



Doing business in Singapore

A practical guide



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Disclaimer: All content in the guide are updated as of 2023.

Editorial

Welcome to Singapore

Considering Singapore as a potential location for your business is a smart choice.

Home to the largest number of global headquarters in Asia, Singapore remains the world's best place to do business in the Economic Intelligence Unit's Business Environment Rankings.

Singapore also ranked second globally for its ease of doing business by The World Bank in 2020, the most recent list prior to its cessation in 2021.

As a nation, we have weathered through the Covid-19 storm and emerged stronger. Exceeding annual forecasts, Singapore's economy recorded a 3.8% growth in 2022, underpinned by a strong manufacturing sector, financial services and trade activities.

Singapore placed seventh in the world in the World Intellectual Property Organisation's Global Innovation Index 2022. We are building a strong core of innovative Singapore Global Traders. Today, there are over 400 global traders in Singapore that generated over US\$1.6 trillion in international trade flows in 2021.

Indeed, Singapore offers many outstanding advantages: a strategic location in Asia, a stable political environment, low tax rates, effective foreign investment policies and incentives, business friendly, world-class infrastructure with top-ranking port and airport, strong alliances with other ASEAN member states, a high quality of life with world-class international schools and a state-of-the-art medical environment.

Singapore's most valuable resource is its people. We clinched the second place out of 133 countries in the Global Talent Competitiveness Index 2022. Businesses that invest in Singapore have access to a pool of educated workforce and a rapidly expanding consumer market.

This guide offers you an overview of the main features of Singapore as a potential location for your business.

Our team at Forvis Mazars in Singapore can work alongside you as a strategic local partner to set up your business. For more details and specific advice relating to your business, please contact us using the details on the final page of this guide.

We look forward to welcoming you to Singapore.

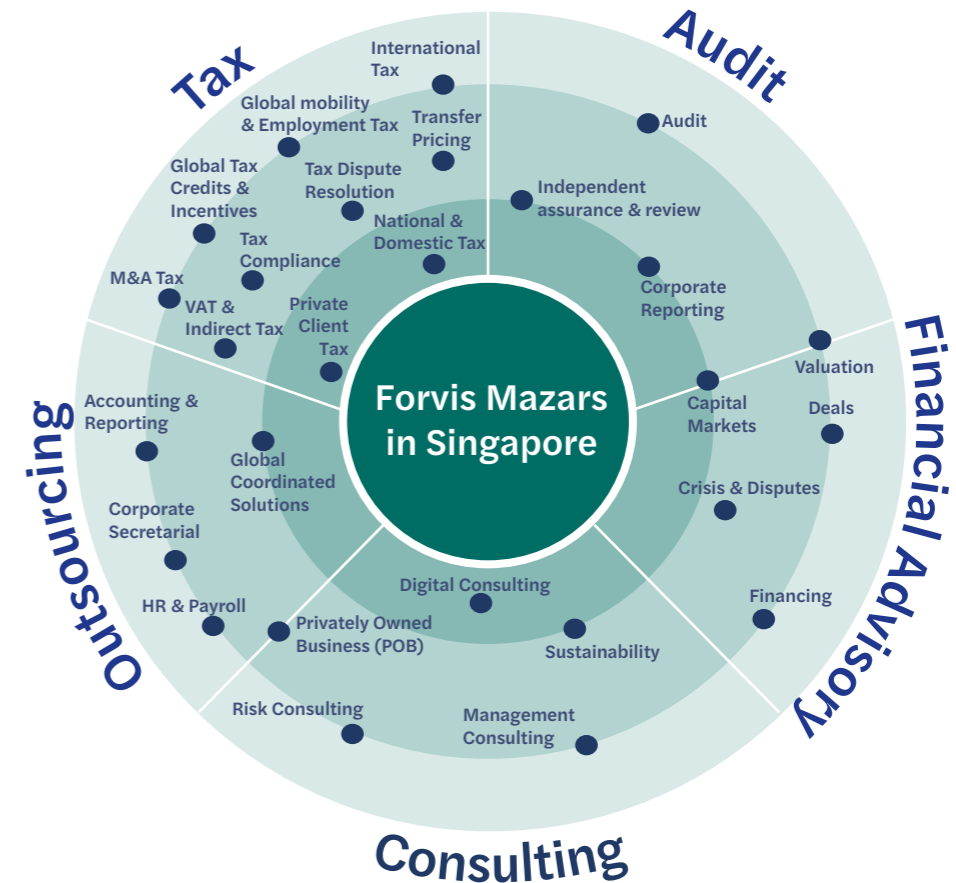


Rick Chan
Managing Partner and Member of the Group Governing Board

What we do

Services tailored to our clients' needs

We operate as one team, taking a collaborative, integrated approach that allows us to deliver consistent and personalised services to our clients – large and small – across all sectors and geographies. We use our expertise and our independence to do what is right.



Audit & Assurance

We have the technical knowledge, commitment to quality and dedication to service to provide clients with a first-class audit.

Consulting

With unprecedented levels of disruption, we aim to guide our clients through business issues and find opportunities. From managing risk to introducing new, complex technology, we have it covered.

Financial Advisory

We provide certainty and clarity to clients during critical business lifecycle events – whether it's raising funds, developing an acquisition strategy, restructuring or carrying out an investigation.

Outsourcing

We have a strong track record in helping businesses internationalise. Our outsourcing services are flexible and scalable, enabling you to react quickly to change in your business or markets.

Tax

We provide a wide range of tax advisory services ranging from tax compliance and advisory services such as international advisory, M&A transactional advisory services, application of tax incentives, etc for local and international clients in all industries including banks.

What we do

Serving our clients

Introducing Forvis Mazars

Forvis Mazars is a leading global professional services network. Uniquely formed of just two members, it is designed to be agile, deliver consistency and have the global scale to meet clients' needs.

- Two members operating under a single brand - Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories, and Forvis Mazars LLP in the United States.
- Committed to providing an unmatched client experience, delivering audit & assurance, tax, advisory, and consulting services around the world.
- Our strategic mission is to move our clients, people, industry and communities forward

Forvis Mazars is uniquely structured to be agile and nimble – allowing us to execute simply and quickly, to deliver comprehensive, consistent, high-quality services worldwide, tailored to your specific needs.

Key benefits for our clients

- A truly global solution.
- Seamless access to full-scale global coverage, including a fully national U.S. presence.
- Client service excellence: a commitment to delivering an unmatched client service that is responsive, personal and tailored for each client.
- Deep industry expertise: experienced, proactive teams with superior knowledge and understanding, both globally and locally.



Top 10

global network*

100+

countries & territories

40,000+

combined professionals

\$5bn

combined revenue**

400+

combined offices

1,800+

partners worldwide

*Forvis Mazars is the brand name for the Forvis Mazars Global network (Forvis Mazars Global Limited) and its two independent members: Forvis Mazars, LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories.

