

## Incentives for incorporating in Singapore

With a reputation for “getting things done” and being the world leader in foreign trade and investment, it is certain that Singapore has a backbone of infrastructure, policy and culture by which businesses can prosper. Singapore is not only the easiest place to do business in the world (according to Doing Business 2009 Report) but it is also the most competitive country in Asia (according to the World Economic Forum’s Global Competitiveness Report). With such incentives, it is no doubt why Singapore is often a first-choice for entrepreneurs planning to incorporate their company. By looking at the key areas of consideration for entrepreneurs, we will evaluate why Singapore is an ideal jurisdiction for business incorporation.

### ***Location***

With statistics claiming two thirds of the global middle class will soon be from Asia, companies are taking great interest in the continent in the hopes of taking advantage of the upcoming opportunities. Singapore is ideally located in a key central position in Asia, demonstrated by Singapore’s ongoing role as a sea and air cargo transportation hub. The Monacle Report 2009 states that Singapore is a strategic location to orchestrate operations all over Asia and tap into these opportunities.

Furthermore, being a small island, no matter where in Singapore a company office is located, it is within close reach of the many resources offered within Singapore.

### ***Transport***

Companies that incorporate in Singapore have access to its efficient and reliable shipping port and airport, known as one of the world’s top transportation hubs for sea and air-cargo. There are over 200 shipping lines conducting business in Singapore, linking to over 600 ports in 123 countries worldwide.

Within Singapore the road, rail and train networks are well developed, efficient and affordable. Whether for corporate or living purposes, Singapore has all the resources for people and products to move inexpensively and conveniently within and outside the island.

### ***Culture***

Singapore is home to a multitude of cultures, races and religions and is renowned for its ability to host such diversity while maintaining understanding and integration between its people. With 25% of Singapore’s population coming from abroad, Singapore’s role as a business center in Asia is clear.

Such a multi-cultural society is seen as a business advantage, both in terms of having access to diverse talents, knowledge and opinions, but also in terms of facilitating an entrepreneur’s understanding of the Asian market as a whole. Furthermore, Singapore’s workforce has been noted as most motivated and best skilled in Asia by IMD’s World Competitiveness Yearbook.

## ***Policy and Taxes***

In light of Singapore's positive attitude towards business, the government has ensured an infrastructure of policies and laws that encourage entrepreneurship and commerce. Singapore has a network of double taxation avoidance agreements, involving over 50 countries, to ensure fair taxation of all companies incorporated in Singapore and has the most extensive network of free trade agreements (FTAs) in Asia, with key world economies. Furthermore, there are 35 Investment Guarantee Agreements (IGAs) in place which are structured to protect Singapore-based companies from non-commercial risks in their overseas investments. This adds on to the establishment of Singapore's Economic Development Board (EDB), International Enterprise (IE) Singapore and SPRING Singapore, which are all organizations that work towards encouraging company formation in Singapore.

There is tax exemption on all profits sourced outside of Singapore. Furthermore, within the first three years of business activity post incorporation, the first S\$100,000 of corporate profits sourced within Singapore are 100% legally tax exempt with 50% tax exemption on the next S\$200,000 of locally sourced corporate profits. As a result of such favourable tax policies, Forbes rates Singapore as having the 11<sup>th</sup> lowest tax misery in the world.

Singapore is also best place in Asia and second best in the world for the protection of Intellectual Property rights (IMD World Competitiveness Report) and companies can therefore rely on Singapore's rigorous law enforcement to protect their ideas and innovations.

Singapore has also enforced tough measures in reducing corporate tax rates and employers' Central Provident Funds (CPF) contribution rates, as well as limiting office rental rates, in the hope that all these policies will work in synergy and promote business.

## ***Current Business***

Singapore has been ranked as the city with the 2<sup>nd</sup> best investment potential worldwide, for the past fourteen years. Singapore has five major export markets ranging between S\$30bn and S\$60bn in value between Malaysia, Hong Kong, Indonesia, China and the US and has a S\$500mn research facility that hosts pharmaceutical giants, biotechnology companies and research institutes from all over the world.

Singapore is also the world's fourth biggest foreign exchange trading centre and a leader in international banking, trade finance, insurance and asset and wealth management services. In this way, companies in Singapore have access to some of the top corporate services worldwide. Such business potential and growth is not without awareness and corporate social responsibility, and Singapore has a strong focus on sustainable development, with plans to significantly reduce energy consumption per dollar of GDP through alternative and renewable energies.

## ***Company Incorporation***

Taking the stated incentives for Singapore company formation into account, other key points of incorporation must be noted.

For Singapore incorporated companies with corporate turnover/sales below S\$5mn, statutory financial audits are not required. Furthermore, registration for GST (goods and service tax) is only necessary if sales exceed S\$1mn and non-resident Singapore companies enjoy GST refunds from the government. Another major selling point is that unlike jurisdictions such as Dubai, there is no requirement to rent or purchase a physical office in Singapore, in order to complete incorporation. Virtual office services are legally accepted and can be organized by a local professional services firm.

## ***Living***

Singapore has been labeled as one of the cleanest and greenest cities in the world and Mercer Human Resource Consulting stands by this, ranking Singapore as the best living environment in Asia. With world-class healthcare services, excellent quality of housing, low crime levels and a competitive world-renowned education system, Monocle have rated Singapore as having the 22<sup>nd</sup> best quality of life in the world, and the best quality of life in Asia (according to their Quality of Life Index). In this way, entrepreneurs that decide to incorporate their company in Singapore and live there can rest assured they will benefit tremendously, along with their family and employees.

Singapore's outstanding quantity of awards and high rankings as both a business hub and place to live stand testament to its first class infrastructures and environment for working and living. It is a small country with a vast connectivity to the world, a top-performing workforce proficient in English and a trustworthy jurisdiction deemed for being uncorrupt. Entrepreneurs looking for a country in which to incorporate their business can take advantage of the many incentives Singapore provides, as a central location for all business services, and benefit from the reputable image a Singapore company will provide in promoting to investors, suppliers and customers.

Healy Consultants is a leading corporate services firm that assists entrepreneurs and investors with their company incorporation requirements. The firm provides a range of services for Asia business set up, tax planning and offshore investing. More information on company incorporation can be found by visiting [www.healyconsultants.com](http://www.healyconsultants.com)