Complete Corporate Services Pte Ltd

The CCS Newsletter

January 2016

The Right Choice for your Business Solutions

In This Issue

Key Economic Developments

- On October 13, General Electric Co agreed to sell its commercial lending and leasing businesses worth US$30 billion to Wells Fargo & Co, as part of a wider plan to reduce its financing business, and thereafter apply to be de-designated as a Systematically Important Financial Institution in US.

- On October 21, computer disk drive leader Western Digital Corp announced a US$19 billion deal for memory-chip maker SanDisk Corp, which would make Western Digital the largest supplier of data-storage

- On October 27, the World Bank Group announced that it will set up its first Infrastructure and Urban Development Hub in Singapore. The Hub will focus on the funding of sustainable infrastructure and urban development, and will employ more than 200 staff from the World Bank, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) over the next two years.

- In October 2015, the Singapore Exchange (SGX) announced that it will review the annual reports of more than 500 SGX-listed companies issued in the 12 months before 30 June 2015, to ensure that SGX-listed companies comply with the Singapore Code of Governance (CG Code), as part of efforts to raise corporate governance in Singapore and correct a misperception that compliance with the CG Code is optional. SGX intends to publicise the findings of the review and engage with the relevant companies to ensure that shortcomings are addressed.

- In October 2015, luxury sports car maker Ferrari raised US$893 million in its U.S. initial public offering, pricing its IPO at US$52 per share.

- In October 2015, Chinese President Xi Jinping agreed to allow China's General Nuclear Corporation to take a 33.5% stake in UK's GBP18-BN Hinkley Point nuclear plant. The remaining stake is owned by French energy company EDF Energy.

- In October 2015, Toyota Motor Corp. announced it was recalling 6.5 million vehicles worldwide over a power window glitch that posed the risk of fire. In recent months, the automaker has recalled nearly 10 million vehicles carrying potentially explosive air bags.

Key Economic Developments (Cont.)

- In October 2015, energy and management automation specialist Schneider Electric announced it will invest 65 million euros (S$102 million) in Singapore over the next few years to establish a software industry solutions centre and a software regional hub. A new East Asia headquarters and a Regional Control Tower for network logistics, analytics and transportation in Singapore will also be established.

- On November 16, Marriott International Inc and Starwood Hotels & Resorts Worldwide Inc approved a definitive merger agreement valued at US$12.2 billion to create the world's largest hotel company. The combined entity will operate or franchise more than 5,500 hotels with 1.1 million rooms worldwide, with over US$2.7 billion of pro forma fee revenue for the 12 months ended September 30, 2015.

- On November 23, pharmaceutical giant Pfizer announced it would buy Botox maker Allergan in the largest ever healthcare M&A transaction, valued at US$160 billion, which will create the world's largest pharmaceutical company by sales.

- In November 2015, ABN Amro raised €3.3bn in an initial public offering, allowing the Dutch government to partly recoup the costs to bail out the bank in the 2008 financial crisis. The bank sold 188 million shares at €17.75 apiece, equivalent to a 20% stake and valuing ABN Amro at €16.7bn.

- In December 2015, the US Federal Reserve announced a 0.25% interest rate hike, the first interest rate hike in US since 2006.

- Singapore's initial public offerings (IPO) market plunged in 2015 with only one IPO on the mainboard and 12 on the Catalist, raising a total of about S$630 million, as compared to 30 IPOs in 2014 raising S$3.5 billion. The Hong Kong capital market performed much better in 2015 with 71 companies being listed in the first 11 months of the year for a total of US$31.2 billion (S$43.9 billion).

- OPEC expects oil prices to recover and reach US$70.7/bbl by 2020, according to OPEC's annual report World Oil Outlook 2015. This is due to huge reductions in oil exploration and production investment, which will ultimately result in a decline in supply, higher expected exploration costs going forward, and rising demand for energy due to population and economic growth. Other market predictions are a reduction in market share of OPEC producers by 2020 and slowing shale production in the US in 2016, among others.

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Key Shipping Developments

- The Baltic Dry Index (BDI) closed at 478 points on 24 December, the index's last day of trading for 2015. The BDI edged just seven points higher than its all-time low of 471 points on 16 December, the lowest in records that date back to January 1985.

- On November 13, BW Pacific Limited has withdrew its $250 million proposed listing on the Oslo Stock Exchange. BW Group's Chief Executive Officer Carsten Mortensen cited the weak spot freight market, falling share prices of comparable listed peers and a weaker Norwegian krone as key factors for the withdrawal.

