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Asian Structures for Developing Countries

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SINGAPORE | HONGKONG
20 YEARS IN PRACTICE



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AGENDA

1. General Background
2. Non-Tax Factors
3. Tax Factors
4. China and India
5. Conclusion

SINGAPORE | HONGKONG
20 YEARS IN PRACTICE



GENERAL BACKGROUND



- Hong Kong: North Asia and China
- Singapore: South East Asia and India

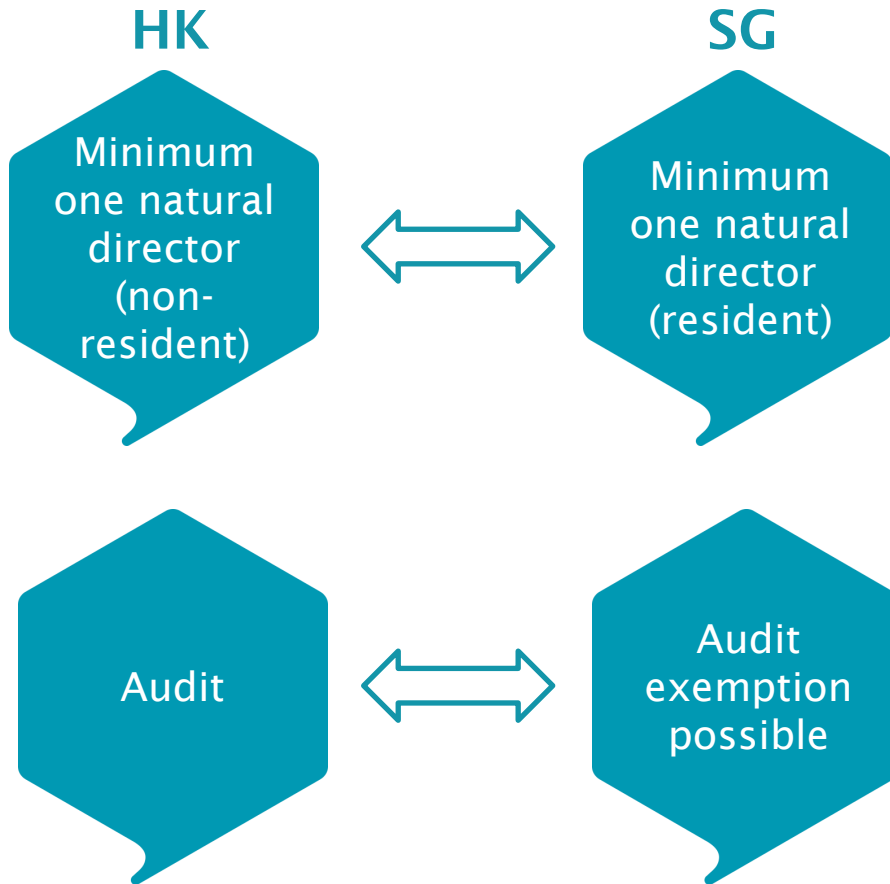
Singapore vs. Hong Kong – General

Factor	Singapore	Hong Kong
Ease of Company Formation	24 hours	4 days
Time Zone	GMT + 8 hours	
Business Language	English	
Foreign Exchange Controls	None	
Availability of Service Providers	Plentiful	
Economic/Political Stability	Very	
Legal System	Common law	
World Bank Survey (2015):		
Ease of Doing Business	1	3
Starting a Business	6	8
Registering Property	24	96
Getting Credit	17	23
Protecting Minority Investors	3	2
Paying Taxes	5	4
Trading Across Borders	1	2
Enforcing Contracts	1	6
Resolving Insolvency	19	25



