



Moving your Company's operations and executives from Hong Kong to Singapore

Pros and Cons

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Iyer
Practice
ADVISERS

SINGAPORE | HONGKONG
20 YEARS IN PRACTICE



AGENDA

1. General Background
2. Non-Tax Factors
3. Tax Factors
4. Conclusion



GENERAL BACKGROUND



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

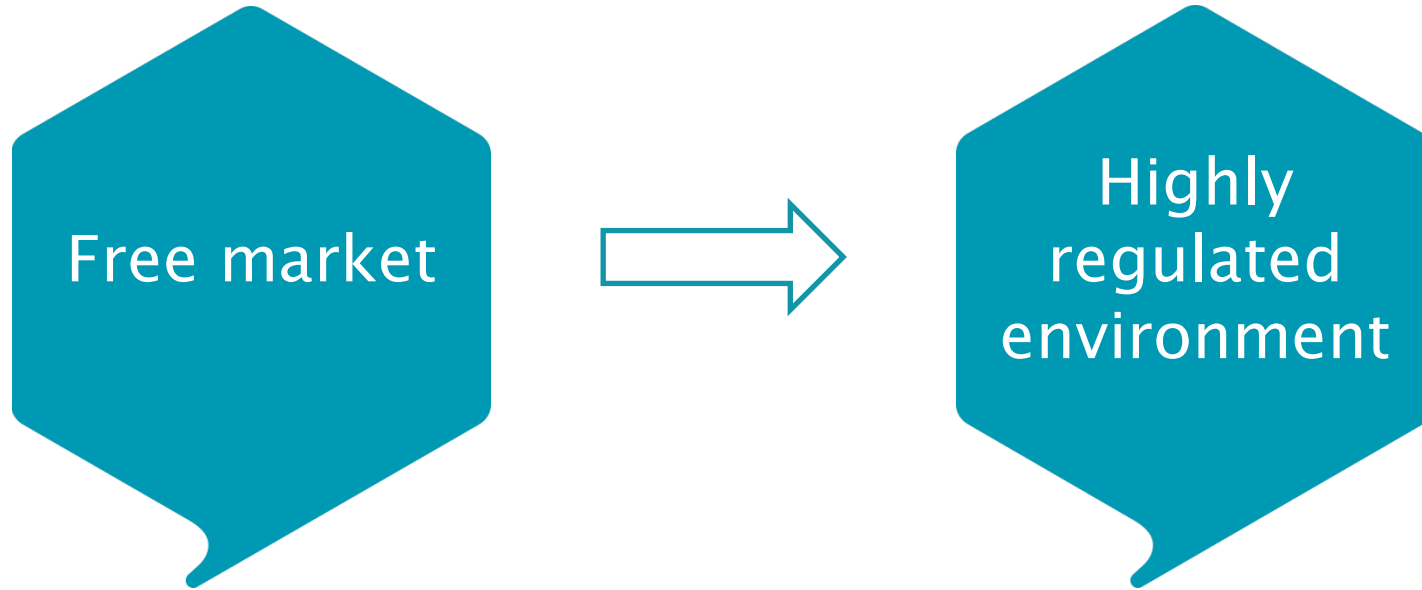
General



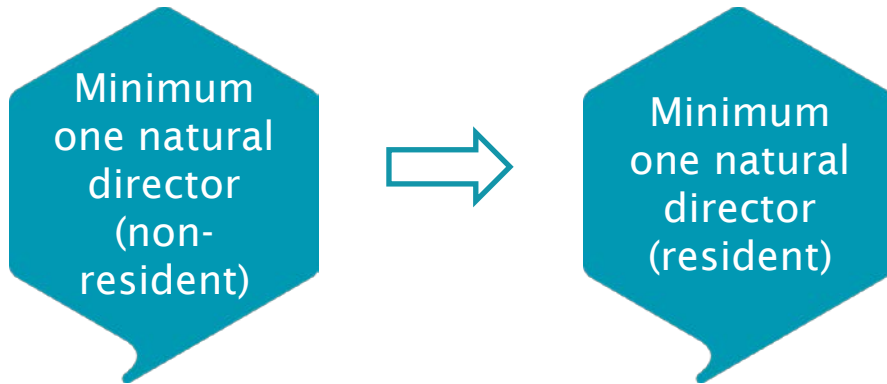
Factor	Singapore	Hong Kong
Ease of Company Formation	24 hours	4 days
Time Zone	GMT + 8 hours	
Business Language	English	
Foreign Exchange Controls	None	
Availability of Service Providers	Plentiful	
Economic/Political Stability	Very	
Legal System	Common law	
World Bank Survey (2015):		
Ease of Doing Business	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