- Hapag-Lloyd AG raised gross proceeds of approximately US$300 million through its initial public offering (IPO) in Frankfurt at €20 ($21.91) per share, after lowering the IPO price and size twice in October amidst a profit warning from shipping giant A.P. Moeller-Maersk A/S.

- China Cosco Holding Co. has become the sole bidder for Greece's main port of Piraeus, after two other potential investors, namely, A.P. Moller-Maersk A/S and International Container Terminal Services Inc. failed to submit offers by the December 21 deadline.

- Attracting and grooming good people with a strong and skilled Singaporean core is a key enabler for the future of maritime Singapore, according to Teo Chee Hean, Singapore's deputy prime minister. Speaking at a Singapore Shipping Association (SSA) dinner, Mr Teo unveiled initiatives to help Singaporeans with careers in the maritime industry.

- The Sectorial Tripartite Committee for Transport, led by the Maritime & Port Authority of Singapore (MPA), has set up two task forces to recommend initiatives for maritime manpower development. The initiative is supported by the S$115 million Maritime Cluster Fund and funds from the Singapore government's SkillsFuture initiative, and initially aims to attract over 1,200 Singaporeans to be maritime seafarers and port operations officers.

- Moore Stephens' latest Shipping Confidence Survey has reported a slight decline in overall shipping confidence for the three months to November 2015, attributed to overcapacity, excess shipbuilding, and more stringent environmental regulations. Despite the overall decline, shipping confidence in the Asia geographical sub-sector showed a small increase.

Key Shipping Developments (Cont.)

- On 7 December 2015, French shipping company CMA CGM SA offered S$ 3.4 billion to acquire Singapore's listed group Neptune Orient Lines (NOL) at a price of S$1.30 per share, 6% above NOL's most recent closing price on that date. The combined entity will have a fleet of 563 vessels with a capacity of 2.4 million TEUs, revenue of close to US$22 billion, and market share of 11.5%.

- In December 2015, China's State-owned Assets Supervision and Administration Commission approved the merger of China's shipping giants, China Shipping Container Lines Co and China Cosco Holdings Co, as part of its efforts to deal with shipping overcapacity issues. The combined Chinese entity is expected to have a 7.7% share of the container market.

- The opening of the Panama Canal extension is likely to be delayed past its April 2016 deadline, based on an update by Panama Canal Authority (ACP) Administrator Jorge Quijano in Dec 2015. The delay was due to a crack that had formed in one of the new lock complexes.

- The Maritime and Port Authority of Singapore has emerged, for the fourth consecutive year, as the top pro-business Singapore government agency, out of 28 agencies surveyed.

- Preliminary data from the Maritime and Port Authority of Singapore (MPA), released in December 2015, suggests that 2015 is likely to be the best ever year of bunker sales for Singapore, which is already the world's largest and most importantbunkering port.

- Latest data from Petrofin Research, a leading Hellenic ship finance consultant, indicates that Asian banks are quickly catching up with European banks in ship finance. European share of global ship finance has fallen from 83.1% in 2010 to 62.3% in 2015. Petrofin ranks DNB as the world's largest shipping bank by book value at US$26.5 billion, followed by Bank of China (US$21 billion) and KEXIM (US$18.5 billion). Other notable banks include ICBC (US$18 billion), China EXIM (US$16 billion), HSH (US$16 billion), and Commerzbank (US$10.5 billion). The total global ship finance book is US$475 billion as of November 2015, including offshore support but excluding rigs and shipyards.

- In October 2015, the Court of Appeal in London upheld earlier court decisions in July 2015 that vessel owners remained liable to OW Bunker A/S under bunker supply contracts entered into between them. After OW Bunker A/S became the subject of a bankruptcy order in November 2014, vessel owners/ charterers who purchased bunker fuel from OW Bunker A/S faced the risk of having to pay twice for the same bunker fuel. Other than payment to OW Bunker A/S, they may also have to pay to the ultimate suppliers who initially supplied OW Bunker A/S with the fuel, or risk having their vessels arrested by those ultimate suppliers. British law grants a maritime lien-type status for those suppliers to claim payment for unpaid bunker fuel by arresting the vessels utilising the supplied fuel, even though there is no direct contractual relationship between the suppliers and the vessel owners/ charterers. To avoid double payment, the owner of a vessel "RES COGITANS" challenged the right of OW Bunker A/S to claim payment for the fuel on the basis that title to the bunker fuel had not passed to them from OW Bunker A/S under the bunker supply contracts. In July 2015, the High Court judged that the vessel owner remained liable to OW Bunker A/S, and this was upheld by the Court of Appeal in October 2015.