**Source: IB World Network rankings 2023. Based on 2023 revenues for Mazars and FORVIS. Mazars €2.8bn (\$3bn) at 31/8/2023 + FORVIS €1.6bn (\$1.7bn) at 31/5/2023

General information

Key country facts

Singapore's strong market economy and economic performance over the years is testimony to the nation's open and outward-oriented development strategy. The country, which is Triple-A rated, has more than USD 4 trillion in assets under management and a market capitalisation of USD 609 billion.



Currency

Singapore Dollar (SGD)

Languages

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

Government

A republic with a
parliamentary system of
government

Population

5.64 million (of which
Chinese make up 74% of the
ethnic composition)

Religions

Buddhism, Christianity,
Hinduism, Islam

Legal

The Legal system has its roots
in the English Common Law
System

General information A trusted regional hub

Political stability and transparency

- Sovereign Republic
- Political stability, since independence in 1965, provides businesses and investors a sense of assurance and signals continuity in its policies while responding promptly to market changes
- Government places great emphasis on rule of law
- Robust and transparent legal and judiciary, forms the foundation for trust and confidence which are central to Singapore's economic growth

Diversified and globalised economy

- Transitioned from labour-intensive exports to high value-added products and services such as pharmaceuticals, financial and business services
- Pursuing new sectors of growth
- Built an environment that fosters entrepreneurship
- Created ecosystems that support start-ups, with the most active being in the tech space. Some of the hottest verticals are eCommerce, transport and logistics, marketplaces and platforms, real estate and fintech.

Stable growth

- Consistent growth is sustained through sound macroeconomic policies, open, market-oriented development strategies and pro-business regulatory environment

Talented workforce

- Multi-cultural workforce recognised for productivity, attitude and technical skills (harmonious labour-management relations)
- More than half of the workforce are tertiary educated
- Immigration policy offers some opportunity for foreign manpower to complement economic and population needs
- Government investment in skills acquisition and continuing education to ensure workforce stays relevant to market needs

Attractive tax environment

- Personal income and corporate tax rates in Singapore are among the lowest in the world

Robust Intellectual Property Rights

- Rigorous policies to protect intellectual property (IP): patents, trademarks copyright, registered design, plant varieties protection geographical indications, trade secrets and layout-design of integrated circuits
- IP rights regime complies with Trade Related Aspects of Intellectual Property Rights (TRIPS)

General information Singapore at a glance

Singapore by numbers

728.6 km²

Land area

50 km

from east to west

27 km

from north to south

193 km

of coastline

3.85m

employed persons in the workforce

300

cities in 100 countries worldwide

200

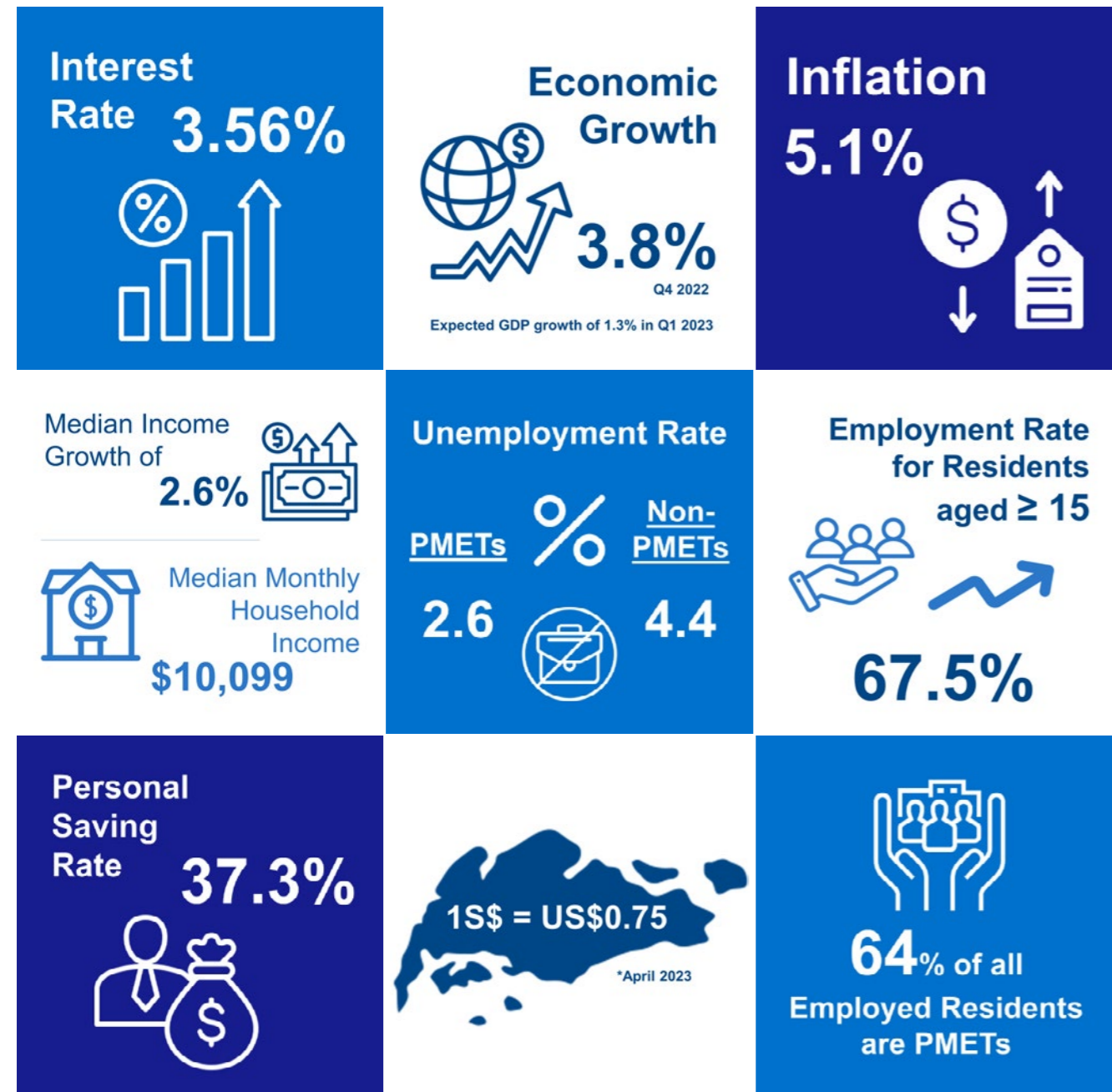
shipping lines to 600 ports in over 120 countries

27

Free Trade Agreements (FTAs)

With Singapore being an open trading economy, a vast majority of imports enter Singapore tariff-free. FTAs serve to benefit Singapore exporters the most, particularly, those who operate in specific categories and businesses.

General information Singapore at a glance



Sources: Singapore Department of Statistics and Monetary Authority of Singapore

General information Considerations in doing business in Asia

Here is an overview of the key differences between Singapore and markets in Asia.

