

CCS Complete Corporate Services

MOORE

Singapore Budget Seminar 2024



HIGHLIGHTS OF THE 2024 BUDGET MEASURES

CCS Complete Corporate Services

MOORE

IMPLEMENTATION OF INCOME INCLUSION RULE ("IIR") AND DOMESTIC TOP-UP TAX ("DTT") UNDER PILLAR 2 OF BEPS 2.0

- Singapore will implement IIR and DTT, which will impose a minimum effective tax rate ("ETR") of 15% on businesses' profit from financial years starting on or after 1 January 2025:

Applicable to MNE groups with a total consolidated group revenue of **€750 million** or above in at least **2 of the 4 previous years.**

Domestic Top-up tax

- Applies before the Income Inclusion Rule
- Applies to the profits of MNE group's Singapore-based entities

Income Inclusion Rule

- Imposed at the level of the Singapore ultimate parent entity
- Applies to MNE group's overseas profit regardless of where they operate

REFUNDABLE INVESTMENT CREDIT ("RIC")

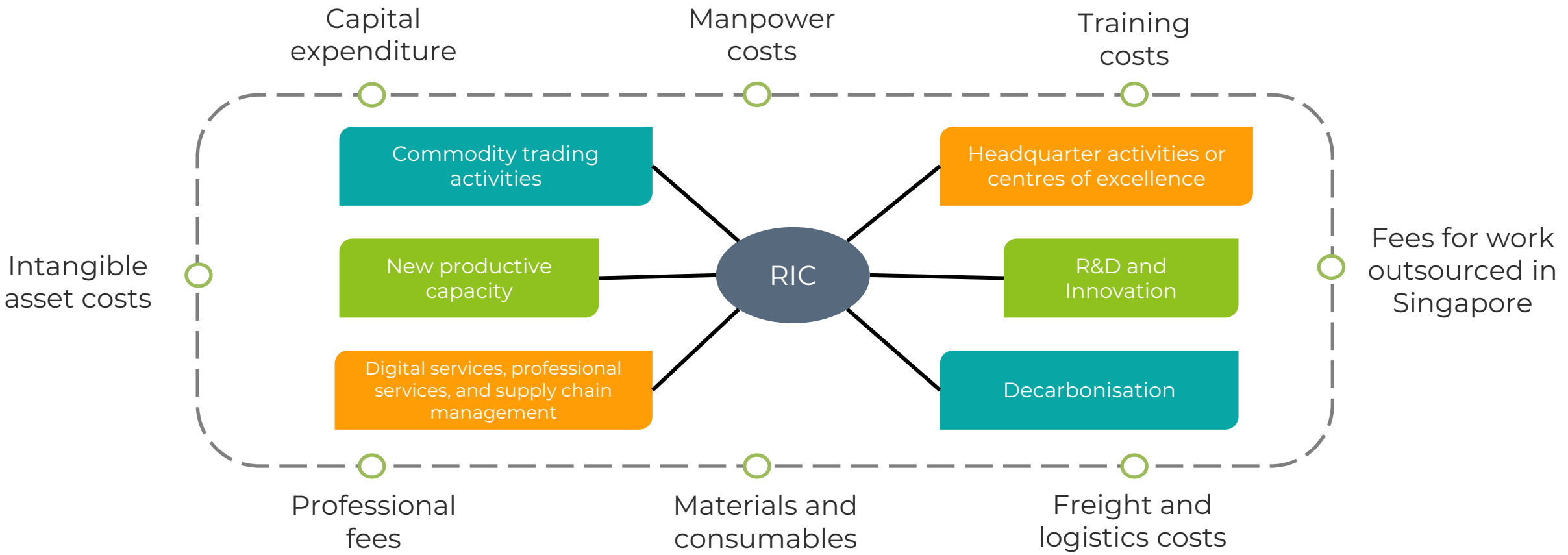
- To enhance Singapore's investment toolkit, the new RIC scheme is being introduced to encourage companies to anchor substantive and high-value economic activities in Singapore.

Features:

1. RIC is a tax credit with a refundable cash feature which may be used to offset corporate tax payable or be refunded in cash within four years from when the company satisfies the conditions for receiving the credit
2. RIC is awarded on a case-by-case approval basis by the Economic Development Board of Singapore (EDB) and Enterprise Singapore
3. Up to 50% of support on each qualifying expenditure category
4. RIC amounts will be contingent on predetermined support rates for various qualifying expenditure categories, which will be proportional to the economic or decarbonisation impact of each project

* More information will be available on the EDB and EnterpriseSG websites by Q3 2024.

REFUNDABLE INVESTMENT CREDIT ("RIC")



INTRODUCTION OF AN ADDITIONAL TIER OF TAX RATE FOR SPECIFIED INCENTIVES

- To ensure relevance and competitiveness of tax incentives, a new tier of tax rates is being implemented for certain incentives starting from 17 February 2024:

Incentive	Existing incentive tax rate	Additional tier tax rate
Finance and Treasury Centre ("FTC")	8%	10%
Aircraft Leasing Scheme ("ALS")	8%	10%
Development and Expansion Incentive ("DEI")	5% or 10%	15%
Intellectual Property Development Incentive("DEI")	5% or 10%	15%
Global Trader Programme ("GTP")	5% or 10%	15%

Economic Development Board ("EDB") and Enterprise SG will provide further details by Q2 2024

ENHANCE TAX DEDUCTION FOR RENOVATION AND REFURBISHMENT ("R&R") EXPENDITURE

Existing	Enhanced Tax Treatment (from YA 2025)
• Businesses may claim a tax deduction on qualifying R&R expenditure under Section 14N of the Singapore Income Tax Act ("SITA").	• The scope of qualifying expenditure will be expanded to include designer or professional fees.
• Tax deduction is claimable over three consecutive Years of Assessment on a straight line basis.	• The relevant three-year period will be fixed with the first period being from YA 2025 to YA 2027.
• The tax deduction is capped at S$300,000 for every three years, starting from the YA in which businesses make their first claim.	• Option to claim R&R deductions in one YA will be allowed.
	• IRAS will provide further details by Q3 2024.

