ASSOCIATION FOR FINANCIAL PROFESSIONALS

Underwritten by PNC

CASH AND TREASURY MANAGEMENT
COUNTRY REPORT

SINGAPORE

Executive Summary

Banking

The Monetary Authority of Singapore (MAS) is responsible for the formulation and execution of monetary policy and exercises regulatory authority over Singapore's banking and financial sectors. The MAS also is charged with facilitating the continued growth of Singapore as a global financial center.

The MAS imposes no formal central bank reporting requirements, but the Department of Statistics compiles balance of payments estimates via surveys.

Residents may hold accounts denominated in local or foreign currency both domestically and abroad. Non-residents may also hold Singapore dollar and foreign currency accounts in Singapore. All accounts may be fully converted into other currencies.

Three large locally owned financial institutions – the Development Bank of Singapore, the United Overseas Bank and the Overseas-Chinese Banking Corp – share the bulk of retail and commercial banking business, but Singapore has also attracted a large number of foreign-owned commercial and investment banks.

Payments

Singapore operates three separate clearing systems for high-value payments, checks (both SGD and USD) and bulk payments, and card-based payments.

Cash is still heavily used in Singapore for retail transactions and checks are the most common instrument for bill payments by small companies and consumers. However, use of most electronic payment instruments is increasing.

Liquidity Management

Singapore offers a range of short-term funding and borrowing options, many of which are available in both SGD and USD as well as foreign currency.

Singapore has few regulatory barriers to domestic or cross-border liquidity management techniques. A combination of tax incentives (for Approved Finance and Treasury Units) and the presence of many international cash management banks has helped make Singapore an attractive location for large corporates' Asian regional treasury centers.

Trade Finance

Singapore is heavily reliant on external trade and has developed a number of free trade partnerships. It is a member of the ASEAN Trade in Goods Agreement (ATIGA) and a Trans-Pacific Strategic Economic Partnership, with Brunei, Chile and New Zealand. Singapore has free trade agreements in place with the USA, China, Taiwan, Australia and Japan, and has eight free trade zones.

PNC's International Services

PNC can bring together treasury management, foreign exchange, trade finance and credit capabilities to support your international needs in a coordinated and collaborative way.

International Funds Transfers

International Funds Transfers to over 130 countries in USD and foreign currency can be accessed through PINACLE®, PNC's top-rated, online corporate banking portal.

Multicurrency Accounts

Set up demand deposit accounts that hold foreign currency instead of U.S. dollars. These accounts offer a simple and integrated way to manage and move money denominated in more than 30 currencies, including offshore Chinese Renminbi. You can easily view deposit and withdrawal details through PINACLE.

PNC Bank Canada Branch ("PNC Canada")

PNC Bank, through its full service branch in Canada, can help you succeed in this important market. PNC Canada offers a full suite of products including payables, receivables, lending, and specialized financing to help streamline cross border operations.

Multibank Services

PNC's Multibank Services provide you with balances and activity for all your accounts held with PNC and other financial institutions around the world. PINACLE's Information Reporting module can give you a quick snapshot of your international cash position, including USD equivalent value, using indicative exchange rates for all your account balances. You can also initiate Multibank Transfer Requests (MT101s), and reduce the time and expense associated with subscribing to a number of balance reporting and transaction systems.

Establish accounts in foreign countries

Establishing good banking relationships in the countries where you do business can simplify your international transactions. PNC offers two service models to help you open and manage accounts at other banks in countries outside the United States.

- PNC Gateway Direct comprises an increasing number of banks located in many European countries and parts of Latin America. PNC's team will serve as a point of contact for setting up the account helping with any language and time barriers and will continue to serve as an intermediary between you and the bank you select. You can access reporting and make transfers via PINACLE.
- PNC's Gateway Referral service can connect you to a correspondent banking network that comprises more than 1,200 relationships in 115 countries.

Foreign Exchange Risk Management

PNC's senior foreign exchange consultants can help you develop a risk management strategy to mitigate the risk of exchange rate swings so you can more effectively secure pricing and costs, potentially increasing profits and reducing expenses.

Trade Services

PNC's Import, Export, and Standby Letters of Credit can deliver security and convenience, along with the backing of an institution with unique strengths in the international banking arena. PNC also provides Documentary Collections services to both importers and exporters, helping to reduce payment risk and control the exchange of shipping documents. We assign an experienced international trade expert to each account, so you always know your contact at PNC and receive best-in-class service. And PNC delivers it all to your computer through advanced technology, resulting in fast and efficient transaction initiation and tracking.

Trade Finance

For more than 30 years, PNC has worked with the Export-Import Bank of the United States (Ex-Im Bank) and consistently ranks as a top originator of loans backed by the Ex-Im Bank both by dollar volume and number of transactions.[1]

Economic Updates

Receive regular Economic Updates from our senior economist by going to pnc.com/economicreports.

(1) Information compiled from Freedom of Information Act resources.

Return to **Contents** page

Return to **Contents** page

Contents

Financial Environment

Country Information

Geographical Information

Capital	Singapore
Area	697 km^2
Population	5.67 million
Official languages	Mandarin 35%, English (language of administration) 23%, Malay 14.1%, Hokkien 11.4%
Political leaders	Head of state — Tony Tan Keng Yam (since September 1, 2011) Head of government — Prime Minister Lee Hsien Loong (since August 12, 2004)

Business Information

Currency (+ SWIFT code)	Singapore dollar (SGD)
Business banking hours	Business hours: 10:00–15:00 (Mon–Fri) Banking hours: 10:00–15:00 (Mon–Fri)
Bank holidays	2017 — April 14, May 1, 10*, June 26*, August 9, September 1*, October 18*, December 25 2018 — January 1, February 16, 17, March 30, May 1, 29*, June 15*, August 9, 22*, November 7*, December 25 2019 — January 1, February 5, 6, April 19, May 1, 20*, June 5*, August 9, 12*, October 28*, December 25 * The date shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon. Source: www.goodbusinessday.com.
International dialing code	+ 65

Country Credit Rating

FitchRatings last rated Singapore on September 20, 2016 for issuer default as:

Term	Issuer Default Rating
Short	F1 +
Long	AAA
Long-term rating alert	Stable

Source: www.fitchratings.com, January 2017.

Economic Statistics

Economics Table

		2010	2011	2012	2013	2014
GDP per capita	(USD)	46,540	53,057	54,705	55,868	55,873
GDP	(SGD billion)	322	346	362	378	390
GDP	(USD billion)	236	275	290	302	308
GDP volume growth*	(%)	+ 15.2	+ 6.2	+ 3.4	+ 4.4	+ 2.9
BoP (goods, services & income) as % GDP		25.9	24.1	20.4	20.0	19.4
Consumer inflation*	(%)	+ 2.8	+ 5.3	+ 4.5	+ 2.4	+ 1.0
Population	(million)	5.08	5.19	5.30	5.41	5.51
Unemployment	(%)	2.1	1.9	1.8	1.7	2.7
Interest rate (local currency MMR)†	(%)	0.14	0.09	0.09	0.05	0.14
Exchange rate‡	(SGD per USD)†	1.3635	1.2578	1.2497	1.2513	1.2671

		2015		2016		
		Q4	Year	Q1	Q2	Q3
GDP per capita	(USD)	–	NA	–	–	–
GDP	(SGD billion)	–	NA	–	–	–
GDP	(USD billion)	–	NA	–	–	–
GDP volume growth*	(%)	NA	NA	NA	NA	NA
BoP (goods, services & income) as % GDP		–	NA	–	–	–
Consumer inflation*	(%)	– 0.7	– 0.5	– 0.8	– 0.9	NA
Population	(million)	–	5.60	–	–	–
Unemployment	(%)	NA	NA	NA	NA	NA
Interest rate (local currency MMR)†	(%)	0.79	0.50	0.28	0.36	0.29
Exchange rate‡	(SGD per USD)†	1.4076	1.3748	1.4049	1.3590	1.3525

*Year on year. †Period average. ‡Market rate.

