

RELOCATION TO SINGAPORE

A guide to legal and
tax considerations



In our increasingly intertwined world, migration and the occurrence of expatriate living has become the new norm as individuals increasingly seek to lead international lifestyles and globalisation surges through economies. This brings forth the exponential importance of relocation and estate planning, with families dispersing across jurisdictions – complicating wealth and financial management matters.

In this guide, we highlight important legal and tax considerations one should take note of when planning a move to Singapore. We explain immigration options (visa types) and their differences, an overview of Singapore's taxes, the rules on acquisition of Singapore real estate, and relevant aspects of family and succession laws.



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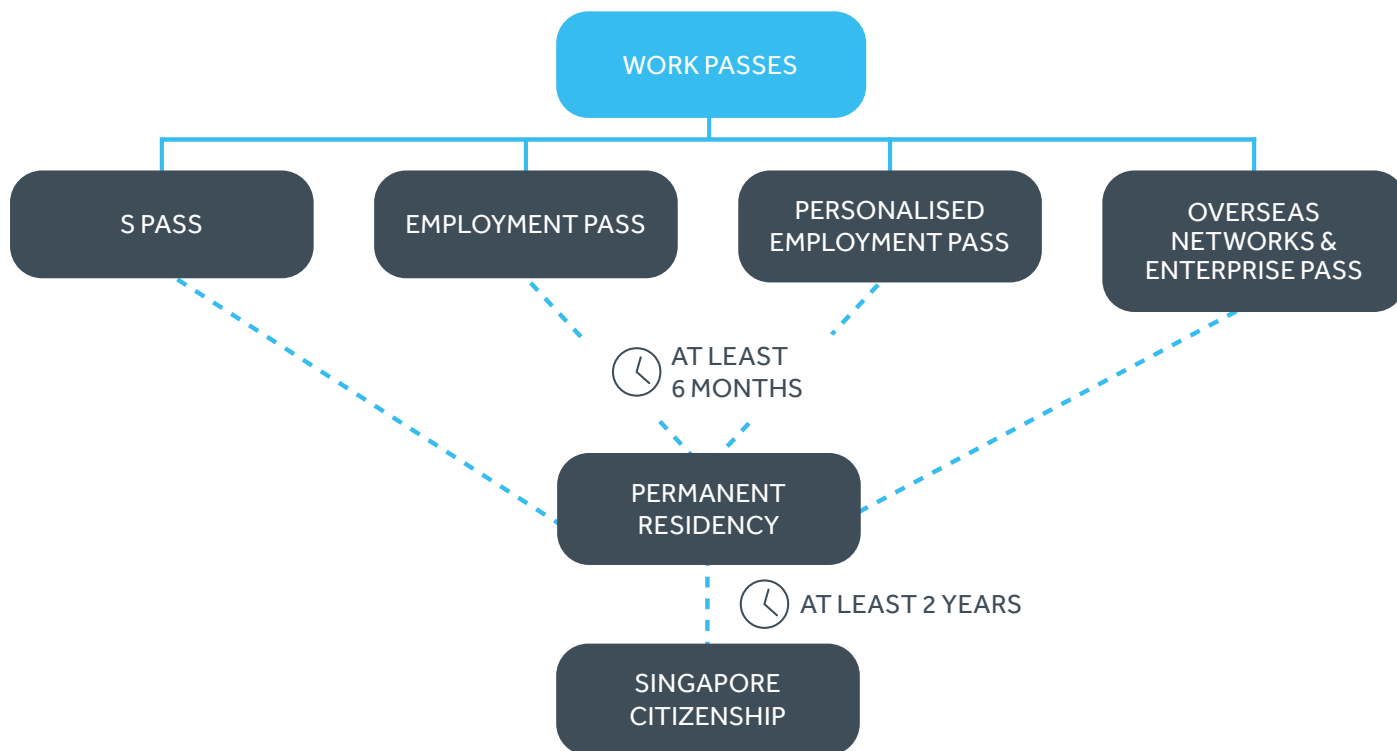
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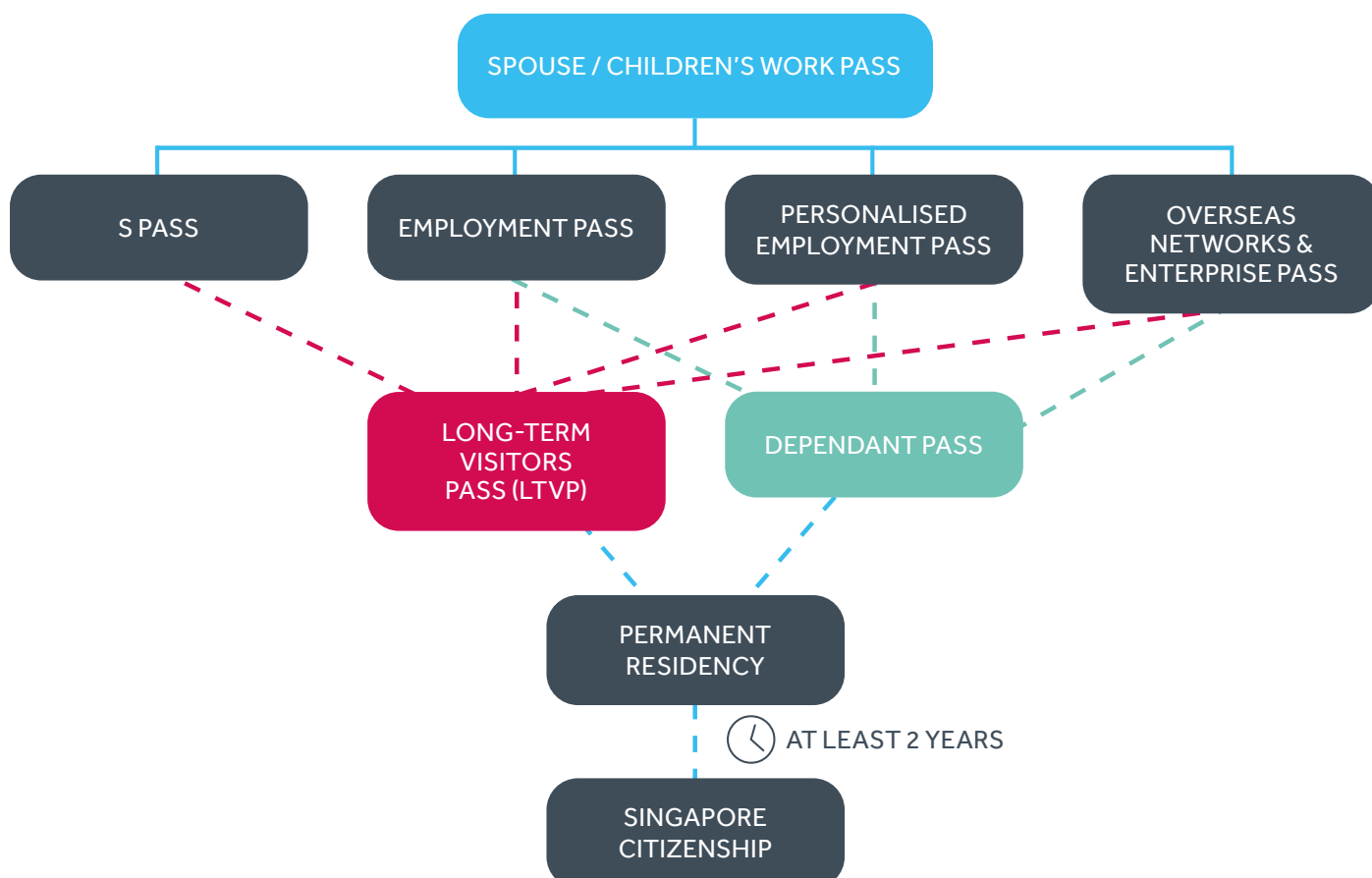
Immigration options

