

RIKVIN CONNECT



The One Year Issue

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FOREWORD

Time really flies, doesn't it? It has been a year since we started RikvinCONNECT and we've thoroughly enjoyed curating the year's business updates for you. Thank you for your support!

Now, we are almost through with 2013.

The year has seen a flurry of regulations - some that have been welcomed, and others, that are seen to have raised the bar too high for brick and mortar companies. We've also seen Singapore discuss and ink more trade pacts that will inevitably help you grow in the region and beyond.

The pluses come with the minuses. One thing for certain is that the move towards greater transparency and better corporate governance have been set in motion.

In the coming year, we will continue to keep you abreast with the latest business and economic updates in Singapore and the world, and offer you tips on how to continue to do well.

Yours sincerely,

Christine Lim
General Manager, Rikvin

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RIKVIN SERVICES

- Company Registration
- Singapore Work Visas
- Business Services
- Accounting Services
- Offshore Company Setup

Visit www.rikvin.com for more information.

Final reminder! The deadline for filing your tax returns for last year's accounts is fast approaching.

FINAL CORPORATE TAX DEADLINES:

30 November 2013
for manual submission (Form C & Form C-S)

15 December 2013
for online submission (Form C-S only)

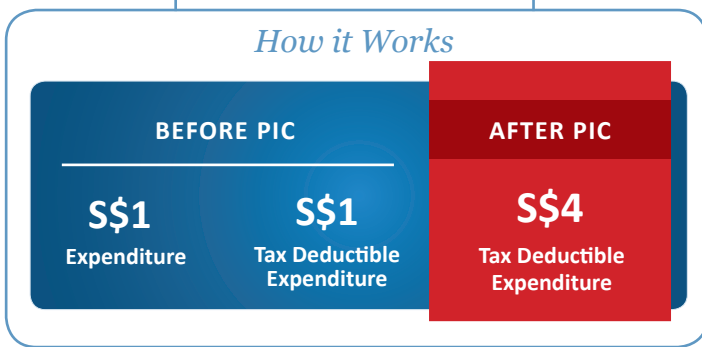
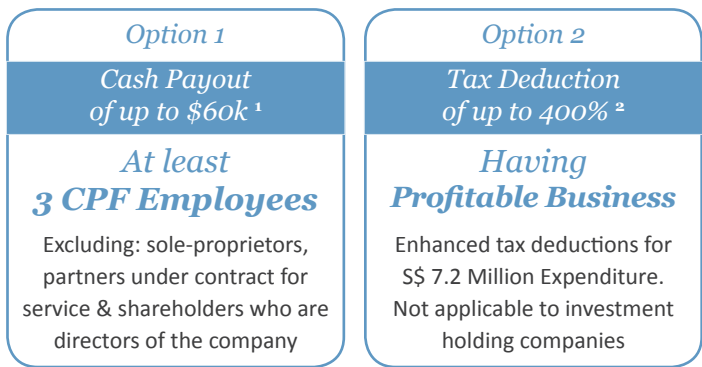
Need help? Call Lina at 6303 4618 or email accounts@rikvin.com.



6 Ways to Boost Your Tax Savings with PIC

The end of the year is just around the corner, and it's time to review your company's accounts and evaluate how you can reduce your taxes.

Here are 6 ways to boost your tax savings through the Productivity & Innovation Credit (PIC) Scheme. In a nutshell, here's how it works:



