

OPPORTUNITIES IN SINGAPORE



About Singapore



A signature dish where tender chicken is served with fragrant rice, accompanied by chili sauce, ginger paste, and a flavorful chicken broth.

The flag of Singapore is a horizontal bicolour of red and white, with a white crescent moon and five stars in a circle on the red stripe.



The current population of Singapore is **6,052,694**. With a Per capita GDP of **USD 82,867**



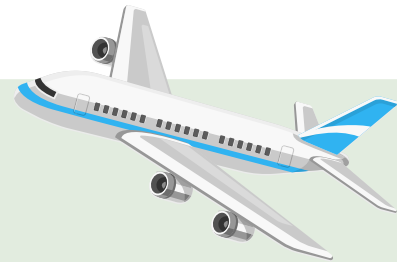
The prevailing standard corporate income tax rate is 17%. There is no Dividend or buy back tax also there is no Capital gains tax



The Merlion is a mythical creature with the head of a lion and the body of a fish. It is a symbol and an iconic landmark of Singapore.



The Changi Airport was voted as the **World's Best Airport** for the fourth time in a row in the year 2016.



Ranked 2nd Globally in ease of doing business



The current GST rate in Singapore is 9%. GST-registered businesses are required to charge and account for GST at 9% on all sales of goods and services. SGD 1 million in annual taxable turnover



Singapore is a parliamentary republic. The President is the head of state, and the Prime Minister is the head of government.



Singapore's culture is a mix of various ethnic influences, including Chinese, Malay, Indian, and Western cultures.



English (most widely used), Mandarin, Malay, Hindi and Tamil



Financial Capital of Asia



Good News for Indian CA's

ICAI Members in Singapore are now eligible to become ISCA Associate Member

**International Affairs Committee
The Institute of Chartered Accountants of India**

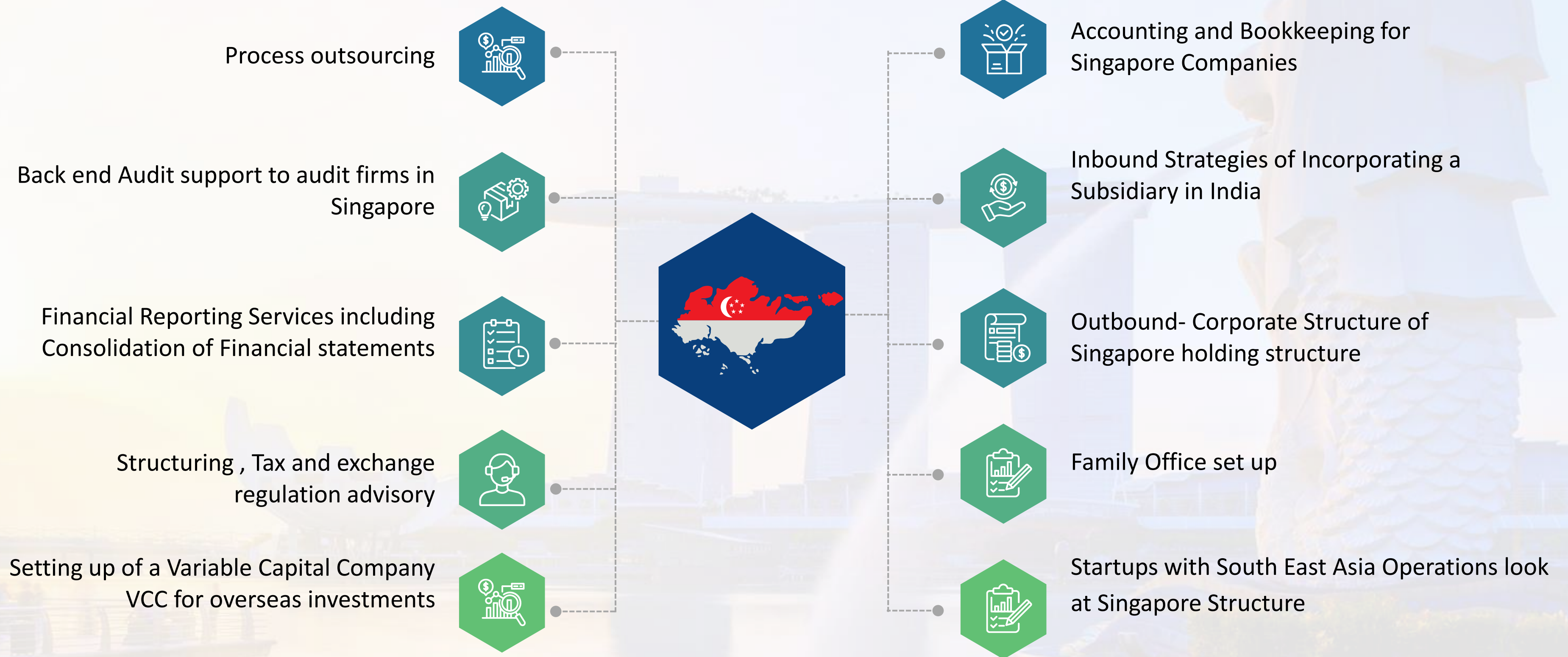
ICAI Members in Singapore are now eligible to become ISCA Associate Member

