



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

## **Hong Kong SAR vs. Singapore:** **What's Next for Foreign Investors in Asia**





# Speakers

**David Stepat**  
Senior Manager  
International Business Advisory  
Singapore

[david.stepat@dezshira.com](mailto:david.stepat@dezshira.com)



**Guilherme Campos**  
Manager  
International Business Advisory  
South China and Hong Kong Office

[guilherme.campos@dezshira.com](mailto:guilherme.campos@dezshira.com)





# About Us

1992

Dezan Shira's establishment

500+

Our **team** of legal, tax, accounting, business intelligence and audit professionals

3,000+

Multinational **clients** that have already chosen us

80+

**Countries** served by our professional services

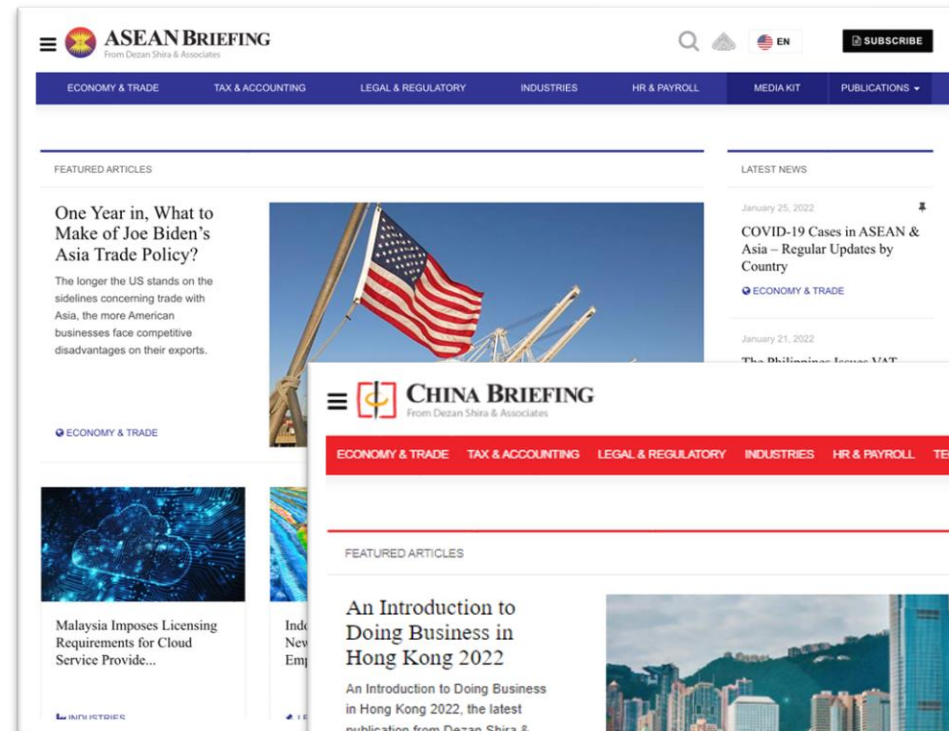
35+

**Offices** in China, Hong Kong, India, Vietnam, Singapore, Indonesia and Mongolia; Liaison offices in Italy, the United States and Germany, and Asian Alliance offices in Malaysia, the Philippines, Thailand, Bangladesh, Japan, South Korea and Taiwan.