Source: *International Financial Statistics, IMF, December 2016 and 2015 Yearbook.*

SINGAPORE

Sectoral Contribution as a % of GDP

Agriculture – 0%

Industry – 26.4%

Services – 73.6% (2015 estimate)

Major Export Markets

China (13.7%), Hong Kong (11.5%), Malaysia (10.8%), Indonesia (8.2%), USA (6.9%), Japan (4.4%), South Korea (4.1%).

Major Import Sources

China (14.2%), US (11.2%), Malaysia (11.2%), Japan (6.3%), South Korea (6.1%), Indonesia (4.8%).

Political and Economic Background

Economics

Interest Rate Management Policy

Singapore's monetary policy is formulated and executed by the central bank, the Monetary Authority of Singapore (MAS), with the aim of achieving sustained non-inflationary economic growth.

Foreign Exchange Rate Management Policy

The exchange rate of the Singapore dollar (SGD) is managed within a predetermined policy range by the MAS, against a basket of currencies of Singapore's main trading partners.

Major Economic Issues

After strong growth in recent years, the Singapore economy entered into recession in the second half of 2008, only the fourth time it has done so since gaining independence in 1965. Singapore's traditional strengths – open economic policies, strategic geographic location, excellent transport and communications infrastructure – continue to support its position as a leading world financial center and major exporter. However, Singapore's open economic policies also expose the country to any fluctuations in the fortunes of the global economy and from 2008 Singapore was damaged by the global economic downturn. After four consecutive quarters of contraction Singapore's economy started to grow again in the second half of 2009 as exports rose within Asia. GDP growth surged during 2010 with year-on-year growth rate of 14.8%. However, as international trade again slowed from 2011, on the back of the eurozone debt crisis, Singapore's economic growth has returned to more modest rates and stood at 2.1% at the end of 2015.

A major ongoing economic issue in Singapore is the Monetary Authority of Singapore's (MAS) attempts to control inflation via the value of the Singapore dollar (SGD) rather than interest rates. Between 2004 and 2008, MAS's monetary policy had allowed a gradual appreciation of the SGD to counter inflationary pressures. From October 2008, falling inflation allowed the MAS to temporarily adopt a 0% appreciation policy and, in April 2009, it recentered the trading band of the Singapore dollar, allowing for the possibility of a devalued currency. In April 2010, as the Singapore economy once again faced the threat of steadily rising prices, the MAS shifted back its 0% appreciation policy to one of modest and gradual appreciation. However, a policy band of 0% was again set in April 2016 in the face of disappointing economic growth. MAS announces its exchange rate policy every six months in its Monetary Policy Statement, which details changes to the exchange rate policy trading band, in a continuing attempt to achieve price stability without negatively impacting on economic growth.

Politics

Government Structure

The Republic of Singapore is a parliamentary republic based on English common law.

Executive

The leader of the largest party in Singapore's unicameral parliament is appointed prime minister following each general election. The leader of the People's Action Party has held the post of prime minister since 1959.

The presidency is a largely ceremonial post for which popular elections are held every six years. As well as appointing the cabinet on the prime minister's advice, the president has a theoretical power of veto over certain civil service appointments, and holds custodial responsibility for the country's financial reserves. The next presidential election will be held in August 2017.

Legislature

The Singapore parliament consists of 84 members elected by compulsory adult suffrage and nine nominated members. Nominated members are appointed by the president from a list drawn up by a special select committee. Nominated members of parliament cannot vote on constitutional matters or expenditure. Under the constitution, a minimum of three opposition members must serve in each parliament even if fewer than three are elected. Members may serve a maximum of five years.

International memberships

Singapore is a member of ASEAN (the Association of South Eastern Asian Nations), the Bank for International Settlements (BIS) and the World Trade Organization (WTO).

Major Political Issues

Singapore is an extremely stable country politically. The People's Action Party (PAP) has ruled continuously since 1959 and has held an overwhelming parliamentary majority since 1966, when the sole opposition Barisan Sosialis Party (a left-wing group that split from the PAP in 1961) resigned from the legislature.

The PAP currently occupies 82 of the 84 elected seats in parliament. Opposition parties include the Worker's Party (WP), the Singapore Democratic Alliance (SDA) and the Singapore Democratic Party (SDP). Prime Minister Lee Hsien Loong is the son of Lee Kuan Yew, the first prime minister of independent Singapore, who served from 1959 to 1990.

In August 2011, Tony Tan won Singapore's presidential election with a small majority of just over 7,200 votes. A recount of votes was held before the result was confirmed, as the margin of Tan's victory was less than 2% from his main rival Tan Cheng Bock. Tony Tan became Singapore president on September 1, 2011.

Taxation

Resident/Non-resident

A company is resident in Singapore if the control and management of its business is exercised in Singapore. In general terms, control and management of a company's business is vested in its board of directors, so the place of residence of the company is where the directors meet.

Tax Authority

Inland Revenue Authority of Singapore (IRAS).

Tax Year / Filing

The tax year generally is the calendar year, although a company is required to file its tax return based on the results of its financial year.

Each tax year is referred as the "year of assessment." Income is subject to tax in Singapore on a preceding year basis (e.g. income earned in the financial year ended in 2016 will be taxed in the 2017 assessment year).

Companies must submit an estimated chargeable income to the IRAS within three months from the end of their financial year end. Tax returns are required to be filed by November 30 of the assessment year for income earned in the preceding accounting year.

Consolidated returns are not permitted; each company is required to file a separate return. However, a loss transfer system of group relief allows current year unutilized losses, unutilized capital allowances and unutilized donations from one qualifying company to be offset against the taxable profits of another qualifying company within the same group. To qualify, companies must be incorporated in Singapore and be at least 75% owned by another company in the group that is incorporated in Singapore, and must have the same accounting year end.

Corporate Taxation

Singapore taxes on a territorial basis. Tax is imposed on all income accrued in or derived from Singapore and all foreign income remitted or deemed remitted to Singapore, subject to certain exceptions.

A company is taxed at a flat rate on its chargeable income; the corporate tax rate is 17%. A partial tax exemption is given to companies on chargeable income of up to SGD 300,000, which is taxed at the normal corporate tax rate, as follows:

- 75% exemption on the first SGD 10,000 of chargeable income; and
- 50% exemption on the next SGD 290,000 of chargeable income.

A private exempt company may be exempt from tax on the first SGD 100,000 and on 50% of

Return to **Contents** page

the next SGD 200,000 of chargeable income for its first three consecutive years of assessment, subject to certain conditions.

