

Singapore a Non Taxing Regime, Says Singapore Company Registration Agent.

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This pro-business tax policy sustains the competitiveness of Singapore as a preferred location to incorporate new business or establish regional headquarters. Foreign entrepreneurs in Singapore who wish to clinch a pie of the burgeoning Asia, with their startup companies in Singapore as a springboard into Asia can capitalize on the tax exemption as well as the innumerable incentives offered by the government and E-ready infrastructure of Singapore. Singapore welcomes enterprising individuals and companies to incorporate and grow their business. The existing companies as well as startups will immensely benefit by strategically styling their operations according to the policy changes introduced.

The leniency of the tax regime is the prime motivator to do business in Singapore. The city state in line with its reputation for being pro enterprise constantly reviews and revises its tax structure to sustain its competitiveness in the region. A territorial taxation policy has been adopted in Singapore, by this only income earned in Singapore or received in Singapore is subject to tax. Since June 2003 foreign sourced dividends, branch profits and service income received in Singapore is tax exempt, provided:

The income was remitted from countries with a headline tax rate of at least 15%.

The income was subject to some form of tax in the foreign country.

Singapore offers one of the lowest corporate tax rates globally, the effective tax rate of 20% on chargeable income has been further reduced by 2% to 18% commencing from YA2008. Also effective from EA2008 newly incorporated Singapore companies will enjoy a full-tax exemption on \$100K annual profits during the first three years of their business. Moreover, all companies will enjoy a partial tax exemption that will bring tax rate to about 9% on annual profits of up-to \$300K. For more information on Singapore tax rates please visit the following link: <http://www.rikvin.com/Singapore-Tax-Rates.html>

Apart from the above direct benefits in terms of the proportion of taxable income, rate reduction and exemptions there have been significant developments which will indirectly benefit the enterprises.

With effect from YA2006, a loss carry back system was introduced whereby losses of up to \$100,000 incurred by the company in the current year can be carried back for one year. The one tier system introduced in 2003, rules that the income tax, payable on the normal chargeable income of a company is a final tax in Singapore and the dividends received by the shareholders will not be subject to tax again. By means of the group relief scheme a company is able to utilize loss items of another company within the same group to offset its current year assessable income.

Companies resident in Singapore immensely benefit from the extensive Double taxation Agreements (DTA) that Singapore has endorsed. A company is considered resident in Singapore if the control and management of its business is exercised in Singapore. A resident company is entitled to the benefits conferred under the Avoidance of Double Taxation Agreements (DTA) that Singapore has concluded with treaty countries. DTA serves to relieve double taxation of income earned in one country by a resident of the other country as it clearly enunciates the rights and jurisdiction of treaty partners over the income derived

from cross border activities.

Ms. Ragini Dhanvantray CEO of Rikvin Consultancy which is offering a seamless immigration and company incorporation services says “the prudential policies of the government, a lenient tax regime and the robust infrastructure and enterprise pro attitude of the Government have all made Singapore an attractive place to run a business and it is not only the big enterprises that are profiteering from the regime but also the start up SMEs are set to benefit by the tax management which would otherwise be too taxing on their modest cash flows”

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