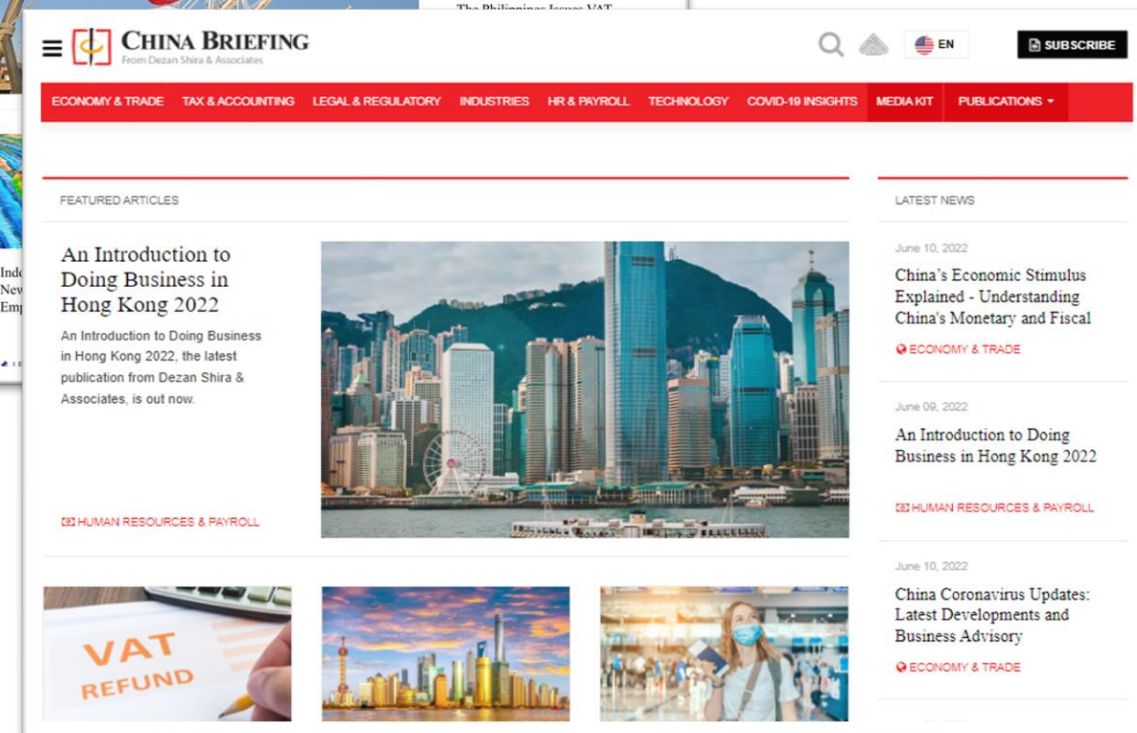




[asiabriefing.com/store](https://asiabriefing.com/store)



[aseanbriefing.com](https://aseanbriefing.com)



[china-briefing.com](https://china-briefing.com)



# 01 Hong Kong VS Singapore



# General Information

## Hong Kong



- 16.97% lower population density  
6480 people/km<sup>2</sup> vs 7804 people/km<sup>2</sup>
- 25.22\$ cheaper monthly public transport ticket  
64.10\$ vs 89.32\$
- 8 more universities  
16 vs 8
- 1.63million more inhabitants  
7.08 million vs 5.45 million
- 36.21\$ billion higher GDP (PPP)  
351.12\$ billion vs 314.91\$ billion
- Maximum income tax: 17% vs 24%



## Singapore



- 1.3% lower unemployment rate  
1.9% vs 3.2%
- 1 072.49\$ higher average salary  
4 127.52\$ vs 3 055.03\$
- 149.36\$ cheaper rent for a one-bedroom apartment  
2 108.13\$ vs 2 257.49\$
- 4.7 years younger population  
37 years vs 41.7 years
- 1.34% higher population growth rate  
2.1% vs 0.76%
- Quality of living: 25th vs 71st



## Ease of doing business

- 4 days to open a company in both places
- Bank account opening process slightly slower in Hong Kong
- Both places are high in business related rankings.



## Location

- Both locations strategically placed within Asia
- Hong Kong wins, if doing business with Mainland China is a relevant factor.