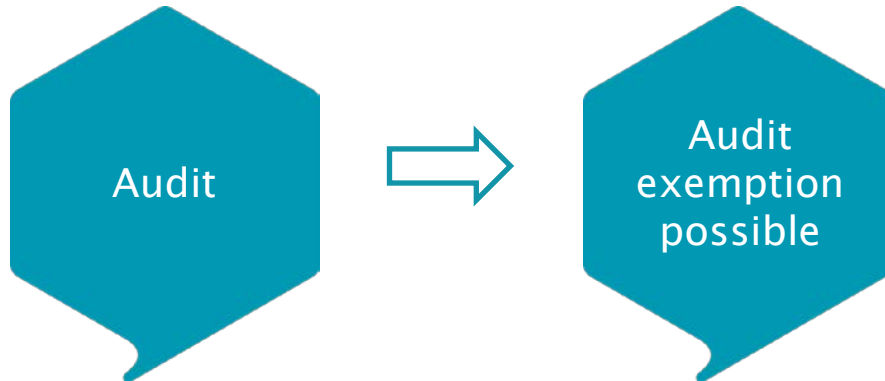
NON-TAX FACTORS



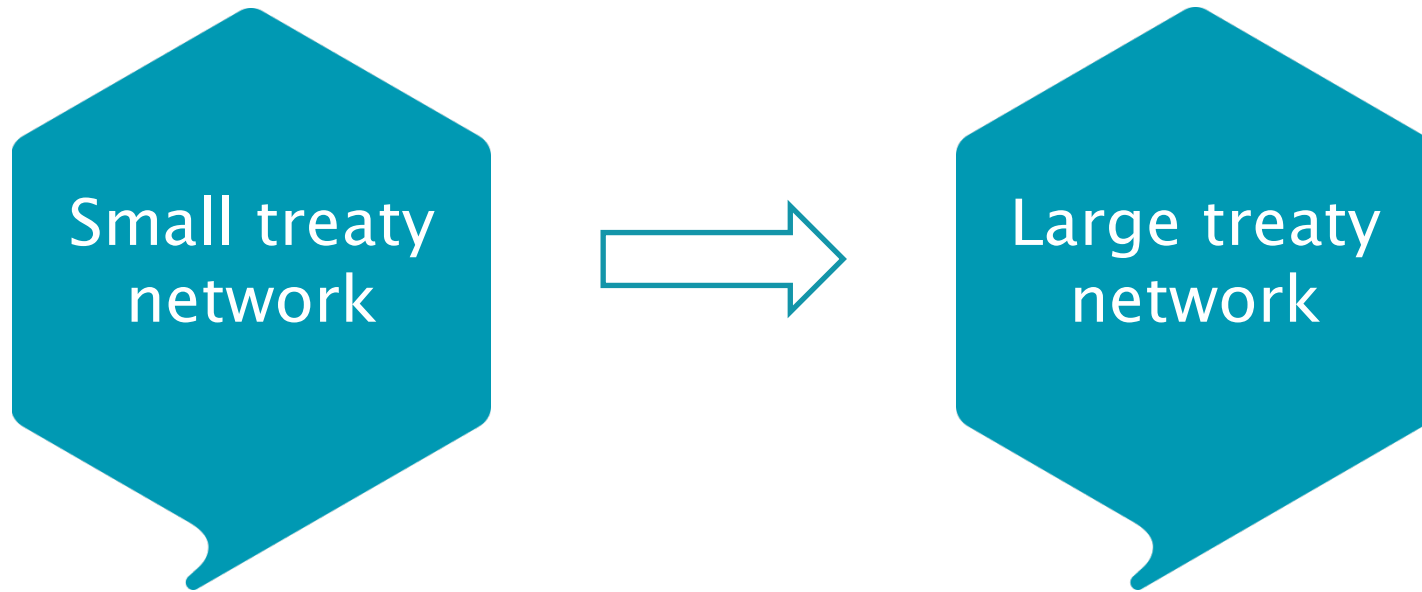
Setting Up and Ongoing Requirements



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