Singapore provides several immigration options for foreign nationals aiming to settle in the nation.

For the individual



For the family



Immigration options

WORK PASSES

Employment pass (EP)

An EP allows foreign professionals, managers, and executives to work in Singapore.

Eligibility

Hold a job offer from a Singapore business that meets the qualifying salary of a minimum monthly salary of S\$5,000 in non-finance sectors and S\$5,500 in finance ones.

Note

- For EPs expiring from 1 Sept 2024, COMPASS is needed to renew EP along with qualifying salary.
- From 1 Jan 2025 new qualifying salary:
 - Finance: S\$6,200.
 - Non-Finance: S\$5,600.

RENEWABLE

Up to 3 years for the renewed EP

VALIDITY

Up to 2 years for the first-time application

KEY BENEFITS

- Low barrier of entry.
- Permits holder to work and live in Singapore.
- Ease of renewability.
- Dependant passes for family members (includes spouses and children under 21 years).
- Long-term visit passes for family members such as parents etc (high salary required).

CONS

- Tied to a specific employer, must reapply when changing jobs.
- General restriction of sole employment. EP holders can act as directors of multiple companies provided they obtain a Letter of Consent ("LOC") from the Ministry of Manpower ("MOM"), with permissions required from their primary employer and relevant regulatory agencies for unrelated companies.
- Obtaining a LOC is challenging if the directorship is not related to the primary employer.

PERSONALISED EMPLOYMENT PASS (PEP)

The PEP is a premium work pass for high-earning professionals.

Eligibility

- Minimum fixed monthly salary of S\$22,500 (benchmarked to the top 10% of EP holders).
- For foreign professionals applying from abroad, their most recent salary must have been earned within the six months preceding their application.

RENEWABLE

Non-renewable

VALIDITY

3 years

KEY BENEFITS

- Flexibility in changing jobs without reapplying.
- Multiple employments generally allowed but MOM must be notified.
- Can remain in Singapore for a continuous period of up to 6 months without a job (i.e. while searching for new employment).
- Dependant passes for family members (includes spouses and children under 21 years).
- Long-term visit passes for family members such as parents.

CONS

- Non-renewable.
- Cannot be unemployed for more than 6 months.

OVERSEAS NETWORKS & ENTERPRISE PASS (ONE PASS)

The ONE Pass is for top talent across all sectors.

Eligibility

- Minimum monthly salary of S\$30,000 or exceptional achievements.

RENEWABLE

Renewable

VALIDITY

5 years

KEY BENEFITS

- Flexible.
- Able to work for multiple employers, start a business.
- No need to reapply for a pass if you change jobs.
- Dependant passes for family members (includes spouses and children under 21 years).
- Long-term visit passes for family members such as parents.

CONS

- High eligibility threshold.
- Requires proof of top-tier performance.