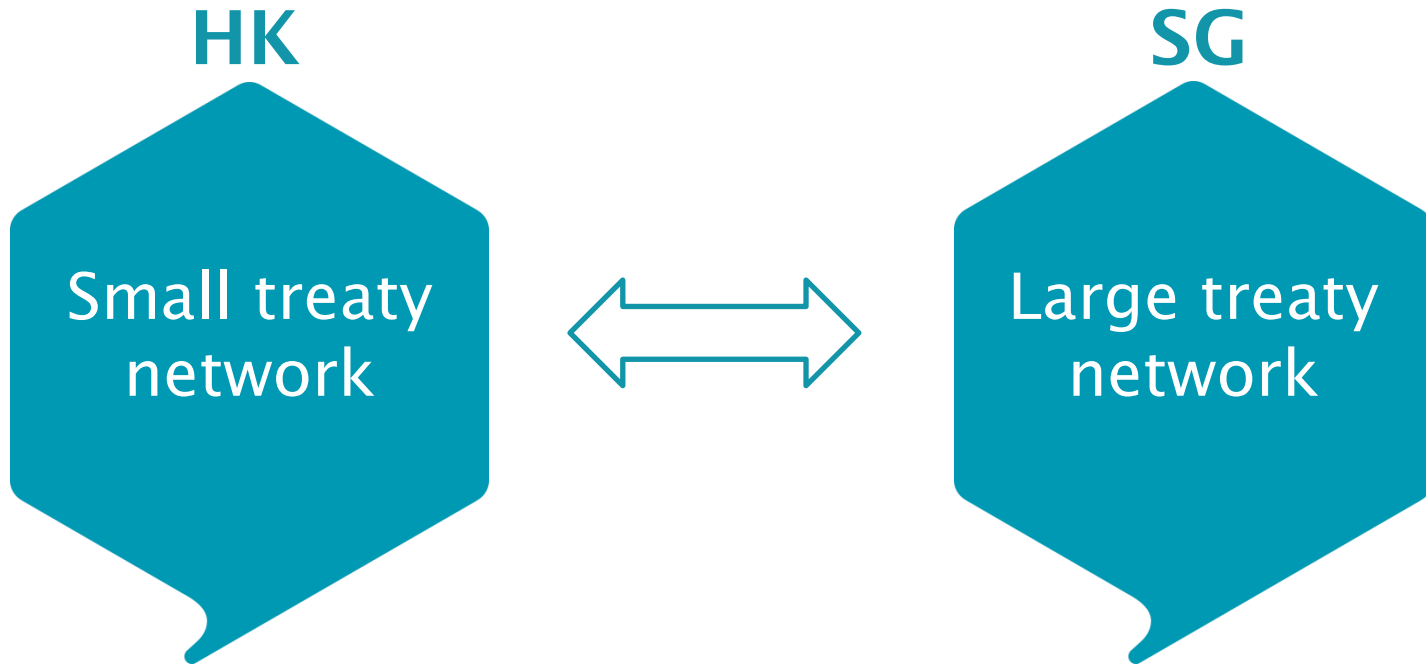
NON-TAX FACTORS

Setting Up and Ongoing Requirements



- Company Secretarial profession to be regulated
- Suspension from taking new appointments (Director/Secretary) if late filing (tax or corporate)