There is no surtax.

There is no alternative minimum tax.

Resident and non-resident companies are subject to tax on income accruing in or derived from Singapore and foreign income remitted or deemed remitted to Singapore, including: gains or profits from a trade, business, profession or vocation; dividends, interest or discounts; pensions, charges or annuities; rents, royalties, premiums and other profit arising from property; and gains or profits of an income nature not falling within the above.

Foreign income remittances in the form of dividends, branch profits and services income to resident companies are exempt from tax provided the income is received from a foreign jurisdiction with a headline tax of at least 5% in the year the income is received or deemed to be received in Singapore, and the income has been subject to tax in the foreign jurisdiction. Foreign income that has been exempt from tax in the foreign jurisdiction as a direct result of a tax incentive granted for substantive business operations carried out in that jurisdiction will be considered as having met the "subject to tax" test.

Expenses of a revenue nature that are incurred wholly and exclusively to produce income may be deducted in computing taxable income. Other deductible expenses include capital allowances and tax losses carried forward from prior years.

Various incentives are available for pioneer and expanding companies, headquarter activities, financial services, asset securitization, fund managers, international maritime activities, international trading and R&D.

Losses may be carried forward indefinitely, subject to compliance with a shareholding test. Unutilized capital allowances carried forward are subject to both the shareholding test and a same business test. Losses and unutilized capital allowances may be carried back for one year, subject to a cap of SGD 100,000 and compliance with the shareholding test. When current year unutilized capital allowances are carried back, the same business test also must be satisfied.

Advance Tax Ruling Availability

Requests for advance rulings from the IRAS must satisfy the following conditions:

- they involve the interpretation of the application of the Singaporean tax law to a specific taxpayer;
- the proposed arrangements are seriously contemplated by the taxpayer;
- the facts of the proposed arrangement are established, and not dependent on assumptions about a future event or matter;
- they do not concern tax (apart from estimated tax) that is due and payable, or an assessment already issued by the IRAS;

- they do not concern matters that are the subject of an existing audit or investigation by the Comptroller of Income Tax; and
- the request does not require the Comptroller of Income Tax to form an opinion in respect of a generally accepted principle or commercially acceptable practice.

Provided the request is not complex, and the taxpayer has paid the prescribed fees and complied with the application procedure, the IRAS is expected to provide a ruling within eight weeks of receiving the application.

The advance ruling is binding on the particular arrangement for a specified period of time. However, the ruling is withdrawn in the following circumstances:

- the actual arrangement is materially different from the arrangement stated in the ruling;
- there was a material omission or misrepresentation in, or in connection with, the application for the ruling;
- the assumptions contained in the ruling are incorrect;
- there is a change in the law; or
- the taxpayer fails to satisfy conditions stipulated in the ruling.

The ruling is final without an option to appeal against it. However, in the event that a taxpayer disagrees with the advance ruling, they are still permitted to complete the tax return without applying the ruling, provided they make the necessary disclosures in respect of the ruling in the tax return. If an assessment is made by the IRAS based on the ruling, the taxpayer is allowed to appeal against the assessment in accordance with the normal objection process.

An advance ruling system also exists for GST matters, but requests are not considered where:

- the matter on which the ruling is sought is the subject of a return that has been or is due to be lodged under the GST Act;
- at the time the application is made, or at any time before the ruling is issued, the Comptroller of GST (CGST) considers that the person to whom the ruling is to apply is not seriously contemplating the arrangement for which the ruling is sought;
- the application is frivolous or vexatious;
- the matter on which the ruling is sought involves the interpretation of any foreign law;
- a ruling already exists on how the relevant provision of the GST Act applies to the applicant and the arrangement, and the proposed ruling would apply to a period to which the existing ruling applies;
- an assessment (excluding an assessment of any estimated tax) relating to the applicant, the arrangement and a period to which the proposed ruling would apply has been made, unless the application is received by the CGST before the date the assessment is made;

- the CGST is undertaking an audit or investigation on how any provision of the GST Act applies to the applicant or to an arrangement similar to the arrangement that is the subject of the application, during any period for which the proposed ruling would apply were the ruling to be made;
- in the CGST's opinion, insufficient information has been provided despite a request by the CGST for additional information;
- in the CGST's opinion, it would be unreasonable to make a ruling in view of the resources available to the CGST; or
- the ruling would require the CGST to form an opinion as to a generally accepted accounting principle or a commercial practice.

In addition, the CGST shall not make a ruling on a provision of the GST Act that authorizes or requires the CGST to impose or remit a penalty, inquire into the correctness of any return or other information furnished by any person, prosecute any person or recover any debt owing by any person.

An application for an advance ruling for GST matters should be made not later than one month before the filing deadline of the relevant GST return, except where the CGST accepts an application for an express advance ruling. For an express ruling, the application must be submitted no later than ten working days before the filing deadline of the relevant GST return.

The advance ruling system is not available for stamp duty matters.

General Anti-avoidance

Singapore has a general anti-avoidance provision.

Withholding Tax (Subject to Tax Treaties)

Payments to:	Dividends	Interest	Rental of movable property	Royalties*	Technical service / management fee income	Branch remittances
Resident companies	None	None	None	None	None	NA
Non-resident companies	None	15%**	15%**	10%**	17%	None

* Excluding certain literary and artistic copyright royalties, approved invention or innovation royalties.

** The withholding tax at 15% (or 10% for royalties) on the gross payment is a final tax. It applies provided that the income is not derived by the non-resident through its operations carried out in or from Singapore. Operations carried out in or from Singapore will continue to be taxed at the prevailing corporate tax rate on their chargeable income.

A non-resident is liable to pay income tax on Singaporean-sourced income. Generally, withholding tax is applicable to certain payments made to non-residents unless otherwise exempt under extra-statutory concessions, provisions of the Singapore Income Tax Act or a relevant double tax treaty.

Such payments broadly include interest, royalties, technical assistance fees, management fees, directors' remunerations and rental of movable property.

There is no withholding tax on dividends.

Generally, a withholding tax of 15% on the gross amount is levied on interest, commission, fees or other payments in connection with any loan or indebtedness or with any arrangement, management, guarantee or service relating to any loan or indebtedness paid to non-resident companies. However, withholding tax would not apply to (i) any arrangement, management or service relating to any loan or indebtedness where the arrangement, management or service is performed outside Singapore by a non-resident person who, in the event, is not an individual, is not incorporated, formed or registered in Singapore, and does not carry on a business and does not have a permanent establishment (PE) in Singapore, or carries on a business or has a PE in Singapore but the arrangement, management or service is not performed through that business or PE in Singapore; and (ii) any guarantee related to any loan or indebtedness, where the guarantee is provided by a guarantor who is a non-resident person who, in the event is not an individual, is not incorporated, formed or registered in Singapore, and does not carry on a business in Singapore and does not have a PE in Singapore, or carries on a business in Singapore or has a PE in Singapore but the giving of the guarantee is not effectively connected to that business or PE in Singapore.

Interest paid to a Singapore branch of a non-resident bank is not subject to withholding tax in Singapore if the Singapore branch of the non-resident bank has been granted a waiver from compliance with withholding tax.