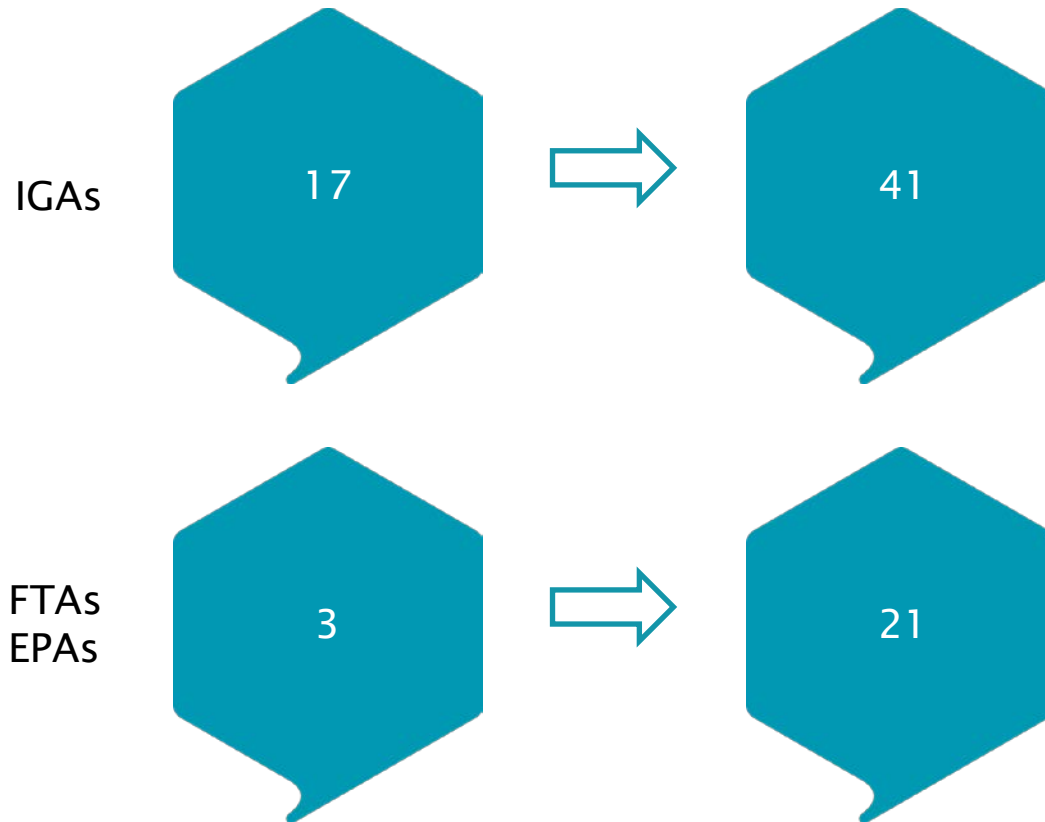
- Current: No corporate shareholder and less S\$5m revenue
- Future: Small groups with low turnover, staff, assets



