, all limited companies must appoint independent auditors who are practising members of the Institute of Singapore Chartered Accountants ("ISCA") to conduct an annual audit of the company's financial statements. The registration and conduct of these professional auditors is regulated separately by the Public Accountants Oversight Committee under the purview of the ACRA. A company must appoint an auditor within 3 months of incorporation.

A company is exempted from having its accounts audited if it is regarded as a small company (including an exempt private company).<sup>27</sup>

<sup>27</sup> <https://www.acra.gov.sg/legislation/legislative-reform/companies-act-reform/companies-amendment-act-2014/two-phase-implementation-of-companies-amendment-act-2014/more-details-on-small-company-concept-for-audit-exemption>





A company qualifies as a small company if:

- I. It is a private company in the financial year in question; and
- II. It meets at least 2 of 3 following criteria for immediate past two consecutive financial years:
  - Total annual revenue less than \$10m.
  - Total assets less than \$10m.
  - No. of employees less than 50.

For a company which is part of a group:

- I. The company must qualify as a small company; and
- II. Entire group must be a “small group” to qualify to the audit exemption.

For a group to be a small group, it must meet at least two of the three quantitative criteria on a consolidated basis for the immediate past two consecutive financial years. Where a company has qualified as a small company, it continues to be a small company for subsequent financial years until it is disqualified (i.e.

can no longer meet the qualifying conditions). A small company is disqualified if:

- I. It ceases to be a private company at any time during a financial year; or
- II. It does not meet at least two of the three the quantitative criteria for the immediate past two consecutive financial years.

Where a group has qualified as a small group, it continues to be a small group for subsequent financial years until it does not meet at least two of the three quantitative criteria for the immediate past two consecutive financial years.











## VIII TAXATION

The Inland Revenue Authority of Singapore ("IRAS") was established in 1992 under the Ministry of Finance as the main tax administrator to the Government. The IRAS collects taxes that account for about 70% of the Government's operating revenue that supports Singapore's economic and social programs to achieve quality growth and an inclusive society. The IRAS also represents the Government in tax treaty negotiations, draft tax legislations and provide advice on property valuation to the Government.<sup>28</sup>

### 1 OVERVIEW OF INCOME TAX ON INDIVIDUALS AND COMPANIES

The income of companies and individuals are subject to tax under the Singapore Income Tax Act ("SITA").

#### 1.1 Scope of Tax

Singapore taxes income on a quasi-territorial basis where that tax is imposed on income accrued in or derived from Singapore, or received in Singapore (where the income is sourced outside of Singapore). However, tax exemptions are granted to certain categories of income if conditions are met.

Singapore does not levy any tax on capital gains.

To address international tax avoidance risks relating to non-taxation of disposal gains in the absence of real economics activities in Singapore, a new foreign-sourced disposal gains tax regime is legislated under Section 10L of the Income Tax Act. This is applicable to the sales or disposal of foreign assets on or after 1 January 2024. Under Specific circumstances, gains from the sales of a foreign asset are treated as income chargeable to tax under Section 10 (1)(g) of the Income Tax Act

#### 1.2 Year of Assessment ("YA") and Basis Period


Income tax is an annual tax which generally coincides with a calendar year. Although income tax is charged for a YA, the tax is based on the income earned in the year prior to the YA. This is known as the "preceding year basis" of taxation (eg. an individual's income earned in 2023 will be assessed in the YA 2024). For businesses which have accounting year end other than 31 December, the IRAS accepts the accounting year basis period.

The basis period is generally a 12-month period preceding the YA.

#### 1.3 Tax Residency

The residence of an individual or a company is generally not relevant in determining the taxability of net income as tax is levied on income accrued in or derived from Singapore. However, the concept of residence is important for the following reasons – note that the list below is not exhaustive:

- I. Tax treaty benefits (e.g. reduced tax rates) are only applicable to resident companies and individuals.
- II. Tax credits to avoid double taxation on their foreign sourced income are only available to resident companies and individuals.
- III. All individuals are not subject to tax on income



derived or accrued outside of Singapore, even if it is remitted to Singapore, except for income received through a partnership. In contrast, a resident company is subject to tax on foreign sourced income if it is remitted to Singapore, subject to availability of tax exemptions on certain categories of income.

IV. The requirement to withhold tax on certain payments (e.g. interest, royalties and management fees) only applies to payments made by residents (or a permanent establishment) to non-residents.

V. Availability of cash grants, incentives that offer a reduced tax rate and certain favourable tax schemes such as the merger and acquisition scheme.

The tax residence is a question of fact – one should not be seen as switching its tax residence to exploit the benefits of being a tax resident of Singapore.

An individual is considered a resident for tax purpose if he resides in Singapore (except for temporary absences) or he spends at least 183 days in Singapore either through physical presence or exercise of an employment. Additionally, foreign employees (except for directors) may apply the two or three-year concessions to achieve tax residency status.

On the other hand, a corporation is treated as tax resident in Singapore if the control and management (such as where the Board of Directors' meetings are held to decide on the strategic directions and policies of the corporation) of its business is exercised in Singapore.

#### 1.4 Permanent Establishment ("PE")

Where a PE is deemed to exist in Singapore, the income derived through/ attributable to the PE would be subject to tax in Singapore.

A PE is defined in the SITA as a fixed place where a business is wholly or partly carried on including:

- I. a place of management;
- II. a branch;

III. an office;

IV. a factory;

V. a warehouse;

VI. a workshop;

VII. a farm or plantation;

VIII. a mine, oil well, quarry or other place of extraction of natural resources;

IX. a building or worksite or a construction installation or assembly project."

A person is also deemed to have a PE in Singapore if that person:

- I. carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or
- II. has another person acting on his behalf in Singapore who,
  - has and habitually exercises authority to conclude contracts;
  - maintains a stock of goods or merchandise for the purpose of delivery on behalf of that person; or
  - habitually secures orders wholly or almost wholly for that person or for such other enterprises as are controlled by that person.