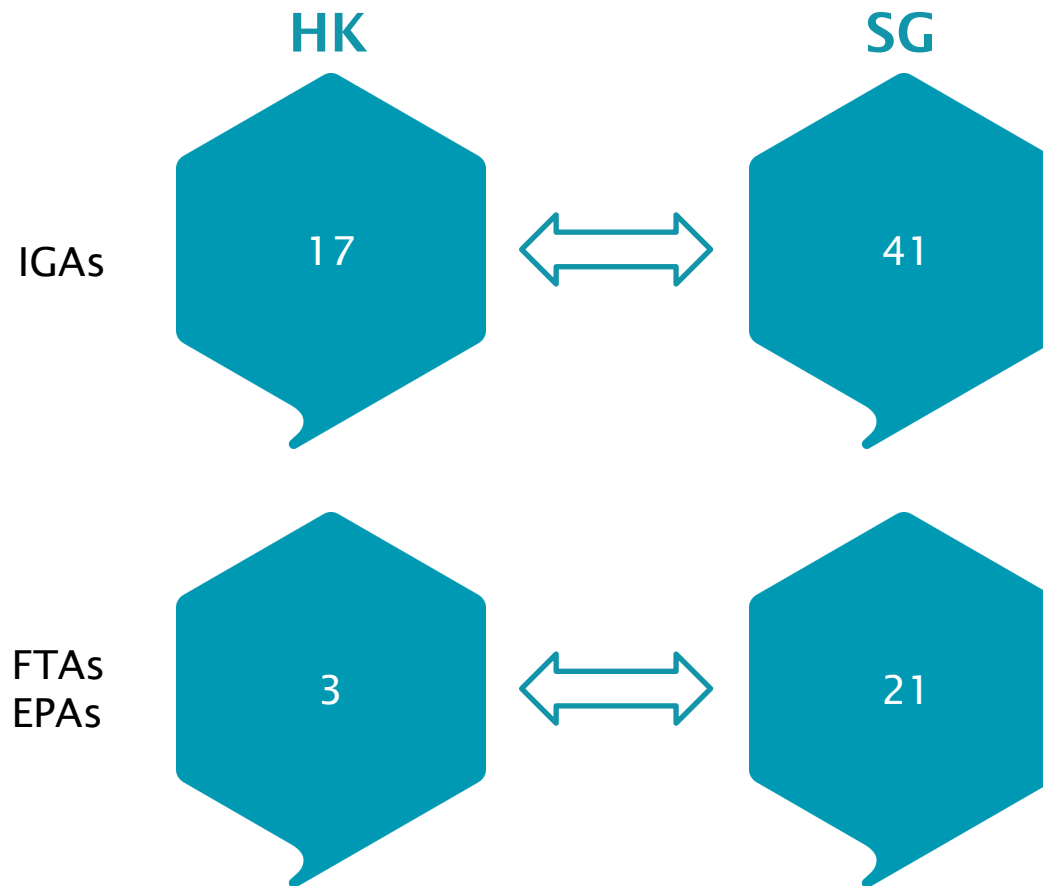
- Small groups with low turnover, staff, assets



International Agreements

- Investment Guarantee Agreements (IGAs)
 - Fair and equitable treatment
 - Non-discrimination compensation in the event of expropriation
 - Free transfer of funds
 - Investor-state dispute settlement mechanism
- Free Trade Agreements (FTAs)
 - Tariff concessions
 - Market access to certain sectors
 - Investment and intellectual property (IP) protection