## Taxation

- Personal income tax in Singapore **2%-24%**
- in Hong Kong **2%-17%**
- In Singapore corporate tax rate is **17%**
- In Hong Kong its **16,5%**



## Talent

- Both places are very international
- Singapore has an edge over Hong Kong regarding its highly educated, largely English speaking and proficient workforce



## Political Climate

- Singapore is politically stable
- Hong Kong vs Mainland China.
- Covid restrictions



## Economy

- HK GDP will contract or expand **-0.5% to 0.5%** in 2022, (down from a previous prediction of 1% to 2%)
- Singapore's GDP growth forecast for 2022 to **3.0 to 4.0%**





# Industries

## Logistics

- Hong Kong part of the GBA (soon to be the best transport infrastructure in the world)
- Singapore is a major logistics hub ranked first in the world for logistics competence and timeliness of services



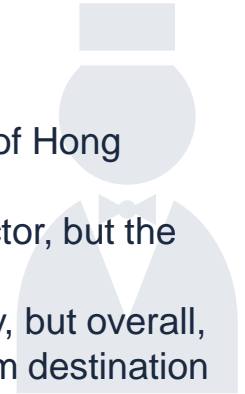
## Finance

- Hong Kong ranks 3rd financial center in the world and Singapore ranks 6th
- The gap is narrowing and exodus in Hong Kong benefits Singapore
- Singapore has been proactive in increasing its attractiveness for activities like fund management and wealth planning.



## Hospitality & Tourism

- In 2018 hospitality represented 4,5% of Hong Kong's GDP
- Government is trying to revive the sector, but the quarantine makes it hard.
- Covid affected both regions negatively, but overall, Hong Kong has a big lead as a tourism destination



## Manufacturing

- Hong Kong has an advantage if you manufacture within the GBA and use HK as a HUB.
- Manufacturing represents 0,1% of Hong Kong's economy, represents 20-25% of Singapore economy.
- Electronics, chemicals, biomedical sciences are key sectors.





# Key Considerations

- Which location is better for your business?
- When will travel restrictions in HK be lifted?
- Where are future opportunities for growth? In China or ASEAN? Or both?
- Which location offers more government support for businesses?
- Which location makes it easier for foreigners to be employed?
- Are there still advantages with a HK holding for your China setup?