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Immigration options

FAMILY PASSES

Dependant pass

The Dependant Pass is for spouses and children (under 21 years) of EP, PEP, One Pass holders.

Eligibility

- Sponsored by main pass holder.

RENEWABLE

Same as main pass holder

VALIDITY

Same as main pass holder

KEY BENEFITS

- Ability to live in Singapore with the main pass holder.

CONS

- General prohibition on working in Singapore.
- Dependant needs a separate work pass to carry out employment.

LONG-TERM VISIT PASS (LTVP)

The LTVP allows foreign spouses, children and parents of Singapore citizens, permanent resident (PR), or EP holders to stay in Singapore for an extended period.

Eligibility

- Spouse and child (under 21 years old) of a Singapore citizen or PR or EP holder who earns a minimum fixed monthly salary of S\$6,000.
- Parent of a Singapore citizen or PR or EP holder who earns a minimum fixed monthly salary of S\$12,000.
- Visitor seeking permission to stay longer for special reasons.

RENEWABLE

Renewable

VALIDITY

Typically issued for up to 2 years

KEY BENEFITS

- **Extended Stay:** Allows holders to stay in Singapore for a longer period compared to a regular visit pass.
- **Work Pass Eligibility:** LTVP holders may be eligible for a Long-Term Visit Pass-Plus (LTVP+) which offers better employment prospects and healthcare benefits.
- **Access to Local Services:** Easier access to various services and facilities in Singapore e.g. healthcare and education.

CONS

- Only specific family members of Singapore citizens, PR or EP holders are eligible.
- **Conditional Stay:** The validity of the LTVP is linked to the sponsor's status (i.e., the Singapore citizen, PR, and EP).
- **Not a Permanent Status:** The LTVP does not grant permanent residency and must be renewed periodically.

Immigration options

PR & CITIZENSHIP

Permanent residency (PR)

Allows for Long-term residency status in Singapore.

Eligibility

- Employment in Singapore, family ties, investment, social contributions etc

RENEWABLE

Re-Entry Pass renewable every 5 years

VALIDITY

Indefinite

KEY BENEFITS

- Live, work, and buy property at a lower stamp duty rate than foreigners (although restriction against owning land applies) in Singapore.
- Flexibility in changing jobs, can set up own Singapore company, pension contributions made by employer under the Central Provident Fund ("CPF"), cheaper healthcare etc.

CONS

- Long and stringent application process.
- No strict eligibility criteria.
- Does not grant full citizenship rights.
- **Males under 18 must undertake a maximum of 24 months of military service upon turning 18.**

SINGAPORE CITIZENSHIP

Full citizenship rights and responsibilities.

Eligibility

- Have been a Singapore PR for at least 2 years; or
- Have been a PR for at least 2 years and have been married to a Singapore citizen for at least 2 years; or
- Students who hold PR permits and have:
 - Been living in Singapore for more than 3 years;
 - Been Singapore PR for at least 1 year;
 - Either passed at least one national exam or in the Integrated Programme.

RENEWABLE

Indefinite

VALIDITY

Validity N.A

KEY BENEFITS

- Full rights as a Singapore citizen which include benefits such as:
- Right to vote.
- Ability to purchase property at the lowest stamp duty rate.
- No restriction on real estate ownership (ability to buy land).
- Eligibility for CPF contributions and withdrawals.

CONS

- Dual citizenship not permitted (renunciation of prior citizenship required).
- Lengthy application process (generally takes 12 months).
- Applicants aged 16 to 60 years old will be required to complete the mandatory Singapore Citizenship Journey: a series of online learning modules, experiential learning programmes and community interaction opportunities.
- **Males under 18 must undertake a maximum of 24 months of military service upon turning 18.**

COMPARISON OF EP, PEP, AND ONE PASS

ASPECT	EMPLOYMENT PASS	PERSONALISED EMPLOYMENT PASS	ONE PASS
Minimum Salary	S\$5,000 to S\$5,500 per month (higher for older candidates).	S\$12,000 per month (S\$18,000 for overseas applications).	S\$30,000 per month from a single employer.
Tied to Employer	Yes	No	No
Job Flexibility	Tied to a specific employer, must reapply when changing jobs.	Allows change in employer without a new visa application Multiple employers permitted but notification to MOM required.	Can work for multiple employers or start a business.
Unemployment Limitation	Although not explicitly stated, in practice, losing a job with an Employment Pass (EP) sponsor results in the cancellation of the EP. Upon cancellation, a Short-Term Visit Pass (STVP) will be emailed, granting up to 90 days of stay in Singapore from the issue date. If the individual cannot find another job and sponsor within this period, or obtain another visa e.g. dependant visa, they must leave Singapore.	Cannot be unemployed for more than 6 months.	Not applicable
Spousal Work Eligibility	Dependant Pass (DP) holders need a separate work pass. Dependant's Passes are tied to the validity of the EP - If EP is cancelled, DPs will be cancelled as well. - In this event, EP holder and associated dependants must leave Singapore.	DP holders need a separate work pass.	Spouses on DP eligible for a Letter of Consent to work.
Target Group	General foreign professionals.	High-earning professionals with job flexibility needs.	Top talent with exceptional achievements or high salary.
Application Process	Requires job offer from a Singapore-based company.	For current EP holders or high-earning foreign professionals.	For professionals with exceptional achievements from either within or outside Singapore and high salary.



Singapore tax residency

Singapore does not have a statutory definition of tax residency.