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The New Paradigm in Revenue Acoounting Delayed & to be Amended

On 11 November 2015, the Accounting Standards Council (ASC) issued an amendment to defer the effective date of FRS 115 Revenue from Contracts with Customers by one year to 1 January 2018. Earlier application is still permitted. This deferral is consistent with a similar decision by the International Accounting Standards Board (IASB) for International Financial Reporting Standards (IFRS) in September 2015, and the Financial Standards Accounting Board (FASB) for US GAAP in July 2015.

The main reason for deferral is that the IASB and ASC are consulting on proposed clarifications arising from implementation issues raised in the global Transition Resource Group (TRG). ASC and IASB have both issued exposure drafts on these proposed clarifications, and the deadlines for comments ended in September and October 2015 respectively.

Among the issues that are currently being consulted on are:

- Identifying "distinct" performance obligations

  IASB is seeking feedback on additional examples that were added to provide guidance on whether multiple promises in a revenue contract have to be bifurcated and accounted separately, such as a mobile phone contract that delivers both the phone and the telecommunications service.

  Under IFRS 15, whether the vendor has to separately account for the revenue from each promise depends on whether the customer can benefit from each promise on its own, as well as whether each promise is separately identifiable from other promises within the context of the contract. Significant challenges in making this assessment were identified during TRG[1] meetings. The IASB is seeking to address these challenges with the additional examples.

  For example, in a typical sales contract, shipping and packaging may qualify as a distinct performance obligation under the revised rules which means that the associated revenue should be considered separately. Indeed, the FASB has proposed an accounting policy election under US GAAP on this issue, an approach which has not been adopted by IASB.

- Principal vs. Agent

  IASB is also seeking feedback on proposed amendments to the indicators and illustrative examples about whether a vendor is acting as a principal in respect of the revenue contract, or merely an agent. A vendor that acts as principal should account for the entire contract revenue, whereas an agent should account for only the net commission/ markup earned as income.

  The proposed amendments will highlight that in IFRS 15, the primary consideration in the principal vs. agent principal is whether the vendor controls the goods and services before it passes on to the ultimate customer. If the vendor has such control, he is a principal; otherwise he is an agent. This primary consideration did not exist in IAS 18, accordingly IASB envisaged that some conclusions about principal vs. agent could change from IAS 18. However, the indicators in IFRS 15 that were meant to support this primary consideration were substantially similar to those previous indicators in IAS 18. The proposed amendments to the indicators and the examples seek to establish the control principle more clearly, among other clarifications.

[1]The TRG was jointly established by the IASB and the FASB after IFRS 15 was issued in May 2014, in order to support companies in implementing the standard.

The New Paradigm in Revenue Acoounting Delayed & to be Amended (Cont.)

- Licensing
  IASB is also seeking feedback on proposed amendments with regards to whether revenue from licensing of intellectual property (IP) should be recognized at a point in time, or over time (e.g. over the licensing period).

  Under IFRS 15, revenue from such licensing activities should be recognized over time when the contract requires the entity to undertake activities that significantly affect the IP to which the customer has rights, and the customer is directly exposed to both positive and negative effects of such activities (e.g. when licensed software that is accessed online is upgraded). The TRG highlighted significant issues in this aspect. For example, should revenue from licensing of brands be recognized over time if the customer is merely exposed to activities that maintain brand value, as opposed to activities that affect the form and functionality of the IP? The proposed amendments provide guidance for these issues.

Although IFRS 15/ FRS 115 will be deferred and probably amended, affected companies are well-encouraged to persist with implementation efforts. Early identification of implementation issues will provide more avenues and opportunities for resolution.

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Moore Stephens Financial Reporting Seminar & Corporate Governance Seminar 2015

"The recent escalation in the scope and depth of Financial Reporting Surveillance Program by ACRA is worth noting."

Singapore directors and corporate management will need to deal with increasing responsibility for financial reporting, corporate governance and risk management, according to speakers at the Moore Stephens Financial Reporting and Corporate Governance Seminar 2015, held at Parkroyal on Pickering on 20 November 2015. The seminar was attended by more than 100 participants including directors, CFOs, and finance executives.

Speaking on recent developments in financial reporting, Mr. Wong Koon Min, Partner and Head of Professional Standards at Moore Stephens LLP, highlighted the recent escalation in the scope and depth of the Financial Reporting Surveillance Program by the Accounting and Corporate Regulatory Authority (ACRA) of Singapore. As a result of its recent examination of 49 financial reports of listed companies issued for 2013 financial year ends, ACRA identified 4 instances of severe non-compliance, 54 instances of other non-compliance and 74 areas for improvement. In a landmark deviation from past practices, the warning and advisory letters arising from the examination have been addressed to company directors. Going forward, the second phase of the Companies Amendment Act taking effect from 3 January 2016 will provide ACRA with wider powers to apply to the Court directly with regards to restatement of companies' financial reports.

