

# Singapore

Country M&A Team

Country Leader ~ Chris Woo

Abhijit Ghosh

David Sandison

Paul Cornelius

Peter Tan

Wong Sook Ling

Lim Hwee Seng

Sarah Wong

Name	Designation	Office Tel	Email
Chris Woo	Partner	+65 6236 3688	chris.woo@sg.pwc.com
Abhijit Ghosh	Partner	+65 6236 3888	abhijit.ghosh@sg.pwc.com
David Sandison	Partner	+65 6236 3675	david.sandison@sg.pwc.com
Paul Cornelius	Partner	+65 6236 3718	paul.cornelius@sg.pwc.com
Peter Tan	Partner	+65 6236 3668	peter.tan@sg.pwc.com
Wong Sook Ling	Senior Manager	+65 6236 3689	sook.ling.wong@sg.pwc.com
Lim Hwee Seng	Manager	+65 6236 3669	hwee.seng.lim@sg.pwc.com
Sarah Wong	Manager	+65 6236 7241	sarah.wc.wong@sg.pwc.com

## 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, where operational, commercial and financial objectives are to be met, it may be possible to reorganise the business such that the tax benefits are optimised.

Some of the key considerations to take into account in a reorganisation exercise are set out below.

### 1.2 Corporate tax

Singapore adopts a territorial system of taxation where income tax is imposed on income accrued in or derived from Singapore or received in Singapore from outside Singapore. Income is received in Singapore from outside Singapore when 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 on in Singapore, or applied to purchase any movable property which is brought into Singapore.

The following income is however exempt from tax, subject to conditions:

- Partial or full exemption of taxable profits – The first S\$152,000 of taxable profits of a company is exempt from tax. This is arrived at by exempting 75% of the first S\$10,000 and 50% of the next S\$290,000 of the company's taxable profits.

The first S\$100,000 of a start-up company's taxable profits are fully exempt during this period, while one-half of the next S\$200,000 profits is exempt from tax. Thus, the exemption threshold is increased to S\$200,000 from S\$152,500 for these companies.

- Singapore dividends – With effect from 1 January 2003, Singapore dividends are exempt from tax under the one-tier taxation system. A five-year transitional period (from 1 January 2003 to 31 December 2007) was however introduced to help ease the move to the one-tier taxation system for Singapore tax resident companies with unutilised franking credits remaining as at 31 December 2002.

These companies can continue to pay franked dividends until their credits are fully utilised or by 31 December 2007, whichever is the earlier. With effect from 1 January 2008, all remaining credits are forfeited and the companies would then move to the one-tier taxation system.

- Foreign-sourced income received in Singapore on or after 1 January 2003 by Singapore tax resident companies – The types of foreign-sourced income which may qualify for exemption are:
  - dividend income;
  - trade or business profits of a foreign branch; or
  - service fee income derived from a business, trade or profession carried on through a fixed place of operation in a foreign jurisdiction.

In order to qualify for foreign-sourced income exemption:

- In the year in which the income is received in Singapore, the headline tax rate in the foreign jurisdiction from which the income is received must be at least 15%. The headline tax rate refers to the highest corporate tax rate of the foreign jurisdiction but can be lower than this rate where the specified income is taxed under special tax legislation which is independent of the main body of income tax legislation in that country; and
- The income must have suffered some tax in the foreign jurisdiction from which the income is received. For dividends, the tax paid or payable by the dividend-paying company can be included but not beyond this tier. This requires some form of tracing and the Singapore tax authorities have suggested tracing methods which companies can adopt to prove that the dividends are subjected to some taxes in that country. These methods are however non-prescriptive. Companies are free to adopt other methods but they must be applied consistently.

Where any of the above conditions are not met, companies can still apply to the Singapore tax authorities to have the income exempt from tax when they meet certain qualifying criteria or investment structures prescribed by the authorities.

- Income qualifying for tax incentives – Companies may be granted tax incentives where they are carrying out qualifying activities and the qualifying conditions set out for the relevant incentives are met. More details of available tax incentives are provided in section 12.

In addition to the above exemption or incentive schemes, Singapore does not tax capital gains. However, gains derived in the ordinary course of business or from a transaction entered into with the intention of realising a profit are considered revenue gains and subject to tax. The relevant facts and circumstances of each case must be considered in order to determine this issue.

Once the taxable profits (net of tax deductible expenses and allowances) of a company are computed, a tax rate of 18% applies to the taxable profits for any income year 2007 onwards.