EXTENSION AND ENHANCEMENT OF TAX INCENTIVES FOR QUALIFYING FUNDS UNDER SECTIONS 13D, 13O AND 13U OF THE SINGAPORE INCOME TAX ACT

Existing Tax Treatment	New Tax Treatment (From 1 January 2025)
• Qualifying funds which are managed by Singapore-based fund managers can apply for tax incentive schemes made available under Sections 13D, 13O and 13U of SITA which provide:	• The tax incentives for all three Sections will be extended till 31 December 2029.
a) Tax exemption on specified income derived from designated investments.	• Section 13O scheme will be enhanced to include Limited Partnerships registered in Singapore.
b) Withholding tax exemption on interest and other qualifying payments made to non-resident persons (excluding permanent establishments in Singapore).	• The economic criteria for Qualifying Funds under the sections 13O and 13U schemes will be revised. Further details will be provided by the MAS by Q3 of 2024.
c) GST remission on relevant expenses incurred.	
d) The schemes are scheduled to lapse after 31 December 2024.	

OVERSEAS HUMANITARIAN ASSISTANCE TAX DEDUCTION SCHEME ("OHAS")

Existing Tax Treatment	New Tax Treatment (From 1 January 2025)
• No tax deduction is granted for overseas cash donations unless the donor qualifies for the Philanthropy Tax Incentive Scheme for Family Offices ("PTIS").	• The OHAS will grant 100% tax deduction to individual and corporate donors for qualifying overseas cash donations.
• PTIS provides 100% tax deduction for overseas cash donations capped at 40% of the donor's statutory income, subject to qualifying conditions.	• The overseas cash donations have to be made through a designated charity and towards a fundraiser for emergency humanitarian assistance with a valid Fund-Raising for Foreign Charitable Purpose permit from the Commissioner of Charities.
	• Tax deductions under OHAS will be capped at 40% of the donor's statutory income. For PTIS donors, the capped of 40% will be jointly shared under both OHAS and PTIS.
	• Any unutilised donations under OHAS cannot be carried forward or transferred to another company of the same group under the Group Relief System.
	• The OHAS will be piloted from 1 January 2025 to 31 December 2028.
	• IRAS will provide further details by 30 June 2024.

CORPORATE TAX CHANGES

- No change to headline corporate tax rate – 17%
- No change to partial tax exemption for first S$200,000 of chargeable income

  75% exemption up to the first S$10,000

  50% exemption up to the next S$190,000

Chargeable income	% Tax exempt	Amount Tax exempt
First S$10,000	@75%	= S$7,500
Next S$190,000	@50%	= S$95,000
Total S$200,000		**= S$102,500**

ENTERPRISE SUPPORT PACKAGE

- S$1.3 billion in support to businesses to manage rising costs
- The package comprises the following:

Corporate income tax rebate + S$2,000 Cash grant

Enhancements to Enterprise Financing Scheme

Extension of SkillsFuture Enterprise Credit

CORPORATE INCOME TAX ("CIT") REBATE AND CASH GRANT

<----------Capped at S$40,000---------->

CIT Rebate Cash Grant	CIT Rebate
Cash Payout of S$2,000 **"One-local-employee" condition** is met if the Company has made CPF contribution to at least **one** Singapore Citizen or SG Permanent Resident employee (not shareholder-director) in the calendar year 2023. Eligible companies will automatically receive the cash payout latest **by 30 September 2024**	**Tax Rebate** of **50% tax payable** Granted for the Year of Assessment ("YA") 2024 CIT Rebate is granted, net of S$2,000 cash grant (if given). See illustrations in Examples 1 and 2. Will be automatically included in the tax assessment **after YA 2024 Form C is filed** with IRAS

CORPORATE INCOME TAX ("CIT") REBATE AND CASH GRANT

Example 1

YA 2024	No Cash Grant	Cash Grant of S$2,000 Received
	S$	S$
Chargeable income (before exempt amount)	840,000	
(Less): Exempt amount		
75% on the first S$10,000	(7,500)	
50% on the next S$190,000	(95,000)	
Chargeable income (after exempt amount)	737,500	
Tax payable @ 17%	125,375.00	125,375.00
CIT rebate (50% of tax payable, capped at S$40,000, net of grant)	**(40,000.00)**	**(38,000.00)**
Net tax payable	85,375.00	87,375.00

CORPORATE INCOME TAX ("CIT") REBATE AND CASH GRANT

Example 2

YA 2024	No Cash Grant	Cash Grant of S$2,000 Received
	S$	S$
Chargeable income (before exempt amount)	45,000	
(Less): Exempt amount		
75% on the first S$10,000	(7,500)	
50% on the next S$35,000	(17,500)	
Chargeable income (after exempt amount)	20,000	
Tax payable @ 17%	3,400.00	3,400.00
CIT rebate (50% of tax payable)	**(1,700.00)**	- **(Note)**
Net tax payable	1,700.00	3,400.00

Note:

- Since the 50% rebate of S$1,700 is lower than the cash grant of S$2,000, no CIT rebate is granted.

ENTERPRISE SUPPORT PACKAGE

- S$1.3 billion in support to businesses to manage rising costs
- The package comprises the following:

Corporate income tax rebate + S$2,000 Cash grant

Enhancements to Enterprise Financing Scheme

Extension of SkillsFuture Enterprise Credit

ENHANCEMENTS TO THE ENTERPRISE FINANCING SCHEME ("EFS")

Trade Loan

To finance trade needs (inventory / stock financing, factoring, overseas working capital etc.). 70% risk share; Up to S$10 million per borrower.

Project Loan

To support domestic projects for construction enterprises. To finance secured overseas projects. (Working capital, factory, equipment, etc). 50% risk share. Up to S$50 million for overseas projects. Up to S$30 million for domestic project.

Working Capital Loan

To finance of operational cashflow needs. 50% risk share. Up to S$500,000 per borrower.

Fixed Assets Loan

To finance the investment of domestic and overseas fixed assets. 50% risk share. Up to S$30 million per borrower.

Mergers and Acquisitions Loan

To support the acquisition of local or overseas target enterprises. 50% risk share. Up to S$50 million per borrower / borrower group.

Venture Debt Loan

To support the growth of later-stage enterprises. Finance the growth of innovative enterprises using Venture Debts and Warrants. 50% risk share. Up to S$8 million per borrower.