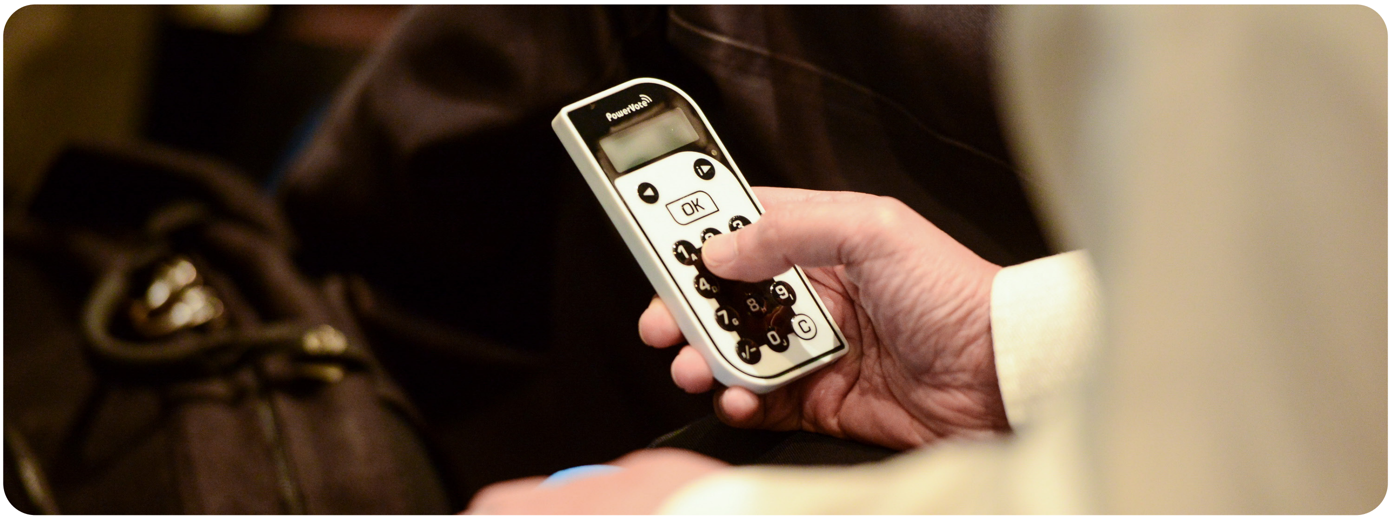
In the meantime, active developments loom on the horizon in both the global and local financial reporting arena. Associate Professor Ng Eng Juan of the Nanyang Technological University of Singapore, a renowned specialist in financial reporting and author of more than 30 professional accounting books, highlighted that the new Financial Reporting Standard (FRS) 115 Revenue from Contracts with Customers will change the framework for revenue recognition from 2018 onwards. Similarly, the new FRS 109 Financial Instruments will implement a new model in respect of the accounting for financial instruments, notably in the areas of classification, impairment, and hedging. Lease accounting is also affected. According to an update issued by the International Accounting Standards Board (IASB) in October 2015, lessees are likely to be required to implement fundamental changes to lease accounting from 2019. The new rules require lessees to capitalise all significant leases exceeding 12 months in duration. Mr. Lim Peng Huat, Director of Accounting and Taxation Services at Complete Corporate Services Pte Ltd, highlighted that the impending lease accounting changes may result in potential impacts on taxation and eligibility for tax incentives.

Moore Stephens Financial Reporting Seminar & Corporate Governance Seminar 2015 (Cont.)

The afternoon seminar kick-started with an update on the latest developments in corporate governance by Mr. Bernard Lui, a partner at law firm Morgan Lewis Stamford LLC. Mr. Lui provided participants with comprehensive insight into directors' responsibilities under the Companies Act, listing rules, as well as the Singapore Code of Corporate Governance. In the disclosure-based regime adopted in Singapore, directors should also ensure the adequate disclosure of information where a reasonable person will expect such information to have a material impact on listed securities prices. Indeed, past cases have established that failure to disclose such material information to the Singapore Exchange (SGX) could constitute an offence.

