SINGAPORE

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1. Introduction

1.1 General Information on M&A in Singapore

This chapter provides an overview of the main issues that are relevant to both purchasers and vendors on a transfer of ownership of a Singapore business.

A transfer of ownership of a Singapore business can take the form of a disposal of stock or assets. While there are significant differences in the tax implications of an asset or stock sale, it may be possible to reorganise the companies post-acquisition, in order to maximise the tax benefits that may be associated with an asset deal.

A number of incentives are available for industries and activities encouraged by the Singapore Government. A detailed list of incentives is provided in section 12 of this chapter.

The relevant taxes to be considered in the context of a M&A transaction are detailed below.

1.2 Corporate Tax

The general income tax rate for resident and non-resident companies (i.e. branches of foreign companies) is 20%. However, beginning with the 2002 tax year, three-quarters of the first S$10,000 of chargeable income (i.e. the amount on which tax is imposed) and half of the next S$90,000 of chargeable income is exempt from tax. Thus, for the first S$100,000 of chargeable income, S$52,500 thereof is exempt from tax. The remaining portion of the chargeable income is subject to the normal corporate tax rate of 20%. Dividends received from Singapore companies are not to be taken into account while computing the above exemption.

Singapore imposes income tax on income derived in Singapore, and on income which is derived outside Singapore but received in Singapore. Foreign-sourced income will be regarded as being received in Singapore if it is:

- remitted to, transmitted or brought into Singapore;
- applied in or towards satisfaction of any debt incurred in respect of a trade or business carried out in Singapore; or
- applied to purchase of any movable property which is brought into Singapore.

The following categories of foreign-sourced income received in Singapore by Singapore tax residents may be exempted from tax:

- dividends derived from companies which are not Singapore tax residents;
- trade profits earned by a branch of a Singapore resident company, located in a foreign territory; and
- foreign-sourced service income (service income is considered as being foreign-sourced if the service is rendered in the course of trade, business or profession through a fixed place of operation in a foreign jurisdiction).

The exemption will be available provided that the following conditions are met:

- in the year in which the income is received in Singapore, the headline tax rate (this refers to the highest corporate tax rate of the foreign jurisdiction, but need not be the effective tax rate) in the foreign jurisdiction from which the income is received, is at least 15%; and
- the relevant foreign income has been subject to tax (including withholding tax) in the foreign jurisdiction from which it is received. However, this condition will be considered as having been met even if no taxes were imposed in the relevant foreign jurisdiction as a consequence of a tax incentive for carrying out substantive business activities in that jurisdiction.

It was announced in the Singapore Budget 2006 that even if these conditions are not met due to technicalities (e.g. the dividend paid by the offshore dividend paying company does not qualify for the exemption, however, the dividend paid by its operating subsidiary would have qualified for the exemption, had such dividend been paid directly to a Singapore Company), it is possible to apply for tax exemption on the basis that the underlying income was derived from substantive economic activities carried out in a foreign jurisdiction, with a headline tax rate of at least 15%.

As Singapore does not have capital gains tax, only gains of a revenue nature are taxable. Gains derived from the ordinary course of business or from a transaction entered into with the intention of realising a profit, should be treated as ordinary income which is subject to tax.

1.3 Withholding Tax

Interest, loan-related payments, royalties, rent for use of movable property, management fees and technical assistance fees paid to non-residents of Singapore may be subjected to withholding tax. There is no withholding tax on dividends paid by Singapore resident companies to non-resident shareholders.

	Non-treaty rate%	**Treaty rate%**
Interest, loan-related payments and rent for use of movable property	15	0 – 15
Management fees and technical assistance fees	20	0 – 20
Royalties*	10	0 – 15

* Non-treaty rates reduced to 10% with effect from 1st January 2005. Reduced rate will also apply to treaty rates if such rates are higher than 10%.

Where the services relating to the derivation of certain payments such as loan fees and technical service fees are performed entirely outside Singapore, and the payments are at an arm's length, such payments are not subject to withholding tax. Management fees paid to related entities, which are charged at cost by the recipient, are also not subject to withholding tax.

In addition, payments of interest and royalties may also be exempted from tax under a relevant tax concession granted to a payer.

Singapore has a comprehensive network of tax treaties which operate to reduce withholding tax and exempt business profits derived by a company resident in a treaty country which does not have a permanent establishment in Singapore.

