

## NEWSLETTER N° 1/21

Milan, 1<sup>st</sup> March 2021**Eptalex in Singapore, a bridge to Asia, a bridge to the world****Easiness of doing business**

As we all know, Singapore is known to be an attractive location for multinational companies to establish their regional headquarters in the Asia Pacific region due to its strategic location, access to skilled talent, ease of doing business, world-class infrastructure, and a stable economic and political system. As a matter of fact, in the "*Ease of doing business rankings*", elaborated by the World Bank, Singapore occupies the 2<sup>nd</sup> place after only New Zealand.

Nonetheless, we strongly believe that besides having one of the lowest corporate tax rates and a particularly friendly environment to start and operate a business, one of the most attractive advantages of starting a business in Singapore is that Singapore has established itself as the perfect gateway to ASEAN and not only ASEAN.

**Strategic location**

As a matter of fact, Singapore has become home to the world's top companies across all industries, in part, due to its location in the heart of South-east Asia and its close proximity to emerging markets of India and China. With reference to China, we cannot omit to underline how easier is to manage a subsidiary in China through the expertise of the reliable and highly skilled staff of a subsidiary

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in Singapore rather than assigning this challenging duty to, for example, Europe based professionals.

## Infrastructures

Of course, the perfect bridge to Asia and to the world was built through a number of actions of the local Government, all of them aimed to make Singapore one of the best places in the world to establish Headquarters.

Under the infrastructural point of view, it is worth to mention that Singapore Changi International Airport serves over 80 international airlines with connections to more than 330 cities, along with hosting many leading logistics firms such as UPS and FedEx. No wonder why, according to the Logistics Performance Index, elaborated by the World Bank, Singapore was rated top in Asia for logistics performance.

Additionally, Singapore's seaport infrastructure has been ranked the best in Asia for the past two decades. The container ports here are the busiest in the world, offering 200 shipping lines with links to some 600 ports in 123 countries.

## Foreign Policy

Last, but not least, a perfect bridge to Asia and to the world can only be the result of an extraordinary foreign policy. In this regard, it has to be highlighted that the Singapore government has signed over 21 free trade agreements (FTAs) with 27 economies and 76 comprehensive avoidance of double tax agreements (DTAs). These agreements facilitate business and trading across borders and are aimed at minimizing tax barriers to the flows of trade, investment, technical know-how and expertise.

## Tax perspective

Under a tax perspective, Singapore also offers one of the most attractive tax structures in the world with the corporate tax rate capped at 17%. Even though its marginal rate is the third lowest in the world, the effective rate, taking into account the various schemes, is even lower. As far as it concerns capital gains, they are tax free.

Staying within the tax analysis perimeter, it is worth to mention that overall, Singapore has a progressive tax framework, which is based on territorial policy. This means that individuals and companies are taxed on incomes generated in the city-state, and on foreign sourced income

remitted into the country, unless the income was already subjected to taxes in a jurisdiction with headline tax rates of at least 15%.

It is also important to know that, since 2003, in a bid to increase the country's attractiveness as a wealth management hub, the government has progressively relaxed the taxation policy on qualifying foreign sourced remitted income. Singapore-based holding companies or headquarters can repatriate dividends from their directly-held foreign subsidiaries to Singapore free of Singapore tax.

**Reliable legal system**

Last but not least, transparent and predictable laws, a reliable legal system and transparent business environment, coupled with the Singapore International Arbitration Centre and the Singapore International Mediation Center, makes Singapore a desirable base for doing business in the region.

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