



**Advisory, Tax &
Regulatory Services in
India, Singapore & the US**

Why do Global Entrepreneurs prefer Singapore for Expansion?

Singapore vis-à-vis India – Ranking Comparison

<u>Parameters</u>	<u>Singapore's Rank</u>	<u>India's Rank</u>
Ease of Doing Business	2	77
Global Passport Power Index	2	68
Unemployment Rate	133	85
WEF Global Competitiveness Index	2	58
Global Innovation Index	5	57
Global Peace Index	8	136

Benefits

- A well-developed economy backed by a strong financial system
- Simple process of registration
- Strategic geographical location having admirable infrastructure facilities
- Well-functioning government that is free from red-tapism or corruption
- Robust start-up ecosystem
- Low tax and interest rate

Company Registration Process

- Minimalistic documents required
- No need of apostillation and notary
- Short time frame
- Usually other licences are not required

Singapore Compliances

- File annual tax returns with the Inland Revenue Authority of Singapore (IRAS)
- File annual returns with Accounting and Corporate Regulatory Authority (ACRA)
- Filing of ECI (Estimated Chargeable Income)
- Registration for the Goods and Services Tax (GST), if revenue exceeds S\$1 million, in any one financial year and filings thereof

Due Dates

- ECI Filing Due Date – All companies are required to file ECI within three months from the end of the financial year except for the companies that are specifically not required to file.
- Corporate Income Tax Return - The due date is 30th November (for hard copy forms) and 15th December (for e-filing).
- ACRA Filing Due Date – Every Singapore Company must file an Annual Return with ACRA within 1 month of its AGM

Singapore – Tax Slab and Exemption

- One of the lowest tax rates in Asia
- Flat 17% corporate tax rate
- Partial tax exemptions available for start-up companies
- Corporate losses can be carried forward to offset future profits, as long as company is active during the financial year

Singapore vis-à-vis India – Tax Rates and Structure

SINGAPORE

- Slab-wise tax exemption on corporates
- No concept of tax on capital gains
- A flat rate of 7% GST
- Corporate tax rate is 17%

INDIA

- No such tax exemption
- Any sale of shares, securities, mutual funds etc. gets taxed under these tax laws
- Highest rate of GST extends as high as 28%
- Corporate tax rate is 25%

Singapore – Tax Slab and Exemption for Startups where any of the first 3YAs fall in or after YA 2020

- On First \$ 1,00,000 – @75% exempt from tax = \$75,000
- On Next \$ 1,00,000 - @ 50% exempt from tax = \$50,000
- Total \$ 2,00,000 - Amount exempt from tax = \$ 1,25,000

Also there is corporate income tax rebate @ 25% capped at maximum of \$15,000

Example of the above tax slab

For the YA 2020 Profit is \$ 19,683

Tax Exemption on first \$ 19,683 @ 75% off - \$14763

Chargeable Income - \$4921

Tax @ 17% - \$836.55

Less: Corporate Income Tax Rebate @ 25% - \$209.14

Final Tax Payable - \$627.41

Certificate of Residence

A COR is a letter certifying that a company is a tax resident of Singapore, i.e. the control and management of its business is exercised in Singapore.

To obtain a COR a company must be tax resident in Singapore.

A company is either a tax resident or a non-resident of Singapore. In Singapore, the tax residency of a company is determined by **the place in which the business is controlled and managed**. Generally, a company will be considered to be a Singapore tax resident for a particular Year of Assessment (YA) if the control and management of its business was exercised in Singapore in the preceding calendar year. For example, a company is a Singapore tax resident for YA 2020 if control and management of its business was exercised in Singapore for the whole of 2019.

Conversely, a company is a **non-resident** when the control and management of the company is not exercised in Singapore.

Do note that the place of incorporation of a company is not necessarily indicative of the tax residence of a company.

Certificate of Residence

A Company can apply for Certificate of Residence for :-

1. The Current Calendar Year
2. Upto four back calendar years

For example, in the calendar year 2020, the company may apply for a COR for the calendar years 2016 to 2020. The COR is granted to the company for the calendar year only if the control and management of its business is exercised in Singapore in the specified calendar year. If the COR is granted for the calendar year 2020, it means that the company is a tax resident of Singapore throughout the calendar year 2020.