The Institute of Singapore Chartered Accountants (ISCA) has recognized The Institute of Chartered Accountants of India's professional qualification to become an Associate Member of ISCA. This is a major milestone that truly recognizes the Indian Chartered Accountants qualification in Singapore, a welcome news for all Indian Chartered Accountants living and working in Singapore.

The detailed eligibility, benefits, and Frequently Asked Questions (FAQ) regarding the same can be accessed from the given link: - <https://resource.cdn.icai.org/73133isca-icai58980.pdf>

<https://resource.cdn.icai.org/73133isca-icai58980.pdf>

Professional Areas



India's Advantage for Accounting outsourcing

India's recognition and
Language advantage

Cost
arbitrage

Availability and proficiency
of all kinds of software



1

2

3

4

5

6

Education and
skilled labour

Concentration on core
business activities

Time
Zone

Steps involved for Singapore Company Incorporation

1

Name Reservation

Check the name availability on <https://www.acra.gov.sg> and reserve the same. Once a name has been approved, it will be reserved for 120 days.

2

Appointment of Nominee Director

It's mandatory for a Singapore Company to have at least 1 Director who is a Citizen or PR in Singapore

3

Identify Corporate Secretary

It is mandatory to appoint a Secretary in Singapore along with a registered office address of the Company

4

Finalization of Constitution

It is suggested to adopt the Model Constitution also there is no rule for minimum capital it can be as low as SGD 1, also one needs to choose year end it can be any 12 months period.

5

Notarize all documents

Notarize incorporation documents and all KYC documents for initial shareholder and Director, the Company can have 1 Shareholder

6

File for Incorporation

Upload the documents and incorporation form on <https://www.acra.gov.sg> the Company will be incorporated in few hours

7

Open Bank Account

There are multiple banks in Singapore however the KYC process and beneficial ownership verification process takes longer. To avoid physical visit to Singapore for opening bank account one can look at opening bank account with HSBC Singapore or DBS Singapore or ICICI Singapore. One can also consider Aspire a neo bank platform.

8

Complete ODI process

It's important to Complete the Overseas investment reporting process in compliance with the Foreign Exchange Management (Overseas Investment) Rules 2022 and obtain UIN.

9

Enter into Intercompany Agreement

Depending on the Corporate structure enter into inter Company Agreement



Round Tripping (ODI-FDI Structure) not allowed under FEMA ODI Regulations



Place of Effective Management in India under Income Tax

Watch out round-tripping from Foreign Exchange Management (Overseas Investment) Rules 2022 (“OI Rules”)



Schedule III of OI Rules

Resident Individual

Invests in Foreign Entity with control*

Foreign Entity

Foreign Entity Invests back in Indian Subsidiary

Indian Subsidiary



Rule 9 read with Schedule I

Resident Individual

Incorporate an Indian Entity / SPV

Indian LLP / Company / Registered Partnership Firm

Invests in Foreign Entity

Foreign Entity

Foreign Entity Invests back in Indian Subsidiary

Indian Subsidiary

***Control** means the right to appoint majority of the directors or to control management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders' agreements or voting agreements that entitle them to ten per cent. or more of voting rights or in any other manner in the entity

Understanding Place of Effective Management Regulations

- Place of Effective Management (PoEM) is an internationally recognized test for determining the residential status of a company incorporated in foreign jurisdiction.
- This concept is crucial for all the tax treaties entered into by India as it helps to avoid double taxation.
- There are various situations where Indian taxpayers form an entity outside India to tap the business abroad.
- In such cases, there might be instances where the entire strategic and key business decisions are being taken in India by the Indian business owners/promoters.
- In these situations, the concept of PoEM gains importance and one must determine the PoEM of the foreign entity based on the guiding principle laid down under section 6(3) of the IT Act read with the circulars.