	Singapore	Shanghai, China	Hong Kong (SAR)	Tokyo, Japan
World's easiest place to do business	Ranked 2nd	Ranked 31st	Ranked 3rd	Ranked 29th
Corporate Tax Rate	17%	25%	8.25% - 16.5%	15% - 23.4%
Global Talent Competitiveness Index 2022	<ul style="list-style-type: none"> Ranked 2nd in the countries index Ranked 6th in the cities index 	<ul style="list-style-type: none"> Ranked 36th in the countries index Ranked 83rd in the cities index 	<ul style="list-style-type: none"> Ranked 21st in the cities index 	<ul style="list-style-type: none"> Ranked 24th in the countries index Ranked 64th in the cities index

Sources: Doing Business report by the World Bank (2020) and The Global Talent Competitiveness Index by INSEAD (2022).

Before setting up your company

Understand the regulatory requirements

Prior to setting up your company in Singapore, you must understand the local business landscape and make adequate preparations. You must have a plan in place in regards to:

- the nature of business
- the identity of shareholders and directors
- a paid-up capital
- a company registered address

Incorporating your company

Register your business

You can register your company on ACRA. It involves two steps; applying for a business name followed by business registration. You can also open a Representative Office (RO) to explore business opportunities in Singapore. In this guide we will explore the difference between the different types of business structures available.

After your company is incorporated

Hiring employees

Hiring employees is an important part of your business. It's essential to be aware of the labour requirements and employer obligations in Singapore. Find out more about the work passes available to recruit foreign professionals and the Central Provident Fund contributions for local talent.

Enjoy business incentives

The Singapore government offers a range of fiscal and non-fiscal incentives for businesses, especially to develop high value activities. Some of these incentives apply to foreign investors while others have local ownership requirements. Industries eligible for tax incentives include financial services and headquarter activities.

Filing taxes

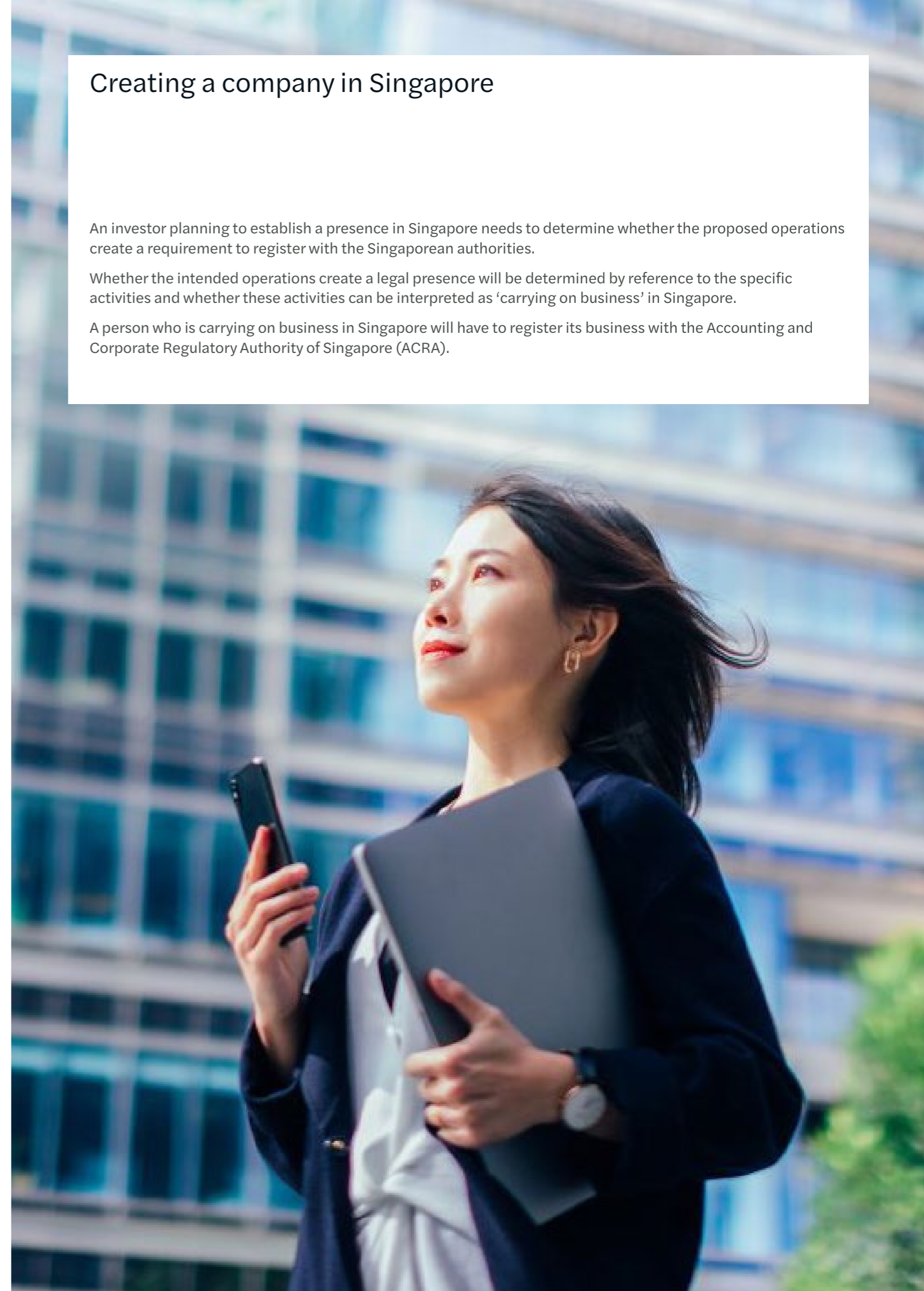
When your business has started its operations, you are required to pay taxes and submit an annual financial report. Accountants can help you keep your accounting books up to date and Tax experts can help you apply for tax incentives and file your tax returns to ensure you run a smooth operations.

Creating a company in Singapore

An investor planning to establish a presence in Singapore needs to determine whether the proposed operations create a requirement to register with the Singaporean authorities.

Whether the intended operations create a legal presence will be determined by reference to the specific activities and whether these activities can be interpreted as 'carrying on business' in Singapore.

A person who is carrying on business in Singapore will have to register its business with the Accounting and Corporate Regulatory Authority of Singapore (ACRA).



Creating a company in Singapore

Choosing the right business structure

Establishing your business presence in Singapore requires careful planning and local expertise.

Business structures

There are various types of business structures available in Singapore.

- Branch
- Limited Liability Company (LLC)
- Sole Proprietorship or Partnership
- Limited Liability Partnership (LLP)
- Limited Partnership
- Representative Office
- Variable Capital Companies (VCC)

Approval, Permits and Licenses

There is no restriction on the types of business that may be undertaken as long as the proposed activities are permissible under the Singapore law. However, there are some activities that require special licenses from the government agency responsible for regulating the specific industries e.g. banks, insurance, fund management companies, private schools and travel agents.

Special import licences will also be required if the Singapore government categorises a particular product as being a threat to the general health, security, safety or social decency. e.g. tobacco and tobacco products, liquor and cosmetics.

Choosing the right business structure

Choosing the best structure for your business is crucial. In making this decision, you will need to consider your overall strategy along with issues such as:

- Tax and reporting requirements
- Debt/equity funding
- Profit repatriation
- Asset protection

“Singapore is one of the most pro-business countries in the world. Forvis Mazars is ready to journey with you in your business start-ups, help you to materialise your plans and see them to fruition.”