Green

Enables better access to green financing for enterprises that are developing enabling technologies and solutions to reduce waste, resource use or greenhouse gas emissions. 70% risk share.

ENHANCEMENTS TO THE ENTERPRISE FINANCING SCHEME ("EFS")

SME Working Capital Loan (EFS – WCL)

Budget 2024: **Maximum loan quantum** will be permanently enhanced **to S$500,000 (**from S$300,000).

The EFS-WCL helps SMEs finance their operational cashflow needs

Recap - Eligibility Criteria:

- Entity registered and operating in Singapore
- 30% or more local shareholdings (ultimate ownership by Singaporean or Singapore PR)
- Having Group annual sales Turnover not exceeding S$500 million or not more than 200 employees

ENHANCEMENTS TO THE ENTERPRISE FINANCING SCHEME ("EFS")



Budget 2024: The **enhanced maximum loan quantum of S$10 million** (from S$5 million) will be **extended until 31 March 2025.**

The EFS-TL finances trade needs, including:

- Inventory / stock financing
- Structured pre-delivery working capital (revolving working capital)
- Factoring (with recourse) / bill of invoice / AR discounting
- Overseas working capital loan
- Bank guarantee (capped at 2 years' tenure)

Recap - Eligibility Criteria:

- Entity registered and operating in Singapore
- 30% or more local shareholdings (ultimate ownership by Singaporean or Singapore PR)
- Having Group annual sales Turnover not exceeding S$500 million

ENHANCEMENTS TO THE ENTERPRISE FINANCING SCHEME ("EFS")

Project Loan (EFS – PL)

- **Budget 2024:** The support for **domestic** construction projects will be **extended to 31 March 2025**



- The EFS-PL finances secured projects. For **domestic** projects, maximum loan quantum is up to S$15 million (reduced from S$30 million).

- The supportable loan types include:-
  - Working capital loan
  - Factory / Building / Land (includes purchase / Renovation / Construction)
  - Equipment / Machineries / Vessels / Other Fixed Assets / Machinery Hire Purchase
  - Guarantees

- Recap - Eligibility Criteria:
  - Entity registered and operating in Singapore
  - 30% or more local shareholdings (ultimate ownership by Singaporean or Singapore PR)
  - Having Group annual sales Turnover not exceeding S$500 million
  - For secured projects.

ENTERPRISE SUPPORT PACKAGE

- S$1.3 billion in support to businesses to manage rising costs
- The package comprises the following:

Corporate income tax rebate
+
S$2,000 Cash grant

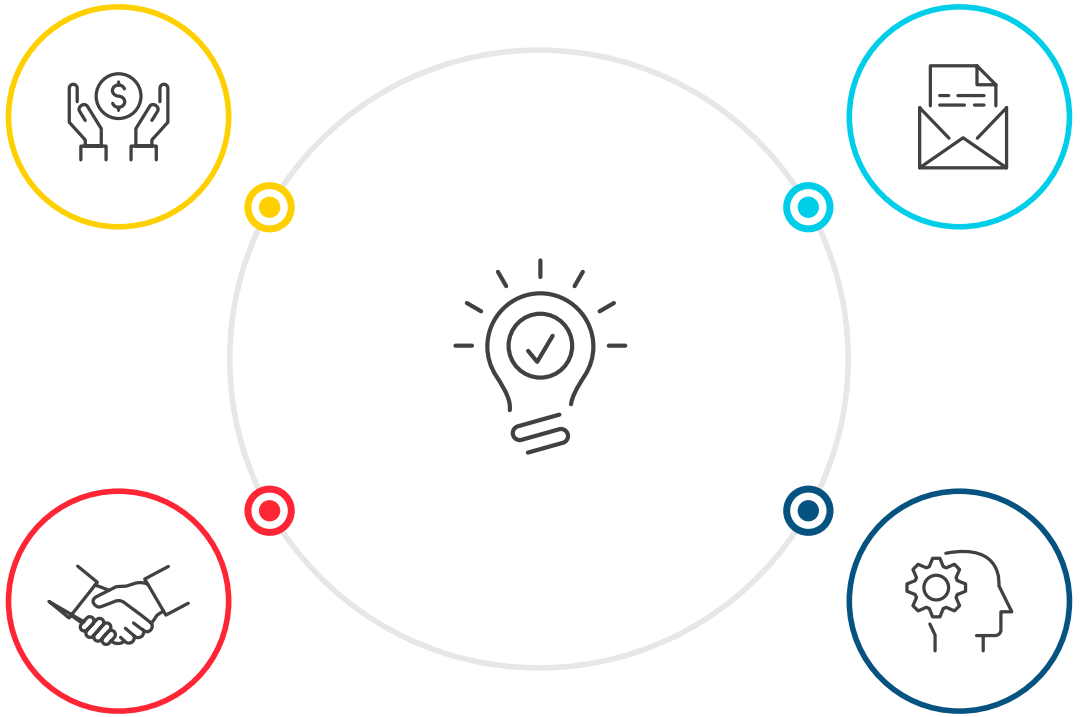
Enhancements to Enterprise Financing Scheme

Extension of SkillsFuture Enterprise Credit

SKILLSFUTURE ENTERPRISE CREDIT ("SFEC")

- **Budget 2024:** The SFEC will be **extended for a year to 30 June 2025.**

- Currently, eligible employers already received a **one-off S$10,000 SFEC** to cover up to 90% of out-of-pocket expenses on qualifying costs for supportable initiatives.



- To submit the claims by 30 June 2025.

- Contact: Enterprise Singapore at enquiry@enterprisesg.gov.sg.

