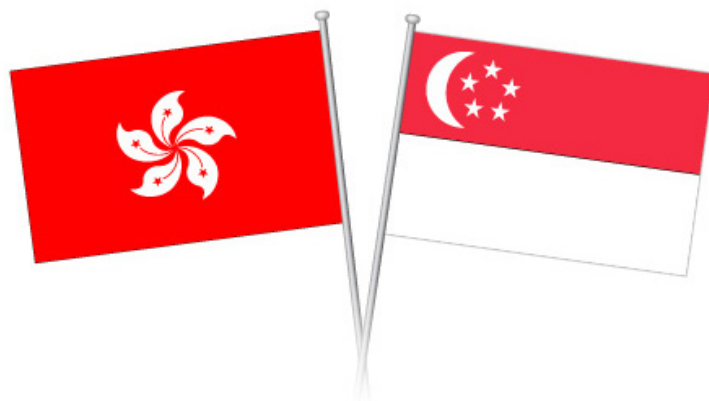


# DOING BUSINESS IN SINGAPORE VS. HONG KONG



	Hong Kong	Singapore
<b>Available Entities for Doing Business</b>	<ul style="list-style-type: none"> <li><b>Limited Company (Ltd)</b> - A tax efficient, separate legal entity that offers limited financial liabilities for its members up to the value of the shares that they own but have not paid for.</li> <li><b>Branch Office</b> – Allows a company incorporated outside Hong Kong to establish a place of business in Hong Kong. Unlike a subsidiary limited company, a branch office is not a separate legal entity from the parent and can leverage funds off the credit rating of its owner.</li> <li><b>Representative Office(RO)</b> - A RO is a temporary administrative office meant for conducting market research and feasibility studies. The overseas parent company bears all liabilities.</li> <li><b>Sole-proprietorship/Sole Trader</b> - A structure which is not a separate legal entity. The sole proprietor has unlimited liability and there is no protection of personal assets.</li> <li><b>General partnership/ordinary business partnership</b> - Partners face unlimited business liability and are personally responsible for the debts of the partnership even if it results from action of other partners.</li> <li><b>Limited partnership</b> - A limited partnership comprises limited partners and at least one general partner. Limited partners' liability is limited to their investment, but General partner has unlimited liability.</li> </ul>	<ul style="list-style-type: none"> <li><b>Private company limited by shares (Pte Ltd)</b> - A tax efficient, separate legal entity that offers limited financial liabilities for its members up to the value of the shares that they own but have not paid for.</li> <li><b>Public company limited by guarantee</b> - The company members' financial liability is limited up to the specific amount of the guarantee provided by them. Most non-profit organizations prefer this business structure.</li> <li><b>Limited liability partnership (LLP)</b> - A LLP is a separate legal entity. The partners in a limited liability partnership aren't personally liable for debts the business can't pay. Their liability is limited to the amount of money they invest in the business. Limited liability partnerships are most often set up by professional services firms, like solicitors or accountants.</li> <li><b>Branch office</b> - A branch office is an extension of the foreign parent company. It is not a separate legal entity.</li> <li><b>Representative office (RO)</b> - A RO is a temporary administrative office meant for conducting market research and feasibility studies. The overseas parent company bears all liabilities.</li> <li><b>Sole-proprietorship/Sole Trader</b> - A structure which is not a separate legal entity. The sole proprietor has unlimited liability and there is no protection of personal assets.</li> <li><b>General partnership/ordinary business partnership</b> - Partners face unlimited business liability and are personally responsible for the debts of the partnership even if it results from action of other partners.</li> <li><b>Limited partnership</b> - A limited partnership comprises limited partners and at least one general partner. Limited partners' liability is limited to their investment, but General partner has unlimited liability.</li> </ul>
<b>Requirements For Incorporating a Ltd/Pte Ltd</b>	<ul style="list-style-type: none"> <li>Shareholder – 1</li> <li>Director – 1</li> <li>Corporate Director - Yes</li> <li>Local Company Secretary - Yes</li> <li>Authorised Capital – HK\$ 10,000 (Standard)</li> <li>Bearer Shares - No</li> <li>Hong Kong Registered Office - Yes</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder – 1</li> <li>Director – 1 (at least 1 Director to be ordinarily resident in Singapore)</li> <li>Corporate Director - No</li> <li>Local Company Secretary – Yes</li> <li>Authorised Capital – Not Applicable</li> <li>Bearer Shares - No</li> <li>Singapore Registered Office – Yes</li> </ul>
<b>Time to Incorporate</b>	7 days	1 -2 days
<b>Bank Account Location</b>	Anywhere	Anywhere
<b>Exchange Control</b>	None	None
<b>Book of Account</b>	Must be maintained	Must be maintained
<b>Tax Information Exchange</b>	Yes	Yes
<b>Legal Regime</b>	Based on English Common Law System	Based on English Common Law System
<b>Immigration</b>	Various visas are available for long or short term stay in Hong Kong. Hong Kong maintains an open door policy for well-qualified candidates.	Various visas are available for long or short term stay in Singapore. Singapore maintains an open door policy for well-qualified candidates.