### 1.3 Withholding tax

Generally, the following payments which are made to a non-resident person are subject to withholding tax at the rates set out below:

Royalties	10%
Interest and payments in connection with loan or indebtedness	15%
Rent or payment for use of movable property	15%
Management fees and technical assistance fees	18%

Dividend payments made to non-resident or resident shareholders are not subject to withholding tax.

Singapore has a comprehensive network of tax treaties which operate to reduce or exempt withholding tax derived by a company resident in a treaty country which does not have a permanent establishment in Singapore. Hence, the above rates may be reduced to a lower rate under the relevant treaties. As the Singapore tax legislation does not have 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 would generally apply.

In addition, payments may fall outside the ambit of the withholding tax system in certain circumstances. In the case of technical services for example, fees relating to services which are performed entirely outside Singapore are not subject to tax as long as the transactions are conducted on an arm's length basis.

Management fees paid for services rendered outside Singapore that are recharged at cost should not be subject to withholding tax under local tax rules or could be protected under the business profits article of a relevant treaty.

As a further example, interest paid to a Mauritius company is not subject to withholding tax provided certain conditions are met.

Interest and royalty payments may be exempt from tax under tax incentive schemes or tax concessions granted to the payer.

Where a non-resident entity conducts operations in Singapore through a branch, it is possible to obtain a waiver from withholding tax where the non-resident entity is subjected to tax under the Singapore tax filing system. In order to obtain the waiver, the non-resident branch must meet certain conditions which include being part of a substantial overseas group, having carried on business in Singapore for at least 2 years, a good record of tax compliance and the provision of a letter of undertaking from the head office that it would make good the tax unpaid by the branch arising from the waiver, if any.

## 1.4 Goods and services tax (“GST”)

Goods and services tax (GST) is charged at 7% on supplies of goods and services made in Singapore by a GST registered person. There are few exemptions, the main ones being financial services, life insurance, the sale or rental of residential properties, the sale and lease of containers and container services, and the sale of shares. In these cases, no GST is charged on the supply and no GST can be recovered on the costs relating to the making of that supply. GST can therefore create significant cash flow issues for both the purchaser and vendor if the transactions or arrangements are not carefully considered.

## 1.5 Stamp duty

Stamp duties are levied only on written documents relating to stock, shares and immovable property. The rates vary according to the nature of the document and the values referred to in the document. Generally, the applicable rates for the following transactions are:

Transfer of shares:	0.2% on the higher of the purchase price or net asset value.
Transfer of immovable property:	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.

As the tax is levied on documents, stamp duty is payable even though the transaction may be subsequently aborted.

## 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 would apply while structuring a deal and choosing between an acquisition of assets or stock. Whether a deal is structured as a stock deal or asset deal may largely depend on commercial considerations.

### 2.2 Stock acquisition

Generally, it may be less expensive for a purchaser to acquire the business under a stock deal where real estate is concerned, 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%.

### *Unabsorbed tax losses / capital allowances*

In an asset deal, unabsorbed tax losses and capital allowances will be lost with the transfer of assets of the target company.

In a stock deal, the same tax treatment will apply unless the company meets the continuity of substantial ownership test (i.e. where the changes in the shareholder's shareholdings do not exceed the 50% threshold) required for utilisation of brought forward tax losses and capital allowances. In addition, the same business test must be met for utilisation of unabsorbed capital allowances.

Where changes in the shareholder's shareholdings exceed the 50% threshold, the target company could seek a waiver from the authorities to comply with the continuity of substantial ownership test. This is usually granted where the company can prove to the satisfaction of the authorities that the change was due to genuine commercial reasons, and is not tax driven. The waiver is granted on a case by case basis and once obtained, the unabsorbed tax losses brought forward may be set off against the target's future income but subject to the same business test.

See section 6.2 for more details of utilisation of unabsorbed tax losses and capital allowances rules, and section 6.4 for group relief transfer rules.

### *Continuity of tax incentives / concessions*

Where the target company enjoys 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. See section 6.3 for further details.

## **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, but there are operational, commercial and financial objectives to support a restructure by the purchaser after the stock acquisition, it may be possible to obtain a step-up on the tax cost base of certain assets and to justify 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 the transfer of shares, are exempt from GST. A transfer of a business which satisfies certain conditions can be excluded from GST.

