

Singapore's inward re-domiciliation regime now in operation

November 2017

Background

- The Companies (Amendment) Act 2017 introduced an inward re-domiciliation regime in Singapore, allowing foreign corporate entities (FCE) to transfer their registration to Singapore. This regime took effect on 11 October 2017.
- A re-domiciled entity will become a Singapore company registered under the Accounting and Corporate Authority of Singapore (“ACRA”) and be required to comply with the Singapore Companies Act.

Criteria for application

- Size criteria (FCE must meet any 2 at the end of the preceding 2 financial years):
 - Value of FCE's total assets exceeds S\$10 million
 - Annual revenue of FCE exceeds S\$10 million
 - FCE has more than 50 employees
- If applicant is a parent, criteria will be assessed on a consolidated basis (even if subsidiaries are not applying to transfer their registration to Singapore)
- If applicant is a subsidiary, criteria is applied on a single entity basis (unless the parent is Singapore-incorporated or registered in Singapore through a transfer of registration).

Criteria for application (Cont'd)

- Solvency criteria:
 - There is no ground on which the FCE could be found unable to pay its debts
 - FCE is able to pay its debts as they fall due during the period of 12 months after the date of application for transfer of registration
 - Value of the FCE's assets is not less than the value of its liabilities (including contingent liabilities)

Criteria for application (Cont'd)

- Authorisation:
 - FCE is authorised to transfer its incorporation under the law of its place of incorporation
 - FCE has complied with the requirements of the law of its place of incorporation in relation to the transfer of its incorporation

- Good faith:
 - The application for transfer of registration is not intended to defraud existing creditors of the FCE and is made in good faith

Application Process

- An application must be made to ACRA and can take up to 2 months
- ACRA will require similar information to that required for incorporation of a Singapore company. In addition, ACRA will also require further information such as details of the applicant's registration history and existing share capital
- ACRA will also require certain written declarations from the applicant's directors
- A non-refundable fee of S\$1,000 is payable to ACRA for each application

Application Process (Cont'd)

- An applicant company that is successfully registered as a Singapore company must submit to ACRA evidence that it has been de-registered in its jurisdiction of incorporation, within 60 days after the issue of the notice of transfer of registration

Effects of re-domiciliation

- A re-domiciled company will become a Singapore company and must comply with Singapore laws.
- Re-domiciliation does not:
 - Create a new legal entity
 - Prejudice or affect the identity of the body corporate constituted by the re-domiciled company or its continuity as a body corporate
 - Affect the obligations, liabilities, property rights or proceedings of the re-domiciled company
 - Affect legal proceedings by or against the re-domiciled company

Tax implications

- Re-domiciled companies could be eligible for tax credit for exit taxes imposed by their origination jurisdictions
- IRAS has specified the tax treatment of certain items of expenditure incurred, or assets acquired, before the registration date, including:
 - Impairment losses for bad debts
 - Impairment losses from financial assets
 - Impairment losses on assets
 - Expenses
 - Trading stocks
 - Capital allowances
 - Writing down allowances for intellectual property



Who could benefit from re-domiciling to Singapore

Corporate groups wishing to have a more favourable regulatory and tax environment while retaining their corporate / legal history and branding.

Singapore does not permit outward re-domiciliation.

Jurisdictions that permit re-domiciliation to Singapore

Andorra	Brunei	Ireland	Malta	St Kitts and Nevis
Anguilla	Canada	Isle of Man	Marshall Islands	St Lucia
Antigua & Barbuda	Cayman Islands	Israel	Mauritius	St Vincent
Aruba	Cook Islands	Jersey	Montserrat	Grenadines
Australia	Costa Rica	Latvia	Nauru	Switzerland
Austria	Cyprus	Lebanon	Netherlands Antilles	Turks and Caicos Islands
Bahamas	Delaware, USA	Liberia	New Zealand	UAE (Dubai, Ras-al-Kaimah)
Bahrain	Dominica	Lichtenstein	Panama	Uruguay
Barbados	Gibraltar	Luxembourg	Philippines	US Virgin Islands
Belgium	Grenada	Macao	Portugal (Madeira)	Vanuatu
Belize	Guernsey	Malaysia (Labuan)	Samoa	
British Virgin Islands	Hungary	Maldives	Seychelles	



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