The Monetary Authority of Singapore issued a circular on March 31, 2011 stating that withholding tax exemption will be granted on interest and other qualifying payments made to all non-resident persons (excluding PEs in Singapore) if the payments are made for the purpose of the trade or business of a bank, finance company or approved financial institution, subject to certain conditions being met.

The withholding tax exemption has been further enhanced to include interest and other payments made to PEs of non-resident persons in Singapore. However, the Singaporean PEs will need to declare these payments in the annual tax returns and be assessed to tax (unless specifically exempt from tax).

Interest derived by a non-resident company without a Singaporean PE, from qualifying debt securities, deposits in an approved bank in Singapore and approved Asian Dollar Bonds, is also exempt from withholding tax if the interest is not derived by the non-resident company through its operations carried out in or from Singapore. A similar exemption applies to amounts derived from Islamic debt securities issued during specified periods.

The Singapore Income Tax Act exempts from tax payments for technical and management fees in Singapore if such services are provided outside Singapore by a non-resident person who, in the event, is not an individual, is not incorporated, formed or registered in Singapore, and does not carry on a business in Singapore, and does not have a PE in Singapore, or who carries on a business in Singapore or has a PE in Singapore but the rendering of the technical and management services is not performed through that business or PE in Singapore.

Non-resident companies may also qualify for a reduction of, or exemption from, withholding tax on interest and royalties if the non-resident beneficial owner is able to benefit from a reduced rate under a double tax treaty.

Tax Treaties/Tax Information Exchange Agreements (TIEAs)

Singapore has exchange of information relationships with 85 jurisdictions through 85 double tax treaties and one TIEAs (www.eoi-tax.org, January 2017).

Transfer Pricing

The Singapore Income Tax Act includes provisions to enforce the arm's-length principle and to provide the IRAS with legislative powers to address non-arm's-length dealings. Companies must ensure that their intercompany transactions are at arm's length, and should prepare adequate documentation to avoid any potential tax adjustments by the IRAS.

Guidance issued by the IRAS in 2006 provides its interpretation of the provisions of the Singapore Income Tax Act affecting the pricing of cross-border related-party dealings.

The guidance includes detailed chapters on the application of the arm's-length principle, documentation requirements, advance pricing arrangements (APAs) and requests to invoke the mutual agreement procedure (MAP) under the tax treaties.

The guidance adopts the definition of the arm's-length principle as endorsed by the OECD (even though Singapore is not a member of the OECD). This aligns Singapore's transfer pricing rules with the standard adopted in the transfer pricing rules of most jurisdictions, and should assist Singaporean taxpayers in avoiding double taxation.

The guidance also emphasizes that the IRAS intends to avoid placing unnecessary compliance burdens on taxpayers. The guidance states that taxpayers need only maintain adequate documentation to show compliance with the arm's-length principle, and that "taxpayers are not expected to go to such lengths that the compliance costs arising from the preparation of documentation are disproportionate to the amount of tax revenue at risk, or to the complexity of the transactions". Nonetheless, taxpayers are expected to maintain adequate documentation to demonstrate that reasonable efforts have been made to determine that the pricing of cross-border related-party dealings is consistent with the arm's-length principle. The guidance lists the type of information that may be considered helpful in substantiating compliance with the arm's-length principle.

On February 23, 2009, the IRAS issued a Supplementary Circular on the application of the arm's-length principle to related-party loan and service arrangements. The IRAS has confirmed its position that related-party loans should comply with the arm's-length standard. However, loans extended between related parties, both of which are Singapore-based entities, are exempt from the need to apply an arm's-length interest rate, and the IRAS is prepared to continue with the interest adjustment practice for such interest-free loans. Loans between a Singapore-based entity and a related entity based outside Singapore ("related cross-border loans") are required to comply with the arm's-length principle.

For related-party services, the IRAS allows a 5% mark-up on prescribed routine support services as an alternative for undertaking a detailed transfer pricing analysis or documentation, provided that these services are not also rendered to a third party. If a detailed transfer pricing analysis has been performed to support a mark-up other than 5%, such mark-up should be adopted. For services provided on a cost-pooling basis, the IRAS will allow charges to the related party for its proportionate share of the costs to be made without a mark-up element, subject to certain conditions.

A group service provider may occasionally arrange and pay for, on behalf of its related parties, services acquired from third-party service providers. Where such service providers have already included an arm's-length mark-up for their services, the IRAS is prepared to accept that these costs may be charged without a mark-up to the related party if the costs are the legal or contractual liabilities of the related party and the group service provider is merely the paying agent and does not itself act to enhance the value of the services.

Thin Capitalization

There are no thin capitalization rules in Singapore.

Stamp Duty

Stamp duty applies only to financial instruments relating to stock and shares and immovable property. These include the sale of a mortgage of immovable property and shares and a lease of immovable property. An ad valorem stamp duty is chargeable on a lease or agreement for a lease of any immovable property with annual rent exceeding SGD 1,000. Leases with annual rent not exceeding SGD 1,000 are exempt.

Buyer's stamp duty on the acquisition of all property is 1% for the first SGD 180,000, 2% for the next SGD 180,000 and 3% thereafter. Additional buyers stamp duty is payable by certain groups that purchase or acquire residential property (including residential land). The additional buyers stamp duty is 5% to 15%, depending on the category of the buyer and is computed on the higher of the purchase price or market value of the property.

Seller's stamp duty of up to 15% to 16% applies to industrial and residential property depending on the holding period and date of acquisition.

The buyer's stamp duty on the acquisition of stock and shares is 0.2% of the market value or value of consideration, whichever is higher. The transfer of scripless shares listed on the Singapore stock exchange, however, is not subject to stamp duty. Stamp duty relief is available in a number of cases, subject to conditions.

Return to **Contents** page

Real Property Tax

Property tax, levied on all immovable property in Singapore, is payable annually by the owner at the beginning of the year. Immovable property includes Housing Development Board flats, houses, offices, factories, shops and land.

The annual property tax is calculated based on a percentage of the gross annual value of the property, as determined by the property tax department. The rates are progressive, and range from 0% to 16% for owner-occupied residential property, from 10% to 20% for nonowner-occupied residential property; and a 10% rate applies for non-residential property. A property tax exemption may be granted for land under development in certain cases.

Goods and Services Tax (GST)

GST is imposed on the supply of goods and services in Singapore and on the importation of goods into Singapore.

It is similar to a European style VAT.

The standard rate is 7%, but the export of goods and the supply of international services is zero-rated. Financial services, and the sale or lease of residential properties, are exempt from GST.

Only GST-registered businesses may reclaim the GST (input tax) paid on their business purchases. However, input tax that is directly attributable to exempt supplies cannot be reclaimed. Consequently, financial institutions would normally have to attribute their input tax such that a certain amount may not be reclaimed and hence is a cost. Under an administrative concession made by the IRAS, certain financial institutions are allowed to use a fixed input tax recovery rate to determine the amount of claimable input tax. These fixed input tax recovery rates are subject to yearly review. For financial institutions in a GST group, the fixed input tax recovery rate applicable for the whole group will be based on the lowest rate applicable to any one of the group members.

A person is required to be registered if the total annual value of its taxable supplies exceeds SGD one million in a 12-month period. Companies may apply for voluntary registration even if turnover is less than SGD one million. However, once registered voluntarily, the taxpayer must remain registered for at least two years.