### 2.4.2 Stamp duty

As noted in section 1.5, Singapore imposes stamp duty on documents relating to the transfer of shares and transfers of real estate. See section 1.5 for more details of the duty payable.

### 2.4.3 Concessions relating to mergers and acquisitions (“M&As”)

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

- a. 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 a claw-back 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;
- b. 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
- c. 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 certain conditions are met.

### 2.4.4 Tax deductibility of transaction costs

Acquisition expenses are generally not tax deductible to the purchaser in Singapore, other than expenses which may be attributed to the purchase of revenue items such as inventory. Thus, if possible, it is preferable to book the non-deductible expenses in a country where 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 in 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 below in relation to deductibility of interest).

### 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 (“IP”).

Generally, the cost of plant and equipment may be depreciated on a straight-line basis over its useful life. 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 IP is entitled to claim a deduction on a straight-line basis over a period of five years for capital expenditure incurred in acquiring it. The types of IP covered are patents, copyrights, trademarks, registered designs, geographical indications, layout designs of integrated circuits, trade secrets and information that has commercial value. Legal and economic ownership of the IP must be acquired. The IP must be used in the acquirer’s trade or business. Third party valuations are required where the capital expenditure incurred in acquiring the IP is S\$2 million or more (for unrelated party transactions) or S\$0.5 million or more (for related party transactions).

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, where appropriate, be allocated 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 (e.g. banking, insurance, telecommunications) licence from the Government, 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 incurred on funds used to finance the acquisition are only deductible against the dividend income received from the Target Company. As the franking credit system no longer applies from 1 January 2008, dividend income paid under the one-tier system is exempt from tax and therefore, interest expenses attributable to the exempt income has no tax benefit.

### 4.2.2 Asset deal

Interest incurred on funds used to acquire a business under an asset deal may be tax deductible. Since Singapore does not have formal debt to equity ratio requirements for tax purposes, it is possible to be flexible with 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.

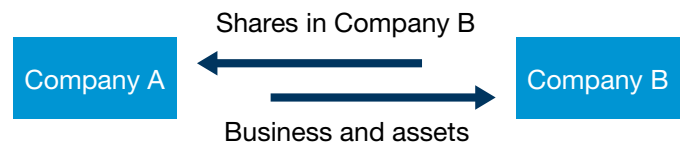
## 5. Mergers

In a Singapore context, the following options are available:

- a. Transfer of trade and assets from one company to another company

### Example 1

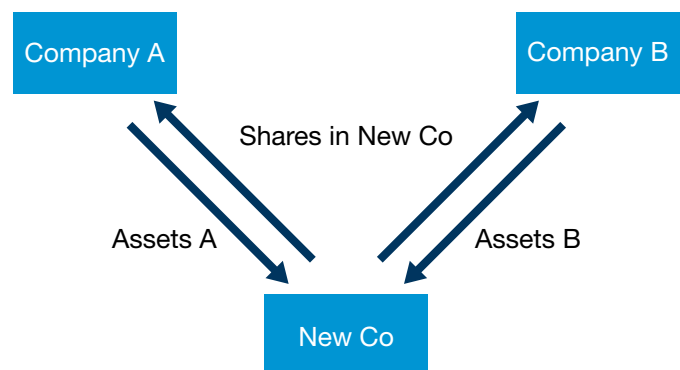
The business and assets of Company A are transferred to Company B in consideration for shares in Company B being issued to Company A.



### Example 2

Shares in New Co would be issued to Company A and Company B in proportion to the respective value of the assets transferred.

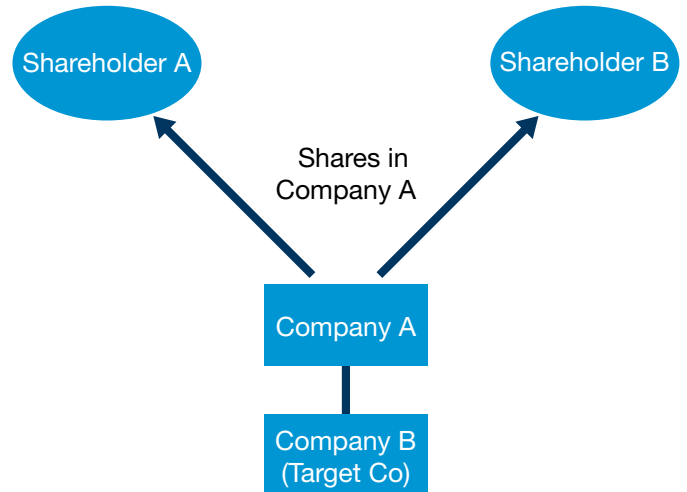
The tax implications would generally be the same as in the case of an asset deal.