International Agreements



HK

Relatively
easy to bring
in staff



SG

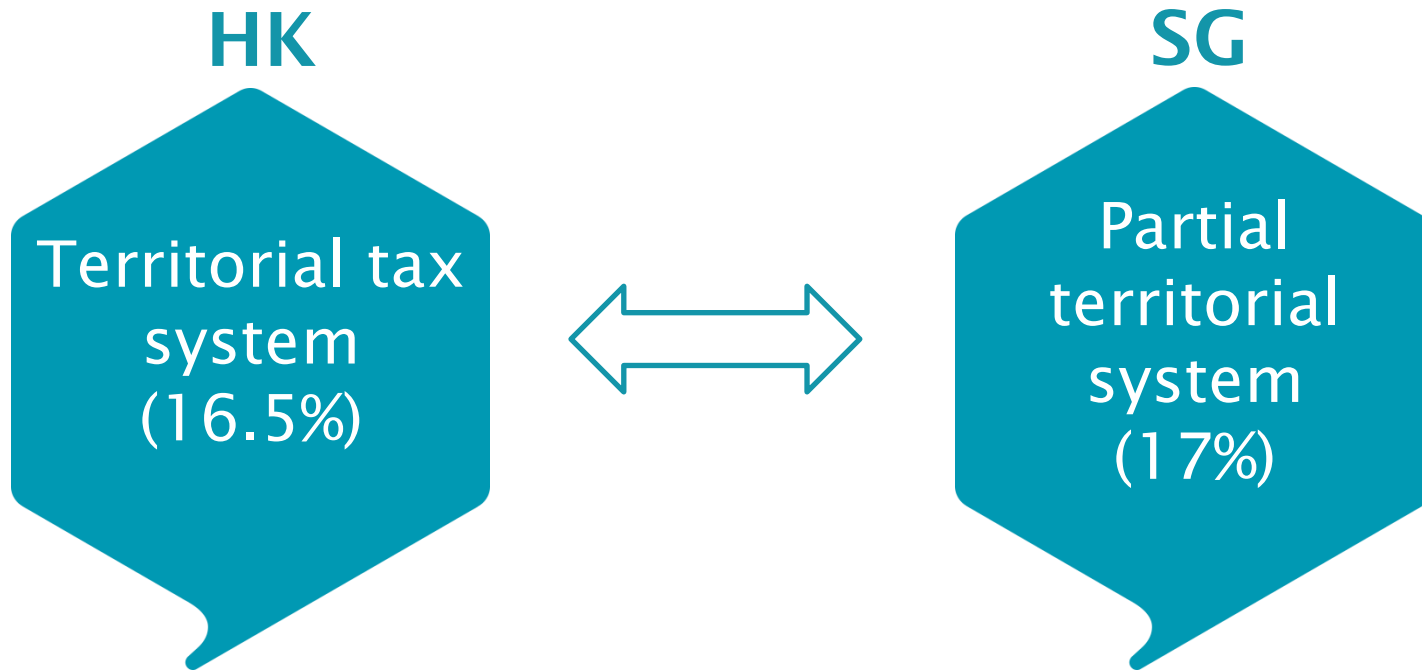
Immigration
Restrictions



TAX FACTORS

Singapore vs. Hong Kong – Tax

Criteria	Singapore	Hong Kong
Tax System	Territorial with remittance	Pure territorial
No. of Tax Treaties	82	33
Participation Exemption	No WHT on dividend distribution	
Advance Rulings	Available	
GST (VAT)	7%	None
Corporate Income Tax Rate	Up to 17%	Flat 16.5%
Double Tax Relief	Ordinary Credit Method (FTC Pooling)	Ordinary Credit Method (No Pooling)
Anti-avoidance Rules	No CFC and Thin Cap	
Capital Gains Tax	None	
Information Exchange	OECD White List	



Singapore: Deemed Remittance

- (a) any amount from any income derived from outside Singapore which is **remitted to, transmitted or brought** into, Singapore
- (b) any amount from any income derived from outside Singapore which is **applied in or towards satisfaction of any debt** incurred in respect of a trade or business carried on in Singapore; and
- (c) any amount from any income derived from outside Singapore which is applied to **purchase any movable property which is brought into Singapore**

HK



SG



HK



SG





Singapore Tax Incentives

- Productivity and Innovation Credit
- Fund Management
- Marine Sector
- Global Trader
- Operational Headquarters

HK

Small treaty
network
[28 + 4]

**SG**

Large treaty
network
[76 + 6]

Certificate of Residence

HK



SG



HK



SG





CHINA AND INDIA – PRACTICAL ISSUES

Considerations: Setting up in China

- Bureaucratic
- Different rule book
- Corporate Establishment
- Local partner
- Intellectual property (First-to-register principle)
- Tax (Local tax bureaus and WHT)
- Employees (Social security and termination)
- Transfer Pricing
- Many regulators



Considerations: Setting up in India

- Bureaucratic
- Different rule book
- Corporate Establishment
- Tax (Local tax bureaus and WHT)
- Local partner
- Transfer Pricing
- Many regulators



Services:

- International & Domestic Tax
- Company Formation & Administration
- Trusts & Foundations
- Immigration & HR
- Regulatory & Compliance
- Accounting & Financial Reporting



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