Justin Lim
Partner, Outsourcing
Head of Outsourcing (Singapore)
Head of Corporate Secretarial (APAC)

Creating a company in Singapore

Choosing the right business structure

Here are the business entity options you may consider:

Branch

A Singapore branch office is for a foreign corporation which intends to conduct business in Singapore, but does not wish to incorporate a Singapore company.

The branch acts as an extension of the foreign company and not as a separate legal entity.

Sole Proprietorship or Partnership

A Sole Proprietorship or Partnership refers to a person or an association of people carrying on business in common with a view to profit.

It is not an incorporated entity and has no separate legal identity. It is simple to set up and less costly to manage compared to a company.

Limited Partnership

A Limited Partnership is a partnership of a minimum of two partners, with at least one general partner and one limited partner.

It is useful in “labour-capital” partnerships where one or more of the financial backers prefers to contribute money or resources while the other partner performs the work.

Variable Capital Company (VCC)

Variable Capital Companies were introduced in 2020. A VCC can be set up as a single standalone fund, or as an umbrella fund with two or more sub-funds, each holding different assets.

Limited Liability Company (LLC)

An LLC with share capital is the most common vehicle contemplated by a foreigner interested in investing in Singapore.

It has its own legal identity, separate from its shareholders and directors.

Limited Liability Partnerships

An LLP gives owners the flexibility of operating as a partnership whilst also offering them limited liability.

It is seen as a body corporate with a legal personality separate from its partners.

Representative Office

A Representative Office (RO) is a temporary set-up with no legal status.

Foreign entities keen on exploring the viability of doing business in Singapore or using Singapore as a launch pad into APAC may set up an RO before committing to a business venture.

Creating a company in Singapore

Choosing the right business structure

	Representatives	Classification	Legal Conditions	Continuing Requirements
Branch	There must be at least one authorised representative resident who is duly appointed by the Head Office.	Being part of a foreign corporation and not a separate legal entity, a branch is classified as a foreign company under the Singapore Companies Act.	<ul style="list-style-type: none"> Name: The branch name must correspond to the name of the Head Office. Activities: The branch can only engage in legal activities authorised by the foreign corporation. 	<ul style="list-style-type: none"> If an Annual General Meeting (AGM) is not required to be held, the audited Singapore Branch accounts and its Head Office accounts should be filed with ACRA within 7 months from its financial year end.
Limited Liability Company (LLC)	They must have a minimum of one director resident in Singapore and may have only one shareholder.	An LLC incorporated under the Companies Act is a separate entity from its shareholder(s). Equity participation by Singaporeans is not a requirement.	<ul style="list-style-type: none"> Name: Every Limited Liability Company must have the word “Limited” or “Ltd.” at the end of its name and a Private Limited Company must have the word “Private” or “Pte”. Activities: All companies have to include their unique registration number in company documents, but they aren’t required to display their company name on the outside of their office premises. 	<ul style="list-style-type: none"> An LLC should hold its AGM within 6 months from its financial year end. The annual returns together with the audited financial statements in XBRL format should be filed within 7 months from its financial year end. Every LLC is required to appoint an auditor unless it is a dormant LLC or a small company.
Sole Proprietorship or Partnership	Required to appoint a manager who must be a Singapore Resident.	These are the simplest forms of business more suitable for small-scale businesses.	<ul style="list-style-type: none"> Partners: For most businesses, the maximum number of partners permissible is 20. Restrictions: The number of partners permissible is different in the case of certain professional partnerships regulated by law. 	<ul style="list-style-type: none"> Both the sole proprietor and the partners are subject to unlimited liability.
Limited Liability Partnership (LLP)	Every LLP shall have at least 2 partners. The partners may be individuals, a local company, a foreign company or another LLP.	It combines the benefits of a partnership with those of a private limited company.	<ul style="list-style-type: none"> Legal personality: An LLP is a body corporate and has a legal personality separate from its partners. Legal Safeguards: Minimise abuse and provide protection to parties who deal with the LLP. Partners: LLP Partners must have their contributions to MediSave paid up to date with the Board of the Central Provident Fund at the time of registration of a new LLP. 	<ul style="list-style-type: none"> An LLP must keep such accounting and other records that will sufficiently explain its transactions and financial position for 5 years. The Registrar of Companies may require the LLP to produce the accounting records for inspection. An LLP must submit to ACRA an annual declaration of solvency which will be made available to the public.
Limited Partnership	The structure must comprise at least one or more general partners and one or more limited partners (LP). The LP and each partner is required to be registered with ACRA.	An LP does not have a separate legal entity from its partners.	<ul style="list-style-type: none"> Name: The LPA requires that the name of the LP contains the words “Limited Partnership” or “LP” in order to put third parties on notice of the limited liability status of its limited partners. General Partners: They are responsible for the day-to-day management and operation (liable for the debt/obligations). Limited Partners: They play a passive role and are limited to the extent of their investment in the LP. 	<ul style="list-style-type: none"> Whilst an LP is not required to file its account or have them audited, it is required to keep proper accounting and other records that will sufficiently explain its transactions and financial position. Required to keep such records for 5 years and the Registrar of Companies may require the accounting records.
Representative Office (RO)	The proposed number of staff for the RO should be less than 5 people.	All ROs should be registered with Enterprise Singapore.	<ul style="list-style-type: none"> Criteria: The foreign company’s sales turnover must exceed US\$250,000 and established for at least 3 years. Activities: The activities of a representative office are strictly limited to “market research and feasibility studies”. Restrictions: A representative office should not act on behalf of other companies in the same group. 	<ul style="list-style-type: none"> A representative office may operate in Singapore for a maximum of 3 years from its commencement date, provided that the representative office status is renewed annually after evaluation.



Singapore companies and branches are subject to Singapore corporate income tax on all income derived from sources in Singapore, and income from sources outside Singapore if received or deemed received in Singapore.

Remittances of Foreign Income

Remittances of foreign income in the form of dividends, branch profits and services income (“specified foreign income”) into Singapore by companies are generally exempt from tax if prescribed conditions are met. For remittances of specified foreign income that do not meet the prescribed conditions, they would generally be taxable in Singapore.

Corporate Income Tax Rate

The prevailing standard corporate income tax rate is 17%. A partial tax exemption applies on chargeable income (excluding Singapore franked dividends) up to \$200,000 as follows:

- 75% of the first \$10,000 of chargeable income; and
- 50% of the next \$190,000 of the chargeable income.

There are various tax incentives, exemptions and tax reductions available, depending on the investment level and activities performed in Singapore. A tax exemption for new start-up companies on chargeable income up to \$200,000 is also available upon meeting the qualifying conditions.

Repatriation of profits

There is no withholding tax on payment of dividends by Singapore companies or repatriation of profits by branches.

Tax losses

Unused trading losses may be carried forward indefinitely, subject to the shareholding test (see below). Capital allowances can also be offset against other chargeable income of the same year and carried forward indefinitely, subject to the shareholding test and the same trade test.

In order to meet the shareholding test, the shareholders of the loss company must remain substantially (50% or more) the same at the relevant comparison dates.