To encourage Islamic banking in Singapore, the GST treatment of qualifying financial products based on sharia-compliant concepts (e.g. murabaha and ijara wa igtina) has been harmonized with that of conventional financial products. Which particular sharia concept is used will determine whether the consideration received by the bank is exempt, and therefore whether any GST is claimable by the bank in relation to the asset acquired. In practice, it may be prudent to seek a ruling from the IRAS to clarify the GST treatment.

Financial Transactions/Banking Services Tax

Singapore does not have specific taxes applying to financial transactions and banking services, including loans, money transfers, letters of credit, and foreign exchange.

Cash Pooling

There are no specific tax rules for cash pooling arrangements.

Capital Gains Tax

Capital gains are exempt from tax.

Central Provident Fund (CPF)

There is no payroll tax payable by employers.

Employers have to make mandatory Central Provident Fund (CPF) contributions in respect of every Singaporean citizen or permanent resident (immigration status) employee who is exercising employment in Singapore. The employer contributes up to 17% for all workers in Singapore who are Singaporean citizens or Singaporean permanent residents (except for workers who earn SGD 1500 or less and are also above 35 years of age).

CPF is paid monthly on the first SGD 6,000 of monthly ordinary wages and a total annual wage ceiling of SGD 102,000; any earnings beyond this level are not subject to the CPF contribution.

The employer's mandatory CPF contribution is deductible for corporate tax purposes.

Taxes include a monthly levy per foreign worker in certain industries and a training levy for all employees on up to the first SGD 4,500 of gross monthly remuneration at a rate of 0.25%, subject to a minimum of SGD 2.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2017 (www.deloitte.com).

Cash Management

Banking System

Banking Regulation

Banking Supervision

Central bank

The Monetary Authority of Singapore (MAS) was established by the MAS Act of January 1, 1971 to formulate and execute monetary policy and to exercise regulatory authority over Singapore's banking and financial sectors. The main aim of the MAS policy is to promote monetary stability, and to pursue credit and exchange policies to support sustained economic growth.

The MAS is also banker and financial agent to the government and is responsible for currency issuance, following its merger with the Board of Commissioners of Currency on October 1, 2002.

Other banking supervision bodies

The MAS is the regulatory supervisor for all financial services in Singapore and is charged with facilitating the continued growth of Singapore as a global financial center. To pursue these core responsibilities, the MAS regularly inspects and monitors all regulated entities.

Central Bank Reporting

General

The MAS imposes no formal central bank reporting requirements.

Singapore's Department of Statistics (DOS) compiles data for balance of payments estimates via surveys on services, income and private non-bank financial flows.

What transactions – listed

DOS surveys include the International Trade in Services Survey, Survey of Singapore's Investments Abroad, and Survey of Foreign Equity Investments in Singapore. Data is also collected on a quarterly basis from International Enterprise Singapore (IE Singapore), the MAS, official government records, and other government ministries and agencies.

Whom responsible

Not applicable.

Additional reporting for liquidity management schemes

There are no additional reporting requirements.

Exchange Controls

Exchange structure

The official currency of Singapore is the Singapore dollar (SGD), which is managed by the MAS within predetermined bands against a basket of the currencies of Singapore's main trading partners. The SGD is fully convertible and Singapore imposes very few exchange controls. Notes and coin issued in Singapore and Brunei are freely interchangeable at par without charge within the two countries.

Exchange tax

There is no tax on foreign exchange transactions.

Exchange subsidy

There is no exchange subsidy.

Forward foreign exchange market

There are no restrictions on forward foreign exchange markets.

Capital flows

There are no restrictions on capital flows.

Loans, interest and repayments

Singapore imposes no restrictions on the provision or repayment of loans, but withholding tax may be applied on the interest payable by non-residents. Non-resident companies may borrow up to SGD 5 million in local currency; non-residents wishing to obtain credit in excess of SGD 5 million for use offshore must first convert the excess funds into foreign currency.

Royalties and other fees

There are no restrictions on the payment of royalties and other fees.

Profit remittance

There are no restrictions on the remittance of profits.

Bank Account Rules

Residents may hold accounts denominated in local or foreign currency both domestically and abroad. Non-residents may also hold SGD and foreign currency accounts in Singapore. All accounts may be fully converted into other currencies.

A resident company has its permanent or registered address in Singapore (including a branch or subsidiary of an overseas-registered company) and/or maintains its place of effective management in Singapore.

A company is considered non-resident if its permanent or registered address is outside Singapore (including an overseas branch or subsidiary of a Singapore-registered company).

Anti-Money Laundering and Counter-terrorist Financing

- Singapore has implemented anti-money laundering and counter-terrorist financing legislation, (the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act 2000 as amended2006 and 2013; the Terrorism (Suppression of Financing) Act 2003 Revised Edition as amended and the Casino Control Act 2006; the Monetary Authority of Singapore (MAS) has also issued a series of regulatory Notices that are regularly updated).
- A Financial Action Task Force (FATF) member, Singapore observes most of the FATF+49 standards. Singapore is also a member of the Asia/Pacific Group on Money Laundering (APG) and the Group of International Finance Centre Supervisors (GIFCS).
- The Monetary Authority of Singapore (MAS) issues all anti-money laundering regulations and monitors financial institutions' compliance. The MAS has issued a number of Notices to various financial sectors setting out their anti-money laundering obligations. In August 2006, it issued for public comment, revised draft regulations for banks and new draft regulations for other financial institutions.
- Singapore has a financial intelligence unit (FIU), the Suspicious Transaction Reporting Office (STRO), which is a member of the Egmont Group.
- Account opening procedures require formal identification of the customer and beneficial owners.
- The identity of legal entities and individuals representing them must be established with reference to their formation documentation and authorisation letters respectively.
- Where a third party conducts transactions on behalf of a principal both individuals must be identified.
- Financial institutions are required to conduct ongoing due diligence.
- Financial institutions have to identify occasional customers for all transactions and particularly for cash transactions exceeding SGD 20,000 or its foreign currency equivalent.
- Financial institutions must identify individuals making both domestic and cross-border wire transfers and transactions must be recorded.
- All domestic and offshore banks in Singapore are subject to the same anti-money laundering requirements.
- Financial institutions in the broadest sense must record and report suspicious transactions, including attempted transactions that were not completed, to the STRO.
- Individuals entering or leaving Singapore must report to the customs authorities, cash and bearer-negotiable instruments exceeding SGD 20,000. Individuals who move cash exceeding the prescribed amount into or out of Singapore, through cargo, post or other means, are required to give a report to the STRO.
- Remittance licensees and money-changing licensees may not conduct significant business

of an aggregate value exceeding SGD 5,000, unless they have obtained evidence of their customer's identity.

- All records must be kept for at least five years after the business relationship has terminated or the last transaction.

Data as at January 2017.

Banking Sector Structure

Major Domestic Banks

Bank	Total assets (USD million) December 31, 2015
DBS Bank	332,541
Overseas-Chinese Banking Corp	274,878
United Overseas Bank	222,621
Bank of Singapore***	16,016
The Bank of Nova Scotia Asia*	6,120
LGT Bank**	2,183

*At October 31, 2009. ** At December 31, 2012. *** At December 31, 2014. Source: www.accuity.com.