Estimated Taxable Income	Estimated Tax Payable	Effective Tax Rate	* Total Qualifying Expenditure	Total PIC Claim (400%)	Effective Tax Payable
100,000	8,075	8.10%	25,000	100,000	0
200,000	16,575	8.30%	50,000	200,000	0
300,000	25,075	8.40%	75,000	300,000	0
400,000	42,075	10.50%	100,000	400,000	0
500,000	59,075	11.80%	125,000	500,000	0
600,000	76,075	12.70%	150,000	600,000	0
700,000	93,075	13.30%	175,000	700,000	0
800,000	110,075	13.80%	200,000	800,000	0
900,000	127,075	14.10%	225,000	900,000	0
1,000,000	144,075	14.40%	250,000	1,000,000	0
2,000,000	314,075	15.70%	500,000	2,000,000	0
3,000,000	484,075	16.10%	750,000	3,000,000	0
4,000,000	654,075	16.40%	1,000,000	4,000,000	0
5,000,000	824,075	16.50%	1,250,000	5,000,000	0
6,000,000	994,075	16.60%	1,500,000	6,000,000	0
7,000,000	1,164,075	16.60%	1,750,000	7,000,000	0
8,000,000	1,334,075	16.70%	2,000,000	8,000,000	0
9,000,000	1,504,075	16.70%	2,250,000	9,000,000	0
9,600,000	1,606,075	16.70%	2,400,000	9,600,000	0
11,000,000	1,844,075	16.76%	2,750,000	11,000,000	0
12,000,000	2,014,075	16.78%	3,000,000	12,000,000	0
13,000,000	2,184,075	16.80%	3,250,000	13,000,000	0
14,000,000	2,354,075	16.81%	3,500,000	14,000,000	0
15,000,000	2,524,075	16.83%	3,750,000	15,000,000	0
16,000,000	2,694,075	16.84%	4,000,000	16,000,000	0
17,000,000	2,864,075	16.85%	4,250,000	17,000,000	0
18,000,000	3,034,075	16.86%	4,500,000	18,000,000	0
19,000,000	3,204,075	16.86%	4,750,000	19,000,000	0
20,000,000	3,374,075	16.87%	5,000,000	20,000,000	0

¹ An eligible business can opt to convert 60% of qualifying PIC expenditure (capped at S\$100,000) into a non-taxable cash payout, amounting to S\$60,000 per YA.

² Businesses can enjoy up to 400% deduction towards the expenditure for each activity.

* Combined limit for each qualifying activity for YA 2013 to YA 2015 is \$1.2 million.

CPF Update: Pay Pension or Go to Prison

A slap on the hand is no longer enough. In a move to get tougher on recalcitrant employers, the CPF (Amendment) Bill has been passed by the Singapore Parliament this month.

Instead of facing just a fine, errant employers now stand to face a jail term for delaying or defaulting on making Central Provident Fund (CPF) contributions to their workers' accounts.

Under the newly amended CPF act, first time offenders could be jailed up to six months and fined up to S\$5,000 or both – indicating that the maximum fine has been doubled as well.

Repeat offenders will face double the jail term (12 months) or fined between S\$2000 and S\$10,000, or both. Firms which are not brought to court will face higher composition fines, ranging from \$500 to \$1,000 for each offence.

WHY IS THE CPF SO IMPORTANT?

The CPF is a form of social safety net which enables working Singaporeans to set aside funds not only for their retirement but also their healthcare and housing needs. These are pertinent and basic needs, given Singapore's increasingly high cost of living.

To read more, please visit:

rikvin.com/blog/cpf-update-pay-pension-or-go-to-prison/



More MNCs Moving Top Executives to Asia

More multinational companies are moving their top executives to Asia in what can be seen as a sign of confidence in the region's burgeoning growth.

According to a report compiled by law firm Baker & McKenzie and the Economist Corporate Network (ECN), these firms aim to place board members and global heads of units in Asia to keep up with the rapid market changes there.

The international survey of 500 MNCs found that more than half of them will have at least one board member in Asia by 2017. Of those who are already operating in Asia, more than 70% said they will have a board member in Asia by 2017.

Rikvin finds that this is a sign of Asia's increasing clout and influence in the the world economy. Not only are Asian markets already influencing future business trends, they will also gain an increasingly larger share of the world's most sought-after professionals.

To read more, please visit:

www.rikvin.com/blog/mncs-top-executives-asia/

More MNCs Moving Top Execs to Asia



of 500 MNCs surveyed

> 50%

will have at least 1 board member in Asia by 2017



of MNCs already operating in Asia

> 70%

will have at least 1 board member in Asia by 2017

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\$30m Set Aside for Med- & Clean-Tech Start-Ups

The Singapore government has set aside \$30 million to help incubate medical and clean technology start-ups. It will be used to select 2 accelerators which can incubate infant start-ups.

This is the second tranche of funding to follow the first \$40 million dispensed in 2011, when 2 medical technology accelerators were appointed. The accelerators will identify and evaluate high potential start-ups, before financing and managing them.