#### 1.5 Taxpayers

Taxpayers subject to income tax include individuals, companies, a body of persons, trustees, executors and Hindu joint families. Partnerships are not taxed as such, but tax imposed on members of the partnership based on each member's share of the net income of the partnership.

#### 1.6 Income Subject to Tax

Income subject to tax based on the SITA includes:

- I. Gains or profits from any trade, business, profession or vocation;
- II. Gains or profits from employment, including allowances and benefits;
- III. Dividends, interest and discounts;





- IV. Pensions, charges or annuities;
- V. Rents, royalties, premiums and other profits arising from property; and
- VI. Any gains or profits from income of any other nature.

### **1.7 Business Deductions**

To be eligible for tax deduction, the expenses must be incurred wholly and exclusively in the production of income (i.e. matching/ direct nexus of expenses incurred to income derived, but may not be in the same period). In the case of expenses which are attributable to foreign-sourced income, they are not tax deductible unless the foreign-source income is received in Singapore and is therefore subject to taxation in Singapore.



## 2 TAXATION OF COMPANIES

### 2.1 Rates of Tax

The normal tax rate is 17%, which is also applicable to branches of foreign incorporated companies. Concessionary tax rates between 0% to 15% are available to certain businesses enjoying tax incentives. Additionally, tax exemption schemes (Appendix 1) are also available (only applicable to income subject to tax under the normal tax rate) as follows:

#### I. Partial Tax Exemption for all companies

YA	Chargeable income and % exempted from tax	Amount exempted from tax
2008 to 2019	First S\$10,000 @ 75%	S\$7,500
	Next S\$290,000 @ 50%	S\$145,000
2020 onwards	First S\$10,000 @ 75%	S\$7,500
	Next S\$190,000 @ 50%	S\$95,000

#### II. Tax Exemption scheme for Start-Ups

To qualify, the company must fulfil the following conditions:

- The company must be incorporated in Singapore.
- The company must be a tax resident in Singapore for that YA.
- The company's total share capital is beneficially held directly by no more than 20 shareholders throughout the basis period for that YA where:
  - ◊ All of the shareholders are individuals; or
  - ◊ At least one shareholder is an individual holding at least 10% of the issued ordinary shares of the company.

YA	Chargeable income and % exempted from tax	Amount exempted from tax
Where any of the first 3 YAs falls in YA 2019 or earlier	First S\$100,000 @ 100%	S\$100,000
	Next S\$200,000 @ 50%	S\$100,000
Where any of the first 3 YAs falls in YA 2020	First S\$100,000 @ 75%	S\$75,000
	Next S\$100,000 @ 50%	S\$50,000

#### III. Corporate Tax Rebate ("CTR")

The CTR is subject to the yearly review of the Ministry of Finance and be announced during the Singapore Budget by the Minister of Finance. For the YA 2024, a 50% tax rebate, capped at S\$40,000 is granted. There is no CTR for YA 2021.

### 2.2 Dividend Payments

A resident company may distribute its accumulated profits by way of declaring one-tier tax exempt dividends to its shareholders. This means that the tax collected from corporate profits is final and all Singapore dividends will be exempt from tax.

### 2.3 Capital Allowances

Expenses (including depreciation) incurred on the provision of property, plant and equipment ("PPE") are not tax deductible as they constitute capital expenditure. Instead, capital allowances (or commonly known as tax depreciation) may be claimed. These are available for the following:

#### I. Plant and Machinery

There are two methods to claim for capital allowances (which can be deferred in case of loss-making YA) relating to plant and machinery.



- **Working Life** – An initial allowance of 20% (of cost) is available on expenditure incurred, and annual allowances are available on a straight-line basis on the remaining 80% of the cost over the prescribed useful life of 5, 6, 8, 10, 12 or 16 years as stipulated in the Sixth Schedule of the SITA.
- For plant and machinery acquired in the basis periods related to YA 2023 and subsequent YAs, the prescribed working life of assets in the Sixth Schedule will be streamlined to 6, 12 and 16 years. If the prescribed working life of the asset in the Sixth Schedule is 12 years or less, businesses may make an election to claim capital allowances over either 6 or 12 years. For assets with prescribed working life of 16 years, business may make an election to claim capital allowances over 6, 12 or 16 years. The change will also apply to qualifying plant and machinery purchased prior to YA 2022 where capital allowances claim has been deferred.
- **Accelerated** - An accelerated allowance of 33 1/3 % (straight line) is generally available for all plant and machinery, and 100% for expenditure incurred for prescribed automation equipment such as computers, printers, etc, robots, generator, approved highly efficient equipment such as lifts, website development costs and registration of domain names, etc.

Further, 100% write-off may be claimed for expenditure on low-value plant and machinery provided each asset is no more than S\$5,000 and the aggregate claim for such assets is capped at S\$30,000 per YA.

As announced in Budget 2020, businesses are given an option to accelerate the write-off over two years (75% of the cost incurred to be written off in YA 2021 and 25% of the cost incurred to be written off in YA 2022) on the cost incurred in acquiring the asset during the basis period for YA 2021.

The option to accelerate the tax write-off of the cost incurred to acquire the plant and machinery will be extended to YA 2022 (i.e. FY 2021), as announced in Budget 2021.

## II. Land Intensification Allowance ("LIA")

The LIA, with a sunset clause of 31 December 2025 was introduced to enhance land productivity among industrial users. Upon obtaining approval from the Economic Development Board ("EDB"), businesses may claim LIA on qualifying capital expenditure incurred for the construction of a qualifying building or structure.

Under the LIA scheme, an initial allowance of 25% and an annual allowance of 5% will be granted for the qualifying capital expenditure incurred by a qualifying business.

## III. Intellectual Property Rights ("IPR")

Writing down allowances ("WDA") may be claimed on IPR acquired up to YA 2025 and are used for trade or business purposes, subject to obtaining the economic and legal ownership of the IPR. Where there exists no legal ownership of the IPR, a separate application to the relevant authority will be required, prior to making such claims in the income tax returns.