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



Relatively
easy to bring
in staff



Immigration
Restrictions

PR: 7 years



PR: Discretion

Costs

High rental



High salaries



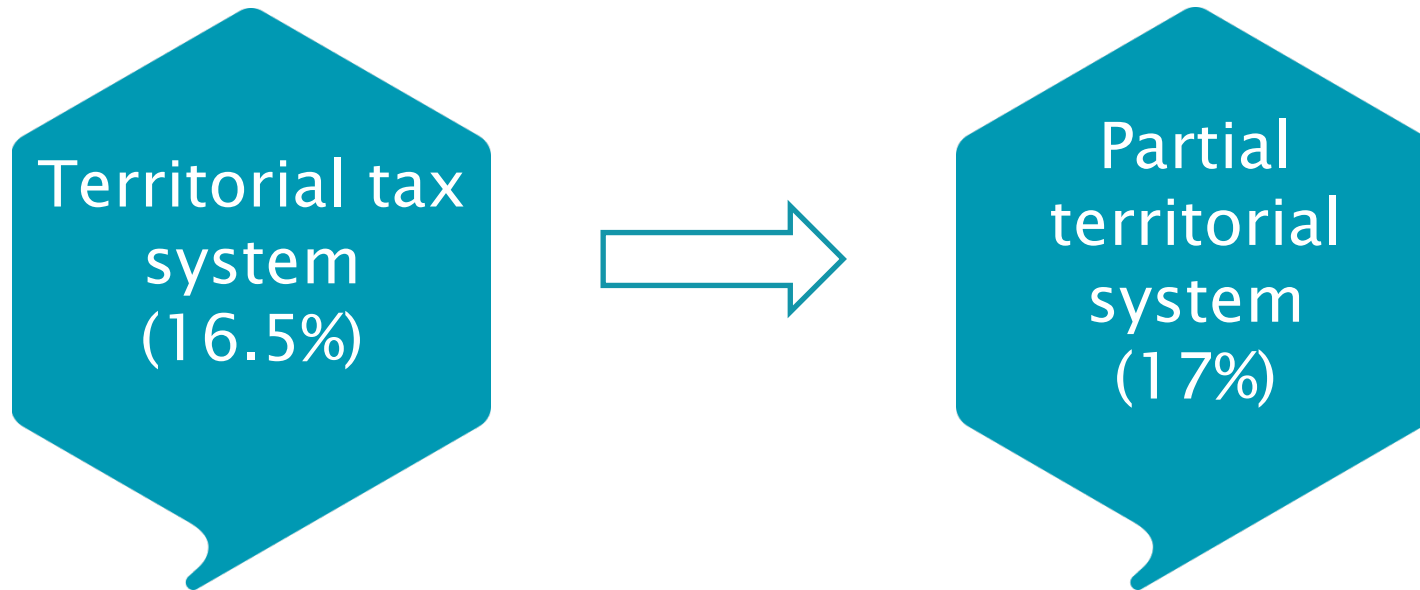


TAX FACTORS



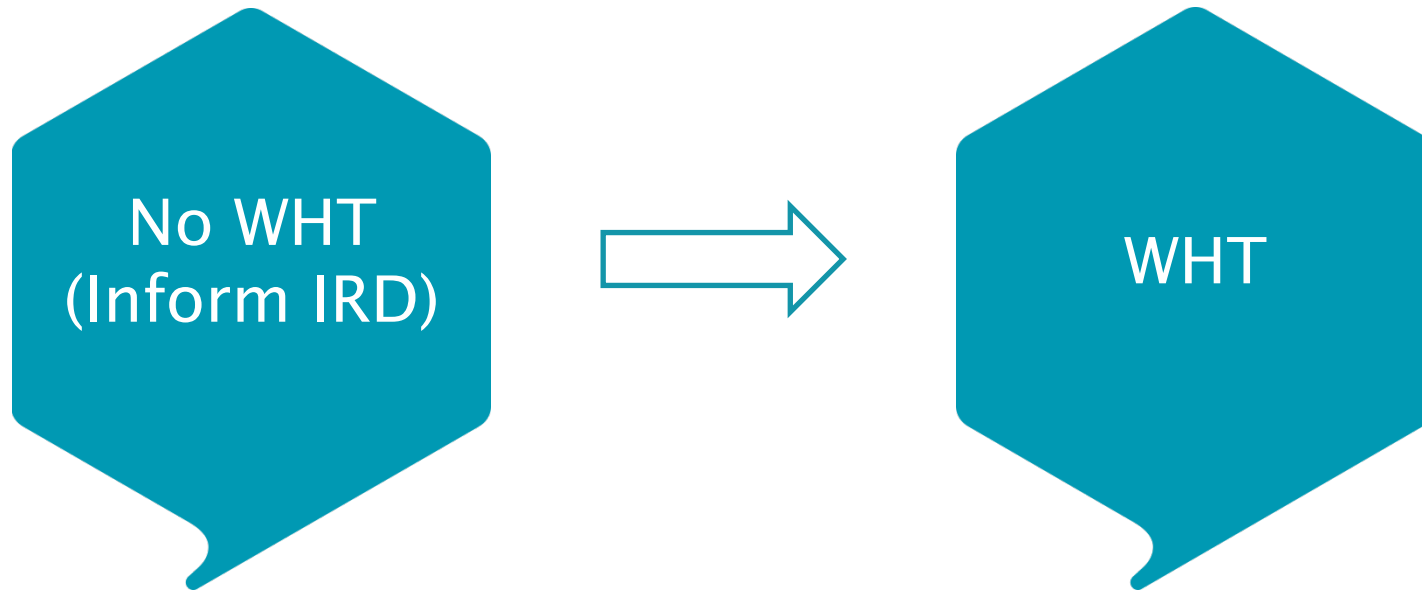
Singapore vs. Hong Kong – Tax

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**



Singapore WHT

- Rental income (15%)
[Not final tax]
- Technical service fees (Corporate Tax Rate)
[Not final tax]
- Directors' fees (20%)
- Charter fees
0% (ships)/2% (aircrafts)

Virtually no