SKILLSFUTURE ENTERPRISE CREDIT ("SFEC")

←----------SFEC of S$10,000----------→

Enterprise Transformation Programmes [Up to S$7,000]	Workforce Transformation Programmes
1. Enterprise Development Grant 2. Enterprise Leadership for Transformation Programme 3. Market Readiness Assistance 4. Scale-Up1	1. Skills Framework-aligned courses 2. National Centre of Excellence for Workplace Learning ("NACE") Training Programmes 3. NACE Consultancy Services
5. Productivity Solutions Grant ("PSG")	4. Career Conversion Programmes (course fee only) 5. Support for Job Redesign under PSG 6. Job Redesign initiatives
6. Aviation Development Fund	
7. Business Improvement Fund	

https://sfec-microsite.enterprisejobskills.gov.sg/home/

INTRODUCING TONNAGE TAX

Current
Presently, Singapore provides tax exemption for qualifying income derived by shipping entities under the following Maritime Sector Incentive ("MSI") schemes:-



MSI-Shipping Enterprise (Singapore Registry of Ships) ("MSI-SRS")



MSI-Approved International Shipping Enterprise ("MSI-AIS")



MSI-Maritime Leasing (Ship) ("MSI-ML(Ship)")

INTRODUCING TONNAGE TAX

Budget 2024 Announcement

- An alternative basis of taxing the income of qualifying shipping entities under the MSI schemes.
- This alternative basis of tax is by reference to the net tonnage of the qualifying ships of the shipping entities.
- Will be available from the Year of Assessment 2024 (i.e. basis year 2023).
- MSI entities which do not want to come under this alternative can continue to apply the existing tax treatment under the relevant MSI schemes.

Further details will be provided by the Maritime and Port Authority of Singapore ("MPA") by September 2024.

PERSONAL INCOME TAX ("PIT")

1. PIT rebate for YA 2024

- **Tax rebate** of **50% of tax payable, capped at S$200** will be granted to all tax resident individuals **for YA 2024**

2. Enhancement of dependent's or caregiver's income threshold for dependent-related reliefs

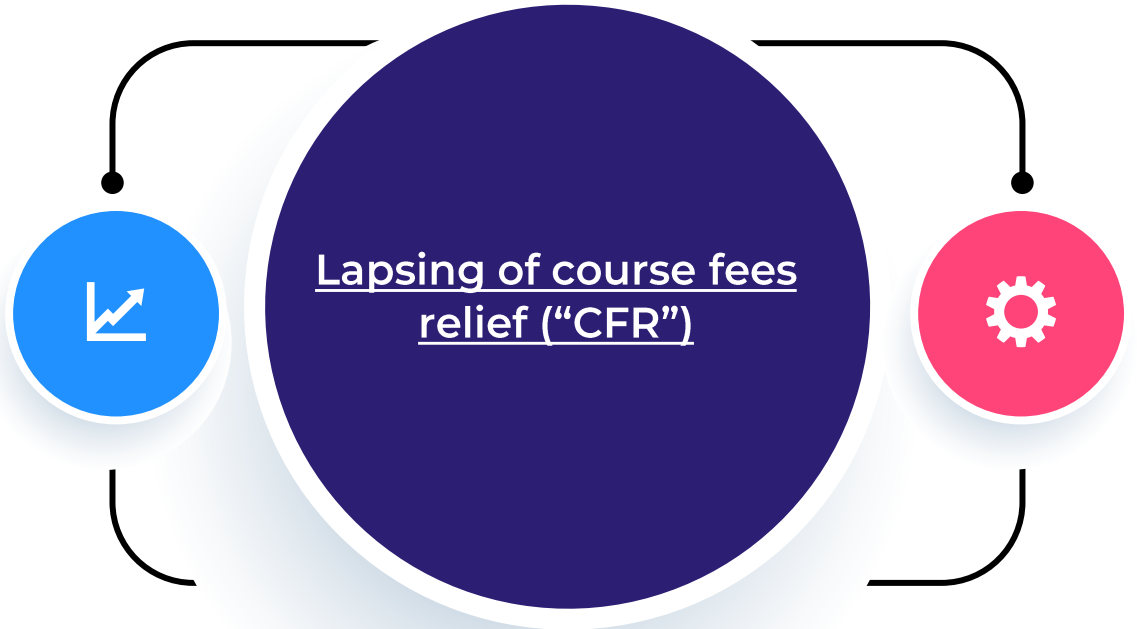
- The annual income* threshold of the dependent or caregiver will be **increased to S$8,000** (from S$4,000) with effect **from YA 2025,** for purpose of claiming:

  - Spouse relief
  - Parent relief
  - Qualifying child relief
  - Working mother's child relief
  - CPF cash Top-up Relief for top-up to the CPF account of spouse or siblings
  - Grandparent Caregiver relief #

*** Generally includes trade income, employment income, rental /interest/dividends/pension income, SRS withdrawals, foreign income.**
 # Includes only income from trade, business, profession, vocation and employment.

PERSONAL INCOME TAX ("PIT")

Currently, individuals can claim CFR up to S$5,500 per year



CFR **will be lapsed with effect from YA 2026**



DISCUSSION ON BEPS 2.0 PILLAR 2 / RIC AND TONNAGE TAX REGIME

CCS
Complete Corporate Services

MOORE



PILLAR 2 OF BASE EROSION AND PROFIT SHIFTING ("BEPS") 2.0

CCS
Complete Corporate Services

MOORE

PILLAR 2 OF BEPS 2.0

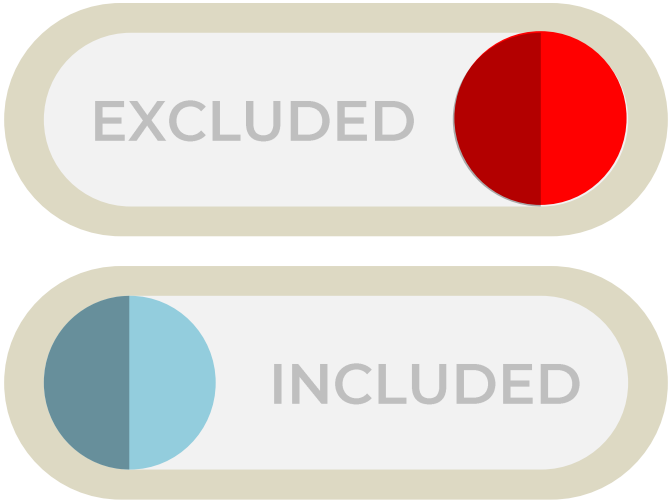
- Pillar Two consists of two main rules that seek to ensure that multinationals pay a minimum level of tax on their profits. The rules are:
  - the Global Anti-Base Erosion (GloBE) Rules, and
  - the Subject to Tax Rule (STTR).

- The GloBE Rules are the main Pillar Two Rules. The GloBE Rules are not mandatory but have been agreed as a common approach.