Where a non-resident entity conducts its operations in Singapore through a permanent establishment (for instance, a branch), it may obtain a waiver (subject to the satisfaction of certain conditions) from withholding tax on income (which will ordinarily be subjected to withholding tax) received from a resident of Singapore, and such income will be subjected to tax under the same procedure as that applicable to a resident.

1.4 Goods and Services Tax (GST)

GST is charged at 5% on supplies of goods and services made in Singapore by a GST registered person. Certain supplies may be charged at a zero rate but these are primarily exports of goods and services.

Some supplies are exempt from GST (e.g. sale of shares). This means that no GST is charged on their supply. It also means that no GST can be recovered on the costs relating to the making of that supply. GST can be an issue for both the purchaser and the vendor, and it can create significant cash flow costs.

1.5 Stamp Duty

Singapore imposes stamp duty on documents relating to the transfer of shares (at a rate of 0.2% on the higher of the purchase price or net asset value) and transfers of real estate (at ad valorem rates of up to 3% on the higher of the purchase price or market value). Exemptions may be available in certain circumstances such as group restructuring.

2. Acquisitions

2.1 Preference of Purchasers: Stock vs. Asset Deal

Singapore does not have detailed legislation dealing with the tax treatment of acquisitions. Accordingly, general principles of taxation will apply while structuring a deal and choosing between acquisition of assets or stock.

Whether a deal is structured as a stock deal or asset deal may largely depend on commercial considerations. A stock deal may, however, be subsequently restructured as an asset deal to allow it to be completed on a more tax efficient basis.

2.2 Stock Acquisition

Generally, it is less expensive for a purchaser to acquire the business under a stock deal, as the stamp duty on the transfer of shares is 0.2%, whereas the transfer of real property under an asset deal is subject to a maximum duty of 3%.

- Preservation of Unabsorbed Tax Losses/Capital Allowances

  Where a Target Company has unabsorbed tax losses and capital allowances and the purchaser wishes to preserve the tax losses/capital allowances, it will have to acquire the business via a stock deal, as there are no provisions to transfer unabsorbed tax losses/capital allowances from one entity to another. In addition, the Target Company would need to seek a waiver from the Ministry of Finance to comply with the continuity of substantial ownership test, for such tax losses/capital allowances to be carried forward for set off against its future income. Generally, if the acquisition price is not affected by the availability of the unabsorbed tax losses/capital allowances, the waiver should be granted.

- Continuity of Tax Incentives/Concessions

  Where the Target Company enjoys any tax incentives/concessions, the purchaser will have to acquire the stock in the company if it wishes to preserve the tax incentives/concessions, and seek prior approval from the relevant Government body to continue to benefit from the incentives/concessions.

2.3 Asset Acquisition

An asset deal allows a purchaser to select the desirable assets to be acquired and to transfer assets between one or various entities (including offshore entities) so as to optimise future intra-group payments.

Where a vendor insists on a stock deal, the purchaser may restructure the target after acquisition by transferring the business to a subsidiary to maximise the step up tax cost base of certain assets and to maximise the deductibility of interest costs.

2.4 Transaction Costs

2.4.1 GST

GST is collected by a GST-registered person (i.e. vendor) and is payable by the end user (i.e. purchaser). However, supplies of goods or services, such as transfer of shares, are exempt from GST. A transfer of a business which satisfies certain conditions is also exempt from GST.

2.4.2 Stamp Duty

Singapore imposes stamp duty on documents relating to the transfer of shares (at a rate of 0.2%) and transfers of real estate (at ad valorem rates of up to 3%). The stamp duty is payable by the purchaser unless otherwise stated in a contract.