WDA can be claimed over 5, 10 or 15 years on straight-line basis, via an irrevocable election.

## IV. Renovation or Refurbishment ("R&R") Works Expenditure

Tax deduction will be granted on qualifying R&R works under Section 14N of the Income Tax Act. With effect from YA 2025, the amount of R&R costs that qualify for tax deduction as a business expense is capped at S\$300,000 for every relevant three-year period, starting from the year in which the R&R costs are incurred. The Section 14N deduction must be claimed by the company over three consecutive YAs starting from the year in which the R&R expenditure is incurred, i.e. 1/3 of the R&R expenditure can be claimed in each of the three YAs.

Business are given an irrevocable option to claim R&R deduction in one YA (i.e. accelerated R&R deduction), instead of three YAs. All other conditions remain the same.

## 2.4 Balancing Allowance/ Charge Arising from Disposal of PPE

On the sale or disposal of the plant and machinery, a balancing allowance (claimed as capital allowance)

or balancing charge (taxable income) will be made to cover the deficiency or excess of the remaining capital allowances not yet claimed on the expenditure below or over the sale proceeds.

However, the taxable balancing charge is capped at the aggregate of all capital allowances previously granted. The surplus is considered a capital gain and, therefore, does not become part of the chargeable income.

## 2.5 Unutilised Capital Allowances, Tax Losses and Donations Carry Forward

Unabsorbed capital allowances and tax losses are available to be carried forward indefinitely and set-off against subsequent years' taxable income, subject to the provisions that there should not be a substantial (i.e. more than 50%) change in the ultimate shareholding composition (or the beneficial owners) of the company as at the relevant dates of comparison below:

	Relevant dates
Unutilised Capital Allowances	Last day of the YA in which the capital allowances arose and First day of the YA in which the capital allowances are to be deducted
Unutilised losses / donations	Last day of the year in which the losses/ donations were incurred and First day of the YA in which the losses/ donations are to be deducted

For unabsorbed capital allowances, there is an additional condition that there is no change in the principal activities as at the relevant dates whereas unabsorbed donations can be carried forward for up to only five YAs. Where there is a substantial change in the beneficial/ ultimate shareholdings, the affected losses, capital allowances and donations would be disregarded, unless a ministerial approval is sought to waive the beneficial/ ultimate shareholders' test requirement.

## 2.6 Unutilised Capital Allowances and Tax Losses Carry Back

To help small businesses (including sole proprietorship and partnerships) cope with cash-flow problems especially in cyclical downturns, qualifying businesses may carry-back current year unutilised capital allowances and tax losses. As announced in Budget 2020, the Loss Carry-back Relief will be enhanced and unutilised capital allowances and tax losses may be carried back up to three YAs immediately preceding YA 2020 (i.e. in the sequence of YA 2019, YA 2018 and YA 2017), up to a maximum of S\$100,000 (tax effect of S\$17,000).

The enhancements to the Loss Carry-back Relief scheme for YA 2020 will be extended to apply to qualifying deductions for YA 2021, with the same parameters.

## 2.7 Group Relief ("GR") System

The GR system treats companies in the same group as if they are one single company. Under the GR system, current year's unutilised capital allowances and tax losses of one company can be deducted from the assessable income of the other company of the same group, if:

- I. The transferor and claimant are Singapore incorporated companies.
- II. 75% shareholding threshold (i.e. two companies are members of a group if one is at least 75% owned by the other or if both are at least 75% owned by a common parent).
- III. The transferor and claimant have the same financial year end.

However, certain loss items such as investment allowances, exempt loss and loss from foreign branches, cannot be transferred.

## 2.8 Foreign Tax Credits

To relieve resident companies with foreign sourced income subject to taxation twice, one in the foreign jurisdiction and then in Singapore, the following are relief measures that a Singapore resident company may consider:



## I. Double Tax Relief (“DTR”)

Singapore boasts one of the world’s highest number of tax treaties entered into with foreign jurisdictions. Although Singapore is not a member of OECD, its tax treaties are drafted closely to follow the OECD Model Convention.

DTR is the relief provided for under a tax treaty to reduce or eliminate double taxation, in the form of a tax credit. It allows the Singapore tax residents to claim a credit for the amount of tax paid in the foreign jurisdiction against the Singapore tax that is payable on the same income. DTR will be granted if the foreign tax was paid in accordance with the DTA provisions and is capped at the lower of the foreign tax paid and the Singapore tax that would have been payable on the same income.

Generally, a resident company will only be able to claim double tax relief by way of a foreign tax credit if it is in a tax paying position and the foreign tax is suffered in accordance with the relevant double taxation agreement.

## II. Unilateral Tax Credit (“UTC”)

Unilateral tax credit is granted to resident companies on all types of foreign-sourced income that are received in Singapore from jurisdictions that are non-treaty countries.

The methodology to compute the UTC is the same as the DTR as described above.

Additionally, resident companies can elect for the new FTC pooling system if qualifying conditions are met.

Under this system, the claim for FTC is computed on a pooled basis, rather than on a “source-by-source and country-by-country” basis. This allows the excess of foreign tax paid over the Singapore tax payable on a particular stream of foreign income received in Singapore to be used to reduce the Singapore tax payable on other foreign income selected for pooling, thereby reducing the overall Singapore tax payable.

One is to make comparison with and without the FTC pooling system and determine if it is indeed more beneficial to so elect for the same. Note that the election for the FTC pooling system has to be made at the time of filing the tax return together with the schedule showing the relevant FTC computation.

In the absence of such election and relevant FTC computation, the IRAS will compute the FTC using the “source-by-source and country-by-country” basis.

## 2.9 Withholding Taxes

Under the SITA, the payer is obliged to withhold tax in respect of certain payments made to non-residents of Singapore. Such payments include interest or other payments made in connection with any loans or indebtedness, royalties, license fees, rental of movable equipment, management fees, directors’ remuneration, technical services fees/ management fee (for services rendered in Singapore).