GLOBE RULES – SCOPE

IN SCOPE

- MNE groups with total consolidated group revenue of **€750 million** or above in at least **2 of the 4 previous years**.
- MNE Group must have an effective tax rate ("ETR") of at least **15%** in **each jurisdiction**. Low-taxed entities will have to pay top-up taxes.



EXCLUDED ENTITIES

- Governmental bodies, international and non-profit organisations;
- Pension fund;
- Investment funds and real estate investment vehicles that are Ultimate Parent Entities ("UPE"); and
- Entities that are at least 85% or 95% owned by one or more excluded entities other than a pension services entity (subject to conditions).

PILLAR 2 IMPLEMENTATION ACROSS THE WORLD

Final legislation	
Jurisdiction	**Rules covered**
European Union	QDMTT, IIR, UTPR
Austria	QDMTT, IIR, UTPR
Belgium	QDMTT, IIR, UTPR
Bulgaria	QDMTT, IIR, UTPR
Czech Republic	QDMTT, IIR, UTPR
Denmark	QDMTT, IIR, UTPR
Finland	QDMTT, IIR, UTPR
France	QDMTT, IIR, UTPR
Germany	QDMTT, IIR, UTPR
Hungary	QDMTT, IIR, UTPR
Ireland	QDMTT, IIR, UTPR
Italy	QDMTT, IIR, UTPR
Japan	IIR
Liechtenstein	QDMTT, IIR, UTPR
Luxembourg	QDMTT, IIR, UTPR
Malaysia	QDMTT, IIR
Mauritius*	QDMTT
Norway	QDMTT, IIR
Netherlands	QDMTT, IIR, UTPR
Qatar*	Unclear
Romania	QDMTT, IIR, UTPR

Final legislation	
Jurisdiction	**Rules covered**
Slovakia	QDMTT
Slovenia	QDMTT, IIR, UTPR
South Korea	IIR, UTPR
Sweden	QDMTT, IIR, UTPR
Switzerland	QDMTT
United Arab Emirates*	Unclear
United Kingdom	QDMTT, IIR
Vietnam	QDMTT, IIR

Draft legislation	
Jurisdiction	**Rules covered**
Barbados	QDMTT
Canada	QDMTT, IIR
Cyprus	QDMTT, IIR, UTPR
Estonia	Filing obligations
Latvia	Filing obligations
Lithuania	Filing obligations
New Zealand	IIR, UTPR
Spain	QDMTT, IIR, UTPR
Switzerland	IIR, UTPR
United Kingdom	UTPR

Intention to implement Pillar Two
Australia
Bahamas
Gibraltar
Guernsey
Hong Kong
Indonesia
Isle of Man
Jersey
Malta
Singapore
South Africa
Taiwan
Thailand

CCS Complete Corporate Services

MOORE



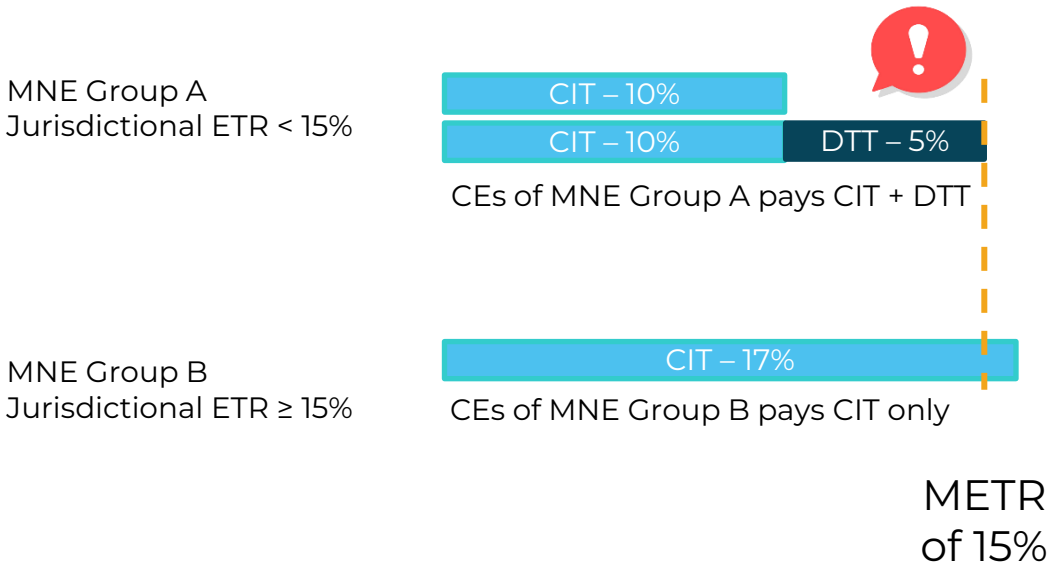
DOMESTIC TOP-UP TAX ("DTT") AND INCOME INCLUSION RULE ("IIR")

CCS Complete Corporate Services

MOORE

CONCEPTUAL OVERVIEW OF DTT

- In Singapore, a QDMTT known as DTT will be introduced from businesses' FY starting on or after 1 Jan 2025.
- DTT is imposed as a top-up tax, in addition to Corporate Income Tax ("CIT") on Constituent Entities ("CEs") of an MNE group located in Singapore.

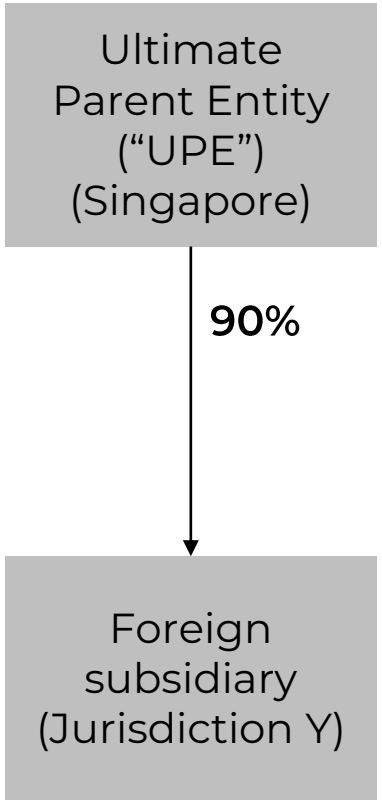


DTT is payable when the MNE group's ETR in Singapore falls short of the 15% minimum rate.