If both the SG holding company and Indian Subsidiary are managed by Common Directors/ Key personnel, then there is a risk of POEM getting triggered and income be deemed to be taxable in India.

However, such rule shall not apply if the company outside India is in active business outside India.

As per the POEM Guidelines issued by CBDT, the company shall be said to be engaged in 'active business outside India' ('ABOI'), if the following factors are satisfied (other conditions if ABOI is not satisfied – elaborated in detail in subsequent slide):

Passive income of the company is not more than 50% of its total income, and

Out of the total assets of the company less than 50% are situated in India, and

Out of the total number of employees less than 50% are situated in India or less than 50% are resident in India, and

Out of the total payroll expenses incurred by the company less than 50% of payroll expenditure is incurred for such employee.

CBDT in Feb 2017 issued a circular clarifying that provisions of relating to place of effective management (POEM) **won't apply to companies having turnover or gross receipts less than Rs 50 crores during financial year**

Annual Compliances



Annual ACRA filing

Annual Return along with Financial statement in XBRL format to be filed within 7 months of year end.



Corporate Tax Return, Transfer pricing and CbCR filing

The deadline for filing your Corporate Income Tax Return (Form C-S/ Form C-S (Lite)/ Form C) for the Year of Assessment (YA) 2024 is 30 Nov 2024. The ultimate parent entity of the Singapore MNE group with consolidated revenue of at least \$1,125 million will be required to prepare and file a CbC Report to IRAS. In Singapore, it is compulsory to maintain TP documentation for taxpayers with a gross revenue of more than S\$ 10 million and having related party transactions which exceed certain prescribed thresholds from 1 Jan 2018 onwards.



Audit in specific cases

Audit is mandatory only if two of the following conditions are met as a group in the immediate two preceding financial years

- Consolidated Turnover > S\$ 10 million
- consolidated total assets > S\$ 10 million
- Total number of employees >50



GST

GST is a tax on domestic consumption. The current GST rate in Singapore is 9%. Only businesses that exceed S\$1 million in annual taxable turnover are required to register. However, companies with revenues below this threshold can voluntarily register as well. GST-registered company must file a GST return with IRAS on a monthly or quarterly basis. GST refund available if input credit exceeds output GST.



Accounting Standards

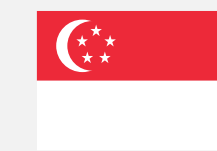
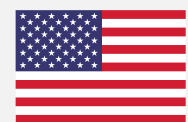
In Singapore, accounting standards are known as **Singapore Financial Reporting Standards (SFRS)** and are based on the IFRS