- Instead, the rules are based on practice and case law.
- An individual is considered a tax resident for a particular Year of Assessment (YA) if they meet any of the following criteria:

CRITERIA FOR TAX RESIDENCY	DETAILS
Singapore Citizen or PR	You are a Singapore citizen or Singapore PR who resides in Singapore, except for temporary absences.
Foreigner (183 Days Rule)	You are a foreigner who has stayed or worked in Singapore for at least 183 days in the previous calendar year.
Continuous Stay (Three Years Rule)	You are a foreigner who has stayed or worked continuously in Singapore for three consecutive years, even if the stay is less than 183 days in the first and/or third year.
Cross-Year Employment	Worked in Singapore for a continuous period spanning two calendar years with a total stay of at least 183 days. This applies to foreign employees who entered Singapore but excludes company directors, public entertainers, and professionals.
Work Pass Holders	Foreigners issued with a work pass valid for at least one year are also treated as tax residents. However, tax residency status will be reviewed at the point of tax clearance when employment ceases, based on the tax residency rules. If the stay in Singapore is less than 183 days, the individual will be regarded as a non-resident.

If you do not meet any of these conditions, you will be treated as a non-resident of Singapore for tax purposes, and will not be subject to taxation in Singapore unless you earn income in Singapore. If you are a non-resident and you earn Singapore sourced income, you will be taxed at non-resident rates on the Singapore sourced income subject to any available double tax treaty relief.

Residency certificate

Foreigners who need to establish their tax residency in Singapore can apply for a Certificate of Residence (COR) from the Inland Revenue Authority of Singapore (IRAS). The COR is essential for individuals seeking to benefit from Singapore's extensive network of Avoidance of Double Taxation Agreements (DTAs). You must generally have resided in Singapore for over 183 days to apply for a COR and it is not common for CORs to be issued by IRAS.

Singapore's tax regime

For Singapore tax residents, income tax is primarily levied on income derived from employment, trade, and investments. However, certain types of income are exempt from tax, including:

- **Capital Gains:** Profits from the sale of investments or properties are generally not taxed.
- **Dividends:** Dividend income is typically exempt due to Singapore's one-tier corporate tax system.
- **Certain Employment Benefits:** Some non-monetary benefits may also be exempt or subject to special tax treatment.
- **Gift, Estate or Inheritance.**

Individuals

- **Personal income tax rates** in Singapore are progressive, ranging from 0% to 24% for Singapore tax residents.
- **Income tax rates** vary based on an individual's tax residency status e.g. for non-resident, employment income is taxed at a flat rate of 15%.

Corporations

- **Flat rate of 17%** on a company's chargeable income such as its gross income, with various partial tax exemptions and incentives available for startups, trusts, and specific industries.
- **Corporate Tax Exemptions.**

TAX EXEMPTIONS	EXEMPTION DETAILS	DURATION/ADDITIONAL INFORMATION
Tax Exemption Scheme for New Start-Up Companies	75% exemption on the first S\$100,000 of normal chargeable income; 50% exemption on the next S\$100,000.	Applicable for the first three consecutive years of assessment.
Partial Tax Exemption (PTE) Scheme	75% exemption on the first S\$10,000 of normal chargeable income; 50% exemption on the next S\$190,000.	Provides significant relief to growing businesses.
One-Tier Corporate Tax System	Dividends distributed by Singapore-resident companies are exempt from further taxation in the hands of shareholders.	Simplifies the tax process and avoids double taxation.

Property Tax

Stamp duty

Stamp duty is a tax levied on legal documents, typically related to the transfer of ownership or leasing of properties and shares. It is an important part of the transaction costs involved in buying or leasing properties in Singapore and is calculated at progressive rates. Depending on the profile of a buyer for Singapore residential property, further taxes may also be imposed.

Types of stamp duty

TYPE OF STAMP DUTY	APPLICABLE TRANSACTIONS	RATES (APPLIED PROGRESSIVELY BASED ON DIFFERENT PORTIONS OF THE PROPERTY PRICE)
Buyer's Stamp Duty (BSD)	Payable on all purchases of residential and non-residential properties.	Residential Properties purchased on or after 15 February 2023 ranging from 1% on first SGD180,000 of property value to 6% on property value over SGD3,000,000. Non-Residential Properties purchased on or after 15 February 2023 ranging from 1% on first SGD180,000 of property value to 5% on property value over SGD1,500,000. BSD is rounded down to the nearest dollar, subject to a minimum duty of \$1.
Additional Buyer's Stamp Duty (ABSD)	Additional tax on top of BSD applicable for residential property purchases for certain categories of buyers, including foreigners, entities, PRs and Singapore citizens (purchasing additional residential properties). These measures are intended to manage demand and prioritize property ownership for Singaporean citizens and PRs, while still allowing for foreign investment in the private residential market.	Varies based on the buyer's profile and the number of properties they already own. For Singapore citizens, no ABSD applies for their first property, but ABSD applies on their second property. For Singapore PR, ABSD of 5% applies on their first property. Higher rate of ABSD apply on their second property. For foreigners, ABSD of 60% applies regardless of number of properties they own. For entities and trustees (transfers to living trusts), ABSD of 65% applies regardless of number of properties they own.
Seller's Stamp Duty (SSD)	Payable on the sale of residential properties within a certain holding period.	• 12% if sold within the first year. • 8% if sold within the second year. • 4% if sold within the third year. • No SSD if sold after the third year.
Stamp Duty on Leases	Payable on lease agreements for properties.	• 0.4% of the total rent for the entire lease period if the lease term is 4 years or less. • 0.4% of 4 times the average annual rent for leases exceeding 4 years or for any indefinite term.