The funding is managed by SPRING SEEDS Capital (SSC), a subsidiary of SPRING Singapore. It will co-invest in these start-ups on a 1:1 basis.

Rikvin acknowledges that nudging the economy towards a more sustainable one which is built on long-term foresight, instead of one based on short-term investments which result in

only temporary increases in economic productivity and growth, is a good move by the government.

Pushing for growth in the medical and clean technology sectors will place Singapore as one of the emerging global hubs for these sunrise industries.

To read more, please visit:

www.rikvin.com/blog/30-million-set-aside-medical-clean-tech-start-ups/



Singapore Banks Raise Minimum Monthly Balance

Some SMEs are facing increasing costs as banks increase their minimum monthly balances.

This adds on to the other difficulties which they encounter, including lack of access to financing, higher rental costs, late payments and manpower crunches.

Although banks have positioned themselves as partners of SMEs, moves such as increasing the minimum daily balance and levying "fall below fees" for those not meeting the prescribed average monthly balance, have been seen by SMEs as detrimental to businesses.

For example, for Singapore dollar accounts, Citibank and HSBC

require initial deposits and average balances of S\$50,000 each. DBS requires an initial deposit of \$3,000 and an average daily balance of \$8,000, while UOB requires an initial deposit of \$5,000 and an average monthly balance of \$20,000.

These rates are far higher than those of Malaysian and Indian banks in Singapore, which have maintained lower initial deposits and average balances. Malaysian bank CIMB requires just S\$3,000 in both initial deposit and average balance, while Indian bank ICICI requires \$1,000 in initial deposit and average balance.

To read more, please visit:

www.rikvin.com/blog/banking-costs-small-accounts/

Rikvin Speaks at Sovereign Man Workshop

Executives from Rikvin spoke at the Offshore Tactics Workshop this month, upon the invitation of Sovereign Man. Sovereign Man has organised numerous workshops with guests such as Jim Rogers and Ron Paul. The workshop, which was held at the Regent Hotel in Singapore, was attended by 100 guests who have flown in from all over the world.

Mr. Satish Bakhda, Head of Operations at Rikvin, who was also a guest speaker at another Sovereign Man workshop held in Santiago earlier this year, shared some key topics that are of interest to the workshop attendees, including the following:

- taxation in Singapore

- how to incorporate a company in Singapore
- the pros and cons of offshore company setup
- Singapore corporate banking options

Prior to the workshop, Simon Black, a spokesman at Sovereign Man had said: "[The Singapore government] has created conditions to attract foreigners, foreign business, and foreign capital from all over the world. [...] The banking system here is also a major plus [...] it makes all the sense in the world to move a portion of your savings to a place like this."

To read more, please visit:

<http://www.rikvin.com/blog/place-to-do-business/>

Singapore Clarifies Immigration Policies to France

During a France-Singapore Business Forum in Paris this month, Mr. Jean Burelle, Chairman of the MEDEF International, the French Business Confederation, has flagged work visas as an issue to French businessmen who have plans to expand to Singapore.

In response to that, PM Lee Hsien Loong said that Singapore's immigration and foreign worker policies must be sustainable over the long term and contribute to a larger social and political good.

The city-state is in the midst of an economic restructuring, which requires it to work towards improving its people's lives and capabilities. At the same time, it must maintain some openness as an economy in order to nurture win-win relationships with other countries.

As discussed last year, in our blog "Singapore Must Maintain Strategic Open-Door Policy on Pain of Further Brain Drain," it is more prudent for the city state to

maintain a strategic open-door policy in order to maintain a vibrant economy that in turn serves Singaporeans well.

"Taking foreign talents out of the equation simply isn't realistic or meaningful. While we understand the pain points felt by many Singaporeans, this issue, like PM Lee said, must be handled carefully and has great bearing on our progress as a country and economy," said Mr. Bakhda.

To read more, please visit:

www.rikvin.com/blog/singapore-clarifies-immigration-labour-policies-france/



Ireland Mends Tax Loophole, Pledges Cooperation

Months after fending off allegations of being a tax haven for brands like Google, LinkedIn and Facebook, and inadvertently siphoning \$100bn annually off U.S' and Europe's tax coffers, Ireland has recently introduced a new Finance Bill.