An overview of the withholding tax rates is appended below.

Income Source	Rate
Interest, commission, fee or other payment in connection with any loan or indebtedness	15%
Royalty or other lump sum payments for the use of moveable properties	10%
Payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information	10%
Rent or other payments for the use of moveable properties	15%
Technical assistance and service fees	17%
Management fees	17%
Time, voyage and bareboat charter fees for the charter of ships	NIL
Proceeds from sale of any real property by a non-resident property trader	15%
Distributions of taxable income made by a REIT (“Real Estate Investment Trust”) to a unit holder who is a qualifying non-resident non-individual	10%

However, there are certain payments which are exempt from withholding tax if certain conditions are met, such as the following:

- I. Dividend payments;
- II. Payments to Singapore Branches of non-resident companies;
- III. Payments made by banks, finance companies and certain approved entities;
- IV. Payments for the charter of ships; and
- V. Other payments, such as:
  - Payments for satellite capacity
  - Payments for the use of international submarine cable capacity, including payments for Indefeasible Rights of Use ("IRUs")

## 2.10 Transfer Pricing

Under the Singapore Transfer Pricing Guidelines, the IRAS explicitly endorses the arm's length principle as the standard to guide all transactions with related parties. The arm's length principle requires that transactions between related parties be conducted under conditions and circumstances comparable with transactions with unrelated parties.

The Transfer Pricing Guidelines also explained that taxpayers should exert reasonable efforts to ensure that Related Party Transactions ("RPT") have been conducted at arm's length. A taxpayer is considered to have exerted reasonable efforts when he has undertaken a sound transfer pricing analysis (such as benchmarking the related party transactions to market prices/ returns) and has documented the process adequately.

Unless specifically exempted, taxpayers are required to prepare and maintain contemporaneous Transfer Pricing Documentation to support the pricing of the RPT and to substantiate that their RPT are undertaken as per arm's length principle.



## 3 TAXATION OF INDIVIDUALS

### 3.1 Residents

For resident individuals, tax is charged at progressive rates, after setting off the reliefs applicable, as reflected in Appendix II.


A personal income tax relief cap of \$80,000 applies to the total amount of all tax reliefs claimed for each Year of Assessment.

### 3.2 Non-Residents

Gains or profits from an employment exercised in Singapore for not more than 60 days in any calendar year by a non-resident employee (other than a director) are exempt from tax. This 60 day exemption rule does not apply to public entertainers or professionals. Non-resident individual entertainers are taxed at 15% (reduced to 10% for income due and payable during the period up to 31 March 2022). Non-resident professionals are taxed at 15%, with an option to be taxed on net income at 24%.

Non-resident directors of Singapore resident companies are taxed at 24% on their directors' fees and other remuneration.





Employment income earned by a non-resident individual (excluding a director of a Singapore resident company) who is present in Singapore for more than 60 days but less than 183 days in any calendar year is subject to employment tax at the rate of 15% (with no personal reliefs) or at progressive rates (after personal reliefs).

All other sources of income for non-resident individuals are taxed at 24%, except for certain income which are taxed at reduced final withholding tax rates.

There are other specific exemptions from income tax provided in the legislation for non-residents and these are:

- I. Interest earned on deposits in an approved bank and interest from Asian Dollar Bonds received by any individuals.
- II. Income arising from sources outside Singapore and received by any individuals.

## 4 STAMP DUTY

Stamp duty is levied on specific dutiable documents relating to immovable property in Singapore and stocks/ shares of Singapore companies. The payer of stamp duty is per the agreement. If the agreement is silent, the party to pay stamp duty will follow that as specified in the Third Schedule of the Stamp Duties Act.

- I. Transfer of shares at 0.2% of purchase consideration or net assets (whichever is higher).
- II. Sale of immovable property at stepped rates of 1% to 6%.

The following additional stamp duties may be applicable to the acquisition / sale of residential properties, industrial properties and property holding entities:

- I. Additional Buyer's Stamp Duties ("ABSD") of up to 65% depending on the profile of the buyer.
- II. Sellers's Stamp Duties ("SSD") if the properties are purchased/ sold within certain period/ holding period

## 5 OTHER TAXES

### 5.1 Goods and Services Tax ("GST")

GST is a tax on consumption. It is imposed on any taxable supply of goods or services, where the supply is made in Singapore by a taxable person. Note that goods imported into Singapore by any person will also be subject to GST if the CIF value exceeds S\$400. The taxable person is a registrable person who makes or intends to make at least S\$1 million in total value of taxable supplies annually. It includes companies, individuals, partnerships, cooperatives, trusts, charities, businesses, profession or vocations.

The standard GST rate is 9%, although certain goods and services enjoy a 0% rate (export of goods / international services) or full exemption.

In addition, with effect from 1 January 2020, the importation of services (for example downloadable digital content or electronic data management) is subject to GST by way of reverse charge or overseas vendor registration regime.

With effect from 1 January 2023, the importation of low-value goods via air or post will be subject to GST via the OVR and RC regimes. Meanwhile, the importation of B2C non-digital services will be subject to GST via the OVR regime with effect from 1 January 2023.

### 5.2 Property Tax

Property tax is levied on immovable properties. It is computed as a percentage applied to the annual value which is the gross amount for which a property is expected to be rented for the year.

Non-residential properties, such as commercial and industrial buildings and land are taxed at 10%.

Owner-occupied residential properties are taxed at rates of 4% to 32% and residential properties are taxed at rates of 12% to 36%.

### 5.3 Carbon Tax

With effect from 2019, a carbon tax of S\$ 5 per tonne of greenhouse gas emissions is charged on



large emitters producing 25,000 tonnes or more of greenhouse gas emissions a year. The carbon tax rate will be reviewed by 2023, with plans to be increased to between S\$ 10 and S\$ 15 per tonne by 2030.

#### 5.4 Customs and Excise Duties

Customs and excise duties are levied on liquors, tobacco products, motor vehicles, and petroleum products and biodiesel blends.

