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AN INTRODUCTION TO

Doing Business in Singapore 2024





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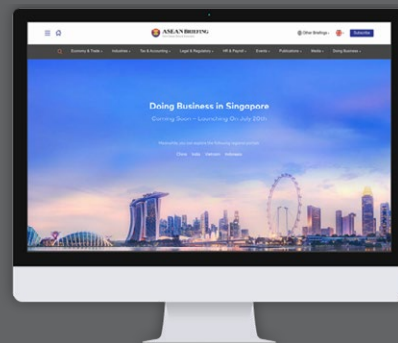
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This edition of Doing Business in Singapore was produced by a team of professionals at Dezan Shira & Associates, with Ayman Falak Medina as Technical Editor.
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About Dezan Shira & Associates

At Dezan Shira & Associates, our mission is to guide foreign companies through Asia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore and Vietnam, as well as liaison offices in Italy, Germany and the United States, and partner firms across the ASEAN region. With over 30 years of on-the-ground experience and a large team of professional advisers, we are your reliable partner in Asia.

Preface

Despite global uncertainties, Singapore ranks among the top most competitive economies in the world. GDP growth for Singapore in 2024 is projected to be in the range of 1-3 percent. In Q1 2024, Singapore's economy grew 2.7 percent year-on-year—the fastest seen in 18 months.

As a strategic financial hub and a gateway to Asia, Singapore offers unparalleled opportunities for foreign investors. With over 80 double taxation avoidance agreements, generous tax deductions, an extensive network of free trade agreements with neighboring nations, and a reputation as a global financial center, businesses operating in Singapore can maximize their profitability and expand their reach.

Amid the risks associated with the fallout of the COVID-19 pandemic, Singapore continues to demonstrate its resilience, providing direct access to global markets. While external demand has softened, Singapore's manufacturing and wholesale trade sectors remain robust and primed for growth. Top focus areas for the country's policymakers in the near term include upskilling the local workforce, attracting and retaining highly skilled talents, efficiency of the small and medium enterprises (SME) sector, artificial intelligence and emerging technologies, ESG, and innovation.

For corporate entities hoping to establish a holding company, branch office, or regional headquarters, Singapore offers a powerful advantage in terms of business opportunities, government incentives, and trade relation benefits.

This publication, designed to introduce the fundamentals of investing in Singapore, was compiled in June by Dezan Shira & Associates, a specialist foreign direct investment practice providing corporate establishment, audit, business advisory, tax advisory and compliance, accounting, payroll, due diligence, and financial review services to multinationals and SMEs investing in emerging Asia.



ALBERTO VETTORETTI

Managing Partner
Dezan Shira & Associates



CONTACT

Dezan Shira & Associates
singapore@dezshira.com
www.dezshira.com



PM Lawrence Wong Takes Charge as Singapore Foresees Stable Economic Growth in 2024

Lawrence Wong's appointment as Singapore's fourth Prime Minister marks the city-state's first leadership change in two decades. Despite decades of rapid development, he faces numerous challenges including a declining birthrate, increasing living costs, and potential disruptions from technological advancements such as artificial intelligence. Additionally, Singapore navigates a complex geopolitical landscape in the Asia-Pacific region amid escalating tensions between the US and China, while maintaining its traditionally strong relations with both nations.

Despite these internal and external challenges, economic continuity will be a key focus during Wong's tenure leading up to the general elections, scheduled no later than November 2025, which will decide the makeup of the 15th Singaporean Parliament.

Taking the oath on May 15, 2024, Wong's appointment marked the end of Singapore's governance by the family dynasty of Lee Kuan Yew, Singapore's first leader. The political succession has been carefully orchestrated by the long-governing People's Action Party to ensure stability. Wong is the first Singapore prime minister born after the country's independence in 1965.

Wong has retained his finance portfolio. Outgoing prime minister Lee Hsien Loong continues his role as senior minister, following the tradition of former premiers.