Besides legislative compliance, companies and directors must also guard against risks from ineffective risk management, anti-money laundering risks, and cyber-security. Mr. Chris Johnson, Partner of Moore Stephens LLP, highlighted that skilled internal auditors, armed with an effective risk-based auditing approach and valuable tools such as risk registers, can play an important role in assisting the board to monitor, examine, and evaluate the implementation of enterprise risk management systems. Ms. Lao Mei Leng, Partner and Head of Risk Management at Moore Stephens LLP, highlighted that such risk management systems can constitute an integral part of a wider and more holistic defence against anti-money laundering risks. Mr. Choo Kwong Chee, Director of IT Solutions at Moore Stephens LLP, demonstrated that risk management systems to guard against cyber-security risks are also required, due to the increasing sophistication of cyberspace criminals and their ability to create potentially massive damage through loss of data, privacy breaches, and loss of trust.

The afternoon session concluded with a lively panel discussion between the speakers and audience. The panel session kick-started with an audience poll on corporate governance and risk management issues, facilitated by the RYT polling software supplied by Complete Corporate Services Pte Ltd. Based on the poll, key challenges to effective corporate governance include the development of effective risk management systems, increasingly-complex transactions and cyberattacks.



RYT Electronic Polling Product in action

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Claim On Pre-registration GST: Simplified Claims For Newly-registered Businesses

What is Pre-registration GST?

Pre-registration GST refers to the input GST incurred on goods or services before your business' GST registration date.

Businesses registered before 1 July 2015

- **General rules**

Generally, businesses can only claim Pre-registration GST incurred on the portion of goods and services consumed / to be consumed to make the business' taxable supplies after its GST registration date.

What if the Pre-registration GST was incurred to make taxable supplies over periods straddling the GST registration date? Or where the goods are partially consumed before GST registration?

In the above cases, the Pre-registration GST must be apportioned to the taxable supplies made before and after the GST registration date, and only the portion of GST attributable to the taxable supplies made after GST registration date is claimable.

For this purpose, the IRAS has also specified the apportionment methods to be applied for various purchases such as consumables, trading stocks, raw materials, rental, utilities, etc. Any other apportionment methods to be used by a business must be approved by the Comptroller of GST in advance.

- **Additional rules for Pre-registration GST claim**

Pre-registration GST incurred on goods

Where the goods purchased have been fully consumed or supplied to the customer before a business' GST registration date, the Pre-registration GST incurred on the goods is not claimable.

Pre-registration GST incurred on services

Pre-registration GST incurred on services is not claimable if:

a) The services acquired by your business relate to goods already fully consumed or supplied by your business before the date of the GST registration date;

b) The services acquired by your business relate to services supplied by your business to its customers before the date of GST registration;

c) The services are supplied to your business more than 6 months before the date of the business' GST registration.

Claim On Pre-registration GST: Simplified Claims For Newly-registered Businesses (Cont.)

Businesses registered for GST on or after 1 July 2015

To simplify Pre-registration GST claim for businesses registered for GST on or after 1 Jul 2015, the input GST can be claimed in full without apportionment for following goods and services that are acquired within 6 months before your GST registration date:-

1) Goods that are still held by your business at the point of GST registration; and

2) Property rental, utilities and services, which are not directly attributable to any supply made before the business' GST registration.

Hence, only the Pre-registration GST for goods and services which do not meet the above conditions need to be apportioned to the taxable supplies made before and after the GST registration date. Again, only the portion of GST attributable to the taxable supplies made after GST registration date is claimable.

Businesses that have newly commenced operations, starting to incur input GST on purchases and expected to be making its taxable supplies should plan the timing of its GST registration date, so as to maximise the Pre-registration GST claims.

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CPF Changes in 2016

Changes to CPF Contribution Rates and Wage Ceilings from 1 January 2016

As announced in Budget 2015, the following changes will take effect from 1 January 2016:

i. Increase in CPF Contribution Rates for Older Workers

The CPF contribution rates for employees aged above 50 to 65 years will be increased for wages earned from 1 January 2016 to help them save more for their retirement needs.

The CPF contribution rates for increases are shown in the table below.

Employee's age (years)	Increase in contribution rates (% of wages)		
	Contribution by employer	Contribution by employee	Total
Above 50 to 55	+1	+1	+2
Above 55 to 60	+1	-	+1
Above 60 to 65	+0.5	-	+0.5

The increase in employer contribution rates will be allocated to the Special Account. The increase in employee contribution rates will be allocated to the Ordinary Account.

ii. Increase in CPF Salary Ceiling

The Ordinary Wage (OW) Ceiling will be increased from $5,000 to $6,000 per month, to keep pace with income growth over the years.

With the change in OW Ceiling, the Additional Wage Ceiling (i.e. the amount of additional wages that will attract CPF contributions in a year) will be increased to $102,000 ($6,000 x 17 months).