2.4.3 Concessions Relating to M&A

The Income Tax Act, GST Act and Stamp Duty Act provide some concessions when a company is being reorganised:

- For income tax purposes, where tax depreciable assets are sold to a related party, the transferor and transferee may elect to transfer these assets at tax written down value, without giving rise to the clawback of tax depreciation previously allowed. Parties are related where the purchaser controls the vendor or vice versa, or where they belong to the same group of companies. A consequence of the election is that the purchaser can only claim tax depreciation on the tax written down value of the relevant asset;
- For GST purposes, a transfer of a business as a going concern would not be regarded as a taxable supply and would therefore not be subject to GST. In order for a transfer of a business to qualify as a transfer of a business as a going concern, certain strict tests must be met. For example, the assets must be used by the transferee to carry on the same kind of business as that of the transferor. Where only part of a business is transferred, that part must be capable of separate operation in the same kind of business in order for the transfer to meet the going concern requirement; and
- Corporate reconstructions and amalgamations may be exempt from stamp duty (on the transfer of shares or real estate as stamp duty is not applicable on the transfer of other assets) if the following conditions are met:
  - the transfer is in connection with a scheme for the reconstruction or amalgamation of companies;
  - a transferee company has been incorporated, or has increased its capital, with a view to acquisition of the business undertaking or of not less than 90% of the issued share capital of the Target Company; and

– at least 90% of the consideration for the acquisition (excluding the discharge of liabilities) consists of shares issued by the transferee company.

The stamp duty concession may be available when the restructuring occurs in connection with an initial public offer (IPO).

2.4.4 Tax Deductibility of Transaction Costs

Acquisition expenses are generally not tax deductible to the purchaser in Singapore, except any expenses which may be attributed to the purchase of inventory. Thus, if appropriate, it is preferable to book the non-deductible expenses in a country where an appropriate tax deduction may be available.

3. Basis of Taxation Following Stock or Asset Acquisition

3.1 Stock Acquisition

A stock deal will not allow the purchaser to step up the tax cost base of the assets owned by a Target Company. Thus, it would not allow the purchaser to maximise tax benefits which are generally available to an asset deal. In addition, there are limitations on the deductibility of financing costs associated with a stock deal (refer to section 4.2.1 in relation to deductibility of interest in a stock deal).

3.2 Asset Acquisition

An asset deal often allows the purchaser to step up the cost base of acquired assets for tax purposes. This would enable the purchaser to maximise tax benefits through allocating, if possible, higher costs to inventory, depreciable assets and intellectual property rights (IPR).

Generally, the cost of plant and equipment may be depreciated on a straight-line basis over the useful life of such plant and equipment. Alternatively, the cost of plant and equipment may be depreciated on a straight-line basis over a period of three years. The cost of automated or similar equipment may be fully depreciated in the first year.

A Singapore company which purchases certain types of IPR is entitled to claim a deduction on a straight-line basis over a period of five years for capital expenditure incurred in acquiring that IPR. The types of intellectual property covered are patents, copyrights and related rights, trademarks, registered designs, geographical indications, layout designs of integrated circuits, trade secrets and information that have commercial value. Legal and economic ownership of the IPR must be acquired. The IPR must be used in the acquirer's trade or business. Third-party valuations are required where the capital expenditure incurred in acquiring the IPR is S$2 million or more (for unrelated party transactions), or S$0.5 million or more (for related party transactions).

Previously, both legal and economic ownership of IPR were required to be acquired. However, it was announced in the Singapore Budget 2006 that the acquisition of only economic ownership of IPR would be sufficient, provided an approval from the Economic Development Board (EDB) is obtained.

No tax deduction is available for the cost of goodwill or any impairment in value of such goodwill. Therefore, the overall purchase price in an asset deal should, if appropriate, be allocated as much as possible to inventory, depreciable assets and other items that qualify for tax deductions.

4. Financing of Acquisitions

4.1 Thin Capitalisation

There are no thin capitalisation rules in Singapore. The decision to set a debt to equity ratio is generally governed by commercial considerations. However, where a company is set up to take advantage of a tax concession or requires a special licence from the Government (e.g. banking, insurance and telecommunications), the regulatory body may require certain ratios to be complied with.

4.2 Deductibility of Interest

4.2.1 Stock Deal

If a Singapore company is used to acquire a Target Company, interest expenses would have tax deductible value only where the company receives franked dividends (refer to section 6.1). Otherwise, dividend income received from companies that have moved to the one-tier system (refer to section 6.1) is exempt from tax and therefore, no deduction would be allowed for the interest expenses.

In order to obtain a tax deduction for the interest cost, after the stock deal, the business of the Target Company should be transferred to a new company and the debt should be pushed down to the new company level so the new company may obtain a tax deduction for the interest.