Corporate Tax

Transfer Pricing and International Agreements

Transfer Pricing

All related party transactions should be transacted at arm's length. It is compulsory to maintain transfer pricing documentation for companies with a gross annual revenue of more than S\$10 million unless the transactions are specifically exempt from this requirement. With the adoption of the arm's length principle, taxpayers and tax authorities will have a common basis to deal with related party transactions.

Singapore is also a part of the Inclusive Framework (IF) for the global implementation of the Base Erosion and Profit Shifting (BEPS) project.

Double Taxation Agreements (DTA)

Singapore has a wide tax treaty network that currently involves more than 100 countries and territories including Japan, the People's Republic of China, Malaysia, Indonesia, and the United Kingdom.

Country-by-Country Reporting (CbCR)

In line with the OECD's recommendations, CbCR is implemented in Singapore for Singapore-headquartered multinational enterprises (MNEs) that meet certain criteria. The ultimate parent entity of the Singapore MNE group with consolidated revenue of at least S\$1,125 million will be required to prepare and file a CbC Report to IRAS for all entities in the group.

Domestic Top-up Tax

Singapore plans to implement the Global Anti-Base Erosion rules under Pillar 2 of BEPS 2.0.

The Government intends to introduce a Domestic Top-Up Tax (DTT) on or after 1 January 2025.

The DTT will top up a multinational enterprise (MNE) group's effective tax rate in Singapore to 15%. It will apply to MNE groups operating in Singapore that have annual revenues of at least €750 million.

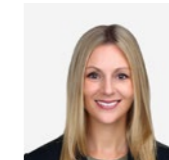
“The introduction of the Domestic Top-up Tax signals Singapore's commitment to maintaining its reputation as a transparent financial hub, while supporting a more sustainable tax system.

The DTT is expected to have significant impact on Multinational Enterprises (MNEs), including rising compliance risks and changes to governance processes.

With careful planning, MNEs can navigate the tax landscape effectively to ensure compliance with the new regulations.”



Gene Kwee
Partner, Head of Tax



Kirsty McMillan
Partner, Transfer Pricing and International Tax



In general, employees are liable to Singapore income tax on income accrued in or derived from Singapore. Certain foreign income received in Singapore are also taxable in Singapore unless they qualify for exemption.

Employment income

Generally, employment income is deemed to be sourced in Singapore if the employment is exercised in Singapore, and hence taxable in Singapore regardless of where the income is received.

Salaries, wages, leave pay, commissions, bonus, gratuity, pension, perquisites or allowances paid or granted, whether in money or otherwise, in respect of the employment exercised in Singapore, are generally subject to tax in Singapore.

Benefits-in-kind (i.e. benefits provided in lieu of cash) provided by employers are taxable in the hands of the employees unless they are specifically exempt from tax. Fringe benefits such as education allowance, provision of accommodation, home leave passage and cars, long- service awards, and overseas pension contributions are generally taxable.

Personal deductions

Resident individuals are entitled to claim the following personal reliefs if certain conditions are met subject to a limit of personal income tax reliefs will be capped at S\$80,000 per year of assessment.

- Earned income relief ranging from S\$1,000 to S\$8,000 depending on the age of the taxpayer.
- Spouse relief of S\$2,000 if the spouse was living and supported by the taxpayer and the spouse's annual income did not exceed S\$4,000 in the previous year.
- Child relief of S\$4,000 per child if the unmarried child maintained by the taxpayer is below 16 years of age or studying full time and did not have an annual income of more than S\$4,000 in the previous year.
- Working Mother's Child Relief will be changed from a percentage of the mother's earned income to a fixed dollar relief. Working mothers will be able to claim annual reliefs of S\$8,000

for the first child born or adopted on or after 1 Jan 2024, S\$10,000 for the second child, and S\$12,000 for the third and subsequent child.

- Relief on employee's compulsory contributions to the Singapore Central Provident Fund.
- Life insurance relief on annual insurance premiums paid for life assurance policies. (The total quantum of the individual's employee CPF contribution and life insurance relief should not exceed S\$5,000.)
- Course fee relief of up to S\$5,500.

Taxation of personal investment income

Singapore-sourced investment income, such as rental and loan interest, is generally taxable. However, interest on deposits with approved banks or licensed finance companies in Singapore is tax-exempt. Dividends received from Singapore resident companies are also tax-exempt in Singapore. All foreign-sourced income received in Singapore is not subject to tax in Singapore, unless the income is received by resident individuals through a partnership in Singapore.

Generally, there is no requirement for employers to withhold income taxes from an individual employee's monthly salary.

After an individual files his income tax return, the IRAS will raise a notice of assessment to the individual to collect the amount of tax due. The tax due in the notice of assessment must be paid within one month from the date of the notice of assessment, notwithstanding any objection. Taxpayers may request for the amount of tax due to be settled by monthly instalments (up to a maximum of 12 instalments), subject to IRAS's approval.

Goods and Services Tax (GST)

GST is a broad-based consumption tax. A business is required to register for GST if its annual taxable supplies is S\$1 million or more.

GST

A GST-registered business is required to file GST returns on a quarterly basis. From 1 January 2023, Singapore has increased its GST rate from 7% to 8%. It will subsequently be increased to 9% with effect from 1 January 2024.

Overseas suppliers with a global turnover exceeding S\$1 million, who supply digital services to customers in Singapore (B2C) exceeding S\$100,000, are required to register for GST in Singapore.

Stamp Duty

Stamp duty is payable on transfers of real properties, lease/tenancy of property, mortgages and transfer of shares/stocks. Stamp duty exemption/relief is available on certain transactions such as corporate restructuring and mergers, subject to conditions.

Property Tax

Property tax is levied rates on owner-occupied and non-owner-occupied residential properties are applied on a progressive scale i.e., the higher the value of the residential property, the higher would be the tax rate. All other properties such as commercial and industrial buildings and land are taxed at 10% of the Annual Value.

Customs and Excise Duties

In Singapore, customs and excise duties are imposed principally on intoxicating liquors, tobacco products, motor vehicles and petroleum products based on certain prescribed rates.

Estate Duty, Gift Tax and Exchange Control

There are no estate duties or gift taxes in Singapore. There are generally no exchange control restrictions in Singapore.

Incentives

The government offers various fiscal and non-fiscal incentives to support businesses in Singapore. Find out if you are eligible for incentives and grants to expand specific industries and high-value activities in Singapore.

Incentives

Tax Incentives

Singapore offers a wide range of tax incentives for various industries and activities such as:

- Financial services, fund management activities, family offices, banking business
- Maritime, shipping and logistics activities
- Research and development
- Manufacturing and services
- Regional headquarter activities

The tax incentives typically offer tax exemption on certain income, concessionary tax rates and/or exemption from withholding taxes on certain payments.

The Pioneer Certificate Incentive (PC) and the Development and Expansion Incentive (DEI)

The Singapore Economic Development Board (EDB) offers two incentives to encourage companies to grow capabilities and conduct new or expanded activities in Singapore.