b. Share swap

*Example 3*

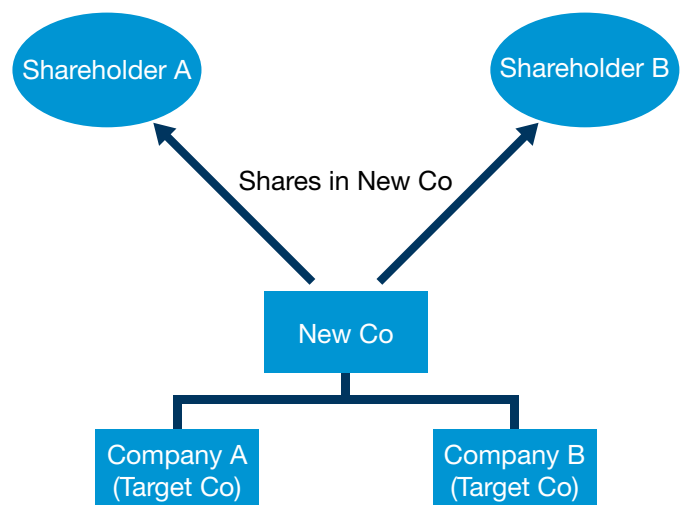
Shares in Company B would be transferred to Company A, which will issue new shares to the existing shareholders of Company B.



*Example 4*

Shares in New Co would be issued to shareholders of Company A and Company B in proportion to the respective value of the shares transferred.

The tax implications would generally be the same as in the case of a stock deal.

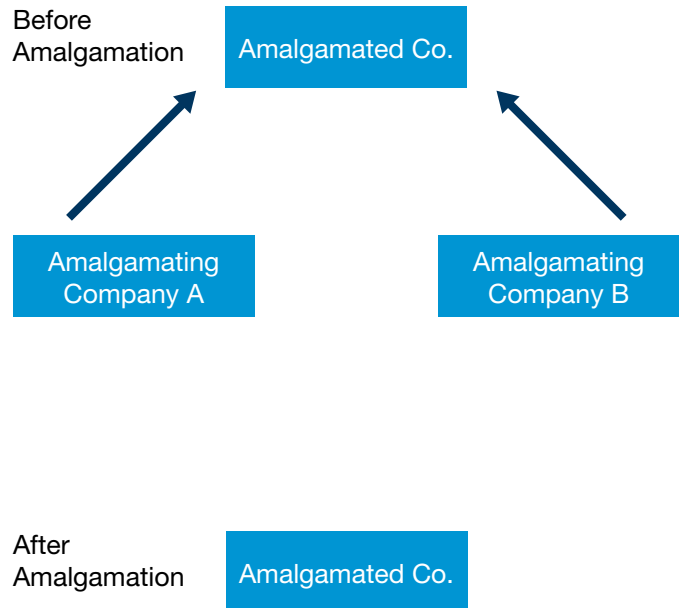


c. Amalgamation of 2 or more companies

*Example 5*

2 or more companies (“Amalgamating companies”) amalgamate and continue as 1 company (the “Amalgamated” company) which may be 1 of the Amalgamating companies or a new company. Income tax assessed against an Amalgamating company must be paid by the Amalgamated company.

In Singapore, although the Companies Act allows for the merger of 2 Singapore companies, the income tax laws does not deal with the tax treatment of an amalgamation per se. Therefore, it is advisable to seek clarification from the tax authorities on the tax impact. Stamp duty relief may be applicable if the assets transferred are dutiable assets.



## 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 1 January 2003, Singapore moved to a one-tier taxation system where tax collected at the corporate level is final and all dividend payments made by Singapore resident companies are exempt from tax in the hands of the shareholders. More details of the one-tier taxation system and the transitional rules are available in section 1.2 above.

#### 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 original capital

contribution would be treated as a dividend distribution as far as the company is concerned. It is important to note however that under certain circumstances, the income may not be treated as dividend income in the hands of the shareholders. The issue of whether the amount received is of a capital or revenue nature in the shareholder's hands must be considered in these cases.

### **6.1.3 Other payments**

There are various alternatives 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, technical or management fees. Payment of such amounts may be subject to withholding taxes and where a relevant treaty applies, the tax rate will be reduced accordingly. See section 1.3 for more details.