4.2.2 Asset Deal

Interest incurred on funds used to acquire a business under an asset deal should be tax deductible. Since Singapore does not have a debt to equity ratio requirement for tax purposes, it is possible to maximise the amount of debt used to acquire a business.

Where, however, the business acquired consists of assets which may not produce regular returns, interest would not be tax deductible if no income is derived from such assets in a particular year. Thus in an asset deal, it is preferable for non-income producing assets to be acquired by separate entities, and the debt/equity financing mix of each particular entity being structured appropriately to maximise interest deductibility.

5. Mergers

Singapore Companies Act contains specific provisions for the amalgamation of companies. Under the Act, two or more companies may amalgamate and continue as one company, which may be one of the amalgamated companies or a new company. This law has come into effect from 30th January 2006.

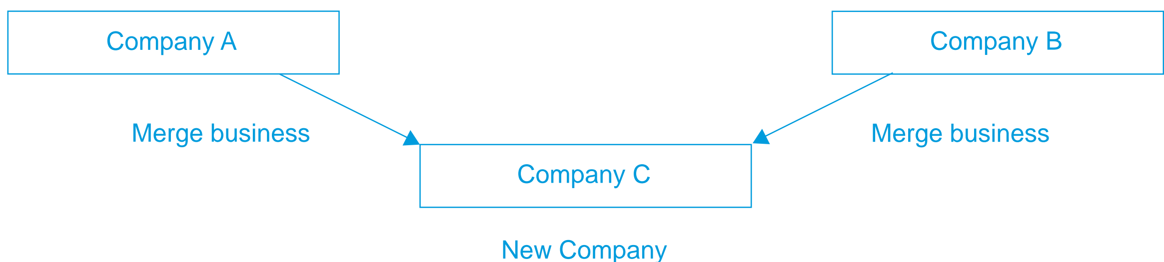
Thus, a "merger" could take place as follows:

- One Company to Merge its Business with Another Company

  Under this example, the business of Company A is merged with Company B's in consideration for shares in Company B, and the merged business will be carried on by Company B.

- Two Businesses are Merged into a New Company

  Under this example, the businesses of Company A and Company B will be merged and be carried on by a new company (Company C).



The shareholders of the amalgamating company may, in consideration of the company's business being amalgamated, receive shares issued by the amalgamated company or receive other forms of consideration from the amalgamated company.

Under the Companies Act, the effects of the amalgamation includes:

- all the property, rights and privileges of each of the amalgamating companies shall be transferred to and vested in the amalgamated company;
- all the liabilities and obligations of each of the amalgamating companies shall be transferred to and become those of the amalgamated company;
- all proceedings pending by or against any amalgamating company may be continued by or against the amalgamated company;
- any conviction, ruling, order or judgement in favour or against an amalgamating company may be enforced by or against the amalgamated company; and
- the shares and rights of the members in the amalgamating companies shall be converted into the shares and rights provided for in the amalgamation proposal approved under the Act.

It should, however, be noted that at present, there is no tax law dealing with such amalgamation. As such, until such law is enacted, companies considering amalgamation should seek rulings from the Singapore tax authorities as to the tax impact of the amalgamation to the companies involved.

6. Other Structuring and Post-Deal Issues

6.1 Repatriation of Profits

6.1.1 Dividend Payments

Singapore does not impose any restrictions on the repatriation of profits. Since 1st January 2003, Singapore has had a one-tier corporate tax system. Under this system, tax collected from corporate profits is final and all dividends paid by companies in Singapore are tax-exempt in the hands of the shareholders, regardless of the shareholder's tax residence status or legal form.

Prior to 1st January 2003, to avoid double taxation at corporate and shareholder levels, Singapore adopted an imputation system for the taxation of dividends. Under the imputation system, income tax paid by a Singapore resident company is imputed to the dividends paid to its shareholders such that the shareholders are deemed to have paid the tax equivalent to the underlying tax paid by the company.

To enable resident companies to make full use of unutilised dividend franking credits as at 31st December 2002, the Finance Minister introduced a five year transitional period from 1st January 2003 to 31st December 2007 for such companies to pay franked dividends out of their unutilised dividend franking credits as of 31st December 2002. During this period, shareholders will continue to receive franked dividends which carry tax credits and will be entitled to set off the tax credits against their tax liability. Companies also have the option to make an irrevocable election to opt into the one-tier tax system at any time during this transitional period.

