

Tax Systems Singapore and Hong Kong

Corporate Tax	Singapore	Hong Kong
Corporate Tax Rate	17% corporate tax at a flat rate but effective rate may be lower arising from generally applicable tax incentives or specific tax incentives	16.5% Profits Tax at a flat rate
Tax Incentives	<p>General tax incentives:</p> <ul style="list-style-type: none"> • Partial tax exemption • Start-up tax exemption • Tax rebate • Capital expenditure accelerated write-offs • Renovation or refurbishment expenditure write-offs • Interest, discount, prepayment fee, redemption premium and break cost derived by non-resident from any qualifying debt securities (subject to renewal after 31 December 2023) • Interest, discount, prepayment fee, redemption premium and break cost derived by any person from any qualifying project debt securities (subject to renewal after 31 December 2022) • Interest income from deposits in an approved bank in Singapore derived by a non-resident • Exemption on gains on disposal of equity Investments (subject to renewal after 31 May 2022) • Dividends by any company resident in Singapore; etc. <p>Specific tax incentives (see Singapore Tax Incentives summary):</p> <ul style="list-style-type: none"> • Pioneer status • Development and Expansion Incentive 	<p>General tax incentives</p> <ul style="list-style-type: none"> • Capital expenditure accelerated write-offs • Refurbishment expenditure write-offs • 20% deduction allowed on capital expenditure for each year in five consecutive years for installations forming part of a building or structure • Interest from any deposit with an authorized institution in Hong Kong will enjoy tax exemption. • Gains derived from qualified debt instruments will receive tax concessions. <p>Specific tax incentives:</p> <ul style="list-style-type: none"> • Reinsurance companies enjoy a concessionary tax rate on their offshore business operations. • Offshore funds (non-resident individuals, partnerships, trustees of trust estates or corporations) not carrying on business in Hong Kong enjoy tax

	<ul style="list-style-type: none"> • Global Trader Program • Finance and Treasury Centre Incentive • Research and Development • Intellectual Property Development Incentive • Double Deductions • Aircraft Leasing • Financial Services • Maritime and Maritime Services etc. 	<p>exemption on profits derived from transactions in securities, futures contracts, foreign exchange contracts, etc. in Hong Kong, which are carried out by corporations and authorized financial institutions licensed or registered under the Securities and Futures Ordinance</p>
<p>Withholding Tax</p>	<p>Interest, commission, fee or other payments in connection with any loan or indebtedness are subject to 15% withholding tax</p> <p>Royalty or other lump sum payments for the use of moveable properties are subject to 15% withholding tax</p> <p>Payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information are subject to 10% withholding tax</p> <p>Rent or other payments for the use of moveable properties are subject to 15% withholding tax</p> <p>Technical assistance and service fees are subject to 17% withholding tax (prevailing corporate tax rate)</p> <p>Management fees are subject to 17% withholding tax (prevailing corporate tax rate)</p> <p>Time, voyage and bareboat charter fees for the charter of ships are exempt from withholding tax</p> <p>Proceeds from sale of any real property by a non-resident property trader are subject to 15% withholding tax</p>	<p>Royalty payments due to a non-resident company that is an associate of the Hong Kong entity are subject 16.5% withholding tax</p> <p>Royalty payments made to a non-resident associate and on the condition that no person carrying on a business in Hong Kong SAR has at any time wholly or partly owned the intellectual property giving rise to the payments, are subject to a withholding tax rate of 4.95%.</p> <p>Royalty payments due to non-resident companies that are not associates of the Hong Kong company are subject to withholding tax at 4.95%.</p>

	Distributions of taxable income made by a Real Estate Investment Trust to a unit holder who is a qualifying non-resident non-individual are subject to 10% withholding tax (up to 31 Mar 2020)	
Capital Gains Tax	Not taxable	Not taxable
Taxable Income	Singapore sourced income and foreign sourced income received in Singapore	Hong Kong sourced income
Foreign Sourced Income Received in Singapore	<p>Foreign sourced income exemptions received by a resident company:</p> <ul style="list-style-type: none"> • Foreign-sourced dividends • Branch profits • Service income <p>Foreign sourced income not received or deemed received in Singapore is not taxable</p>	Not applicable.
Double Taxation Relief	<p>85 comprehensive treaties and 7 limited treaties</p> <p>Signatory to the OECD Multilateral Instrument</p>	<p>40 comprehensive treaties</p> <p>Signatory to the OECD Multilateral Instrument</p>
Group Relief	Group relief allows the transfer of current year losses, unutilized capital allowances and unutilized donations from a qualifying company to another qualifying company within the same group	Not available
Tax Resident	<p>A Singapore tax resident company may avail of certain tax benefits e.g. qualifying foreign sourced income exemption, double tax relief etc.</p> <p>A company is a tax resident in Singapore when its control and management is exercised in Singapore i.e. the making of decisions on strategic matters in relation to the company by its Board of Directors through Board meetings held in Singapore</p> <p>Foreign-owned investment-holding companies (50% or more of its shares are held by foreign companies/shareholders), with purely</p>	<p>A company is considered to be a resident of Hong Kong if:</p> <ul style="list-style-type: none"> • It is incorporated in Hong Kong, or • It is incorporated outside Hong Kong but is managed and controlled from Hong Kong

	<p>passive sources of income and receiving only foreign-sourced income are subject to a more stringent test:</p> <ul style="list-style-type: none"> • The control and management of the company's business is exercised in Singapore; • The company has valid reasons for setting up an office in Singapore; and • The company has related companies in Singapore that are tax residents of Singapore or have business activities in Singapore; or • Receives support or administrative services from a related company in Singapore; or • Has at least 1 director based in Singapore who holds an executive position and is not a nominee director; or • Has at least one key employee (e.g. CEO, CFO, COO) based in Singapore. 	
Exchange of Information Obligations	<p>Reporting obligations under:</p> <ul style="list-style-type: none"> • Multilateral Instrument (OECD) • Common Reporting Standards (OECD) • Foreign Account Tax Compliance Act (USA) 	<p>Reporting obligations under:</p> <ul style="list-style-type: none"> • Multilateral Instrument (OECD) • Common Reporting Standards (OECD) • Foreign Account Tax Compliance Act (USA)

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