Overall Trend

Government efforts to continually develop Singapore's position as a regional financial center have attracted a large number of foreign banks to the country. Although three large locally owned financial institutions – the Development Bank of Singapore, the United Overseas Bank and the Overseas-Chinese Banking Corp – share the bulk of retail and commercial deposit-taking and lending business, the vast majority of banks operating in Singapore are foreign owned.

As of January 2017, Singapore's banking system included 126 commercial banks (121 foreign and five local banks), 31 merchant banks, 4 representative offices of banks and three finance companies in the financial sector. In addition to the five local banks, commercial banks include 29 full foreign banks that offer retail and wholesale services, 55 wholesale banks (all branches of foreign banks), and 37 offshore banks (also foreign owned).

Ten foreign banks have been awarded Qualifying Full Bank (QFB) status (ANZ Banking Group Limited, BNP Paribas, Citibank, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited, Malayan Banking Berhad, State Bank of India, ICICI Bank Limited, Bank of China, and Industrial and Commercial Bank of China). This currently allows banks to operate at a total of 25 places of business including branches, share ATMs among themselves, and relocate their places of business freely. QFBs may also accept fixed deposits under Singapore's CPF Investment Scheme and Minimum Sum Scheme and partner with local banks to provide clients with access to the local bank's ATM and EFTPOS network.

In June 2012, MAS announced amendments to its QFB programme to encourage foreign banks to deepen their participation in Singapore's banking sector. As a result, banks which MAS deems important to Singapore's domestic market will be required to incorporate their retail operations domestically. MAS will also consider granting QFBs that operate as local subsidiaries an additional 25 places of business in Singapore , including 10 additional branches, so long as bank's home countries are free trade agreement (FTA) partners with Singapore. Under the new rules MAS will also only consider granting future QFB licences under FTA negotiations with bank's home countries and banks granted QFB status in future will be required to locally incorporate themselves in Singapore, before they can open any places of business.

In April 2013, Singapore passed the Financial Holding Companies (FHC) Bill, which enables MAS to regulate, supervise and inspect specific financial companies and groups that are incorporated in Singapore, including those that do not conduct banking business but own bank subsidiaries. MAS is able to choose which of these companies it supervises and has powers to set credit and investment exposure limits on the specifically targeted entities. Under the legislation, acquiring a majority shareholding in a FHC requires MAS approval.

The MAS discourages foreign ownership of Singapore's banks by creating local management nominating committees that must contain a majority of board members that are citizens of Singapore and permanent residents. Acquisition of large stakes in local banks can be vetoed by the MAS if it is considered harmful to the bank and country in general.

The Banking (Amendment) Bill 2016 was passed on February 29, 2016 in Singapore's Parliament. Under this bill, any bank with significant presence in retail banking – defined as having more than 3% of resident non-bank deposits, and more than 150,000 deposit accounts with balances below SGD 250,000 – will be classified as a "Domestic Systemically Important Bank" and will be required to create a subsidiary of its retail operations. This subsidiary bank will become subject to MAS regulatory requirements, based on its risk profile. Also, under the Banking (Amendment) Bill 2016, MAS has regulatory powers to make foreign bank branches incorporate all or part of their banking business in Singapore if it deems this to be in the interest of the public, the bank's depositors, or the domestic financial system. Other measures in the Bill include giving MAS the power to direct a bank to remove key appointment holders, such as its chief executive officer, if they are found to be not fit and proper.

Payment Systems

Overview

Singapore operates three separate clearing systems for high-value payments, checks and bulk payments, and card-based payments.

The MAS-operated MEPS+ (MAS Electronic Payment System) clears high-value interbank SGD-denominated payments. MEPS+ incorporates advanced queue management capabilities and automated collateralized intraday liquidity facilities and gridlock resolution.

The Singapore Automated Clearing House (SACH) is made up of clearing systems for the Singapore dollar checks, US dollar checks and electronic bulk payments. SACH is operated by Banking Computer Services (BCS). Singapore operates a five-day clearing week, with an extension of check deposit cut-off times to 15:30 pm on Thursdays and Fridays.

Singapore's three large domestic banks established NETS (Network for Electronic Transfers) to process payments initiated through ATMs, EFTPOS terminals and CashCard payments.

MAS's supervisory responsibilities for Singapore's payment infrastructure are outlined in the Payment Systems (Oversight) Act of 2006.

High-value

Name of system	MEPS+ (MAS Electronic Payment System)
Settlement type	Real-time gross settlement
Settlement cycle	Same-day
Links to other systems	Direct interface with SCHA facilitating daily multilateral net settlement
Payments processed	Large-value interbank electronic funds transfers
Currency of payments processed	SGD
Value and other limits to processing	No value threshold
Operating hours	06:00–20:00 Mon–Fri
System holidays	Weekends and Singapore holidays.
Cut-off time	19:00
Participants	62 banks; all Singapore banks may participate directly subject to compliance with MAS regulations.
Access to system	MEPS+ uses SWIFT message formats and network.
Future developments	NA

Low-value

Name of system	SGDCTS (Singapore Dollar Check Truncation System)
Settlement type	Multilateral net settlement system
Settlement cycle	Two daily clearing cycles; funds are typically released by 14:00 next business day.
Links to other systems	MEPS+ for daily multilateral net settlement
Payments processed	Truncated checks
Currency of payments processed	SGD
Value and other limits to processing	No value threshold
Operating hours	08:30–23:00 Mon–Fri
System holidays	Weekends and Singapore holidays.
Cut-off times	12:00 for return checks; 17:30 for normal checks
Participants	61 members, of which 34 are direct. Participants must have ordinary or associate membership of SCHA.
Access to system	ADSL, leased line
Future developments	NA

Name of system	USDCTS (US Dollar Check Truncation System)
Settlement type	Multilateral net settlement system
Settlement cycle	T+2 (or T+3 if beneficiary or remitting bank is indirect member); funds are typically released by 14:00 next business day.
Links to other systems	NA
Payments processed	Truncated USD checks drawn on Singapore banks
Currency of payments processed	USD
Value and other limits to processing	No value threshold
Operating hours	11:00–23:00 Mon–Fri
System holidays	Singapore and US holidays
Cut-off times	12:00 for return checks; 17:30 for normal checks
Participants	48 participants (32 direct)
Access to system	ADSL, leased line, ATM
Future developments	NA

Name of system	eGIRO
Settlement type	Multilateral net settlement system
Settlement cycle	Between T+0 and T+3
Links to other systems	MEPS+ for daily multilateral net settlement
Payments processed	Low-value, non-urgent bulk electronic credit and debit transfers
Currency of payments processed	SGD
Value and other limits to processing	Limits apply to debit transactions
Operating hours	08:00–18:45 Mon–Fri
System holidays	Weekends and Singapore holidays.
Cut-off times	17:00
Participants	45 participants, including 40 direct participants. Participants must have ordinary or associate membership of SCHA.
Access to system	ADSL, leased line
Future developments	NA

Payment and Collection Instruments

Overview and Trends

Cash is still heavily used in Singapore for retail transactions and checks are the most common instrument for bill payments by small companies and consumers. The use of electronic payment instruments is increasing. By transaction volume, card-based e-money is the most popular non-cash payment instrument.