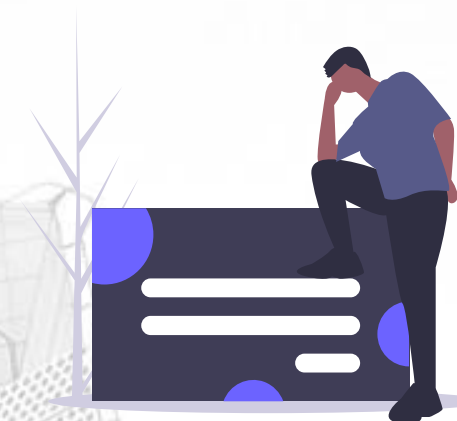
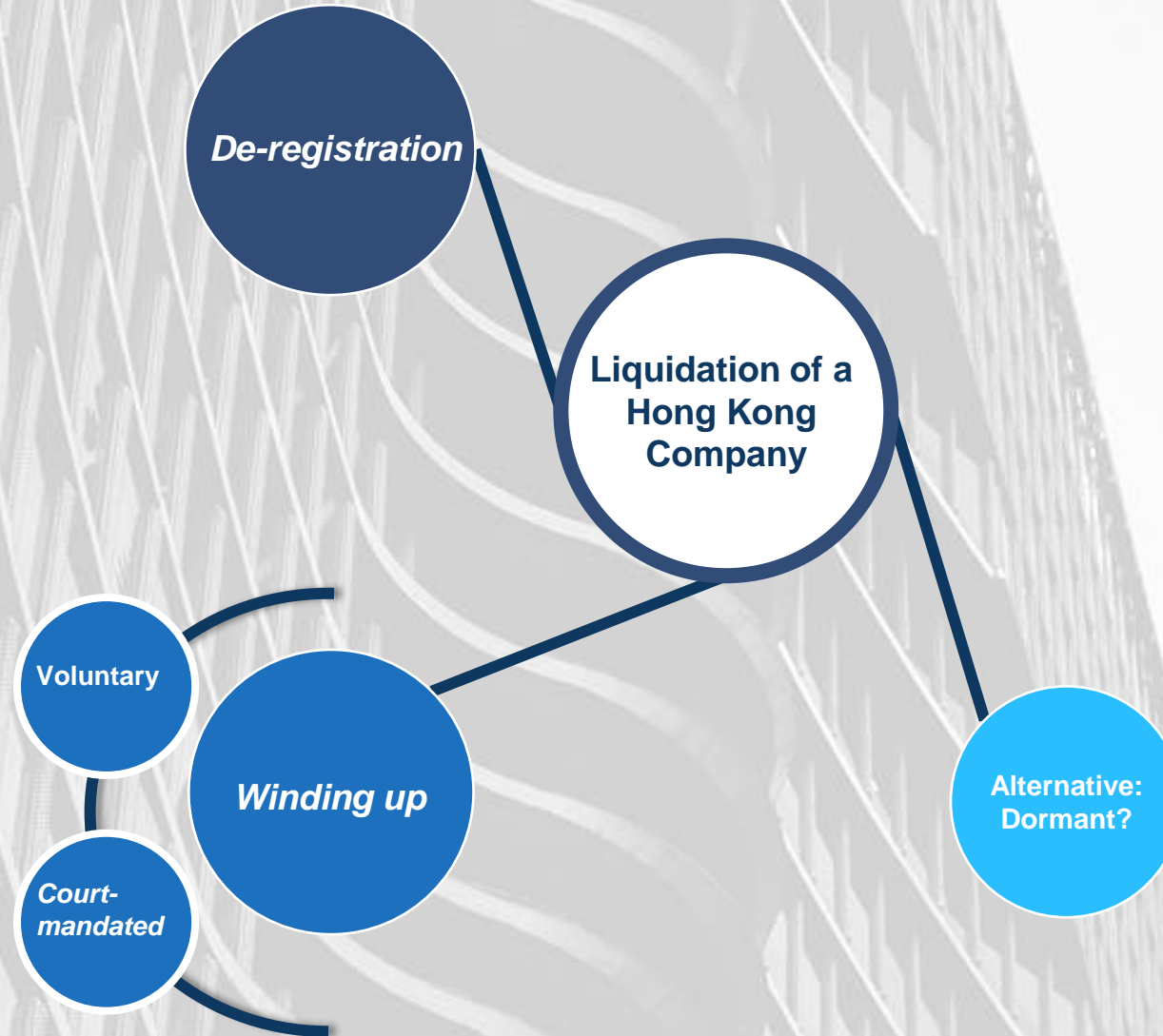


## 02 How to close a Hong Kong company





# Key concepts



# De Registration: Requirements & Procedures



01

## Requirements:

- All the members of the company agree to the deregistration
- The company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application
- The company has no outstanding liabilities
- It has obtained a written notice of no objection from the Commissioner of Inland Revenue



02

## Procedures:

- Completed form **NDR1**
- Notice of No Objection from the Commissioner of Inland Revenue (original copy)
- You must notify the Business Registration Office of the Inland Revenue Department, in writing within 1 month of the date of cessation of business, to apply for a cancellation of Business Registration.
- Until the company is deregistered, the company is still required to adhere to compliances, including the filing of annual returns and notification of situation of registered office.



私人公司或擔保有限公司  
撤銷註冊申請書  
Application for Deregistration of  
Private Company or  
Company Limited by Guarantee

Specimen

Notes: ♦ All the particulars filled in this specimen form are fictitious. Any resemblance to individuals or companies is entirely coincidental.  
♦ Please read the Notes for Completion before completing this form.

表格  
Form **NDR1**

公司編號 Company Number

7777777

註 Note

1 公司名稱 Company Name

The company number and company name must be the same as those stated in the company's Certificate of Incorporation or the last Certificate of Change of Name.