In a move that is meant to appease its angry neighbours, Irish Finance Minister Michael Noonan pledged that Ireland will cooperate with "solving" global tax challenges, instead of being a part of the problem. Most saliently, under the new Bill, a company that has been incorporated in Ireland will be deemed as an Irish tax resident for tax purposes.

This amendment will affect corporations that have set up Irish registered companies but are managed and controlled in an EU member state or a country with which Ireland has an Avoidance of Double Taxation (DTA/DTT) treaty, for example, the US.

In particular, it will hit companies that have incorporated in Ireland in order to take advantage of former tax loopholes and in turn benefit from tax strategies called

the Double Irish or Double Irish (with a Dutch Sandwich).

Feargal

O'Rourke, the man behind the

tax strategies, opined that the Double Irish will disappear as the OECD (Organization for Economic Cooperation and Development) cracks down on tax avoidance worldwide.

Rikvin recognizes that the move to greater transparency has been set in motion after the worldwide financial crisis of 2008-9. In a bid to improve its bilateral relations, Singapore too has last year shared a list of suspected tax evaders with the tax authorities in India, following the release of the "White Paper on Black Money" by the Indian financial authorities.

To read more, please visit:

www.rikvin.com/blog/ireland-tax-loophole-pledges-cooperation/



Singapore Poised to be Gateway for Gulf Economies



Singapore is increasingly making use of its status as the economic hub of the east to position itself as the gateway to Asia-Pacific for Gulf companies from Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

According to Senior Minister of Trade Lee Yi Shyan, the GCC-Singapore Free Trade Agreement (GSFTA) is an important signal to firms that the respective governments are making it easier for businesses in both communities to work closer with each other.

The FTA will lower tariffs for Singapore-made goods and refined oil products, as well as grant preferential

treatment to GCC nationals in Singapore in areas such as the law, engineering and retail. Singapore will also grant zero-tariff treatment on all GCC imports.

Rikvin recognizes that businesses such as those in the telecommunications, petrochemicals, jewellery, electrical and electronic equipment, machinery and iron & steel-related industries are especially expected to benefit from the FTA.

Companies which have set up a presence in Singapore will also be better placed to enter Asian markets by using the island state as a springboard. Establishing their regional headquarters here would also be beneficial.

To read more, please visit: rikvin.com/blog/singapore-gateway-east-gulf-economies

S'pore Economy to Get Boost with EU-S'pore FTA

Singapore's economy can look forward to a boost of at least 0.94% over the next decade once the EU-Singapore Free Trade Agreement (EUSFTA) takes effect in 2014. That's a conservative figure, considering that it underestimates the value the FTA brings to trade in services and the increase in number of opportunities for businesses.

According to a report in The Straits Times, businesses here will find it easier to trade with Europe. Local exports to the Eurozone is estimated to increase by S\$5.9 billion during this period, according to figures provided by the European Commission's directorate-general for trade.

The EUSFTA is unique such that it covers all 28 countries in the Eurozone.

It includes duty-free access for goods, improved market openness for services, as well as competition policy and technical barriers to trade. The EUSFTA has undergone 11 rounds of negotiations since March 2010 before it was concluded late last year.

Singapore is the EU's largest trading partner in ASEAN, with trade reaching S\$106 billion in 2011. The EU is also Singapore's largest export destination, ahead of China, the United States and other ASEAN countries.

Rikvin understands that firms that have a presence in Singapore will have access to larger European markets which include 28 member states and more than 500 million consumers.

Commenting on this, Mr. Satish Bakhda, Head of Operations at Rikvin, said, "In light of the 9.7% growth in trade in goods between Singapore and EU in 2012, this FTA is set to significantly increase the number of opportunities which Singapore firms can tap. Opportunities for Singapore companies are abound in the machinery, transport equipment, chemicals and manufactured goods sectors."

Conversely, EU companies can choose to carve out new pathways in Asia Pacific by establishing their Asian headquarters in Singapore.

"The Eurozone is already a major investor in Singapore, parking €122.8 billion worth of investments here. The FTA will help open doors for European firms which are keen to start a new strategic push into Asia. We are optimistic that this will in turn benefit Singapore's economy as well," he added.

To read more, please visit: www.rikvin.com/blog/spore-economy-boost-eu-spore-fta