An approved company is eligible for a corporate tax exemption or a concessionary tax rate of 5% or 10%, respectively, on income derived from qualifying activities. The incentive period is limited to five years.

Companies awarded with either PC or DEI may be accompanied with the International Headquarters Award (IHA) if they meet qualifying requirements.

The PC incentive is for companies which bring in pioneering activities and contribute to the economy. The DEI incentive is for companies that have demonstrated significant interest in making investments within the economy and expanding business capabilities of globally leading industries.

In Budget 2023, it was announced that the PC and DEI would be extended until 31 December 2028.

Financial Sector Incentive scheme

The FSI scheme applies to licensed financial institutions setting up in Singapore.

In Budget 2023, the Government announced the extension and refinement of the FSI scheme.

The scheme will be extended until 31 December 2028.

The existing concessionary tax rates will be streamlined to two tiers of 10% and 13.5% for new and renewal awards approved on or after 1 January 2024, as follows:

- FSI-Capital Market, FSI-Derivatives Market and FSI-Credit Facilities Syndication – from 5% to 10%
- FSI-Standard Tier – remain at 13.5%
- FSI-Fund Management and FSI-Headquarter Services – remain at 10%
- FSI-Trustee Companies – from 12% to 13.5%.

Enterprise Innovation Scheme

In Budget 2023, Singapore introduced a new Enterprise Innovation Scheme (EIS) to encourage businesses to engage in research and development, innovation and capability development activities.

The scheme applies to the following qualifying activities:

- Qualifying R&D undertaken in Singapore;
- Registration of intellectual property (IP)
- Acquisition and licensing of IP rights
- Training
- Innovation projects carried out with polytechnics, the Institute of Technical Education or other qualified partners.

Tax treatments after EIS

- 100% tax deduction on R&D expenditure plus
- Additional 300% tax deduction on first S\$400,000 of qualifying R&D expenditure plus
- Additional 150% tax deduction on balance of R&D expenditure in excess of S\$400,000.

Cash payout option

Singapore also offers an option to convert qualifying expenditure into a cash payout to help small, growing businesses defray the costs of their innovation activities

Incentives

SG Startup Hub

Key schemes include:

- The Startup SG Founder: It provides mentorship and financial support to support aspiring first-time entrepreneurs to start innovative businesses. It is open to all Singaporeans or PRs.
- Startup SG Tech: This grant fast-tracks the development of proprietary technology solutions and catalyses the growth of startups. It supports Proof-of-Concept (POC) and Proof-of-Value (POV) for commercialisation of innovative technologies. It is open to startups that has at least 30% local shareholdings.
- Startup SG Talent:
 - Entrepass: This work pass is intended for serial entrepreneurs, high-calibre innovators, and experienced investors looking to operate a business in Singapore that is venture-backed or owns innovative technologies. It is open to applicants of all nationalities.
 - Tech@SG: It helps fast-growing companies access the critical talent they need to grow and scale their business in Singapore and the region.
- Startup SG Network: An online portal that connects startups to players such as accelerators, incubator and angel investors in Singapore.

Business transformation

1. Heartland Innovation & Transformation (HIT)

- A 12-month programme that will provide curated training courses as well as a conducive ecosystem to support innovation.
- This includes more temporary and permanent shop spaces, for aspiring enterprises to testbed their innovation ideas to build capabilities and scale.
- The programme will launch in 2H 2023.

2. Investment Allowance Scheme (IAS)

- A scheme that supports the amount of approved capital expenditure (net of grants) for automation projects approved by Enterprise Singapore (ESG) under the Enterprise Development Grant (EDG).
- The amount of IA offers tax relief that can be used to offset against taxable income when computing the amount of tax payable.
- In Budget 2023, the IA scheme is extended to December 2028.



Incentives

Internationalisation

1. The Double Tax Deduction for Internationalisation (DTDi) scheme

- Companies planning to expand overseas can benefit from the DTDi, which offers a 200% tax deduction on eligible expenses for international market expansion and investment development activities.
- DTDi supports activities across key stages of a company's overseas growth journey:
 - Market preparation
 - Market exploration
 - Market promotion
 - Market presence

2. Enterprise Financing Scheme (EFS)

- EFS will enable Singapore enterprises to access financing more readily throughout their various stages of growth. It covers seven areas:
 - Green
 - SME working capital loan
 - SME fixed assets loan
 - Venture debt loan
 - Trade loan
 - Project loan
 - Mergers & Acquisitions Loan

- It is open to SMEs with at least 30% local equity and the Group Annual Sales Turnover should not be more than S\$500 million.

3. Market Readiness Assistance (MRA) Grant

- This grant supports SMEs to expand operations into a new international market.
- An eligible SME can receive support of up to 80% of eligible cost, capped at a maximum of S\$100,000 per new market.
- In Budget 2023, it is extended to 31 March 2025.

Sustainability

1. Energy Efficiency Grant (EEG)

- The EEG supports 70% of qualifying costs for energy-efficient equipment in pre-approved categories. Capped at S\$30,000, the grant is for SMEs in the Food Services, Food Manufacturing, and Retail sectors.
- It is extended to 31 March 2024.

2. Enterprise Sustainability Programme (ESP)

- The ESP supports Singapore companies, especially SMEs, to build capabilities and capture new opportunities.
- In Budget 2023, the programme will expand existing Foundational courses and introduce new thematic courses in Decarbonisation and Sustainable Finance.

“With the introduction of new and enhanced initiatives, businesses in Singapore can pursue growth even in a challenging economic environment. Budget 2023 reflects the Government’s dedication to all stages of growth, with a focus on building new capabilities in digitalisation, sustainability, and innovation. This is in line with Singapore’s aim to remain as a top global business hub. It is clear that the range of incentives available here enables businesses to adapt to the current economic climate while also positioning them-selves for future success.”



Wee Han Tah
Partner, Head of Management Consulting

Employment & Immigration

The Singapore government has adopted the policy of encouraging well-qualified and skilled foreigners who can contribute to the country’s economy to join the workforce in Singapore.

Foreign nationals intending to enter Singapore to take up employment or to engage in business must obtain the relevant pass from the Ministry of Manpower (“MOM”).

The type of work pass required depends on the job type, skill level and salary level of each employee.

Employment & Immigration

Work passes in Singapore

The Complementarity Assessment Framework (COMPASS) enables employers to select quality foreign professionals, while improving workforce diversity and building a strong Singaporean core. This transparent system gives businesses greater clarity for manpower planning.

Work passes in Singapore

- Personalized Employment Pass (PEP)
- Employment Pass (EP)
- S Pass
- Work Permit
- Entrepreneur Pass (EntrePass)
- Overseas Networks & Expertise Pass
- Tech.Pass

COMPASS

The government has introduced a points-based COMPASS framework to evaluate EP applicants.

EP candidates must pass a two-stage eligibility framework. In addition to meeting the qualifying salary (Stage 1), EP candidates must now pass the points-based COMPASS (Stage 2).

COMPASS will apply to new candidates starting from 1 September 2023, and applicable to renewals from 1 September 2024.

COMPASS evaluation process

EP applications will be evaluated based on a comprehensive set of individual and firm-related attributes.