### 6 Base Erosion and Profits Shifting (BEPS) 2.0 Initiative

Singapore implements two components of the BEPS 2.0 Pillar Two Initiative – the Income Inclusion Rule (IRL) and a Domestic Top-up Tax (DTT). This involves the imposition of a minimum effective tax rate of 15% on businesses' profits from financial years starting on or after 1 January 2025.

The businesses affected are the multinational enterprise (MNE) groups with annual group revenue of 750 million euros or more in at least two of the four percentage financial years.

## IX INVESTMENT INCENTIVES

### 1 TAX INCENTIVES

The Economic Expansion Incentives (Relief from Income Tax) Act 1967 (together with the Amendment Acts) ("EEIA") and the SITA provide tax incentives to specific industries. The provision of such incentives is to encourage industries to produce high value-added goods and services for the world market and to promote automation and wide-scale mechanization.

The EDB is the principal government body responsible for administering the various incentives provided in the EEIA. The MAS International Enterprise Singapore and the Maritime and Port Authority ("MPA") administer most of the incentives provided in the SITA.







## 1.1 Pioneer Certificate Incentive/ Development and Expansion Incentive

The Pioneer Certificate Incentive ("PC") and the Development and Expansion Incentive ("DEI") are set to encourage companies to grow capabilities and conduct new or expanded activities in Singapore. Companies that carry out global or regional headquarters ("HQ") activities of managing, coordinating and controlling business activities for a group of companies may also apply for the PC or DEI for the HQ activities.

Approved companies under the PC or DEI are eligible for a corporate tax exemption or a concessionary tax rate of 5% or 10%, respectively, on income derived from qualifying activities. The incentive period is limited to five years. Extension of the incentive may be considered, subject to the companies' commitment to undertake further expansion plans.

### OTHER TAXES



**7%**

GST

**↑ 9%**

By 2025



**10%**

Non-Residential

**4%**

Residential  
(Owner Occupied)



**S\$ 5 / Tonne**

Greenhouse Gas Emissions



Liquors, tobacco products,  
motor vehicles, and petroleum  
products and biodiesel blends.





## 1.2 Investment Allowances

A company may apply to be granted investment allowances in respect of capital expenditure for manufacturing operations, specialised engineering or technical services, research and development, construction, reduction of drinking water consumption and, activities qualifying for the pioneer service company incentives described earlier. Upon approval, investment allowances of up to 100% of the expenditure (net of grant) incurred on productive equipment is given, in addition to the normal tax depreciation allowance.

As announced in Budget 2021, the 100% IA scheme to support automation will be extended for another two years for automation projects approved by ES from 1 April 2021 to 31 March 2023.

## 1.3 MSI – Approved International Shipping Enterprise Award ("MSI – AIS")

The MSI—AIS award applies to resident shipping companies which operate non-Singapore flag ships. Qualifying foreign ships include towage vessels, salvage ships, dredges, seismic vessels, and semisubmersible oil rigs. Incomes of approved international shipping enterprises qualifying for tax exemption under the scheme include those derived from:

- I. carriage of passengers, mails, livestock or goods from outside Singapore port limits by any foreign ship;
- II. charter of any foreign ship to a non-resident of Singapore, or to another approved international shipping enterprise, for the carriage of passengers, mails, livestock or goods outside Singapore port limits;
- III. carriage of passengers, mails, livestock or goods by a foreign ship to Singapore for the purpose of trans-shipment;
- IV. income derived from the operation of Floating Production Storage Offloading vessels and Floating Storage Offloading vessels in Singapore;
- V. mobilisation, demobilisation, holding fees and incidental container leasing;
- VI. exploration or exploitation of offshore energy or offshore mineral extraction, and ancillary activities supporting the above offshore activities.

To qualify for this scheme, the shipping company must be a Singapore-registered company and a tax resident in Singapore with local business spending of more than S\$5 million annually (S\$27.5 million over 5 years). Initially, the incentive can be granted for 10 years with provision for extension up to a total of 40 years.

The MSI—AIS (Entry) was introduced for qualifying entry players to enjoy similar tax benefits as the MSI—AIS award. The MSI—AIS (Entry) award is granted for a non-renewable 5-year period, with the option of graduating to the mainstream MSI—AIS scheme. Window for application is open until 31 December 2026.

## 1.4 MSI – Shipping-related Support Services Award ("MSI – SSS")

Ship agencies, ship management companies, logistics providers and ship brokers may apply for this incentive. To qualify, the Company must have substantial operations and a good track record in their relevant field.

Qualifying companies will be accorded a concessionary tax rate of at least 10% on their incremental income only. The base profit will continue to be taxed at the normal corporate tax rate. The incentive period is 5 years, subject to approval for renewal. Window for application is open until 31 December 2026.

## 1.5 MSI – Maritime Leasing Award ("MSI – ML")

The MSI-ML was introduced to encourage the development of ship financing activities in Singapore. Under this scheme, an Approved Shipping Investment Enterprise ("ASIE") will enjoy tax exemption on its investment income, which includes income (and dividend paid out of such income) from chartering or finance leasing of seagoing ships to qualifying persons. In addition, an approved shipping investment management company will enjoy a 10% concessionary tax rate on qualifying income derived from ASIE management.

The Approved Container Investment Enterprise ("ACIE") will enjoy concessionary rate of 5% or 10% on its income from leasing sea containers. An approved container investment management company will enjoy a 10% concessionary tax rate on qualifying income derived from management of ACIE.





## 1.6 Net Tonnage Basis of Tax

Singapore has decided to introduce an alternative basis of tax where the qualifying income of shipping entities will be taxed by reference to net tonnage of their ships.

This alternative basis of tax will be available from the Year of Assessment 2024 for the shipping entities which are under the following Maritime Sector Incentive (MSI) sub-schemes:-

- MSI - Shipping Enterprise (Singapore Registry of Ship) ("MSI-SRS")
- MSI – Approved International Shipping Enterprise ("MSI-AIS")
- MSI – Maritime Leasing (Ship) ("MSI-ML (Ship)")

The existing tax treatment under the relevant MSI sub-schemes will continue to apply to MSI entities that are not under the alternatives net tonnage basis of tax.