GOOD LIFESTYLE LIMITED 好生活有限公司

2 申請人證明書 Certification by Applicant

A. 申請人的身分 Capacity of Applicant

2 此撤銷註冊的申請是由以下人士作出—  
This application for deregistration is made by the following person —

請在適用的空格內加上 ✓ 號 Please tick the relevant box

- ☒ 該公司 the company  
☐ 該公司的董事 a director of the company  
☐ 該公司的成員 a member of the company

5 提交人資料 Presenter's Reference

姓名 Name: QualiSec Services Limited  
地址 Address: Room 708, 7/F,  
Lucky Commercial Building,  
2 Nathan Road, Kowloon,  
Hong Kong

請勿填寫本欄 For Official Use

Please fill in the Presenter's Reference section. The Companies Registry (CR) will issue approval letter for the deregistration application to the presenter. To facilitate communication, please provide the fax number and telephone number in Hong Kong.

電話 Tel: 1234 5678 傳真 Fax: 8765 4321  
電郵 Email: qsa@abc.com  
覆號 Reference: qsa/gls-NDR1

指明編號 1/2014 (2014年3月) Specification No. 1/2014 (March 2014)



# Court mandated winding up



# Voluntary winding up



- A special resolution for voluntary winding-up to be passed by the shareholders.
- A notice of the resolution has to be advertised in the Government Gazette within **14 days** of the passing of the resolution.
- The company has to call a meeting of creditors.
- The directors of the company have to make a full statement of the position of the company's affairs, together with a list of creditors
- During the meeting, **a liquidator** may be nominated and appointed. Further, an inspection committee may be appointed to supervise the exercise of power by the liquidator.
- The liquidator will deal with the affairs of the company. The liquidator will call further meetings of the company or creditors each year to account for his acts concerning the winding-up.
- When the affairs of the company have been fully wound up, the liquidator will produce an account of the winding-up.

## Consequences

*Upon the commencement of the voluntary winding-up, the company will cease to carry on business except that which may be required for the benefit of winding-up smoothly. The legal status and powers of the company will continue until it is dissolved.*

*Furthermore, **any transfer of shares** (except a transfer made by the liquidator or made with his/her approval), and any alteration to the status of the members of the company which is made after the commencement of a voluntary winding-up, will be **void**.*





# Rendering a company **DORMANT**



## Register a dormant company

To register for dormancy, you need to declare your intention with the **Companies Registry** through passing and delivering a special resolution

Pass a special resolution with at least **75%** of the shareholders' votes

Once the resolution is passed, deliver it to the CR within **15 days**.

Your dormant status will be applied from the date of delivery of the special resolution. If you wish to acquire dormant status on other days, you need to specify your intention.



## Apply for dormant status

- (1) Pay any remaining bill (e.g., wages, dividend)
- (2) Cancel contracts of the company (e.g., rent, insurance, utilities)
- (3) Collect your receivable funds
- (4) Pay your VAT (if applied) and cancel the VAT registration of your company
- (5) Close down your business bank account (avoid getting interest payment)

After taking these measures, you'll need to inform the RoC of your intention to become dormant.

**Attention: Dormant companies still have compliance requirements!!!!**



3

## Establishing Your Business

Singapore





# Negative List

## | Some Frequent Inquired Industries for Foreign Direct Investment



**Information  
Communication**

### Permitted

- IMDA Licenses required



**Medical Device  
Manufacturers**

### Permitted

- Can be owned solely by foreigners
- HSA manufacturer's license required



**Professional  
Services**

### Permitted

- LSRA License for Foreign Law Firms
- At least one partner must be CPA and resident of Singapore for CPA firms



**Financial Services  
(Wealth Management/  
insurance)**

### Permitted

- Foreign Ownership of securities companies, securities investment fund management companies, future companies and life insurance companies permitted

### Restricted

- Real Estate
- Broadcasting
- Domestic Media
- Banking



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

[www.dezshira.com](http://www.dezshira.com)