Withholding of Taxes

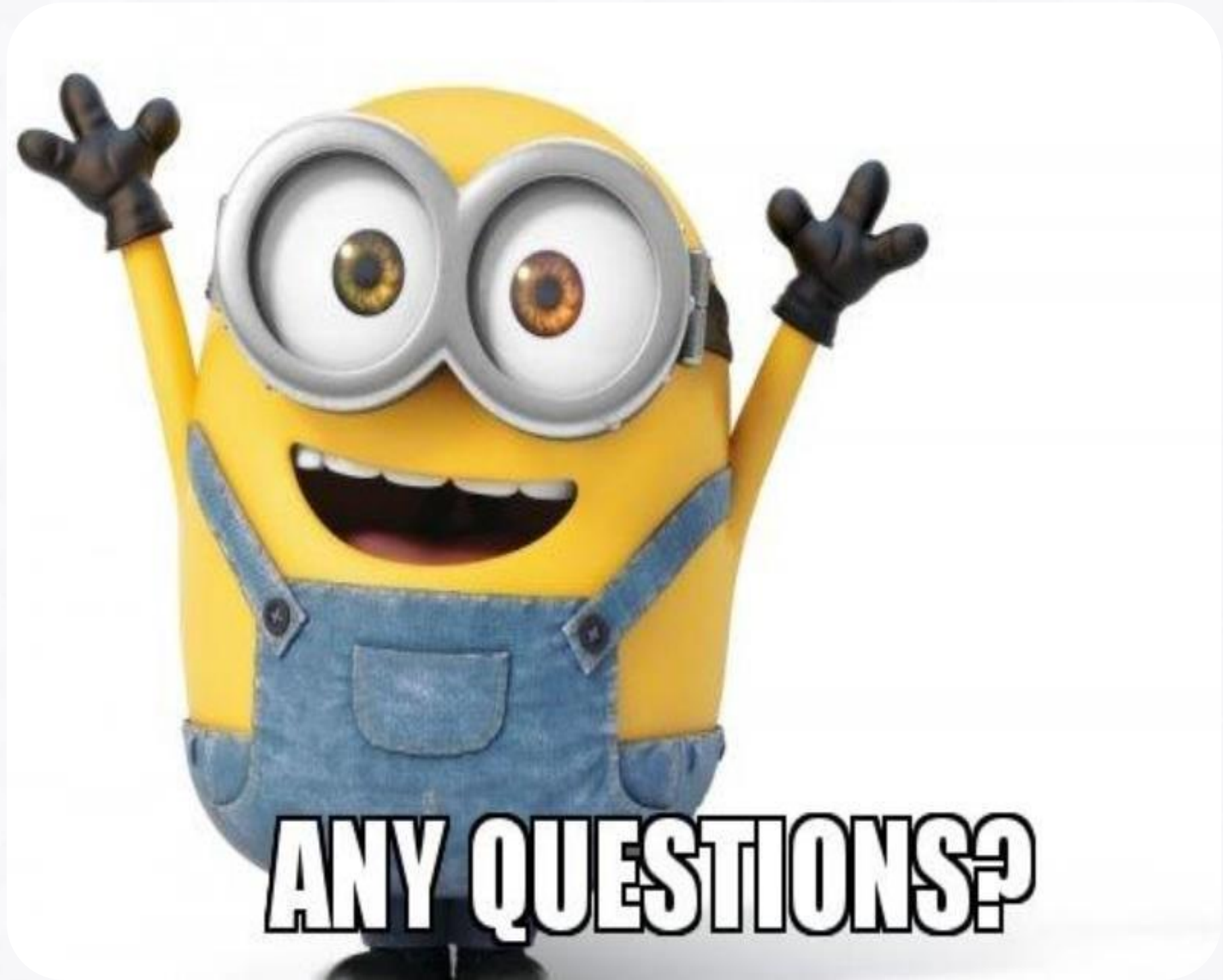
A person (known as the payer) who makes payments of a specified nature (e.g. royalty, interest, technical service fee, etc.) to a non-resident company or individual (known as the payee) must withhold a percentage of the payment and pay the amount withheld to IRAS as WHT. Payers do not need to pay any withholding taxes to resident individuals and corporations. Singapore's standard non-treaty withholding tax rates are zero for dividends, 15 percent for interest, and 10 percent for royalties.

Comparison



| Particulars | USA | Dubai | Singapore |
|------------------------------------|------------------------------------|--|--|
| Tax Rate | >21% (Federal plus state taxes) | 9%, 0% if Free zone and 15% if MNE | 17%* |
| Capital Gains | Taxable | Exempt | Exempt, except for as provided under 10L |
| Dividend | Taxable | Exempt | Exempt |
| Local Director | Not Required | Mainland entity may require local partner upto 51% as per business requirement | 1 Local Director required |
| Secretary or Registered Agent | Registered Agent Required | Not Applicable | Secretary Required |
| Audit | Not Applicable for unlisted entity | Required in Freezone | Required if threshold met |
| Incorporation Time | 1 Day | 2-3 Weeks | 1-2 days |
| Incorporation Cost | Lowest | Higher | Moderate |
| Recurring cost | Lowest | Higher | Moderate |
| Taxation of offshore profits | GILTI tax applicable | None | None |
| Time Required to open bank account | 3-4 days | Upto 2 months | Upto 15 days |
| Requires travel for bank account | No | Yes | No |

*A partial tax exemption is available for the first S\$200,000 of taxable income (75% of the first S\$10,000 and 50% of the next S\$190,000)







Inspired by the insightful [Revant Himatsingka \(Food Pharmar\)](#),

Thank You



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