CONCEPTUAL OVERVIEW OF IIR

- IIR will apply to in-scope MNE groups that are parented in Singapore, in respect of the profits of their group entities that are operating outside Singapore.
- The parent entity will pay a top-up tax determined based on its share of the low-tax profits of its foreign subsidiaries and branches.

Parent entity owns 90% of foreign subsidiary



IIR Tax (top-up tax) =

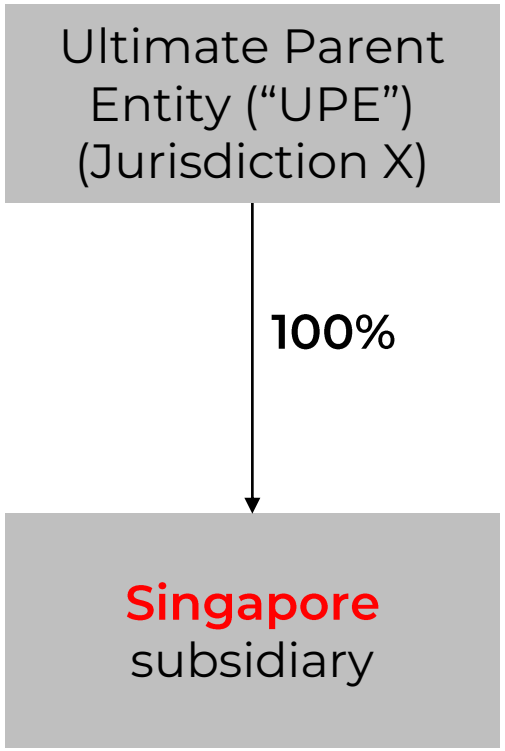
Low-tax profit x Top-up tax x Ownership =

$1,000 x (15% - 5%) x 90% = $90

- $1,000 of low-tax profit
- ETR = 5%

MECHANICS OF IIR WITH DTT

- IIR's interaction with DTT



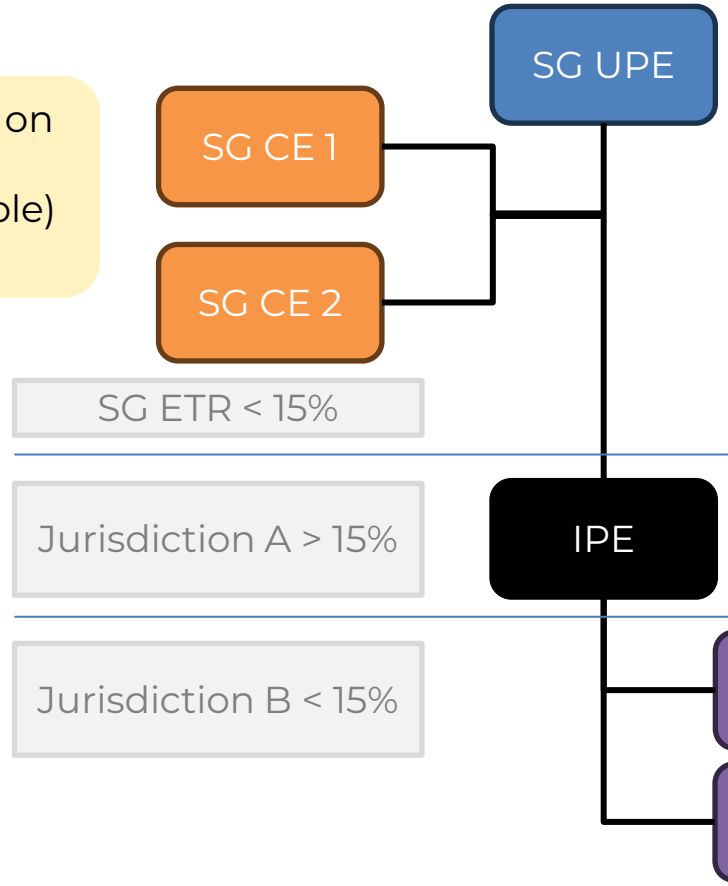
IIR Tax (top-up tax)
= $1,000 x (15% - 5%) - DTT amount
= $0 (i.e. $100 - $100)

DTT amount is deducted against IIR top-up tax.

- $1,000 of low-tax profit
- ETR = 5%
- DTT top up tax percentage = 10% (i.e. 15% - 5%)
- DTT amount = $100 (i.e. $1,000 x 10%)

How will In-scope MNE Groups be Affected when SG Implements GloBE Rules and DTT AND IIR from FY 2025

2. SG MNE group pays **DTT** on profits of low-taxed SG CEs and the SG UPE (if applicable) to IRAS



1. SG UPE pays **IIR top-up tax** on profits of low-taxed foreign CEs 1 and 2 to IRAS

3. No IIR top-up tax payable by Intermediate Parent Entity ("IPE") [switched off by IIR top-up tax paid by SG UPE]



UNDERTAXED PROFITS RULE ("UTPR")