tax incentives



Tax
incentives



Singapore Tax Incentives

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

Singapore Tax Incentives (cont'd)

- Productivity and Innovation Credit
 - Up to 68% saving on expenditure relating to R&D, IP, IT and training of employees
 - 60% cash payout (up to S\$100,000 expenditure)
- Fund management activities
 - 5% or 10% Corporate Income Tax rates [Carry inc.]
- Marine sector
 - Full tax exemption on prescribed income of Singapore-flagged or foreign-flagged ships

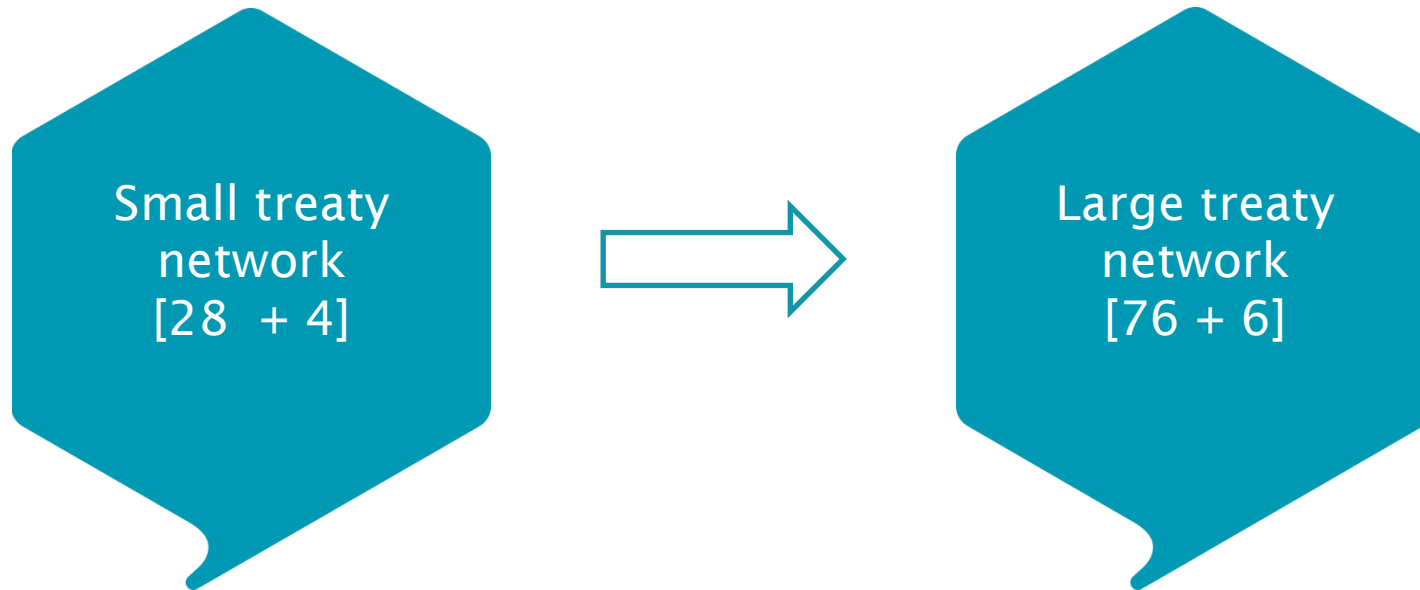
Singapore Tax Incentives (cont'd)

