

Why businesses are choosing Singapore as an offshore jurisdiction

Finding suitable corporate vehicles for investments is an on-going challenge. Reputation, security, and fruitfulness are key factors in determining whether a specific jurisdiction will provide maximum benefits to a company. Investors have to strike a perfect combination of these criteria or they will risk losing the lead.

Evidently, Singapore meets the requirements of entrepreneurs seeking to establish an offshore company. Most importantly, Singapore is regarded as the most secure, private, and well-regulated banking centre. Although the country has recently agreed to follow tax directive regulations of Europe and the USA, it still maintains its own banking confidentiality regulations.

Recent developments in tax and corporate law in Singapore have made Singapore an even more appealing offshore jurisdiction. Singapore has abolished the two-tier tax system. Income of a corporation is only taxed once, i.e., at the corporate level. Dividend payments by a Singapore company are not taxable to the recipients. Offshore incomes that are not received in Singapore are not taxable in either. Additionally, capital gains are not taxable in Singapore. The current corporate tax rate on taxable profit is 18% but this will be reduced to 17% from 2010. Start-up companies receive full corporate tax exemption on the first \$100K annual profits for the first three years.

The country has taken significant steps to ensure hassle free business operation. Consequently, a company (of not more than 20 individual shareholders) with annual turnover of S\$5 million (for financial periods starting after 1 June 2004) is exempt from annual statutory audits. This is especially beneficial in situations whereby an investor uses a Singapore company solely for investment holding purposes.

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Another aspect that plays in the favor of investors is Singapore's economic reputation. The country is not regarded as a 'tax haven'. Unlike countries such as Switzerland and Liechtenstein, Singapore is not viewed as a prime location for asset protection and wealth management, but instead, simply a low-tax country. As such there has not been as much pressure on Singapore from tax agencies across the globe battling against tax evasion activities in these tax havens.

A myriad of business consultancy firms exist to provide corporate services including incorporation of a company.

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Healy Consultants is a leading corporate services firm, headquartered in Singapore, and working with clients across a range of categories to maximize the benefits enjoyed by their Singapore company formation. For more information, visit www.healyconsultants.com or email them at email@healyconsultants.com