CCS Complete Corporate Services

MOORE

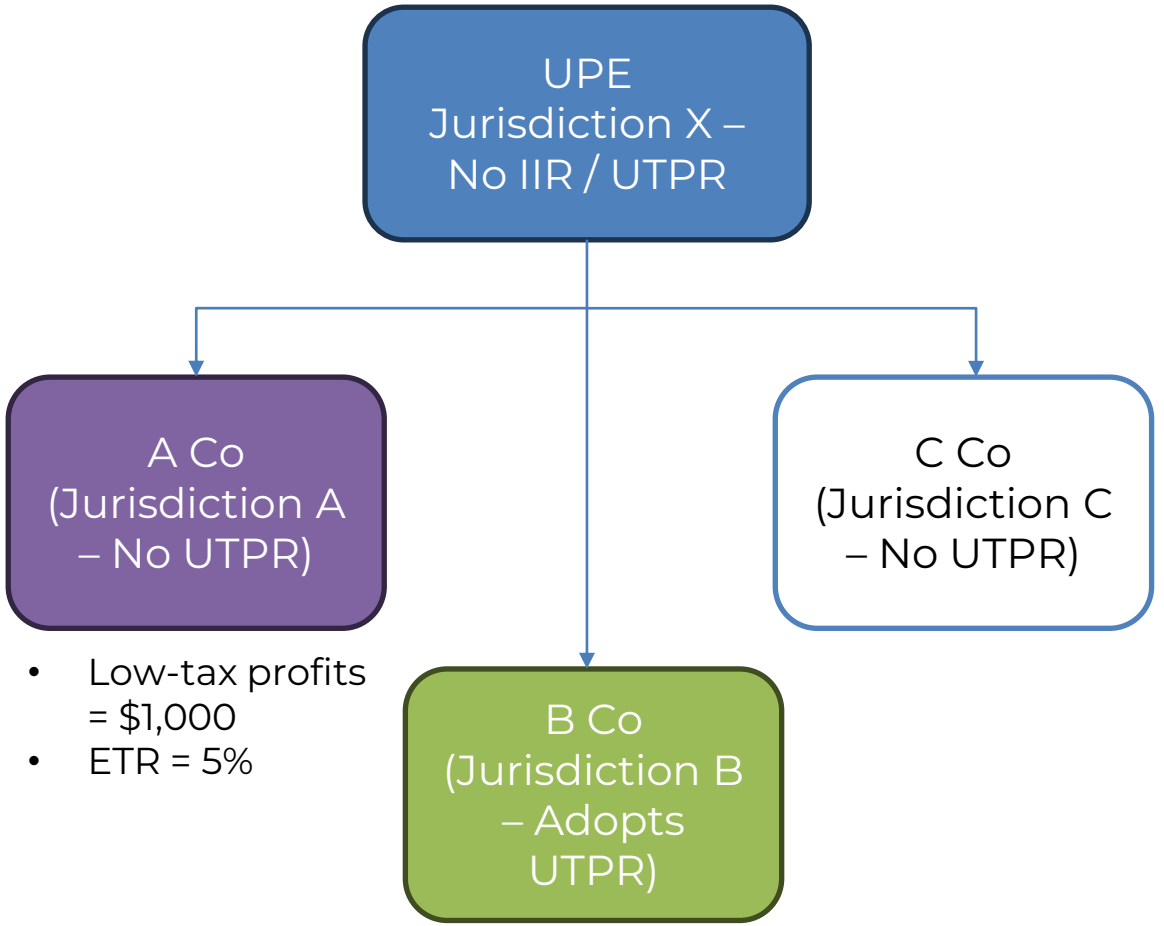
OVERVIEW OF UTPR

The last component announced was the undertaxed profits rule ("UTPR") which will be considered by Singapore at a later stage. At present, the focus will be to ensure a smooth rollout of IIR and DTT for affected businesses.

UTPR serves as a backstop to the IIR. It applies to the extent that the top-up tax on the UPE's share of low-tax profits is not fully collected under the IIR.

MECHANICS OF UTPR

A Co has $1,000 of low-tax profits	
Step 1: Compute top-up tax using the same rules as IIR	Top-up tax = 1,000 x (15% - 5%) = $100 (not collected under IIR)
Step 2: Allocate top-up tax to group entities in each UTPR jurisdiction based on agreed allocation key *Number of employees and net book values of tangible assets of group entities in each UTPR jurisdiction	Allocate top-up tax of $100 to B Co. (Top-up tax is not allocated to UPE, A Co, and C Co as UPE Jurisdiction and Jurisdictions A and C do not adopt UTPR.





SHIPPING INCOME EXCLUSION

CCS Complete Corporate Services

MOORE

SHIPPING INCOME EXCLUSION

Each Constituent Entity's

- International Shipping Income or Loss; and
- Qualified Ancillary International Shipping Income or Loss.

are excluded from the computation of the CE's GloBE Income or Loss for the jurisdiction in which it is located.

CE must demonstrate that the strategic or commercial management of all ships concerned is effectively carried on from within the jurisdiction where the CE is located.

SHIPPING INCOME EXCLUSION

International Shipping Income Covered	Not Covered:
Income derived from ships used for transportation of passengers or cargo in international traffic a) Transportation of passengers or cargo whether the ship is owned, leased, or otherwise at the disposal of the CE; b) Transportation of passengers or cargo under slot-chartering arrangements; c) Leasing a ship on charter fully equipped, crewed and supplied; d) Leasing a ship on a bareboat charter basis to another CE; e) Participation in a pool, a joint business, or an international operating agency; and f) Sale of a ship provided that has been held for use by the CE for a minimum of one year.	Net income obtained from transportation of passengers and cargo by ships via inland waterways within the same jurisdiction

SHIPPING INCOME EXCLUSION

Qualified Ancillary International Shipping Income Covered:	Note:
Net income obtained by CE from the following activities that are performed in connection with transportation of passengers or cargo by ships in international traffic: a) Leasing of a ship on a bareboat charter basis for 3 years or less to another shipping enterprise that is not a CE; b) Sale of tickets issued by other shipping enterprises for the domestic leg of an international voyage; c) Leasing and short-term storage of containers or detention charges for the late return of containers; d) Provision of services to other shipping enterprises by engineers, maintenance staff, cargo handlers, catering staff, and customer services personnel; e) Investment income where investments that generate income are made as an integral part of the carrying on the business of operating the ships in international traffic.	Aggregated Qualified Ancillary International Shipping Income of all CEs located in a jurisdiction shall not exceed 50% of those CEs' International Shipping Income.



REFUNDABLE INVESTMENT CREDIT ("RIC")

CCS Complete Corporate Services

MOORE

OVERVIEW OF REFUNDABLE INVESTMENT CREDIT



Refundable Investment Credit (RIC) scheme has been adopted in Singapore's investment toolkit as a response to BEPS 2.0, consistent with the Qualified Refundable Tax Credits ("QRTC") under the Pillar Two rules.



The RIC aims to support investments in high-value and substantive economic activities in key economic sectors and new growth areas.



RIC has a refundable cash feature which allows for any unutilised tax credits to be released to the company within four years.

More information will be provided by EDB and EnterpriseSG by September 2024.