Singapore's tax regime

PROPERTY OWNERSHIP

In Singapore, foreigners – including Singapore PR and work permit holders – are allowed to purchase private residential properties. However, there are restrictions on owning land. PRs may, in exceptional cases, seek special approval from the Singapore Land Authority to own land, although such approvals are rarely granted.

There is an annual property tax levied on all properties. Property rates on owner-occupied and non-owner-occupied residential properties are applied on a progressive scale.

Types of residential properties

- **Owner-occupied properties:** These include condominiums, Housing & Development Board (HDB) flats, or other residential properties where the owner resides. They benefit from lower owner-occupier tax rates.
- **Non-owner occupied properties:** These are properties where the owner does not reside. They do not qualify for owner-occupier tax rates and are subject to different tax rates, except for those on an exclusion list.

Property tax calculation

Annual property tax is calculated by multiplying the property's annual value by the applicable tax rate. The annual value is typically based on the estimated gross annual rent if the property were rented out. For land, it is assessed at 5% of the estimated freehold market value.

Tax rates vary:

- **Owner-occupied residential properties:** 0% to 32%
- **Non-owner occupied residential properties:** 0% to 36%

This framework ensures a balance between foreign investment and local ownership opportunities in the property market.

Commercial and industrial properties (non-residential)

Non-residential properties, including commercial and industrial buildings and land, are subject to a property tax rate of 10% of their annual value. The owner-occupier tax rates do not apply to these properties, regardless of whether you have purchased them for personal use or occupation.



Singapore's tax regime

DOUBLE TAXATION AGREEMENTS

Singapore's access to double tax treaties

Singapore has established an extensive network of Double Taxation Agreements (DTAs) to facilitate international business and investment by mitigating the risk of double taxation. These treaties ensure that income earned in one jurisdiction is not taxed again in another, providing significant benefits for individuals and businesses operating across borders.

Overview of double tax treaties ("DTA")

- **Purpose:** DTAs are designed to prevent the same income from being taxed by two different jurisdictions. This is achieved by allocating taxing rights between the countries involved.
- **Credit Coverage:** Singapore's DTAs cover various types of income, including, business profits, dividends, interest, royalties, and capital gains.

Key features and benefits of DTA

FEATURE	DESCRIPTION
Tax Relief Mechanisms	• Exemption Method: Income is taxed in only one of the treaty countries and exempt in the other. • Credit Method: The tax paid in the source country can be credited against the tax payable in the residence country.
Reduced Withholding Tax Rates	Many DTAs provide for reduced withholding tax rates on dividends, interest, and royalties, making it more tax-efficient for entities to repatriate income to Singapore.
Permanent Establishment (PE) Definition	DTAs typically define what constitutes a PE in the source country, thereby clarifying when business profits can be taxed.
Mutual Agreement Procedure (MAP)	MAP allows competent authorities from both treaty countries to resolve tax disputes and interpret treaty provisions, ensuring consistency and fairness.
Exchange of Information	DTAs include provisions for the exchange of tax information between authorities to prevent tax evasion and enhance compliance.

Application process

APPLICATION PROCESS	DESCRIPTION
Certificate of Residence (COR)	To benefit from a DTA, taxpayers must obtain a Certificate of Residence (COR) from the Inland Revenue Authority of Singapore (IRAS). The COR certifies that the taxpayer is a resident of Singapore for tax purposes.
Filing Requirements	Businesses and individuals must comply with filing requirements in both jurisdictions to claim treaty benefits. This often involves submitting specific forms and documentation to tax authorities.

Examples of key DTAs

EXAMPLES OF KEY DTAs	DESCRIPTION
Singapore-India DTA	- Relief from Double Taxation: Provides relief on income such as business profits, dividends, interest, and royalties. - Investment Facilitation: Reduces tax barriers for cross-border investments.
Singapore-United States Limited DTA	- Limited scope: Applies solely to the taxation of income generated from the international operations of aircraft and ships. - Scope of exempted income: For air transportation, the tax exemption extends to revenue earned from passenger transport, mail, livestock, other goods, and ticket sales.
Singapore-China DTA	- Income Coverage: Covers a broad range of income types and includes reduced withholding tax rates. - Economic Cooperation: Enhances economic cooperation and investment flows between the two countries.



Living in Singapore

In this section, we cover some legalities behind some common expenses and information to note while living in Singapore.

CAR OWNERSHIP IN SINGAPORE

Owning a car in Singapore involves several key aspects, including the Certificate of Entitlement (COE), importing cars into Singapore, road tax, and insurance. Here’s an overview based on the referenced websites.