The CPF Annual Limit from 2016 will also be increased to $37,740 ($6,000 x 37% x 17 months).

CPF Changes in 2016 (Cont.)

iii. Enhancement and Extension of the Temporary Employment Credit (TEC)

The TEC will be enhanced in 2015 and extended to 2017 to help employers adjust to cost increases associated with the increase in CPF salary ceiling and the employer CPF contribution rates for older workers.

In 2015, employers will receive an offset of 1%* of wages for Singaporean and Permanent Resident workers up to the CPF salary ceiling of $5,000.

In 2016, employers will receive an offset of 1% of wages for Singaporean and Permanent Resident workers up to the CPF salary ceiling of $6,000.

In 2017, employers will receive an offset of 0.5% of wages for Singaporean and Permanent Resident workers up to the CPF salary ceiling of $6,000.

The CPF Board will automatically assess employers' eligibility for the TEC, based on their monthly regular CPF contributions for their employees.

The TEC will be paid in October (for wages paid from January to June of the same year) and April (for wages paid from July to December of the preceding year).

iv. Enhancements to the Special Employment Credit (SEC)

To promote voluntary re-employment of older workers, employers who hire Singaporean workers aged 65 and above earning up to $4,000 a month will receive an additional offset of up to 3% of wages in 2015.

Taken together with the existing SEC incentives providing offset of 8.5% of an employee's monthly wage, employers who employ such older workers would get up to 11.5% in wage offset in 2015.

SEC will be paid in September 2015 for work done from January to June 2015 and March 2016 for work done from July to December 2015

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*This includes the 0.5% offset of wages that was announced at Budget 2014 as a one-year assistance to employers to cope with wage costs arising from the increase in CPF contribution rates to the Medisave Account.

Double Tax Deduction ("DTD"): Internationalisation Scheme

The DTD for Internationalisation Scheme aims to encourage Singapore businesses to expand internationally by providing assistance in terms of tax savings through additional tax deductions.

For eligible expenses incurred by a qualifying business on a range of supported activities for market expansion and investment development, a 200% tax deduction will be allowed.

In this article, we seek to highlight the benefits of this Scheme which have been enhanced over the years.

<u>How DTD benefits businesses</u>

With DTD, a company may benefit from reduced corporate income tax or increase its carry forwards of expenditures which may be utilised for set-off against its future taxable income.

The below shows an example of how a company may benefit from reduced income tax.

A company incurred S$10,000 expenditure which qualifies for DTD.

	With DTD	**Without DTD**
	$	$
Revenue	100,000	100,000
Deductible expenses (including base expenditure of $10,000 which qualifies for DTD)	(30,000)	(30,000)
DTD	(10,000)	
Taxable income before exemption	60,000	70,000
Less : <u>Partial income exemption</u>		
First $10,000 @75%	(7,500)	(7,500)
Next $50,000/ $60,000 @50%	(25,000)	(30,000)
Taxable income after exemption	27,500	32,500
Tax @17% (before corporate tax rebate)	4,675 (B)	5,525 (A)

Tax savings (A) – (B): $850

Double Tax Deduction ("DTD"): Internationalisation Scheme (Cont.)

Who can benefit from DTD

Singapore registered companies or companies that have a permanent establishment in Singapore with the primary purpose of promoting the trading of goods or provision of services are eligible to apply for DTD.

The following companies will however not be eligible to apply for DTD:-

- Companies that are currently enjoying any incentives under the Economic Expansion Incentives Act (EEIA) and Income Tax Act e.g. Global Trader Programme (GTP) tax incentive offering concessionary income tax rate, companies approved under Productivity and Innovation Credit (PIC) for Design;
- Any qualifying expenses that have already been assisted by other government incentives including International Enterprise (IE) Singapore's grant schemes.