6.1.2 Deemed Dividend Payments

Companies that repurchase their shares, subject to legal restrictions, are considered to have paid a dividend out of distributable profits in respect of the amount paid in excess of the contributed capital (i.e. share capital and share premium, excluding any profits capitalised through bonus issues). Similarly, payments under share capital reductions or redemptions of redeemable preference shares in excess of the relatable capital contribution would be treated as a dividend distribution. All such dividends would carry franking credits or be treated as exempt dividends under the one-tier system.

6.1.3 Other Payments

There are various avenues whereby the profits of the Target Company may be repatriated to the home country by means other than dividends. These include the payment of royalties, interest and management fees. However, the payment of such amounts may be subject to withholding taxes as discussed in section 1.2.

Appropriate tax treaties may reduce the withholding tax rates. For example, payment of interest to a Mauritius entity is not subject to withholding tax, provided that certain conditions are met. Management fees in consideration for services rendered outside Singapore that are recharged at cost should not be subject to withholding tax, or should not be taxed if an appropriate tax treaty operates to exempt the fee from tax due to the non-existence of a permanent establishment in Singapore. Singapore tax legislation does not have any specific anti-treaty shopping provisions, and where an arrangement (with commercial substance) takes advantage of a tax treaty, the reduced rate provided under that treaty should generally apply.

6.2 Unabsorbed Tax Losses and Capital Allowances

Unabsorbed tax losses from operating a trade may be carried forward indefinitely and applied against income in future years. A company may utilise its tax loss as long as its shareholders, on the last day of the year in which the loss was incurred, are substantially the same as the shareholders on the first day of the Year of Assessment in which the loss is to be utilised. The shareholders are considered to be substantially the same if 50% or more of the shareholders at the two points in time are the same.

Unabsorbed capital allowances may also be carried forward indefinitely if the company carries on the same business, and the shareholders on the last day of the Year of Assessment in which the allowances arose, are substantially the same as the shareholders on the first day of the Year of Assessment in which the unabsorbed allowances would be utilised.

A waiver to comply with the above ownership requirements may be obtained from the Minister for Finance where the substantial change in shareholding is not for the purpose of obtaining a tax benefit. Unabsorbed tax losses and capital allowances, which would otherwise be forfeited, may then be utilised, but generally only against income from the same business in respect of which they were incurred.

6.3 Continuity of Tax Incentives

Tax incentives would generally be lost when the business is transferred under an asset deal. However, it may be possible to obtain approval from the authority granting the incentive to ensure the continued applicability of the incentive to the transferred business.

Tax incentives enjoyed by a Target Company are generally preserved through a stock deal, unless prior approval is required as a condition of the initial granting of such incentives to the target.

6.4 Group Relief

Under the group relief system, current year unabsorbed tax losses and capital allowances of a company may be used for set off against the assessable income of another company belonging to the same group. Two Singapore incorporated companies are regarded as members of the same group if:

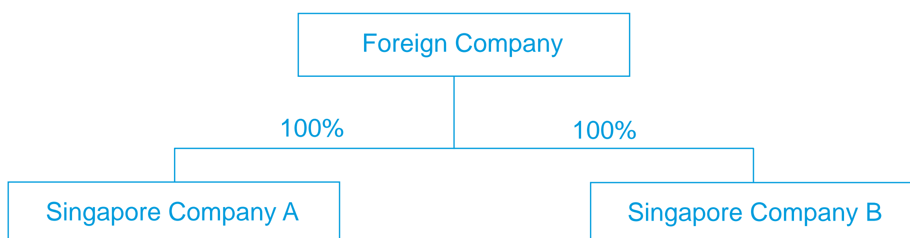
- at least 75% of the ordinary share capital of one company is beneficially held, directly or indirectly, by the other; or
- at least 75% of the ordinary share capital in each of the two companies is beneficially held, directly or indirectly, by a third Singapore company.

In determining whether the minimum 75% shareholding threshold is achieved, equity interests held through foreign companies and shares with fixed dividend rights are to be ignored. Additionally, the shareholder company must be beneficially entitled, directly or indirectly, to at least 75% of residual profits and assets (in the case of liquidation) available for distribution to all equity holders in the relevant company.