## 1.7 Global Trader Programme ("GTP")

This incentive was introduced to encourage companies to use Singapore as their regional or global base for their trading operations. Under the GTP, approved companies enjoy a concessionary tax rate of 5% or 10% on qualifying transactions (for 3 or 5 years) conducted on qualifying commodities and products, such as energy, agriculture, building and industrial materials, consumer products, machinery components, minerals, etc. Qualifying trading income includes income from physical trading, brokering of physical trades, derivative trading income, and income from structured commodity financing activities, treasury activities and advisory services in relation to mergers and acquisitions. The GTP scheme, which was scheduled to lapse after 31 March 2021, has been extended to 31 December 2026.

## 1.8 Finance and Treasury Centre Incentive ("FTCI")

The FTCI was introduced to encourage companies to grow treasury management capabilities and use Singapore as a base for conducting treasury management activities for the region.

Under the FTCI, an approved FTC company is eligible

for a reduced corporate tax rate of 8% on income derived from qualifying FTC services to approved network companies ("ANCs") as well as qualifying FTC activities carried out on its account with funds obtained from qualifying sources.

An approved FTC company is also eligible for withholding tax exemption on interest payments, such as interest on loans obtained by the approved FTC from banks, non-bank financial institutions and ANCs outside Singapore, provided the funds are used for its approved qualifying activities or services.

The incentive period is limited to 5 year and extension may be considered, subject to the FTC company's commitment to undertake further expansion plans on its FTC activities/ services.

## 1.9 Financial Sector Incentive ("FSI")

The FSI scheme applies to licensed financial institutions, from large universal banks, fund managers to capital market players with plans to establish or expand their operations in Singapore.

Under the FSI scheme, qualifying companies may enjoy reduced tax rates of 5%, 10%, 12% and 13.5% on income from qualifying banking and financial activities, headquarter and corporate services, fund management, and investment advisory services.

## 1.10 Market Readiness Assistance ("MRA") Grant

Under the MRA Grant, eligible small and medium enterprises ("SMEs") will receive the following support:

- Up to 70% (80% from 1 November 2020 to 30 September 2021) of eligible costs, capped at S\$100,000 per company per new market from 1 April 2020 to 31 March 2023 that covers:
  - Overseas market promotion (capped at S\$20,000);
  - Overseas business development (capped at S\$50,000);
  - Overseas market set-up (capped at S\$30,000).
- Each application is limited to one activity in a single overseas market (e.g. market entry, or participation in a trade fair)



### 1.11 Double Tax Deduction for Internationalisation (“DTDI”) Scheme

To encourage internationalisation, businesses may claim automatic double tax deduction on qualifying expenses incurred from 1 April 2012 to 31 December 2025 of up to a specified expenditure cap on certain qualifying activities, in the area of market expansion and investment development, subject to (prior) approval from Enterprise Singapore (“ES”) or Singapore Tourism Board (“STB”).

However, approval need not be obtained from ES or STB for double tax deduction on the first S\$150,000 of qualifying expenses incurred on the following activities for each YA:

- a. Participation in overseas market development trips/missions;
- b. Participation in overseas investment study trips/missions;
- c. Participation in overseas trade fairs; and
- d. Participation in approved local trade fairs.

As announced in Budget 2021, the scope of the DTDI scheme will be enhanced to cover the following

specified expenses incurred to participate in approved virtual trade fairs:

- a. Package fees charged by event organisers for virtual exhibition hall and booth access, collateral creation, business meeting/ match sessions, pitches/ product launches/ speaking slots, webinar/ conference, and post event analytics;
- b. Third-party costs for design and production of digital collaterals and promotion materials for virtual fairs; and
- c. Logistics costs incurred to send materials/ samples overseas to potential clients met at virtual trade fairs.

The list of qualifying expenses for overseas investment study trips will also be expanded to include logistics costs to transport materials/ samples used during investment trips.

In addition, the scope of qualifying activities which do not require prior approval from ES or STB will be enhanced to cover the following additional activities, up to the current annual expense cap of S\$150,000. These enhancements will take effect for qualifying expenses incurred on or after 17 February 2021.







- a. Product/ service certification (primarily to increase buyer's acceptance in overseas markets) approved by ES;
- b. Overseas advertising and promotional campaign;
- c. Design of packaging for overseas markets;
- d. Advertising in approved local trade publication; and
- e. Participation in virtual trade fairs approved by ES.

### 1.12 Refundable Investment Credit

The Refundable Investment Credit ("RIC") scheme seeks to enhance Singapore's attractiveness for investments. The RIC encourages companies to make sizeable investments that bring substantive economic activities to Singapore, in key economic sectors and new growth areas. It will be awarded on an approval basis, through EDB and EnterpriseSG.

The RIC will support high-value and substantive economic activities such as:

- I. Investing in new productive capacity (e.g., new manufacturing plant, production of low-carbon energy);

- II. Expanding or establishing the scope of activities in digital services, professional services, and supply chain management;
- III. Expanding or establishing headquarter activities, or Centres of Excellence;
- IV. Setting up or expansion of activities by commodity trading firms;
- V. Carrying out R&D and innovation activities; and
- VI. Implementing solutions with decarbonisation objectives.

### How the RIC works

The RIC is awarded on qualifying expenditures incurred by the company in respect of a qualifying project, during the qualifying period. Each RIC award will have a qualifying period of up to 10 years.

The credits are to be offset against Corporate Income Tax payable. Any unutilised credits will be refunded to the company in cash within four years from when the company satisfies the conditions for receiving the credits. The scheme is consistent with the Global Anti-Base Erosion Rules for Qualified Refundable Tax Credits.





## X COVID-19 RELATED MEASURES

The quantum of RIC that a company can receive will depend on the support rates predetermined for the company's different qualifying expenditure categories. Support rates will be commensurate with the economic outcomes (or decarbonisation outcomes for decarbonisation projects) that the project is expected to bring.