1  
2 3 4 5 6 7 8  
9 10 11 12 13 14 15

# Main types of investment vehicles: Private Limited vs Branch vs RO



## PROS



## CONS

### Branch Office

- ✓ No restrictions on hiring local or foreign staff
- ✓ Can open a new corporate bank account in Singapore or use the same as the parent company
- ✓ Registered forever until closed

- No legal separation between branch office and parent company
- Same set up cost as private limited company

### Private Limited Company

- ✓ Foreign investor has full control
- ✓ Legally separate entity from investor
- ✓ Minimum share capital of SGD \$1

- Cannot engage in some restricted industries

### Representative Office (RO)

- ✓ A tentative try in the Singapore market
- ✓ Does not require Registered Capital
- ✓ Can do liaison activities on behalf of the HQ in carrying out trade business
- ✓ Limited to 3 years of operations and needs to be renewed annually

- Only allowed to engage in non-profit-making activities: market research, exhibition/ promotional activities relating to the products or services of the foreign enterprise; liaison activities relating to sale of products, provision of services, procurements and investments of the foreign enterprise. **Profit-making activities are forbidden.**
- Can only hire limited staff



# Main Types of Companies in Singapore

Most Popular:

## Private Company limited by shares (Pte Ltd)

The standard company type used by most foreign investors.

Other Forms of Entities:

- Representative Office
- Sole Proprietorship
- Public Company limited by shares
- Limited liability partnership (LLP)

### Step 1

#### Decide on the Company Type

Different company types are available for different business requirements. Private company limited by shares is the most common setup.

### Step 2

#### Decide on the Company Name

The proposed company name must be distinct from the registered company names in the ACRA database, and it should reflect the business nature of the company. All Singapore private limited company names must end with the suffix 'Pte Ltd'. Names have to be in the English language.

### Step 3

#### Decide on the Company Structure - Management and Governance

Singapore law requires the company to have:

- At least one Local Director
- A local Company Secretary
- A registered Office Address