Audit Requirements in Singapore

- ❖ The Singapore Companies Act states that every company must get its financial statements and accounting records audited by an auditor on an annual basis unless the company meets the audit exemption requirement.
- ❖ The Companies Act was amended in 2014 to update the audit exemption criteria for companies and introduced the concept of a “small company”. A company that qualifies as a small company is not required to appoint an auditor and have its accounts audited. The Amended Act was made effective starting from July 1, 2015. A company is considered to be a small company if it fulfils at least two out of the following three conditions:
 1. The total annual revenue of the company must not exceed S\$10 million;
 2. The total assets of the company for the financial year end must not exceed S\$10 million;
 3. The number of full-time employees at the end of the financial year must not exceed 50.

Besides private companies, group companies (holding and subsidiary companies) can also avail the audit exemption if they qualify as a small group.

Group Company Audit in Singapore

- ❖ A group company is defined as a holding company and its subsidiaries that together form a group due to a common source of control.
- ❖ A group company will be exempt from annual audit of its accounts if the holding and all subsidiary companies individually:
 - Fulfil at least 2 of the small company qualifying conditions and
 - Belong to a “small group”
- ❖ To qualify as a “small group”, the group (comprising of all the companies) must fulfil two out of the following three conditions in the immediate two preceding financial years:
 1. The consolidated revenue must not exceed S\$ 10 million;
 2. The consolidated total assets must not exceed S\$ 10 million;
 3. The total number of employees of the group must not exceed 50.

In other words, this means that to qualify for the audit exemption, the individual subsidiary companies as well as the holding company, as a group, must fulfil the eligibility criteria of a small company.

RBI Compliance

- The Shareholders when transferring the subscription amount or infusion of further funds has to do the ODI Compliance in sync with the FEMA Guidelines issued by the Reserve Bank of India
- Within 3 months from the End of Financial Year the holding company has to file Annual Performance Report to the RBI

VISA REGULATIONS

Singapore Employment Pass can be applied if you are:

- An entrepreneur, executive or managing director of a Singapore company and wish to relocate to manage your company operations;
- A locally-incorporated Singapore company and need to hire an employee from overseas;
- You have an employment offer from a Singapore employer. In this case, your employer will make the EP application on your behalf.

MOM takes into consideration a number of factors such as the applicant's qualifications, work experience, job scope, economic contribution, employer track record and ability to complement Singapore's local workforce.

The validity of an EP varies and are as follows:

- First-time applicants – up to 2 years
- EP renewals – up to 3 years

Time-Frame required

- 6-8 Weeks

Dependant's Pass (DP)

Singapore EP holders earning **S\$6,000** or more a month can apply for Dependant's Passes for their:

- Spouse (legally married)
- Unmarried children under 21 years of age, including legally adopted children
- As a DP holder, your spouse may legally work in Singapore. However, his/her prospective employer is required to apply for a Letter of Consent (LOC) with MOM before he/she commences work

Benefits of receiving Grants-

- Non dilution of Equity
- No need to repay funds
- Provide important strategic connect
- Provides Technical knowhow

Enterprise Development Grant

Based on 3 crucial pillars-

- Core Capabilities
- Innovation and Productivity
- Market Access

The grant funds up to 70% of qualifying project costs

Eligibility Criteria-

- Be registered and operating in Singapore
- Have a minimum of 30% local shareholding
- Be in a financially viable position to start and complete the project

STARTUP SG TECH

- Companies will receive funding for both Proof-of-Concept (POC) and Proof-of-Viability (POV) projects
- Can receive funding of up to S\$ 500,000
- Eligibility Criteria
- The Applicant-company must be an SME. An SME is defined as a company with:
 - a) At least 30% local shareholdings; AND
 - b) Company Group annual sales turnover of not more than S\$100 million; OR Company Group Employment size of not more than 200 workers.
- The Applicant-company is a Pvt Ltd Company and should have been established for 5 years or less at the time of grant application

Financial Sector Technology and Innovation (FSTI)

Scheme

- The FSTI scheme is launched by the Monetary Authority of Singapore (MAS) to provide support for the creation of a vibrant ecosystem for innovation by investing corpus of SGD 225 million.