Depending on project type, qualifying expenditure categories may include:

- I. Capital expenditure (e.g. building, civil and structural works, plant and machinery;
- II. Manpower costs;
- III. Training costs;
- IV. Professional fees;
- V. Intangible asset costs;

VI. Fees for work outsourced in Singapore;

VII. Materials and consumables; and

VIII. Freight and logistics costs.

Companies can received up to 50% of support on each qualifying expenditure category. The total quantum of RIC that a company is eligible for will be determined by EDB or Enterprise SG.







In light of the COVID-19 situation, the IRAS has set out the following guidelines.

## 1 TAX RESIDENCY – CORPORATIONS

Where a corporation is not able to hold its Board of Directors meeting in Singapore due to the travel restrictions relating to COVID-19, the company is considered a Singapore tax resident for the YA 2021 and/ or 2022 provided it meets all the following conditions:

- I. The company is a tax resident for the immediate preceding YA;
- II. There are no other changes to the economic circumstances of the company; and
- III. The directors of the company have to attend the Board of Directors meeting held outside Singapore or if the meeting is held via electronic means due to the directors being temporarily restricted in their travel as a consequence of COVID-19.

Where the company is a non-tax resident for YA 2021 and/ or 2022, the IRAS will continue to treat it as a non-tax resident for YA 2021, provided it meets the following conditions:

- I. The company is not a Singapore tax resident for the immediate preceding YA.
- II. There are no other changes to the economic circumstances of the company.
- III. The company has to hold its Board of Directors meeting in Singapore due to travel restrictions relating to COVID-19.

## 2 PERMANENT ESTABLISHMENT ("PE") - CORPORATIONS

Due to the COVID-19 situation, employees of a foreign company may have to remain in Singapore due to travel restrictions. The IRAS will consider such unplanned presence not resulting in the creation of a PE in Singapore for the foreign company for YA 2021 and/ or YA2022, provided it meets all the following conditions:

- I. The foreign company does not have a PE in Singapore for the immediate preceding YA.
- II. There are no other changes to the economic circumstances of the company;
- III. The unplanned presence of the employees in Singapore is due to travel restrictions relating to COVID-19 in 2020 and their physical presence in Singapore up to 2021 is temporary;
- IV. The activities performed by the employees during the unplanned presence would not have been performed in Singapore if not for the travel restrictions; and
- V. The employees will leave Singapore as soon as they can, following the relaxation of travel restrictions relating to COVID-19.

## 3 TAX RESIDENCE - INDIVIDUALS

For Singaporeans/ Singapore Permanent Residents exercising overseas employment and are now working remotely from Singapore for that employment, the IRAS will not treat them as exercising Singapore employment from the date of return to Singapore until the date they left Singapore in 2020, or up to 30 June 2021, whichever is earlier, provided that all the relevant conditions stipulated below are met.

For individuals whose stay in Singapore did not extend beyond 31 December 2020, the qualifying conditions are:

- I. There is no change in the contractual terms governing his/ her employment overseas before and after his/ her return in Singapore; and
- II. This is a temporary work arrangement due to COVID-19.


For individuals whose stay in Singapore are extended up to 2021 (up to 30 June 2021), the additional qualifying conditions are:

- I. The work performed by him/ her during his/ her stay in Singapore would have been performed overseas if not for the travel restrictions caused by COVID-19;
- II. He/ She will leave Singapore as soon as he/ she is able to do so; and







- 
- III. His/ Her employment income earned during the stay in Singapore from 1 January 2021 to 30 June 2021 is subject to tax in the country of his/ her overseas employer.

For individuals whose stay in Singapore are extended beyond 1 July 2021, employment income in relation to the work done in Singapore done from 1 July 2021 onwards would be subject to Singapore income tax based on normal tax rules.

Where a non-resident foreigner exercising overseas employment who is on short-term business assignment in Singapore and is unable to leave due to COVID-19 in 2020, the IRAS will consider the individual as not exercising an employment in Singapore for the period of his/ her extended stay in Singapore in 2020 if the following conditions are met:

- I. The period of his/ her extended stay is for a period of not more than 60 days.
- II. The work he/ she has done during his/ her extended stay is not connected to the business assignment in Singapore and would have been performed overseas if not for COVID-19.

## 4 JOBS SUPPORT SCHEME ("JSS")

Introduced in the Unity Budget in February 2020, the JSS provides wage support for employers to retain their local employees (Singapore Citizens and PR) during this period of economic uncertainty.

Under the JSS, the Government co-funds a proportion of the first S\$4,600 of gross monthly wages paid to each local employee up to March 2021. In Budget 2021, the JSS support has been extended to the most affected businesses in Tier 1 and Tier 2 by up to six months, covering wages paid up to September 2021.

The JSS grant payouts are not taxable.

## 5 JOBS GROWTH INCENTIVE ("JGI")

Introduced in 2020, the JGI supports employers to expand local hiring from September 2020 to September 2021 (inclusive) so as to create good, long-term jobs for locals.

To be eligible for JGI, businesses need to meet the qualifying criteria of having an overall increase in local

headcount and increase in locals earning at least S\$1,400 per month, compared to their local workforce in the baseline month.

Eligible employers will automatically receive their JGI payouts, which will be computed on a monthly basis based on the employer's mandatory CPF contributions. However, some employers may receive review letters from the IRAS which require them to further substantiate their eligibility.

## 6 SGUNITED JOBS AND SKILLS PACKAGE

The SGUnited Jobs and Skills Package aims to expand jobs, traineeship, and skills training opportunities to support Singaporeans affected by the economic impact of COVID-19. These would help Singaporeans to acquire job-related skills and capabilities, and access expanded employment opportunities.

## 7 SGUNITED TRAINEESHIP PROGRAMME

This programme provides opportunities for fresh graduates from Institute of Technical Education, Polytechnics, Universities and other private educational institutions in 2019 to 2021 to gain industry-relevant work experience and build professional networks amidst the current weaker hiring sentiments.