### Step 4

#### Decide on the Company Structure - Share Capital and Ownership

### Step 5

#### Decide on the Financial Year End

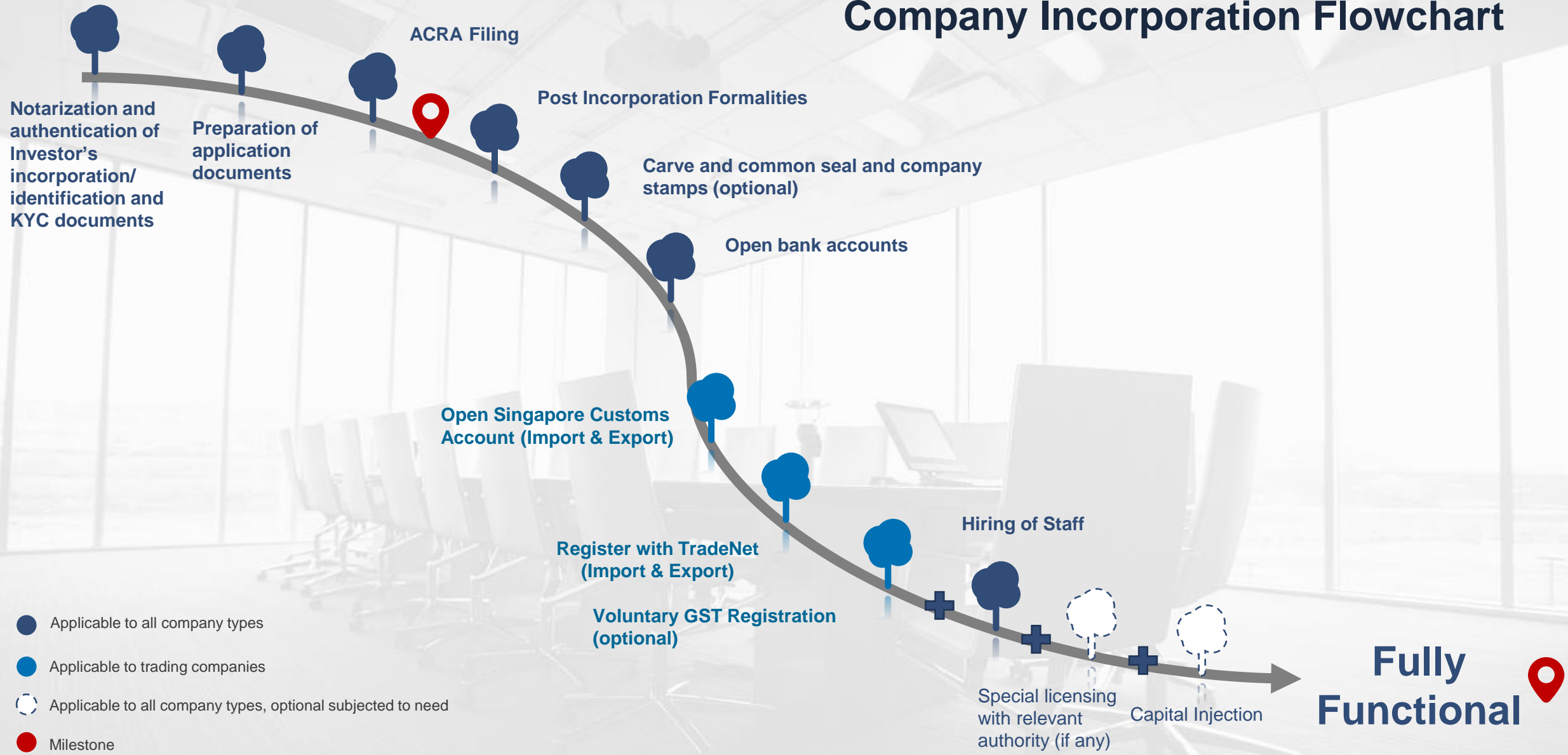
### Step 6

#### Submitting the Documents to ACRA

#### Time Required after submitting the Documents:

**Application delivered in digital form**, the Certificate of Incorporation and Business Registration Certificate ("the certificates") of a private company limited by shares will be issued **within 5 working days** after the date of application.

# Company Incorporation Flowchart





# Hiring Foreigners in Singapore

## Employment Pass

For foreign professionals, managers and executives. Candidates need to earn at least \$5,000 a month (Financial Services 5,500) and have acceptable qualifications.

## S Pass

For mid-level skilled staff. Candidates need to earn at least \$3,000 a month (Financial Services 3,500) and meet the assessment criteria.

- Singapore will switch to the COMPASS System from September 1, 2023
- Work Pass Exempt Activities for up to 90 Days
- Work Pass Applications take between 3-8 weeks
- Job Openings need to be advertised for 30 days before foreigners can be considered

# Singapore Corporate Income Tax

- Companies are taxed at a flat rate of 17% of chargeable income. This applies to both local and foreign companies.
- The tax exemption scheme for new start-up companies and partial tax exemption scheme for companies are tax reliefs available to reduce companies' tax bills.
- This exemption scheme applies to qualifying companies only for their first 3 consecutive YAs. From the fourth YA onwards, companies can enjoy the partial tax exemption.
- The tax exemption is allowed on a per YA basis. You cannot carry forward any 'unutilised' amount to any other subsequent YAs.

## Tax Exemption Scheme for New Start-up Companies

Chargeable Income	% Exempted From Tax	Amount Exempted From Tax
First \$100,000	75%	\$75,000
Next \$100,000	50%	\$50,000

The maximum exemption for each YA is \$125,000 (\$75,000 + \$50,000).

## Partial Tax Exemption Scheme for Companies

Chargeable Income	% Exempted From Tax	Amount Exempted From Tax
First \$10,000	75%	\$7,500
Next \$190,000	50%	\$95,000

The maximum exemption for each YA is \$102,500 (\$7,500 + \$95,000).