Eligibility

Companies must be either:

- a Financial Institution licensed, regulated, supervised or registered by;
or
- a technology or solution with at least 1 Financial Institution licensed, regulated, supervised or registered by MAS sponsoring the project. Project sponsors need not have a direct financial stake in the project but must exhibit active engagement and commitment to see the project to completion.

Type of Project	Project Details	Support
Investigative Project	Projects which will develop a novel concept of resolving industry-wide problems using technology or business process.	Up to 50% of qualifying costs for each project will be supported, up to a maximum of S\$200,000*.
Technical Equivalence Trial	Trials which aim to definitively answer regulatory uncertainty about risks and benefits from replacing legacy processes with innovative ones. These trials should be rigorously designed and conducted without bias.	Up to 70% of qualifying costs for each project will be supported, up to a maximum of S\$200,000.

** Some projects may qualify for up to 70% reimbursement.*

SEEDS Capital/ Start-up SG Equity

SPRING SEEDS operates as a dollar matched funding scheme.

Eligibility Criteria

- A Singapore-based company with core activities carried out there
- Startup should not be a subsidiary or joint-venture
- Incorporated as a private limited company for less than five years
- Paid-up capital of at least S\$50,000
- Prove substantial innovative and intellectual content for its products and/or services and applications
- High-growth potential with clear scalability for the international market

Other considerations include:

- Identified a ready, independent third-party investor(s).
- Business must not be involved in the following business activities: gambling, tobacco-related products, or any other activities which are in violation of law, or against public interest.

Particulars	General tech	Deep tech
Investment cap for each startup	S\$2M from SEEDS Capital	S\$4M from SEEDS Capital
Co-investment ratio (SEEDS Capital: co-investor)	7:3 up to the first S\$250K from SEEDS Capital; 1:1 thereafter, up to S\$2M	7:3 up to the first S\$500K from SEEDS Capital; 1:1 thereafter, up to S\$4M

Their Co-Investment Approaches-

- With appointed co-investment partners in strategic, nascent industries
- With other third party co-investors into startups in all industries

Productivity Solutions Grant (PSG)

The Productivity Solutions Grant (PSG) supports companies keen on adopting IT solutions and equipment to enhance business processes.

Benefits

- Up to 70% of qualifying costs can be funded to assist businesses. With up to 70% funding support, PSG serves as an avenue for companies to make long-term technology investments.

Eligibility-

- SMEs can apply for PSG if they meet the following criteria:
- Registered and operating in Singapore
- Purchase/lease/subscription of the IT solutions or equipment must be used in Singapore
- Have a minimum of 30% local shareholding (for selected solutions only)

Market Readiness Assistance (MRA) Grant

The Productivity Solutions Grant (PSG) supports companies keen on adopting IT solutions and equipment to enhance business processes.

Benefits

- Business entity is registered/incorporated in Singapore
- At least 30% local shareholding
- Group annual turnover not exceeding S\$100 million per annum based on the most recent audited report, or group employment not exceeding 200 employees

Eligibility-

- Up to 70% of eligible costs, capped at 20K per company per fiscal year that covers:
 - Maximum of two applications per fiscal year, starting 1 April and ending 31 March the following year
 - Limited to one activity (e.g. market entry, or participation in a trade fair) per application

Business Improvement Fund (BIF)

The Business Improvement Fund (BIF) aims to encourage technology innovation and adoption, and the redesign of business models and processes in the tourism sector to improve productivity and competitiveness.

Eligibility

- Tourism companies taking on capability development initiatives
- Technology companies that create innovative technology products and services for tourism businesses

Benefits-

- SMEs may get up to 70% funding support for qualifying costs.
- Non-SMEs may get up to 50% funding support for qualifying costs.
- Funding support is awarded based on STB's evaluation of the scope and merits of the project.

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