Applications earn points on four foundational criteria if they meet or exceed expectations. Additionally, they can earn points from two bonus criteria. An applicant is required to score 40 points in order to pass COMPASS.

Who is exempted from COMPASS?

A candidate is exempted from COMPASS if they meet any of these conditions:

- Earning at least \$22,500 fixed monthly salary (similar to the Fair Consideration Framework job advertising exemption from 1 September 2023).
- Applying as an overseas intra-corporate transferee under the World Trade Organisation's General Agreement on Trade in Services or an applicable Free Trade Agreement that Singapore is party to.
- Filling a role on a short-term basis, i.e. 1 month or less.

Pre-Assessment Tool (PAT)

In September 2023, employers will be able to get an indicative COMPASS score for their prospective EP candidate through the Pre-Assessment Tool (PAT) before submitting an application.

PAT will offer insights on how an applicant is likely to score on each of the COMPASS criterion.

	Individual Attributes	Firm Attributes
Foundational criteria	C1. Salary : Relative to local PMET salary norms for the sector	C3. Diversity: Whether candidate improves the nationality diversity in the firm
	C2. Qualifications: Based on the candidate's qualifications	C4. Support for local employment: Based on local PMET share relative to industry peers
Bonus criteria	C5. Skills bonus: (Shortage Occupation List) For candidates in jobs where skills shortages exist	C6. Strategic economic priorities bonus: For partnership with the Government on ambitious innovation or internationalisation activities

Employment & Immigration

Work passes in Singapore

Find out which work pass is suitable for you or your employees:

Personalised Employment Pass

The Personalised Employment Pass (PEP) is for high-earning Employment Pass holders and overseas foreign professionals.

The PEP offers greater flexibility as it is linked to the individual employee, and not tied to an employer.

S Pass

The S Pass allows mid-level skilled staff to work in Singapore.

Their qualifying salary is benchmarked against the top one-third of the local associate, professionals and technicians (APT) workforce.

Entrepreneur Pass (EntrePass)

The EntrePass is for foreigners who intend to start or operate a business in Singapore that is venture-backed or possesses innovative technologies.

Tech.Pass

The Tech.Pass is administered by the Economic Development Board for tech entrepreneurs, leaders or technical experts from around the world to perform frontier and disruptive innovations in Singapore.

Employment Pass

The Employment Pass is for foreign professionals, managers and executives.

An employer or appointed employment agency must apply on behalf of the candidate.

Work Permit

The Work Permit is for semi-skilled or unskilled foreigners from approved countries or regions to work in certain sectors.

Overseas Networks & Expertise Pass

The Overseas Networks & Expertise Pass is a personalised pass for top talent across all sectors.

It allows eligible applicants to concurrently start, operate and work for multiple companies in Singapore at any one time.

Employment & Immigration

Work passes in Singapore

	Eligible for	Salary	Key Information	Duration
Personalised Employment Pass (PEP)	Existing high-earning Employment Pass holders or overseas foreign professionals	<ul style="list-style-type: none"> Current EP Holder: At least S\$12,000 a month New applicants: At least S\$18,000 a month From 1 September 2023, the fixed monthly salary criteria for both current EP holders and overseas foreign professionals will be raised to S\$22,500. 	<ul style="list-style-type: none"> The PEP is linked to the individual employee and is granted based on merits. The pass holder can take on employment in any sector and change between jobs freely without making a new pass application. 	<ul style="list-style-type: none"> The PEP is valid for 3 years and is non-renewable. PEP holders can stay in Singapore for a continuous period of up to 6 months without a job to search for new employment.
Employment Pass (EP)	Foreign professionals, technical personnel and skilled workers in managerial, executive or specialised jobs	<ul style="list-style-type: none"> At least S\$5,000 per month. For financial services, at least S\$5,500 per month. The salary increases progressively with age, up to S\$10,500 for those in the mid-40s. 	<ul style="list-style-type: none"> Foreigners will need to possess acceptable degrees, professional qualifications and specialist skills. Application: MOM exercises its discretion in granting EPs to expatriates on a case-by-case basis. 	<ul style="list-style-type: none"> The first EP is valid for up to 2 years. Renewals of an EP may be for up to 3 years. The EP is linked to a specific employer. A change in employer requires a fresh application.
S Pass	Skilled foreign employees who must earn a fixed monthly salary comparable to the top one-third of the local associate, professionals and technicians (APT) workforce.	<ul style="list-style-type: none"> For current new applications and renewals from 1 September 2023: Earn at least S\$3,000 a month. For financial services: Earn at least S\$3,500 a month. Increases progressively with age. 	<ul style="list-style-type: none"> S Pass applicants will be assessed on a points system. Levies and quotas apply, which vary by sector. From 1 January 2023, the S Pass quota is capped at 15% of total workforce for the manufacturing, construction, marine shipyard and process sectors. The quota is 10% of the company's total workforce in the services sector. 	<ul style="list-style-type: none"> The first S Pass is valid for up to 2 years. Renewals of the S Pass may be up to 3 years.
Work Permit for migrant worker	Foreigners who are semi-skilled or unskilled foreigners from approved countries or territories to work in Singapore.	<ul style="list-style-type: none"> No minimum qualifying salary required. 	<ul style="list-style-type: none"> An employer or employment agent needs to apply for the WP. Employers are limited by a quota for their industry and have to pay a monthly levy for each worker. Employers will need to purchase the Primary Care Plan (PCP) for eligible workers and make a declaration before work passes can be issued or renewed. 	<ul style="list-style-type: none"> The first Work Permit is valid for up to 2 years, depending on the validity of the worker's passport, security bond and employment period.
Entrepreneur Pass (EntrePass)	Foreigners who intend to start or operate a business in Singapore that is venture-backed or possess innovative technologies.	<ul style="list-style-type: none"> No stipulated minimum salary. 	<ul style="list-style-type: none"> Have started, or intend to start, a private limited company registered with ACRA that is venture-backed or owns innovative technologies. If registered, the company must be less than 6 months old on the date you apply. If not registered, you can do so after receiving your application outcome Meet the innovative criteria for entrepreneur, innovator or investor. 	<ul style="list-style-type: none"> The new pass or first renewal may be valid for 1 year. Subsequent renewals may be up to 2 years.
Overseas Networks & Expertise Pass	Top talent in business, arts and culture, sports, science and technology, and academia and research.	<ul style="list-style-type: none"> Earn a fixed monthly salary of at least S\$30,000 within the last 1 year; or Will earn a fixed monthly salary of at least S\$30,000 under their future employer based in Singapore. 	<ul style="list-style-type: none"> Candidates are assessed on a case-by-case basis to see who can bring valuable perspectives and contribute to the Singapore economy and society. 	<ul style="list-style-type: none"> The pass is valid for 5 years for first-time candidates. Subsequent renewals are valid for 5 years.
Tech.Pass	This pass is administered by the Economic Development Board for tech entrepreneurs, leaders or technical experts from around the world to perform frontier and disruptive innovations in Singapore.	<p>Pass holders can take on multiple roles concurrently in Singapore, such as start and operate one or more tech companies; be an employee in one or more Singapore-based companies at any time; be a consultant or mentor, lecture in local institutions of higher learning; and/or be an investor or director in one or more Singapore based companies, and meet any two of these conditions:</p> <ul style="list-style-type: none"> Have a last drawn fixed monthly salary (in the last 1 year) of at least S\$20,000; or Have at least 5 cumulative years of experience in a leading role in a tech company with a valuation/market cap of at least US\$500mil or at least US\$30mil funding raised; or Have at least 5 cumulative years of experience in a leading role in the development of a tech product that has at least 100,000 monthly active users or at least US\$100mil annual revenue. 	<ul style="list-style-type: none"> The pass is valid 2 years for first-time applicants. Renewals are valid for 2 years upon meeting criteria. 	