# Singapore Individual Income Tax

- Singapore utilizes a progressive income tax system
- Income tax rates depend on an individual's tax residency status.
- Gains and profits arising from Employee Share Options (ESOP) plans and other forms of Employee Share Ownership (ESOW) plans are subject to tax if the plans are granted to an employee when he/she is employed in Singapore.
- Employment income of non-residents is taxed at the flat rate of 15% or the progressive resident tax rates whichever is the higher tax amount.

Chargeable Income	Income Tax Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	2	200
First \$30,000	-	200
Next \$10,000	3.50	350
First \$40,000	-	550
Next \$40,000	7	2,800
First \$80,000	-	3,350
Next \$40,000	11.5	4,600
First \$120,000	-	7,950
Next \$40,000	15	6,000
First \$160,000	-	13,950
Next \$40,000	18	7,200
First \$200,000	-	21,150
Next \$40,000	19	7,600
First \$240,000	-	28,750
Next \$40,000	19.5	7,800
First \$280,000	-	36,550
Next \$40,000	20	8,000
First \$320,000	-	44,550
In excess of \$320,000	22	

# Is it possible to establish a company in Singapore remotely?

**Yes!**

A potential investor can enlist the services of a registered filing agent like Dezan Shira & Associates which can handle the whole incorporation process, including:



**Mandatory KYC check on the Client**



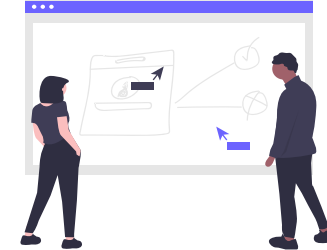
**Receiving Official Documents From Client**



**Advising Client on the Corporate Structure and Filing Documents With the Accounting and Corporate Regulatory Authority (ACRA)**



Foreigners who wish to register a private company limited by shares in Singapore, **must take into consideration the following points:**

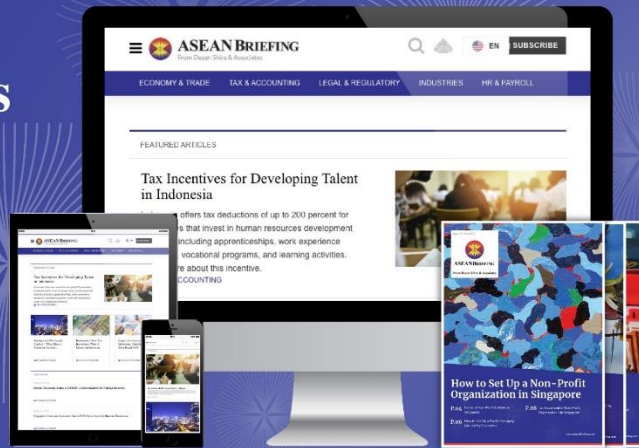


- Foreigners are free to be the directors and shareholders of a Singapore company. There are **local resident** requirements, but these can be outsourced.
- There is no requirement to be physically present at the time of company registration, physical presence by a director **may be required** for the purpose of opening a bank account, depending on the bank chosen.
- A minimum of one individual director and up to 50 shareholders.



Prestigious source of  
business insights  
for foreign investors

SUBSCRIBE



[aseanbriefing.com](http://aseanbriefing.com)



STAY AHEAD OF CURVE

Scan the QR code to discover  
our latest resources on foreign  
investment in China



[china-briefing.com](http://china-briefing.com)



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

[www.dezshira.com](http://www.dezshira.com)





**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia



- Dezan Shira & Associates Offices
- Dezan Shira Asian Alliance Members

# Q & A



Newsletter



WeChat:  
DSA China

**David Stepat**



[David.Stepat@dezshira.com](mailto:David.Stepat@dezshira.com)

**Guilherme Campos**



[Guilherme.Campos@dezshira.com](mailto:Guilherme.Campos@dezshira.com)