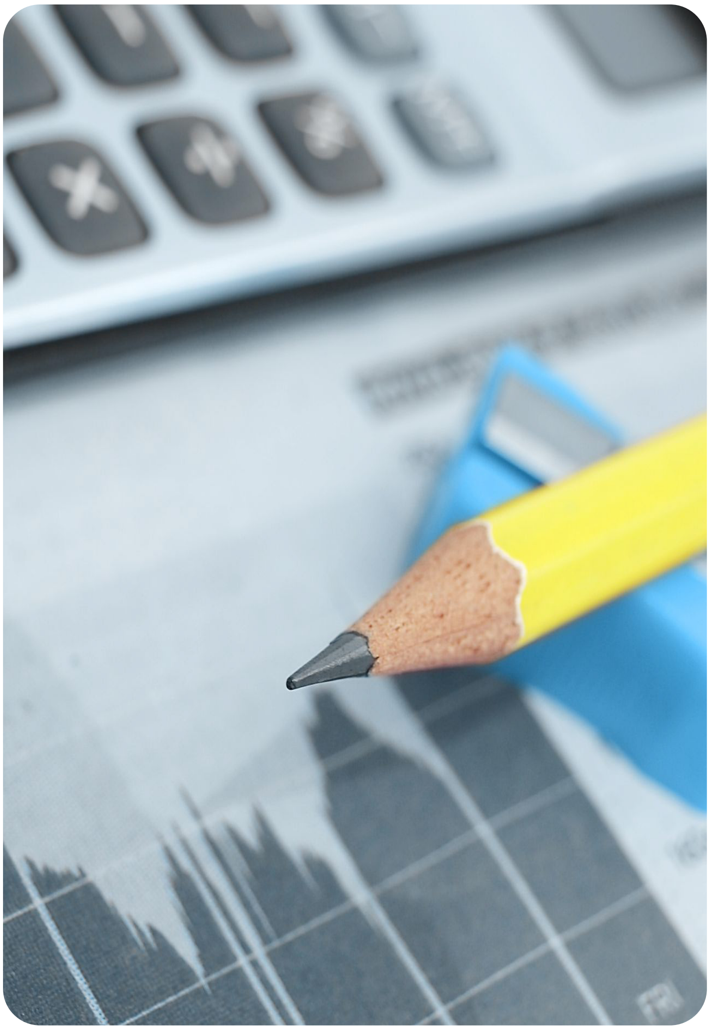
Qualifying activities supported under DTD

DTD applications have to be submitted for IE Singapore and Singapore Tourism Board (STB)'s evaluation.

The following activities are supported by DTD:-

- Participation in overseas business development trips
- Participation in overseas trade fairs/missions.
- Participation in local trade fairs that have been approved by IE Singapore or STB.
- Setting up of overseas marketing offices
- Master licensing and franchising.
- Advertising in approved local publications.
- Printing of corporate brochures/catalogues for distribution in overseas markets.
- Engaging in market development activities:
  - Market survey
  - Feasibility study
  - Advertising campaign
  - Promotional campaign
  - Packaging for exports
  - Certification of products.
- Engaging in overseas pre-investment activities:
  - Investment feasibility/due diligence studies
  - Participation in overseas investment study trips/missions

Applicants may wish to note that there is no limit as to the number of applications a company may submit for DTD.



Double Tax Deduction ("DTD"): Internationalisation Scheme (Cont.)

Automatic approval for qualifying expenditure incurred from 1 April 2012 to 31 March 2016

Automatic approval of up to $100,000 per Year of Assessment is applicable for the following qualifying expenditure incurred during the period from 1 April 2012 to 31 March 2016.

Qualifying Activity	Qualifying Expenses
Participation in overseas business development (up to 2 employees per trip)	• Airfare • Hotel accommodation and meals • Overseas transportation
Participation in overseas trade fairs/ missions (up to 2 employees per fair)	• Stand rental • Stand design/ decoration • Stand construction • Production of corporate brochures or catalogues • Freighting of exhibits • Insurance of exhibits • Airfare • Hotel accommodation and meals • Overseas transportation
Participation in local trade fairs that have been approved by IE Singapore or STB	• Stand rental • Stand design/decoration • Stand construction • Production of corporate brochures or catalogues • Insurance of exhibits Cost of inviting up to 2 overseas buyers • Airfare
Participation in overseas investment study trips/ missions (up to 2 employees per trip)	• Airfare • Hotel Accommodation and Meals • Overseas Transportation

IE Singapore or STB will continue to approve claims, on a case-by-case basis, made by businesses that require larger funding support in excess of $100,000, or on qualifying expenditure incurred on other qualifying activities.

Double Tax Deduction ("DTD"): Internationalisation Scheme (Cont.)

Enhancements announced in Budget 2015

i) DTD for approved salary expenses

Firstly, to provide greater support for businesses expanding overseas and to create skilled jobs for Singaporeans, the DTD scheme is enhanced to include qualifying salary expenses incurred for employees posted overseas in an overseas entity, subject to the following conditions:-

- The employee is a Singaporean citizen or permanent resident of Singapore;
- The employee's posting lasts at least one year, and is designed to further the applying business's expansion plans and provide the employee with opportunities to gain new skillsets;
- The employee is contractually employed by the applying business throughout the supported period, and the salary expense is incurred by the applying business;
- The salary expenditure cannot be deducted against any income that may be liable to tax in the overseas jurisdiction; and
- The overseas entity was set up or acquired (including equity interests therein) by the applying business fewer than three years ago.