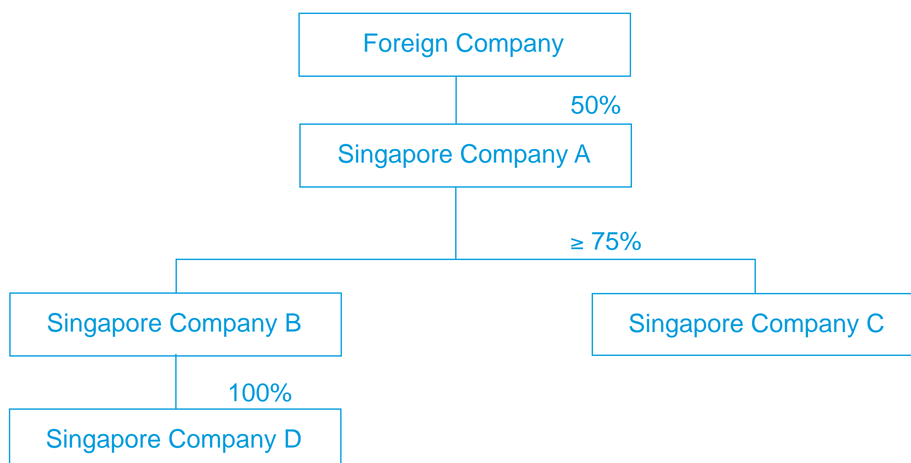
To be eligible for group relief, the companies in question must have a common year end and the shareholding requirement must be fulfilled for a continuous period that ends on the last day of the common accounting period. If the above continuous period ends on the last day of the accounting period, but does not actually cover the entire accounting year, then only the loss items attributable to that continuous period may be transferred.

Group relief may be diagrammatically illustrated as follows:

- No Group Relief



- Group Relief Available to Singapore Company A, Singapore Company B, Singapore Company C and Singapore Company D



7. Disposal

7.1 Preference of Vendor: Stock vs. Asset Deal

From a vendor's view point, it would be less complicated to sell a target through a share deal.

7.2 Stock Disposal

7.2.1 Profit on Sale of Shares

Generally, unless the vendor is a share dealer or venture capitalist, the profits derived from the sale of shares should not be subject to tax, as such profits should be of a capital nature. As a result, from the vendor's perspective, it is generally preferable to sell shares. Where a vendor is a private equity investor, it is generally accepted that the acquisition would be for a short-term gain and thus the profit derived from the subsequent disposal of shares should be of an income nature. In this regard, it may be beneficial to acquire the Singapore target through a company set up in a relevant jurisdiction with which Singapore has a tax treaty that exempts from Singapore tax profits on the disposal of shares in a Singapore company.

It was announced in the Singapore Budget 2006 that companies which have been granted the International Headquarters (IHQ) award may apply to the EDB for approved holding company status, to obtain certainty that gains from the sale of shares in approved subsidiaries will be treated as capital in nature and hence not subject to Singapore tax. Conversely, any loss from the sale of shares in approved subsidiaries cannot be set off against other income. The concession will last for five years from the date the approved holding company status is granted. The approved holding company must have a shareholding in the approved subsidiary of at least 50%, which has been held for at least 18 months.

7.2.2 Distribution of Profits

Under the one-tier system, all profits (including capital gains which have not been subject to tax) may be distributed as tax-free dividends to the shareholders.

7.3 Asset Disposal

7.3.1 Profits on Sale of Assets

In an asset deal, any price received for sale of goodwill (including self generated intellectual property which has been used in the business) should not be subject to tax in the hands of the vendor. However, any profits on the sale of inventory or tax depreciable assets (i.e. to the extent of the tax depreciation recouped) should be subject to tax in the hands of the vendor.

A corporate vendor may be prepared to enter into an asset deal if it has unabsorbed tax losses or capital allowances, or if the sale price of the inventory and tax depreciable assets is not substantially higher than their tax value.

In allocating the overall sale price to specific assets sold, the value allocated to inventory and tax depreciable assets should be on an arm's length basis, otherwise the allocation may be challenged by the tax authorities.

7.3.2 Distribution of Profits

Under the one-tier system, all profits (including capital gains which have not been subject to tax) may be distributed as tax-free dividends.