Statistics of Instrument Usage and Value

	Transactions (million)		% change	Traffic (value) (SGD billion)		% change
	2014	2015	2015/2014	2014	2015	2015/2014
Checks	68.9	65.9	– 4.3	686.8	673.4	– 1.9
Credit transfers*	98	118	20.4	334.9	392.8	17.3
Payment cards	581	610	5.0	77.8	80.3	3.2
Card-based e-money	3,138	3,233	3.0	2.6	2.7	3.8
Total	**3,885.9**	**4,026.9**	**3.6**	**1,102**	**1,149**	**4.3**

*Credit transfers via Inter-bank GIRO and FAST payment systems

Source: *MAS - Selected Payment Systems in Singapore 2016*.

Paper-based

Checks

Checks are commonly used for regular bill payments by consumers and for vendor payments by companies. In 2015, 65 million SGD checks with a value of SGD 623.2 billion and 900,000 USD checks with a value of SGD 50.2 billion were processed in Singapore. This represents a fall of 4.4% in volume and 1.7% in value for SGD checks and a fall of 4.2% in volume and 4.3% in value for USD checks. The Singapore Automated Clearing House (SACH) clears both SGD and USD checks as electronic items following truncation. SGD and USD checks are processed in up to 2 business days.

Electronic

Credit Transfer

Credit transfers are used for both low- and high-value payments and are the most common electronic instrument used in Singapore, particularly for salary payments. High-value and urgent electronic credit transfers are settled via MEPS+, Singapore's RTGS payment system, for same-day value while low-value credit transfers can be cleared by the Singapore Automated Clearing House (SACH) 's eGIRO, in up to 3 business days.

FAST (Fast And Secure Transfers) electronic fund transfer service was launched in Singapore in 2014. FAST can be used 24 hours a day, seven days a week for low-value electronic payments of

SGD 50,000 or less. Payments are settled almost immediately. Payments, which are made via computers and smartphones, are settled immediately between accounts at participating banks. Currently, 19 banks participate in the service, which now accounts for the majority of Interbank GIRO transactions processed in Singapore.

Cross-border

Urgent payments can be made via telegraphic transfer for T+1 or T+2 value depending on the currency and the individual bank's capabilities. Most banks operating in Singapore have SWIFT connections, international branch networks and/or correspondent banking networks and as such should be able to make urgent and non-urgent cross-border operations via a variety of routes, particularly for the major currencies.

Direct Debits

Direct debits are largely used for small, regular payments to utility, telecommunications and insurance companies from consumers and small businesses. Direct debits are cleared via the Singapore Automated Clearing House (SACH) 's eGIRO.

Payment Cards

Debit and credit cards are increasingly used for retail payments. In 2015, there were 10.3 million cards with a debit function in circulation in Singapore, 4.3% fewer than the previous year. As of August 2016, there were 7.9 million credit and charge cards in Singapore, 2.6% less than at the same point in 2015. Visa is the biggest card issuer, although Mastercard, Amex and Diners Club are all accepted. Holders of PIN-based cards can make payments from deposit accounts via ATMs. The NETS (Network for Electronic Transfers) system established by Singapore's three large domestic banks clears card payments on a same-day basis.

ATM/POS

There were 2,804 ATMs in Singapore and 172,119.0 EFTPOS terminals at the end of 2015, which are typically connected into the networks of Singapore's three large retail banks (Development Bank of Singapore, United Overseas Bank and the Overseas-Chinese Banking Corp).

ATMs may provide services such as bill payments and third-party funds transfers as well as effecting deposits and withdrawals. Debit cardholders may withdraw cash from some EFTPOS terminals. All transactions are cleared by NETS (Network for Electronic Transfers) on a same-day basis.

Electronic Wallet

Electronic money is an important retail payment method in Singapore, accounting for 80.3% of non-cash payments by volume in 2015. Both single- and multipurpose stored value cards are commonly used in Singapore. (Single-purpose cards can only be used to pay for services offered by the issuer, such as phone cards.) Approximately 34.7 million multipurpose stored value cards were in circulation in 2015, up 18.1% from 2014. These cards are accepted at 167,032.0 payment terminals.

The Network for Electronic Transfers Singapore (NETS) operated "CashCard" and "FlashPay" cards and the EZ-Link operated "ez-link Card" are Singapore's main multipurpose stored value cards approved for use in Singapore. The most commonly used card is the CashCard, which can store up to SGD 500 and can be topped up at ATMs, EFTPOS terminals, by mobile phone and over the internet. Ez-link cards are used for Singapore's public transport system and FlashPay cards are used for public transport and for some retail purchases. All transactions are cleared by NETS on a next-day basis.

Liquidity Management

Short-term Borrowing

Overdrafts

Overdrafts for companies generally require security, but firms with stronger financial records can secure loan amounts in excess of the collateral pledged (shares used as collateral must be registered in the name of the bank's nominee company). Overdraft agreements are extendable and are typically reviewed annually.

For overdrafts secured by guarantees, mortgages or fixed deposits, interest rates are typically 1.0–2.5 percentage points above the lender's prime rate. Penalty interest rates apply (usually five percentage points above prime) if an overdraft increases beyond the agreed line of credit.

Bank Lines of Credit/Loans

Bank lines of credit are a popular source of funding for companies, and interest is charged at a margin over the Singapore interbank offered rate (Sibor).

Trade Bills – Discounted

Banks discount trade-related bills in both SGD and USD, with rates at a margin above LIBOR or SIBOR.

Factoring

Factoring is extensively used as an alternative to bank funding. Providers in Singapore offer a full range of factoring services.

Commercial Paper

Only companies with a high credit rating can typically access the commercial paper market in Singapore, and bank credit is typically a cheaper alternative for most firms. Prior permission from MAS is required before a company or bank can trade in commercial paper.

Bankers' Acceptances

Bankers' acceptances are not commonly used as a source of short-term funding in Singapore.

Supplier Credit

Credit terms of 30–60 days are generally offered for domestic business.

Intercompany Borrowing, including Lagging Payments

Non-financial institutions may not conduct disintermediated lending and borrowing transactions.

Short-term Investments

Interest Payable on Bank Account Surplus Balances

Banks are permitted to offer interest on current accounts held in domestic and foreign currency. In practice, although banks rarely offer interest, companies may find the matter subject to negotiation.

Demand Deposits

Banks are permitted to offer interest on demand deposit accounts held in domestic and foreign currency.

Time Deposits

Time deposits are offered in local and foreign currency.

Certificates of Deposit

Banks issue certificates of deposit (CDs) in both local and foreign currency. SGD-denominated CDs are issued in a range of maturities between three months and five years, with a minimum denomination of SGD 100,000 and a maximum of SGD 250,000. USD-denominated CDs are available in maturities from one month and five years, with a minimum denomination of USD 100,000. Interest on CDs with a maturity below one year is paid at maturity.

Treasury (Government) Bills

MAS issues treasury bills on behalf of the Singapore government on a discounted basis. Three-month bills are auctioned weekly, while one-year bills are only offered twice a year. Six-month bills are issued occasionally. The minimum investment in any treasury bill is SGD 1,000.