Workforce Singapore co-funds 80% of the qualifying training allowance for host companies offering the traineeships to the graduates.

## 8 SGUNITED MID-CAREER PATHWAYS PROGRAMME - COMPANY ATTACHMENT

This is a full-time attachment programme with approved host organisations for mid-career individuals to gain industry-relevant experience, develop new skills and boost employability. Trainees will receive a monthly training allowance of up to S\$3,000. The Government co-funds 80% of the training allowance payable to the mid-career individuals.



# APPENDIX I

## Corporate Tax Rates and Partial Tax Exemptions

Up to YA 2019

- Exemption available
  - » 75% of the first S\$10,000 chargeable income; and
  - » 50% of the next S\$290,000 chargeable income
- The remaining chargeable income is taxable at prevailing corporate tax rate.

YA 2020 onwards

- Exemption Available
  - » 75% of the first S\$10,000 chargeable income; and
  - » 50% of the next S\$190,000 chargeable income.

The remaining chargeable income is taxable at prevailing corporate tax rate.

Corporate Tax Rates	
YA	Tax rate (%)
2003 — 2004	22
2005 — 2007	20
2008 — 2009	18
2010 onwards	17

For the Year of Assessment 2024, a corporate tax rebate of 50% of the corporate tax payable will be granted to all taxpaying companies regardless of tax residency. The rebate is capped at S\$40,000 (inclusive of a S\$2,000 cash grant which a company can receive if it employs at least one local employee in the Year 2023).



## APPENDIX II

### TABLE OF INCOME TAX RATES (Applicable to Individuals Resident in Singapore)

YA 2024 onwards			
Chargeable Income (S\$)		Marginal Tax Rate	Gross Tax Payable
First	20,000	0%	NIL
Next	10,000	2%	200
First	30,000	3.5%	200
Next	10,000		350
First	40,000	7%	550
Next	40,000		2,800
First	80,000	11.5%	3,350
Next	40,000		4,600
First	120,000	15%	7,950
Next	40,000		6,000
First	160,000	18%	13,950
Next	40,000		7,200
First	200,000	19%	21,150
Next	40,000		7,600
First	240,000	19.5%	28,750
Next	40,000		7,800
First	280,000	20%	36,550
Next	40,000		8,000
First	320,000	22%	44,550
Next	180,000		39,600
First	500,000	23%	84,150
Next	500,000		115,000
First	1,000,000	24%	119,150
Above	1,000,000		

## APPENDIX III

### DEDUCTION FOR INDIVIDUALS (Reliefs and Rebates)

General Reliefs Available to All Taxpayers	Additional Reliefs Available to Married/ Divorced/ Widowed Taxpayers	
	Available to Male and Female Taxpayers	Available to Female Taxpayers
<p>Course Fees Relief</p> <p>CPF Cash Top Up Relief*</p> <p>CPF Relief*</p> <ul style="list-style-type: none"> <li>» CPF / Provident Fund Relief: For Employees Only</li> <li>» CPF/ Provident Fund Relief: For Self-Employed/ Employee who is also Self Employed</li> <li>» CPF/ Provident Fund Relief: Compulsory and Voluntary Medisave Contribution</li> </ul> <p>Earned Income Relief</p> <p>Handicapped Brother/ Sister Relief</p> <p>Life Insurance Relief</p> <p>NSman (Self) Relief</p> <p>Parent/ Handicapped Parent Relief (For maintenance of parents, grandparents &amp; great-grandparents, including in-laws)</p> <p>Supplementary Retirement Scheme (SRS) Relief</p> <p><i>*Applicable to Singapore Citizens and Singapore Permanent Residents (PRs) only.</i></p>	<p>NSman (Parent) Relief</p> <p>Qualifying/ Handicapped Child Relief</p> <p>Spouse/ Handicapped Spouse Relief</p>	<p>Foreign Domestic Worker Levy Relief</p> <p>Grandparent Caregiver Relief</p> <p>NSman (Wife) Relief</p> <p>Working Mother's Child Relief</p>





## APPENDIX IV

### SINGAPORE DOUBLE TAXATION AGREEMENTS – Comprehensive Treaties\*

Albania	Ireland	Poland
Armenia	Isle of Man	Portugal
Australia	Israel	Qatar
Austria	Italy	Republic of Korea
Bahrain	Japan	Romania
Bangladesh	Jersey	Russian Federation
Barbados	Kazakhstan	Rwanda
Belarus	Kenya	San Marino
Belgium	Kuwait	Saudi Arabia
Brunei	Laos	Serbia
Bulgaria	Latvia	Seychelles
Cabo Verde	Libya	Slovak Republic
Cambodia	Liechtenstein	Slovenia
Canada	Lithuania	South Africa
China	Luxembourg	Spain
Cyprus	Malaysia	Sri Lanka
Czech Republic	Malta	Sweden
Denmark	Mauritius	Switzerland
Ecuador	Mexico	Taiwan
Egypt	Mongolia	Thailand
Estonia	Morocco	Tunisia
Ethiopia	Myanmar	Turkiye
Fiji	Netherlands	Turkmenistan
Finland	New Zealand	Ukraine
France	Nigeria	United Arab Emirates
Gabon	Norway	United Kingdom
Georgia	Oman	Uruguay
Germany	Pakistan	Uzbekistan
Ghana	Panama	Vietnam
Guernsey	Papua New Guinea	

\* The list does not contain treaties signed but not ratified.



## APPENDIX V

### SINGAPORE DOUBLE TAXATION AGREEMENTS – Limited Treaties

Bahrain (air transport)  
Brazil (air transport & shipping)  
Chile (shipping)  
Hong Kong (air transport & shipping)  
United Arab Emirates (air transport)  
United States of America (air transport & shipping)

### SINGAPORE DOUBLE TAXATION AGREEMENTS – Exchange of Information

Bermuda  
United States of America



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