Applications are subject to IE Singapore's approval. Once granted, the tax deduction will be available on up to 5 employees' salaries per year. Qualifying salary expenses will be capped at S$15,000 per month per employee.

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[1] An overseas entity refers to an entity:

- that is established in the overseas jurisdiction;
- that is set up or acquired by the applicant for not more than three years for the purpose of seeking out new business lines, new geographical markets or new products, and aligned with the applicant's intent and efforts to internationalise; and
- whose share capital is (partly or fully) owned by the applicant at the point of application and throughout the support period.

An overseas entity must be in the form of a branch, a company, a partnership or a representative office.

Double Tax Deduction ("DTD"): Internationalisation Scheme (Cont.)

ii) Case-by-case approval for businesses enjoying incentives

Secondly, businesses which are enjoying discretionary incentives will also be allowed to qualify for the DTD scheme on a case-by-case basis, subject to approval by IE Singapore. Such businesses must have their global headquarters in Singapore with the primary purpose of trading in goods or providing services, and intend to internationalise.

Both the above enhancements apply to qualifying expenditure incurred from 1 July 2015 to 31 March 2020 (both dates inclusive). Once approval is granted, the tax deduction will be applicable for the first three years of establishment or acquisition (including of equity interests therein) of the overseas entity.

iii) Applications for DTD

Authorised representatives of businesses may use Singpass to submit applications to IE Singapore through the DTD Incentive Portal at www.iesingapore.com/dtd

Businesses are advised to plan and track their expenditure and seek approval early to avoid being denied approval for their expenses.

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Decline in Shipping Confidence

The November 2015 Shipping Confidence Survey by Moore Stephens reveals that overall confidence levels in the shipping industry has declined in the quarter ending November 2015.

Overall confidence levels declined to an average of 5.6 on a 1-10 scale (10 being highest), as compared to 5.9 recorded in August 2015. The decline was consistent across the main categories of respondents, with charterers' confidence levels declining most rapidly. Confidence of shipping managers and brokers also fell significantly. Geographically, confidence is down in Europe and North America but on the rise in Asia. Excess tonnage capacity, such as from China, and cost of regulatory compliance from environmental and other regulations, were cited as the main concerns by respondents.

As compared to the previous quarter, respondents to the current survey in particular charterers, managers and brokers, were less likely to make major shipping investments over the next 12 months. Among the concerns highlighted by respondents was the speculative nature of investments made by market participants, including new entrants who have not traditionally been involved in shipping.

The number of ship owners who expected lower finance costs over the next twelve months decreased. However, the number of charterers who expected higher finance costs increased.

Shipping industry performance over the next twelve months is expected to be most significantly affected by demand trends, competition and port congestion, followed by finance costs and regulation.

As compared to the previous survey, fewer respondents are anticipating improved rates in the tanker, dry bulk and container ship sectors. Overall net sentiment was nevertheless positive in the tanker and in the dry bulk sectors, but negative for containership sector.

The decline in shipping confidence levels was not unexpected, according to Richard Greiner, Moore Stephens Partner, Shipping Industry Group, who points out that the shipping industry is inherently volatile, and that confidence has historically fluctuated more in volatile markets. Current global unrest and excessive newbuilding are affecting shipping industry confidence. He calls for increased ship recycling and rationalisation of business plans to restore the shipping markets.

On the positive side, he notes that operating costs have been declining, and that shipping, while volatile, remains a good business whose continued existence is assured by its "singular capabilities".

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Complete Corporate Services Pte Ltd

Accounting Solutions Division

The Accounting Solutions Division provides various types of assistance depending on your needs.

- Setting up of accounting systems and procedures
- Update and Maintenance of your Accounting Records and Reports
- Payroll Administration

Taxation Services Division

The Division offers a broad range of both direct and indirect taxation services, providing you with up to date information and advice to achieve tax effective solutions.

- Tax Compliance Services
- Tax Advisory Services

Corporate Secretarial Division

The Corporate Secretarial Services Division can offer the following services depending on your needs:

- Polling Agent / Scrutineer Services
- Formation of Companies and Singapore Branches (foreign companies)
- Acting as Corporate Secretaries and Secretarial Agents for private or public limited companies
- Registration of a Business Name, Limited Liability Partnership and Representative offices
- Liquidation

Executive Search Division

We can assist in the search for suitable candidates to hold executive positions in client companies.

Complete Corporate Services Pte Ltd

Contact Information

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