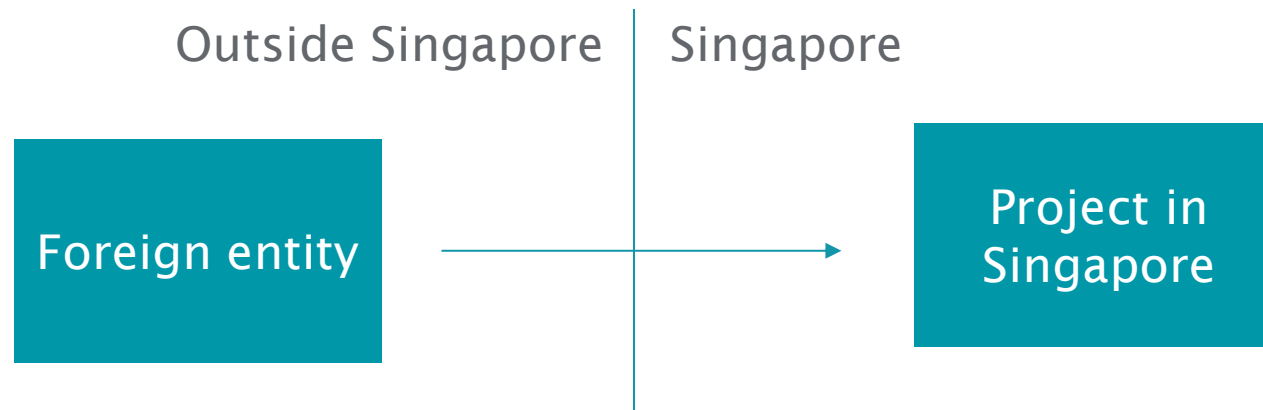


# Carrying out a Project in Singapore

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May 2016

# Introduction



A foreign entity wins a **one-off** project to supply equipment to a customer in Singapore. The foreign entity will send its employees to Singapore to perform the installation.

# Phases of the project



# Phases of the project

<b>Offer Phase</b> (High level summary)	<b>Contract Negotiations</b> (Detailed analysis of tax cost for negotiation)	<b>Contract Execution</b> (Ongoing compliance support)
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Consider the following areas:

- Employee
- Company law
- Expat tax and social security
- Immigration and local labour
- Indirect tax
- Corporate tax / PE
- Withholding tax

# Employees

Should you assign employees to a local subsidiary?

Where there is no local subsidiary, the employees will generally continue on the foreign company's payroll.

If there is a local subsidiary, you would need to consider whether it is appropriate to second the employee to the local subsidiary in Singapore.


# Company Law

Do you need  
to register a  
branch?

The Singapore Companies Act requires all foreign entities to register a branch in Singapore where the foreign entity carries on business in Singapore with certain exceptions.

In addition, in order to obtain immigration visas for its employees, a branch may be required to be registered (where a local subsidiary is not available to sponsor the visa).

# Immigration and Employment Law



## Employment Pass

In order to carry out the installation work in Singapore, foreign individuals must obtain Employment Passes in Singapore.

In addition, Employment Law compliance will also be required.

# Indirect Tax: GST

Do you need  
to register for  
GST?

Foreign entities are required to register if their taxable supplies are greater than S\$1m within the next 12 months.

- Taxable supplies includes the supply of goods and services.

A foreign entity may choose to register on a voluntary basis in order to claim back GST incurred on the import of equipment into Singapore.



# Corporate/PE: Withholding Tax

What WHT  
could you  
incur?

A Singapore payer is required to withhold at 17% gross for any fees paid to a non-resident entity (with no presence in Singapore).

- Such withholding tax may be restricted under an applicable tax treaty.

Even if the Singapore payer does not withhold, a foreign entity's activities in Singapore may still constitute a PE in Singapore.

# Expatriate Tax and Social Security

Will your employees be taxed in Singapore?

Generally, yes, unless the Expatriate is exempt under an applicable tax treaty.

However, even if the Expatriate is exempt:

- Letter of Guarantee may be required
- Tax Return will need to be filed on an annual basis
- Tax Clearance will need to be filed when the employees leave Singapore

# De-registration

What do you do when your project is finished?

- De-register for GST (if possible)
- File final tax returns for foreign company and employees
- Cancellation of Employment Passes



# Services:

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