ASPECT	DETAILS
Certificate of Entitlement (COE)	• Purpose: Permit ownership and use of a vehicle for 10 years. • Bidding Process: COEs are obtained through a bidding process with fluctuating prices. • Renewal: COEs can be renewed for 5 or 10 years by paying the Prevailing Quota Premium (PQP).
Road Tax	• Calculation: Based on engine capacity and vehicle age, with additional surcharges for high-emission vehicles. • Payment: Payable annually through methods like online banking.
Insurance	• Requirement: Minimum of third-party insurance coverage. • Types of Insurance: • Third-Party Only: Covers liabilities for bodily injury and property damage. • Third-Party, Fire, and Theft: Includes third-party coverage plus fire and theft protection. • Comprehensive: Covers third-party, fire, theft, and vehicle damage.
Importing Cars into Singapore	• Regulations: Must meet Euro VI emission standards and other technical requirements. • Duties and Taxes: Includes customs duty (20% of OMV), good and service tax, and registration fees. • Inspection and Certification: Must pass inspection and certification before registration and use.
Additional Considerations	• Environmental Incentives: The Vehicle Emissions Scheme (VES) offers rebates for low-emission cars and surcharges for high-emission cars. • Car-Related Benefits: Employer-provided car benefits are taxable.



Living in Singapore

SINGAPORE'S EDUCATION SYSTEM

Singapore's school system is renowned for its high standards and rigorous curriculum. The local system comprises six years of primary education, four to five years of secondary education, and one to three years of post-secondary education, culminating in the GCE 'O' and 'A' Level examinations or a Diploma. The international school system caters to expatriates and offers various curricula such as the International Baccalaureate (IB), British GCSEs and A-Levels, and American Advanced Placement (AP).

For local schools, Singapore citizens are given priority for admission, followed by PRs, and then foreigners. In practice, it can be challenging for foreigners to secure a place in a top local school due to limited availability and the priority given to citizens and PRs.

Local vs. international schools

Local schools: Given its funding from the Singaporean government, local schools are significantly cheaper than international schools. Tuition fees are heavily subsidised for Singapore citizens, with higher fees for PRs and even higher fees for foreigners.

EDUCATION LEVEL	SINGAPORE CITIZEN	PERMANENT RESIDENTS	INTERNATIONAL STUDENTS (ASEAN)	INTERNATIONAL STUDENTS (NON – ASEAN)
Primary School Fees per Month	Free	S\$205	S\$465	S\$750-775
Secondary School Fees per Month	S\$5	S\$380	S\$780	S\$1,400-1,450
Junior College (Pre-University) Fee per Month	S\$6	S\$460	S\$1,040	S\$1,750-1,800

International schools

International schools in Singapore cater primarily to expatriates and offer various curricula such as the International Baccalaureate (IB), British GCSEs and A-Levels, and American Advanced Placement (AP). These schools generally have higher tuition fees compared to local public schools.

- **Tuition Fees:** International school fees are charged on a term-by-term basis and range from S\$30,000 per year to S\$100,000 per year.

Living in Singapore

FAMILY AND DIVORCE LAW IN SINGAPORE

Family and divorce law in Singapore is governed by the Women’s Charter, which outlines statutory provisions for marriage, divorce, and child custody.

FEATURE	DESCRIPTION
Marriage and Divorce Requirements	• Minimum Duration of Marriage: Couples must be married for at least three years before they can file for divorce. Exceptions can be made if the applicant can demonstrate exceptional hardship or if the spouse has been exceptionally unreasonable and leave of court is obtained. • Grounds for Divorce: Divorce can be sought on grounds of adultery, unreasonable behaviour, desertion for at least two years, or separation for either three years (with mutual consent) or four years (without consent). • No-Fault Divorce: Singapore recently introduced a simplified track for divorce (effective as of 1 July 2024), where both parties agree that the marriage has irretrievably broken down and can settle all ancillary matters (like child custody and asset division) amicably.
Prenuptial Agreements	• Legal Status: While prenuptial agreements are not legally binding, they are considered persuasive and can influence the court’s decisions on the division of assets and maintenance during divorce proceedings.
Child Custody and Maintenance	• Custody Decisions: The best interests of the child are prioritised, often resulting in joint custody arrangements. • Maintenance Orders: Courts may issue maintenance orders to support the spouse and children post-divorce. The maintenance amount considers factors such as the financial needs of the spouse and children and the paying spouse’s ability to provide support.
Key Benefits and Considerations	• Fair and Equitable Resolutions: Singapore law emphasizes fair and equitable resolutions, ensuring that the welfare of children is safeguarded. • Hague Convention: Singapore is a signatory to the Hague Convention on International Child Abduction, which is an international treaty focused on protecting children from abduction and ensuring their prompt return to their home country.

Wealth planning in Singapore

SUCCESSION LAW – WILLS AND INTESTACY

Singapore operates under a common law system, and a will executed in Singapore can be resealed in England & Wales and other common law jurisdictions. The primary legislation governing succession for non-Muslims is the Intestate Succession Act (ISA), while the Administration of Muslim Law Act (AMLA) applies to Muslims.

Testamentary freedom

ASPECT	DETAILS
Common Law Principles	Singapore upholds testamentary freedom, allowing individuals to distribute their estate according to their wishes through a will.
Intestate Succession	If a person dies without a will (intestate), the estate is distributed according to statutory rules set out in the ISA. A simple example is as follows: • Spouse and Children: The spouse receives half of the estate, and the children inherit the other half equally. • No Surviving Spouse or Children: The estate is distributed to other relatives in a specific order.

Additional considerations

ASPECT	DETAILS
Wills Register	Singapore has a Wills Registry where individuals can register the existence of their will. This helps in ensuring that the will is found and executed upon death. You do not need to register a will with the Wills Registry for a will to be valid.
Age of Majority	The age of majority in Singapore is 21 , which means individuals under this age are considered minors and cannot make a will.
Legitimate vs Illegitimate Children	Only legitimate children benefit under intestacy rules in Singapore. Illegitimate children do not have inheritance rights under the ISA.
Variation of Wills	Unlike some jurisdictions, Singapore law does not provide for the variation of wills after the testator's death.