EXAMPLES OF ACTIVITIES QUALIFYING FOR RIC INCLUDE:

- New productive capacity (e.g., new manufacturing plant, production of low-carbon energy)
- Expanding or establishing the scope of activities in digital services, professional services, and supply chain management
- Expanding or establishing headquarter activities, or Centres of Excellence
- Setting up or expansion of activities by commodity trading firm
- Carrying out R&D and innovation activities
- Implementing solutions with decarbonisation objectives

HOW IT WORKS:

Qualifying project	On an approval basis, through EDB and EnterpriseSG
Qualifying expenditure	Depending on project type, qualifying expenditure categories may include: i. Capital expenditure ii. Manpower costs; iii. Training costs; iv. Professional fees; v. Intangible asset costs; vi. Fees for work outsourced in Singapore; vii. Materials and consumables; and viii. Freight and logistics costs.
Qualifying Period	Up to 10 years
Details	• Up to 50% of support on each qualifying expenditure category • Credits are to be offset against Corporate Income Tax payable • Unused credits will be refunded to the company in cash within four years of meeting the eligibility criteria • RIC amounts will be contingent on predetermined support rates for various qualifying expenditure categories, which will be proportional to the economic or decarbonisation impact of each project



HOW CAN WE HELP?

CCS
Complete Corporate Services

MOORE

HOW CAN WE HELP?

Understand Pillar 2



- Are they aware of how Pillar 2 work?
- What are the interactions between IIR, UTPR, and DTT?
- Keep up with the latest news on implementation / dates.

Understand their existing structure

- Where are the entities in their holding structure?
- Have these jurisdictions announced whether and when they are implementing their respective IIR, UTPR, and/or QDMTT?
- What is the effective tax rate in each jurisdiction, and the impact of Pillar 2 on them?

Reporting & compliance obligation



- Get ready to meet reporting and compliance obligations.
- Ensure systems are ready.

Engage with gov agencies



- Provide feedback, and raise concerns that governments can consider.
- Keep up with tax or non-tax incentives that may apply to your company.



TONNAGE TAX

CCS
Complete Corporate Services

MOORE

INTRODUCTION OF THE NET TONNAGE TAX REGIME

Tonnage tax in itself is not a tax. It is an alternative method by which a qualifying shipping entity calculate its qualifying shipping related profits for corporate tax purposes. The profits are calculated by reference to the net tonnage of the qualifying ship operated by the qualifying shipping entity. Essentially, the "tonnage profits" replace, for tax purposes, the income or gains arising to a qualifying shipping entity from specific qualifying activities. The corporate tax rate of 17% is then applied to the "tonnage profits" calculated.

Net Tonnage refers to the volume of all the cargo & passenger carrying space of a ship. It determines the earnings capability of the ship.

The Annual Tonnage Tax which is currently payable to the Singapore Ship Registry is the registration fee for registering a ship under Singapore flag.

This alternative regime is available with effect from Year of Assessment 2024.

More details will be provided by MPA by September 2024.

QUALIFYING SHIPPING ENTITIES

- Maritime Sector Incentive ("MSI") entities which are exempted from tax under the following MSI sub-schemes:-
  - MSI-Shipping Enterprise (Singapore Registry of Ship) ("MSI-SRS")

2. Gains derived from the sale of ships under the MSI-SRS scheme

3. The MSI-SRS entity can be either tax resident or non-resident for Singapore tax purposes.



1. Qualifying shipping income derived from Singapore-flagged ships plying in international waters.

4. No qualifying criteria such as headcount and local business spending.

QUALIFYING SHIPPING ENTITIES

- MSI-Approved International Shipping Enterprise (“MSI-AIS”)

2. Gains derived from the sale of ships under the MSI-AIS scheme

3. The MSI-AIS entity has to be tax resident in Singapore for Singapore tax purposes.



1. Qualifying shipping income derived from the operations of non-Singapore flag ships plying in international waters.

4. The MSI-AIS entity has to meet headcount and local business spending requirements.

QUALIFYING SHIPPING ENTITIES

- MSI-Maritime Leasing (Ship) (“MSI-ML(Ship)”).

2. Gains derived from the sale of ships under the MSI-ML(Ship) scheme.

3. The MSI-ML(Ship) entity has to be tax resident in Singapore.



1. Qualifying leasing income derived by ship leasing companies.

4. The MSI-ML(Ship) entity has to meet headcount and local business spending requirements.

FURTHER CLARIFICATIONS AWAITED FROM MPA

Any flagging requirement?

Does qualifying ship include chartered-in ship?

What about vessels used for offshore oil and gas activities?



Requirement for the strategic and commercial management of the qualifying ships.

Application of new regime to qualifying entity owning/operating more than one ship.

Application of new regime to MSI-AIS Group of Companies.

Calculation of “tonnage profits”.

COMPUTATION OF TONNAGE TAX PROFITS BASED ON THE UK TONNAGE TAX REGIME

Tonnage profits are computed by reference to the net tonnage of the ship operated by a company using the following table:

Net Tonnage of Ship (for each complete 100 tons)	Daily Profit Rate Per 100 tons
Up to 1,000 tons	£0.60
From 1,001 to 10,000 tons	£0.45
From 10,001 to 25,000 tons	£0.30
Above 25,000 tons	£0.15

COMPUTATION OF TONNAGE TAX PROFITS BASED ON THE UK TONNAGE TAX REGIME

Let's assume a ship of 30,000 net tons bulk carrier and operated throughout the year, i.e. 365 days.

Net Tonnage	Tonnage Profits	
First 1000 tons	0.60x1000÷100=	6
From 1,001 to 10,000 tons	0.45 x 9000÷100=	40.5
From 10,001 to 25,000 tons	0.30 x 15000÷100 =	45
From 25,001 to 30,000 tons	0.15 x 5000 ÷100 =	7.5
Tonnage Profits A Day		£99
Tonnage Profits A Year (365 x 99) =		£36,135
Corporation Tax of Payable @ 20% =		£7,227

Contact Us



Lim Peng Huat

Senior Director
Taxation Services, CCS
E: phlim@complete-corp.com
T: +65 6329 2741



Bernard Juay

Director
Taxation Services, CCS
E: bernardjuay@complete-corp.com
T: +65 6329 2760



Law Pei Serh

Director
Taxation Services, CCS
E: lawpeiserh@complete-corp.com
T: +65 6329 2726



Seetoh Mei Fong

Associate Director
Taxation Services, CCS
E: seetohmeifong@complete-corp.com
T: +65 6329 2718

Thank You!

CCS Complete Corporate Services

MOORE