Singapore maintains a cautiously optimistic outlook for 2024, with the Ministry of Trade and Industry (MTI) upholding its growth forecast range of 1 to 3 percent, reflecting the nation's resilience in a volatile global environment.

While external demand has softened, Singapore's manufacturing and wholesale trade sectors remain robust and poised for growth. The city-state boasts over 80 double taxation avoidance agreements, generous tax deductions, an extensive network of free trade agreements with neighboring nations, and a reputation as a global financial hub. These factors make Singapore an attractive location for businesses seeking to maximize profitability and expand internationally.

For corporations looking to establish a holding company, branch office, or regional headquarters, Singapore offers significant advantages including abundant business opportunities, government incentives, and favorable trade relations.

What's New in This Guide

Singapore has continued to implement strategic reforms to improve the business climate for foreign investors. Most of these reforms relate to implementing stricter requirements for the hiring of foreign workers.

We also highlight Singapore's plan to introduce a 15 percent minimum tax rate for multinational enterprises (MNEs) from January 2025. These changes are part of the Base Erosion and Profit Shifting initiative, or BEPS 2.0, a global framework that aims to ensure a fairer distribution of tax rights on large MNEs through a set global minimum tax (GMT) rate. Singapore has also increased the goods and services tax (GST) by one percent to nine percent in 2024.

Corporate establishment

This chapter outlines the essential steps involved in establishing a business entity in Singapore, whether it's a private limited company, branch office, or representative office.

For newcomers to Asia, setting up a representative office can serve as a low-risk entry point. On the other hand, businesses aiming to leverage Singapore as a gateway to ASEAN markets may opt for more substantial commitments, such as establishing a branch office or subsidiary company.

Taxation

In 2024, Singapore raised its GST rate from eight to nine percent. Additionally, starting January 1, 2023, Singapore began applying GST to imported low-value goods. The rapid expansion of the e-commerce sector in Singapore and Southeast Asia has led to a notable increase in the volume of imported low-value goods entering Singapore. Consequently, the government aims to create equitable conditions for businesses in Singapore by subjecting overseas suppliers to the same GST treatment as local suppliers.

Human resources and payroll

Singapore has implemented a revamped points system for Employment Pass (EP) applicants since 2023, alongside increased qualifying salary requirements. The new system, known as the Complementarity Assessment Framework (COMPASS), aims to enhance Singaporean businesses' ability to recruit top-tier foreign professionals and promote diversity in the workforce.

Additionally, Singapore introduced the Overseas Network & Expertise Pass, enabling high-earning individuals and accomplished professionals to reside in Singapore without the prerequisite of securing employment beforehand.



Incentives for business

Singapore has enhanced several of its key incentives to support businesses. However, most of these incentives have local ownership requirements. Companies setting up in Singapore are eligible for various fiscal and non-fiscal incentives if their business is deemed beneficial to the country's economic development.

Mandatory climate reporting

Starting from the 2024 financial year, the Singapore Exchange (SGX) has expanded its requirement for industries to submit environmental, social, and governance (ESG) reports. Previously, in 2023, mandatory climate reporting applied to businesses in sectors such as financial services, agriculture, energy, food, and forest products. This requirement has now been extended to include the materials, construction, and transportation industries for 2024.



Dezan Shira & Associates Singapore



DAVID STEPAT

Director
Dezan Shira & Associates
Singapore Office

As a regional practice, we are not tied to any one nation. Rather, we specialize in the tax, accounting, and operational aspects of foreign direct investment throughout Asia. For businesses and investors seeking to conduct business in Singapore and the wider ASEAN region, our business consulting team in Singapore and partner firms across ASEAN are prepared to provide you with the tools and expertise necessary to succeed.

SINGAPORE OFFICE



SBF Center, 160 Robinson Road, #28-10
Singapore 068914

Tel: +65 6789 3256
Fax: +65 6521 3001
Email: singapore@dezshira.com

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