## **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.

With effect from 1 January 2006, companies are also allowed a one-year carry-back of its current year unutilised trade losses and capital allowances. An aggregate of \$100,000 of current year unutilised trade losses and capital allowances can be carried back, subject to the same shareholdings test as required in the carrying forward of these loss items.

## **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:

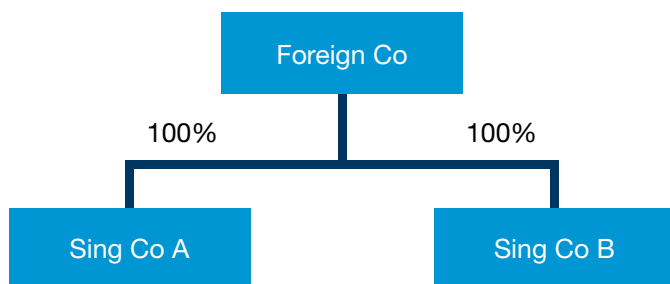
- at least 75% of the ordinary share capital of one company is beneficially held, directly or indirectly, by the other; or
- at least 75% of the ordinary share capital in each of the two companies is beneficially held, directly or indirectly, by a third Singapore company.

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.

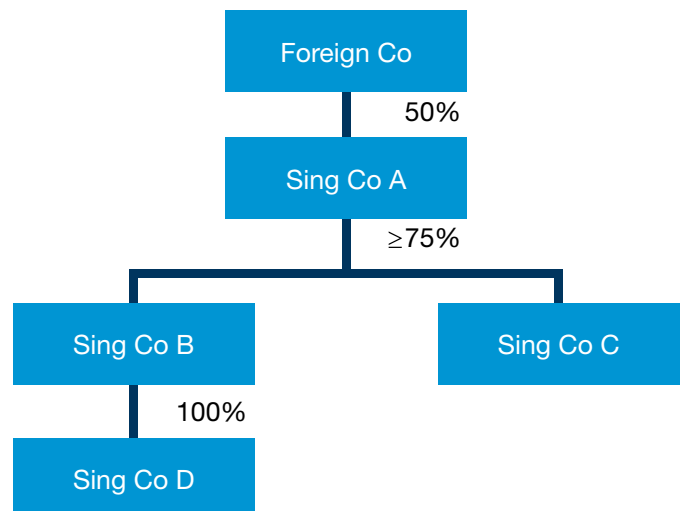
To be eligible for group relief, the companies in question must have a common year end and the shareholding requirement must be fulfilled for a continuous period that ends on the last day of the common accounting period. If the above continuous period ends on the last day of the accounting period, but 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 illustrated as follows:

i. **No group relief**



ii. **Group relief available to Sing Co A, Sing Co B, Sing Co C and Sing Co D**



## 7. Disposals

### 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 may be of an income nature. In this regard, it may be beneficial, in anticipation of a future exit, to acquire the Singapore target through a company set up offshore and argue that the gain is outside the scope of Singapore tax, or treaty protected, as appropriate.

#### 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 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 IP 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. Under certain circumstances, the inventory may be treated as trading stock for the purposes of section 32 of the Income Tax Act and transferred at cost in a restructuring exercise. Hence, the vendor can manage his tax costs on the disposal of the inventory.

As discussed in section 2.4.3, the assessable balancing charge may be avoided in a transfer of assets between related parties. An election must however be made where the vendor intends to retain certain assets in another group company.

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, unless trading stock or transfer of assets between related party rules (as mentioned above) apply, 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 taxation 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 above, the GST rate is 7%. 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 excluded.

### 8.2 Stamp duty

As indicated in section 2.4.2 above, 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 above, the Income Tax Act, GST Act and Stamp Duty Act provide concessions when a company is being reorganised.

### 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 section 2.4.3, it is possible to elect for the transfer of assets between related parties to occur at their tax written down values, 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 by 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 exempt dividends. This also has the effect of reducing the value should any disposal gain be taxable. The imputed tax may, in certain circumstances, be encashed (i.e. in a loss situation, group relief etc).



## 10. Demergers

There are no specific provisions in relation to demergers. A demerger 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 demerger 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 profit 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.

## 12. Tax Incentives

As mentioned earlier, 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 incentive;
- investment allowance;
- development and expansion incentive;
- overseas investments incentive;
- enterprise investment incentive;
- financial sector incentive scheme;
- 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.