Wealth planning in Singapore

INCAPACITY REGIME – LASTING POWERS OF ATTORNEY

Singapore’s incapacity regime, governed by the Mental Capacity Act, is designed to help individuals plan for future situations where they may lack the mental capacity to make their own decisions. This regime shares many similarities with the UK’s framework.

The LPA allows a person (the donor) to appoint another individual (the donee) to make decisions on their behalf should they become incapacitated. These decisions can pertain to personal welfare, property, and financial matters.

Eligibility and scope

- **Donees:** Must be aged 21 or over.
- **Geographic Limitation:** A Singapore LPA can only be made in respect of assets located in Singapore.

FORM TYPE	PURPOSE	SIMPLICITY	PROCEDURE
Form 1: Standard LPA	Used for straightforward cases to grant broad and general powers.	Designed to be simple and user-friendly.	Can be easily completed and submitted using Singpass , Singapore's digital identity system.
Form 2: Bespoke LPA	Used for complex situations requiring specific and detailed powers.	Allows for bespoke drafting to meet specific needs.	Requires legal drafting and is also submitted via Singpass; must be completed with the assistance of legal professionals.

GUARDIANSHIP

Guardianship in Singapore grants an individual the legal responsibility to care for a minor, ensuring their welfare, education, and maintenance. This responsibility is critical when the minor’s parents are unable or unavailable to fulfil their parental duties. The legal framework governing guardianship is designed to protect the best interests of the child.

ASPECT	DETAILS
Guardianship Responsibilities	Guardians are entrusted with the duty to make decisions concerning the child's welfare, education, and maintenance. This includes making day-to-day decisions, managing the child’s assets, and ensuring the child's overall well-being.
Statutory Basis	Guardianship is governed by the Guardianship of Infants Act 1964, which provides the legal structure for appointing guardians and outlines their responsibilities and powers.

Singpass is Singapore’s national digital identity system, allowing citizens and residents to access a wide range of government services online securely. Singpass simplifies the process of creating an LPA by enabling online submission for Form 1, making it accessible and efficient for users.

Deeds of guardianship

ASPECT	DETAILS
Creating a Deed of Guardianship	• Process: The parents (or legal guardians) must draft a Deed of Guardianship, typically with the assistance of a legal professional to ensure it meets all legal requirements. • Content: The deed should clearly state the name of the nominated guardian, their relationship to the child, and any specific wishes or instructions regarding the child's upbringing. • Execution: The deed must be signed by the parents and witnessed by independent parties to be legally binding.

Implementation

ASPECT	DETAILS
Court Approval	While a Deed of Guardianship can nominate a guardian, the Family Justice Courts must formally appoint the guardian. The court's primary consideration will always be the best interests of the child.
Role of the Family Justice Courts	The courts oversee the appointment of guardians and may intervene if the nominated guardian is deemed unsuitable. They ensure that the guardian is capable and willing to take on the responsibilities.
Supervision	Once appointed, guardians are subject to periodic reviews by the court to ensure they are fulfilling their duties adequately.

Considerations

Best Interests of the Child

The overarching principle in guardianship cases is the best interests of the child. This includes their emotional, educational, and physical needs.

Legal Advice

It is advisable to seek legal advice when drafting a Deed of Guardianship to ensure it is comprehensive and enforceable.



Wealth planning in Singapore

TRUSTS IN SINGAPORE

Singapore's comprehensive trust law provides a robust legal framework for the creation and administration of trusts. Here are the key aspects:

Legal framework and perpetuity period

Perpetuity Period

Trusts in Singapore are subject to a 100-year perpetuity period, which is relatively short compared to jurisdictions like Hong Kong that have abolished the perpetuity period altogether. This means that trust assets must vest within 100 years. That said, a 100-year period is generally sufficient from a succession planning perspective, as it typically spans across three generations, ensuring that wealth and assets can be passed down effectively within the family.

Management and regulation

Professional Trustees

Trusts must be managed by professional trustees who are regulated by the Monetary Authority of Singapore (MAS). These trustees are required to meet high standards of fiduciary duty and expertise, ensuring proper management and administration of trust assets. There are limited circumstances where individuals can act as trustees under Singapore law. It is also possible to form a private trust company to act as trustee but this private trust company must be administered by a professional trustee regulated by the MAS.

Tax incentives for trusts

Foreign Trusts Exemption (FT)

A foreign trust is a trust of which a settlor or beneficiary is neither a citizen of Singapore nor a resident of Singapore. This tax exemption also applies to the trust underlying holding company ("**eligible holding company**"), which must not be incorporated in Singapore. If the income from a foreign trust is exempt from tax, any share of that income received by the beneficiary under the trust is also generally exempt from tax.

An eligible holding company is defined by the following criteria:

- **Incorporation:** It must be incorporated outside of Singapore.
- **Purpose:** It is established specifically to hold the assets of a foreign trust.
- **Operations:** Its operations are limited to trading or making investments solely for the purpose of the foreign trust.
- **Shareholding:** All shares of the company must be held by the trustee of the foreign trust.
- **Tax Relief:** The company does not claim any relief or tax credit under the Income Tax Act (ITA).