8. Transaction Costs

8.1 GST

As indicated in sections 1.3 and 1.5, the GST rate is 5%. GST is collected by a GST-registered service provider (i.e. vendor) and is payable by the end user (i.e. purchaser). However, certain goods or services, such as transfers of shares, are exempt from GST. A transfer of a business which satisfies certain conditions is also exempt from GST.

8.2 Stamp Duty

As indicated in section 2.4.2, stamp duty is generally payable by the purchaser unless otherwise stated in a contract.

8.3 Concessions Relating to M&As

As stated in section 2.4.3, the Income Tax Act, GST Act and Stamp Duty Act provide the following concessions when a company is being reorganised:

- for income tax purposes, in respect of sales of tax depreciable assets to a related party, the transferor and transferee may elect to transfer these assets at tax written down value, without giving rise to the tax depreciation previously allowed being recharged to the transferor. Parties are related where the purchaser controls the vendor or vice versa or where they belong to the same group of companies;
- for GST purposes, a transfer of a business as a going concern would not be regarded as a taxable supply and would therefore not be subject to GST. In order for a transfer of a business to qualify as a transfer of a business as a going concern, certain strict tests must be met. For example, the assets must be used by the transferee to carry on the same kind of business as that of the transferor. Where only part of a business is transferred, that part must be capable of separate operation in the same kind of business in order for the transfer to meet the going concern requirement; and

- corporate reconstructions and amalgamations may be exempt from stamp duty (on the transfer of shares or real estate as stamp duty is not applicable on the transfer of other assets) if the following conditions are met:
  - the transfer is in connection with a scheme for the reconstruction or amalgamation of companies;
  - a transferee company has been incorporated, or has increased its capital, with a view to acquisition of the business undertaking or of not less than 90% of the issued share capital of the target company; and
  - at least 90% of the consideration for the acquisition (excluding the discharge of liabilities) consists of shares issued by the transferee company.

  The stamp duty concession may be available when the restructuring occurs in connection with an IPO.

8.4 Tax Deductibility of Transaction Costs

Transaction costs are generally not tax deductible to the vendor in Singapore, except for any expenses which may be attributed to the sale of inventory.

9. Preparation of Target Company for Sale

9.1 Transfer of Certain Assets to Another Group Company

As discussed in sections 2.4.3 and 8.3, it is possible to elect for the transfer of assets between related parties to occur at tax written down value, so that the transferor is not subject to an assessable balancing charge. This election may be useful in the context of a stock deal where the vendor wants to transfer certain assets which are to be retained to another group company.

9.2 Declaration of Dividend Prior to Sale

One of the means of extracting surplus cash in a company that is identified for sale is through dividends. Where the company identified for sale has an imputation balance, a franked dividend should be declared to the maximum extent. The imputed tax may, in certain circumstances, be encashed (i.e. in a loss situation, group relief etc.).

10. De-mergers

There are no specific provisions in relation to de-mergers. A de-merger usually takes place through the sale of assets or business. It is important to note that any unabsorbed tax losses or capital allowances may not be transferable. The implications of a de-merger would generally be the same as for an asset deal.

11. Trade Sale or Listing/IPO

After acquiring a target, a financial purchaser generally looks for an exit route either through a trade sale or a public listing/IPO. Since the objectives of a financial purchaser are to maximise its return on investment and optimise its exit multiples, any profits derived from the exit route through an asset or share sale are generally regarded as income subject to tax. To realise profits in a tax efficient manner, an appropriate structure should be put in place to effect the acquisition (e.g. interposition of a Mauritius holding company to benefit from the Singapore-Mauritius Tax Treaty).

12. Tax Incentives

As mentioned in section 1, there are a number of tax incentives granted for doing business in Singapore. These include the following:

- regional headquarters (RHQ)/international headquarters (IHQ) awards;
- pioneer enterprise incentive;
- investment allowance;
- development and expansion incentive;
- export of services;
- overseas enterprise incentive;
- enterprise investment incentive;
- overseas investment incentive;
- finance and treasury centre;
- approved fund managers;
- approved international shipping enterprise;
- global trader programme; and
- approved venture company.

Entities carrying on approved activities may take advantage of a concessionary tax rate ranging from 0% to 15% for a specified period (generally between 5 to 15 years) on specified income, depending on the particular tax incentive and the outcome of negotiations with the relevant Government agency.