Employment & Immigration

Dependant's passes and Permanent Residence in Singapore

For family and dependants

	Eligible for	Who is it for?	Key Information	Validity
Dependant's Pass	<ul style="list-style-type: none"> An Employment Pass or S Pass holder Earn a minimum fixed monthly salary of \$6,000. Sponsored by an established, Singapore-registered company (usually your employer). 	<ul style="list-style-type: none"> Legally married spouse Unmarried children under 21 years old, including legally adopted children 	<ul style="list-style-type: none"> An employer or employment agent must apply on behalf of the candidate. Submit the application along with the main pass holder's work pass application or at a later date. One application for each family member. You should only bring in the family member when the pass is approved. They don't need to be here when you apply. For babies born in Singapore, the parent will get a Special Pass from the Immigration and Checkpoints Authority (ICA). This pass is valid for 6 weeks, during which you can apply for a Dependant's Pass. 	Valid for up to 2 years, tied to the validity of the main work pass. It is renewable.
	<ul style="list-style-type: none"> Overseas Networks & Expertise Pass holders 	<ul style="list-style-type: none"> Legally married spouse Unmarried children under 21 years, including legally adopted children 	<ul style="list-style-type: none"> Main pass holder can apply for the dependant's pass. It can also be applied by the employment agent or employer on behalf of main pass holder. 	Valid for up to 5 years, tied to the validity of the Overseas Networks & Expertise Pass. It is renewable.
Long-Term Visit Pass	<ul style="list-style-type: none"> An Employment Pass or S Pass holder. Earn a minimum fixed monthly salary of \$6,000. Sponsored by an established, Singapore-registered company (usually your employer). 	<ul style="list-style-type: none"> Common-law spouse Unmarried step-child or handiapped child under 21 years old Parents (for those earning over \$12,000) 	<ul style="list-style-type: none"> An employer or employment agent must apply on behalf of the candidate. Submit the application along with the main pass holder's work pass application or at a later date. One application for each family member. You should only bring in the family member when the pass is approved. They don't need to be here when you apply. For babies born in Singapore, the parent will get a Special Pass from the Immigration and Checkpoints Authority (ICA). This pass is valid for 6 weeks, during which you can apply for a Dependant's Pass. 	Valid for up to 2 years, tied to the validity of the main work pass. It is renewable.
	<ul style="list-style-type: none"> Overseas Networks & Expertise Pass holders 	<ul style="list-style-type: none"> Common-law spouse Unmarried step-child or handicapped child under 21 years old Parents 	<ul style="list-style-type: none"> Main pass holder can apply for the dependant's pass. It can also be applied by the employment agent or employer on behalf of main pass holder. 	Valid for up to 5 years, tied to the validity of the Overseas Networks & Expertise Pass. It is renewable.

Permanent Resident

	Eligible for	Key information and benefits	Validity
Permanent Resident (PR)	<ul style="list-style-type: none"> A work pass holder (EP, Personalised Employment Pass, EntrePass or S Pass), and have worked in Singapore for at least six months. Foreign investors under the Global Investor Programme. 	<ul style="list-style-type: none"> Live, enter and leave the country without having to apply for separate visas to work or travel. You will receive a Blue Card, which acts as your identity document. Include your spouse and unmarried children under 21 in the PR application. If your children are school-aged, they are high on the priority list, behind citizens, to enter public schools of your own choosing. Apply for long-stay visas for your parents. All male Singapore PRs have to register for National Service at 16.5 years old and enlist for 2 years on turning 18. Change jobs freely without having to re-apply for a Singapore work permit. Contribute to a flexible pension system, CPF and withdraw a lump sum when you reach retirement age at 55. 	A PR status does not expire or has any time limit. But a valid Re-Entry Permit (REP) is necessary whenever a PR wishes to travel out of Singapore.

Employment & Immigration Employment Law

The Employment Act (EA) is the main legislation governing employment in Singapore. It applies generally to persons who have entered into or work under a contract of service. Professionals, managers and executives earning a basic monthly salary of up to S\$4,500 are also covered under the general provisions of the EA.

In general, the employer and employee are free to negotiate and agree on the terms of employment.

Where the EA does not apply, terms and conditions of employment are left to be agreed between and written into a contract of service signed by the employer and the employee. Other statutes dealing with aspects of employment include but are not limited to the:

- Central Provident Fund Act
- Companies Act
- Employment of Foreign Manpower Act
- Immigration Act
- Income Tax Act
- Industrial Relations Act
- Retirement and Re-employment Act
- Child Development Co-Savings Act
- Personal Data Protection Act
- Protection from Harassment Act
- Skills Development Levy Act
- Trade Unions Act
- Unfair Contract Terms Act
- Work Injury Compensation Act
- Workplace Safety and Health Act

Employment & Immigration Central Provident Fund (CPF)

The Central Provident Fund (CPF) is a social security savings plan that covers health care, retirement and home ownership.

CPF contributions

The Central Provident Fund (CPF) is a social security savings plan that covers health care, retirement and home ownership.

The contribution rate varies depending on the age, the wage band and the status of the employee (i.e. Singaporean citizen or Permanent Resident). The maximum amount of CPF contribution payable on Ordinary Wages is currently based on a monthly salary ceiling of \$6,000. Voluntary contributions can be paid in addition to the mandatory contributions.

The employee's share of CPF contribution is deducted from their salary by the employer during the monthly payroll processing. The employer is then required to pay the employer's and employee's share of CPF contributions monthly for all employees (Singapore Citizens and Singapore Permanent Residents) at the rates set out in the CPF Act.

The contributions payable should be based on the employee's Ordinary and Additional wages earned for the month.

CPF contributions are not allowed for:

- Foreigners working in Singapore under an Employment Pass, S Pass or a Work Permit; and
- Directors' fees

CPF monthly salary ceiling increase

In Budget 2023, it was announced that the CPF monthly salary ceiling will be increased in stages from S\$6,000 to S\$8,000 by 2026.

The increase will be carried out in four phases starting September 2023.

There will be no changes to the CPF annual salary ceiling which sets the maximum amount of CPF contributions payable for all wages received in a year, which is currently set at S\$102,000.

From	CPF monthly salary ceiling
1 Sep 2023	S\$6,300
1 Sep 2024	S\$6,800
1 Sep 2025	S\$7,400
1 Sep 2026	S\$8,000



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