- Global Trader Program
 - 5% or 10% Corporate Income Tax rates
- Operational Headquarters
 - 5%, 10%, 15% Corporate Income Tax rates

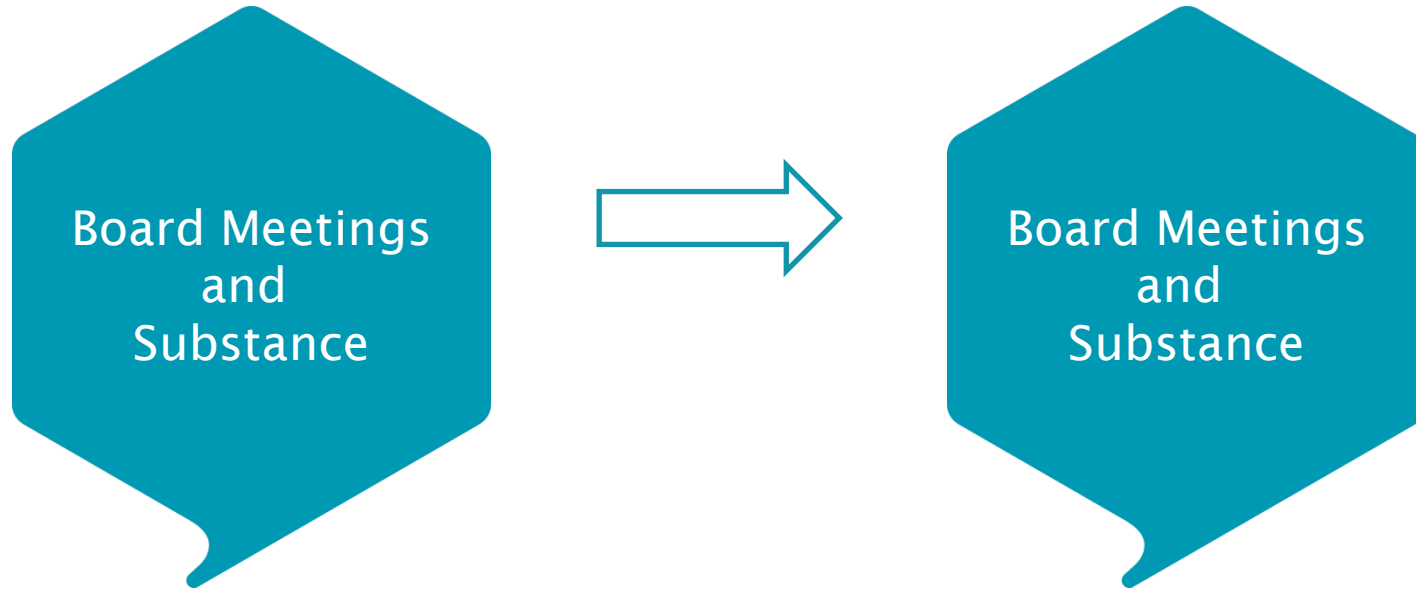


International Agreements

- Double Tax Agreements (DTAs)
 - Prevent double taxation



Certificate of Residence



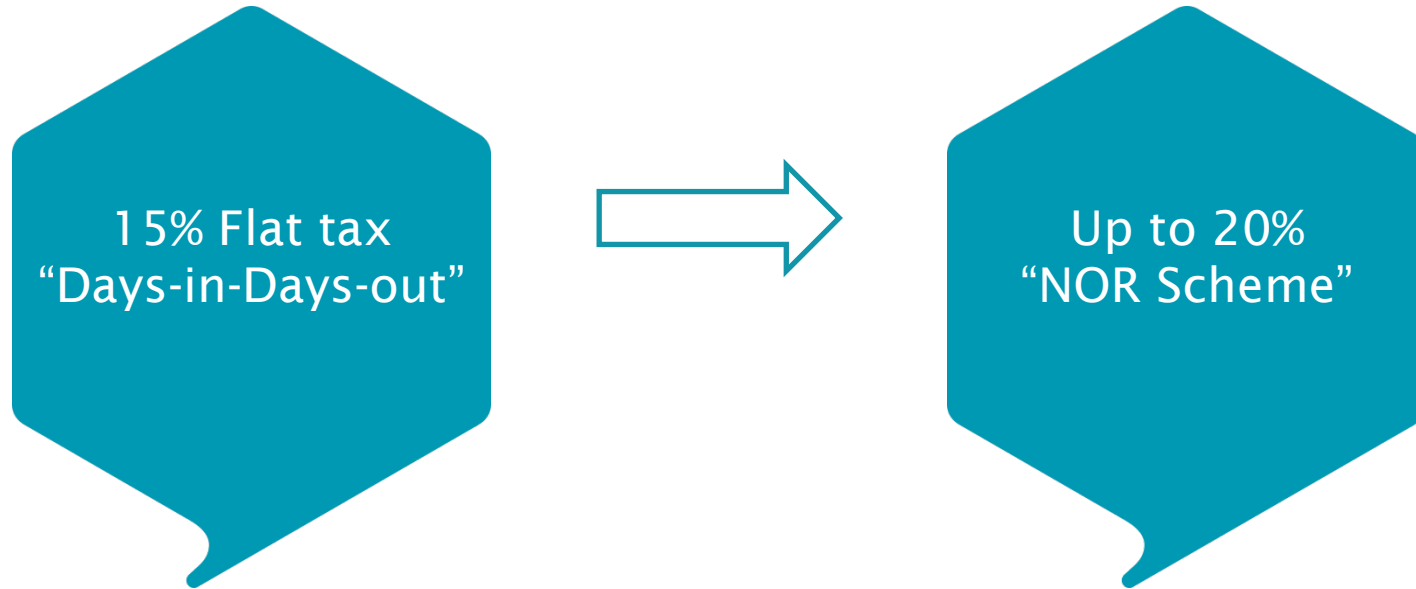


BEPS



Transfer
Pricing

Personal Taxation



Social Security

5% - all employees
Cap: HK\$1,500



Up to 17%
Cap: S\$850



Conclusion



Pros

- South East Asia and India
- Incentives
- Large number of treaties
- Lower effective tax rate
- Audit Exemption
- Lower personal taxes

Cons

- North Asia and China
- Higher regulation
- Immigration
- Some treaties better
- GST
- WHT
- Resident director required
- Higher social security
- Higher staff costs





Services

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

The insight
to be your
trusted
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