<b>Currency and Exchange Rate</b>	1 USD = 7.75 HKD	1 USD = 1.25 SGD
<b>Corporate Tax Rate</b>	<ul style="list-style-type: none"> <li>16.5% for Corporations</li> <li>Progressive Rates up to 15% for unincorporated businesses</li> <li>Tax Exemption/ Concessional Rate of 8.25% of applicable to profits derived from certain securities or types of business (e.g. qualifying debt instruments or profits derived from the business of reinsurance of offshore risks by a professional re-insurer).</li> </ul>	<ul style="list-style-type: none"> <li>17% headline tax for Corporations</li> <li>Schemes like Start Up Tax Exemption, Partial Tax Exemption apply for start-ups.</li> </ul>
<b>What is Taxable</b>	<ul style="list-style-type: none"> <li>Only Hong Kong sourced taxable profit from a business carried on in Hong Kong.</li> <li>Offshore profits, capital gains, dividends, and most Hong Kong bank deposit interest income are exempt from tax even if they are remitted to Hong Kong.</li> </ul>	<ul style="list-style-type: none"> <li>Income derived by companies in Singapore</li> <li>Foreign income on a remittance basis</li> <li>Exemptions for certain foreign-sourced incomes apply</li> <li>Double taxation is eliminated through the provision of a foreign tax credit for taxes suffered by the taxpayer abroad on the remitted income and through avoidance of double taxation agreements.</li> </ul>
<b>Who is a Resident Corporation</b>	<p>Location of the corporation's central management and control.</p> <p>For both Hong Kong and Singapore residency is not relevant for taxation. However, tax residency is relevant to determine if the company is eligible to the treaty benefits like the Double Tax Avoidance Agreements entered into by the country and other tax benefits and exemptions applicable only to a resident company.</p>	Location of the corporation's central management and control.
<b>Calculating Taxable Income</b>	Corporate taxable income is measured by net revenue reduced by expenses. Generally, all expenses incurred in the production of taxable profits are deductible. Capital expenditure on equipment and buildings qualifies for tax depreciation allowances, but (with some exceptions) not spending on intangibles of a capital nature.	Corporate taxable income is determined by taking income and subtracting deductible expenses, capital allowances ( tax amortisation) and approved donations.  Unutilised losses, capital allowances and donations may also be carried forward, subject to meeting prescribed conditions.
<b>Business Loss</b>	<ul style="list-style-type: none"> <li>Carry backward - Not allowed</li> <li>Carry forward - Indefinitely</li> </ul>	<ul style="list-style-type: none"> <li>Carry Backward – Allowed for 1 year (cap of SGD 100,000 apply)</li> <li>Carry forward – Indefinitely (subject to shareholding test)</li> </ul>
<b>Capital Gains Tax</b>	None	None
<b>Withholding Tax</b>	<p>Dividends – No withholding Tax.</p> <p>Interest Payment - No withholding Tax. N.B. Prohibitions on borrowers deducting interest.</p> <p>Royalty – At 4.95% or 16.5%* on royalties paid to a non-resident person for the use of or right to use intellectual properties such as patent, design, trademark, copyrighted material etc.</p> <p><i>*Higher rate applies where the payment is made to an associate of the payer; and the Intellectual Property for which the payment is being made, was owned by a person carrying on a business in Hong Kong.</i></p>	<p>Dividends – No withholding Tax.</p> <p>Interest payment – 15% on gross interest if interest is paid to a non-resident that does not have business operations in Singapore</p> <p>Royalty – 10% on gross payment if paid to a non-resident that does not have business operations in Singapore</p>
<b>VAT/GST</b>	None	7% Standard Rate on local delivery of goods and services. (Exports of goods and services are either zero-rated or exempted).
<b>Transfer pricing</b>	Departmental Interpretation and Practice Notes No. 46 (DIPN 46) released in 2009. Generally consistent with the OECD Guidelines and with international transfer pricing practices.	The Singapore transfer pricing guidelines were issued in 2006. Generally consistent with the OECD Guidelines and with international transfer pricing practices.
<b>General Anti Avoidance</b>	Tax authorities have the ability to disregard any transaction which: <ul style="list-style-type: none"> <li>is artificial or fictitious; or</li> <li>was entered into for the sole or dominant purpose of obtaining a tax benefit.</li> </ul>	Tax authorities have the ability to disregard any transaction where the purpose or effect of the arrangement is to: <ul style="list-style-type: none"> <li>alter the incidence of any tax payable;</li> <li>relieve any person of tax liability; or</li> <li>reduce or avoid any tax liability which would otherwise have been imposed.</li> </ul>
<b>Thin Capitalization</b>	There are no thin capitalization rules in Hong Kong, but the deduction of interest expenses is limited, especially with regard to interest paid to Non-residents.	None.
<b>Controlled Foreign Company Rules</b>	None.	None.
<b>Tax Treaties</b>	More than 30 Comprehensive Double Taxation Agreements concluded	75 Comprehensive Double Taxation Agreements concluded. In addition, there are 8 limited treaties which deal with income from shipping and air transport enterprises.
<b>Stamp Duty</b>	Ad valorem stamp duty payable on the transfer of Hong Kong real estate. Special Stamp Duty and Buyer's Stamp Duty might be imposed over and above the ad valorem stamp duty.	On transfers of Singapore immovable property and shares in a Singapore company. On top of the Buyer's Stamp duty, an Additional Buyer's Stamp Duty (ABSD) to be paid by certain groups of people who buy or acquire residential properties (including residential land). A seller's stamp duty (SSD) is imposed on industrial properties (known as "industrial SSD").
<b>Minimum Wage Rules</b>	Minimum Wage Bill was passed in 2010 and Statutory Minimum Wage (SMW) is prescribed.	There is no minimum wage/salary in Singapore. Salary is subject to negotiation and mutual agreement between an employer and an employee or the trade union representing the employees.