Commercial Paper

Commercial paper is not widely used as a short-term investment option due to the lack of liquidity in the SGD market.

Money Market Funds

A number of banks offer money market funds as part of their short-term investment product range.

Repurchase Agreements

Singapore has an established repurchase agreements (repo) market.

Bankers' Acceptances

Bankers' acceptances are not commonly used as a short-term investment instrument in Singapore.

Liquidity Management Techniques

Singapore has few regulatory barriers to domestic or cross-border liquidity management techniques. A combination of tax incentives and the presence of many international cash management banks have helped make Singapore an attractive location for large multinational companies to site their Asian regional treasury centers.

Cash Concentration

Resident entities may use a variety of cash concentration techniques (i.e. target- or zero-balancing) to optimize domestic cash flows in SGD or USD. Resident entities may also participate in cross-border sweeps, and the tax benefits available to Approved Finance and Treasury Units have made Singapore a popular location for regional cash concentration structures. Residents may only participate in cross-border cash concentration structures located outside Singapore that are denominated in foreign currency.

Accounts held by non-resident entities may also participate in domestic and cross-border cash concentration structures, but lifting fees may be applied to transfers between resident and non-resident accounts and withholding tax may be payable on interest. However, non-resident entities that participate in an Approved Finance and Treasury Unit do not pay withholding tax and also benefit from a concessionary 10% tax on qualifying income from overseas related companies.

Notional Pooling

Domestic and foreign currency accounts held by resident and non-resident entities may participate in notional pooling structures. Notional pooling is also permitted for accounts held by different entities within the same group. However, companies may need to establish cross-guarantees and must comply with Singapore's transfer pricing rules if intercompany loans are created.

As with cash concentration structures, non-resident entities may have to pay a withholding tax on interest payments if they are not participating in an Approved Finance and Treasury Unit.

Trade Finance

General Rules for Importing/Exporting

Singapore relies more heavily on external trade than perhaps any other economy and has the world's highest trade-to-GDP ratio. It is a member of the ASEAN Trade in Goods Agreement (ATIGA) and the Trans-Pacific Strategic Economic Partnership, with Brunei, Chile and New Zealand. Singapore has 21 regional and bilateral free trade agreements in place with 31 trading partners such as the USA, China, Australia, Taiwan and Japan. Singapore also has eight free trade zones, operated by three separate authorities.

Imports

Documentation Required

A commercial invoice (including a full description of the imported goods), a bill of lading, a customs declaration form and packing list are required.

Import Licenses

Licenses are required for imports of certain foods such as meat, fish, fruit and vegetables.

Licenses may also be required for some products under the terms of international agreements or on health, safety, environmental or national security grounds.

Import Taxes/Tariffs

Singapore imposes very few import taxes, but beer, stout, samsoo and medical samsoo are all subject to customs duties.

Financing Requirements

There are no particular financing requirements for imports.

Risk Mitigation

No specific requirements. However, ECICS – a private sector export credit agency – insures export supplier credit, export buyer credit, letters of credit, credit for pre-export financing, outward investment and its financing and insures bank guarantees related to export contracts against political or commercial risks.

Prohibited Imports

Singapore operates a list of imports which are prohibited in line with UN Security Council resolutions or on health, safety, environmental or national security grounds.

Exports

Documentation Required

A commercial invoice (including a full description of the imported goods), a bill of lading, a customs declaration form and packing list are required. In certain cases, a certificate of origin is required.

Export Licenses

The export of rubber and certain items, such as substances that deplete the ozone layer, are subject to an export license.

Export Taxes/Tariffs

No taxes are levied on exports from Singapore.

Proceeds

Singapore imposes no restrictions on the transfer of proceeds from exports.

Financing Requirements

There are no particular financing requirements for exports.

Risk Mitigation

There are no specific requirements.

Prohibited Exports

Singapore operates a list of exports which are prohibited in line with UN Security Council resolutions or on health, safety, environmental or national security grounds.

Information Technology

Electronic Banking

Singapore's sophisticated and competitive banking market offers large companies and smaller businesses a wide range of electronic banking services. For their larger clients, banks offer domestic and cross-border payment initiation and reporting services as well as automated sweeping capabilities.

However, there is no common standard for electronic banking in Singapore, so the banks' services are provided via proprietary protocols and formats. Most electronic banking services are offered via browser-based applications as well as across leased lines. Low value SGD electronic transfers of SGD 50,000 or less can be made from smartphones and computers via a FAST (Fast And Secure Transfers) electronic fund transfer service a 24/7, real-time inter-bank fund transfer system. FAST is currently developing a Central Addressing Scheme (CAS) that when operational will allow payments to be made using only a recipient's mobile number, or NRIC number, or Unique Entity Number, rather than bank account numbers. FAST currently has 19 bank participants and is operated by Banking Computer Services (BCS)

Internet banking has also grown substantially in the retail sector, thanks to the rapid growth of internet access. As of mid-2016, approximately 81.3% of the population of Singapore has internet access.

External Financing

Long-term Funding

Bank Lines of Credit/Loans

SGD- and USD-denominated loans are available to domestic and foreign-owned companies for terms of between one and five years at fixed or floating rates of interest. Interest on SGD loans is based on swap rates, while USD loan rates are charged at a margin above the interbank offered rate.

Offshore borrowers favor USD-denominated syndications or club deals. Banks also offer secured commercial and residential property finance.

Leasing

Lease finance is rarely used in Singapore due to tax changes which mean lessors may no longer set non-lease income against depreciated leased assets for tax purposes.

Bonds

Corporate debt may be issued in SGD, USD and HKD to residents and non-residents in Singapore by local companies and Special Purpose Vehicles, with tenors usually ranging from one to ten years. Foreign financial institutions and companies also issue non-domestic SGD bonds in Singapore, with tenors usually between one and 15 years.

Private Placement

Private debt placements are available to foreign companies.

Asset Securitization / Structured Finance

A range of structured debt deals are available in Singapore. More than half of the SGD bonds issued by large companies are structured products, including asset-backed, equity-linked and collateralized debt issues.

Government (Agency) Investment Incentive Schemes / Special Programs or Structures

Limited or non-recourse financing for projects is not common in Singapore.

Useful Contacts

National Treasurers' Association

Association of Corporate Treasurers — www.act.org.sg

National Investment Promotion Agencies

Singapore Economic Development Board — www.edb.gov.sg

International Enterprise Singapore — www.iesingapore.gov.sg

Central Bank

Monetary Authority of Singapore — www.mas.gov.sg

Payment Systems

Monetary Authority of Singapore — www.mas.gov.sg

Banking Computer Services — www.bcs.sg

Banks

Nomura Singapore — www.nomura.com

DBS Bank — www.dbs.com

United Overseas Bank — www.uobgroup.com

Overseas-Chinese Banking Corp — www.ocbc.com.sg

Stock Exchange

Singapore Exchange (SGX) — www.sgx.com

Ministry of Finance

Ministry of Finance — www.mof.gov.sg

Chamber of Commerce

Singapore International Chamber of Commerce — www.sicc.com.sg

Bankers' Associations

The Association of Banks in Singapore — www.abs.org.sg

The Institute of Banking and Finance — www.ibf.org.sg

ASEAN Bankers Association — www.aseanbankers.org