Exempted income under the FT exemption

Specified Income: This refers to income from designated investments earned by a foreign trust or an eligible holding company. "Specified income" from "designated investments" broadly includes, but is not limited to:

- Income derived from the carrying on of a trade, other than the trade of Singapore immovable properties;
- Interest income from approved banks and finance companies;
- Income from debt securities;
- Annuity payments;
- Proceeds from life insurance policies; and
- Income derived from investments in immovable property located outside of Singapore.

Wealth planning in Singapore

Locally administered trust exemption (LAT)

Where any of the settlors or beneficiaries are Singapore tax residents, the LAT is a tax exemption that should be relied on. Under this exemption, the trust may not be subject to tax on its income, provided it meets the following criteria:

- Each settlor of the trust must be an individual.
- Each beneficiary of the trust may be either an individual or a charitable institution.
- At least one beneficiary must be distinct from the settlor, meaning they cannot be the same person.
- The trust is administered by a licensed trustee company in Singapore.

The trust’s holding company is characterised by:

- **Incorporation:** It can be incorporated either in Singapore or outside of Singapore.
- **Purpose:** It is established specifically to hold the assets of a locally administered trust.
- **Operations:** Its activities are limited to trading or making investments solely for the benefit of the trust.
- **Shareholding:** All shares of the holding company must be held by the trustee of the trust.

Exempted income under the LAT exemption

Relevant Income: Has a narrower scope than “specified income” although a Parliamentary Bill (June 2024) proposes an extension of the scope of the LAT Exemption, which could align it with the FT Exemption.

- **Exclusions:** Notably, it excludes income derived through a partnership in Singapore or any income generated from conducting a trade, business, or profession within Singapore.
- **Tax Treatment:** The exemption aligns with those granted to Singapore tax resident individuals, as the trust is regarded as tax transparent when there are beneficiaries who are Singapore tax residents.

Asset protection and confidentiality

ASPECT	DETAILS
Protection from Creditors	Trust assets are protected from the settlor's creditors, ensuring the assets are preserved for the beneficiaries.
Avoidance of Probate	Trust assets are not subject to the probate process, allowing for efficient and private distribution according to the settlor's wishes.
Confidentiality	There are no requirements to register a Singapore trust, ensuring full confidentiality and privacy for the settlor and beneficiaries.

FAMILY OFFICES

Singapore's family office regime offers a highly favourable environment for high-net-worth families to manage their wealth and investments. It also provides a potential route to Singapore residency. The country boasts a robust ecosystem with a significant number of family offices, supported by a well-developed financial infrastructure, professional services, and regulatory framework.

Tax incentives for family offices

There are three key tax exemptions for family offices in Singapore:

TAX EXEMPTION SCHEME	SECTION 13D (FORMERLY SECTION 13CA)	SECTION 13O (FORMERLY SECTION 13R)	SECTION 13U (FORMERLY SECTION 13X)
Applicability	Single-family or multi-family offices.	Single-family or multi-family offices.	Single-family or multi-family offices.
Fund Structure	Foreign company, trust and foreign individuals. Excludes limited partnerships.	Company incorporated and resident in Singapore.	Company, trust, or any other form, Singapore or offshore-based.
Ownership Restrictions	Non-qualifying investors need to pay a penalty equivalent to the tax on their share of the fund's income.	Non-qualifying investors need to pay a penalty equivalent to the tax on their share of the fund's income.	No ownership restrictions.
Management Requirement	Managed by a Singapore-based fund management company ("FMC"), or exempt licensed FMC with at least one investment professional.	Managed by a Singapore-based FMC, or exempt licensed FMC with at least two investment professionals.	Managed by a Singapore-based FMC, or exempt licensed FMC with at least three investment professionals.
Minimum Fund Size	No minimum.	SGD 20 million at the time of application.	SGD 50 million at the time of application.
Minimum Annual Business Spending	None.	SGD 200,000.	SGD 500,000 (fund size below SGD 100 million). SGD 1 million (fund size SGD 100 million or more).
Economic Substance Requirements	None.	Employ at least three investment professionals who are Singapore tax residents. Have a physical office in Singapore. Incur local business spending on expenses such as rent, utilities, and salaries.	Employ at least three investment professionals who are Singapore tax residents. Have a physical office in Singapore. Incur local business spending on expenses such as rent, utilities, and salaries.

Wealth planning in Singapore

Additional information

- **Duration and Grandfathering:** The tax exemptions granted under Sections 13O and 13U are typically for the life of the fund, with provisions for grandfathering existing schemes when changes are made. Section 13D is subject to legislative change as no formal approval is required for tax exemption to be granted.
- **Application Process:** Applications for Section 13O and 13U schemes are submitted to the MAS. Both licensed and exempt fund managers can apply.
- **Variable Capital Companies (VCC):** Singapore also offers the Variable Capital Company (VCC) framework, which provides greater flexibility for fund managers in structuring investment funds, offering enhanced privacy and tax benefits.

Exempted income under the family offices exemptions

Specified income generated from designated investments is “Exempted Income” for the purposes of the Family Office Exemptions. The scope of income tax exemption is the same as the FT exemption.

ECONOMIC SUBSTANCE REQUIREMENTS – SECTION 10L OF THE ITA

Although Singapore does not have specific economic substance requirements, it has introduced Section 10L, which achieves a similar effect.

What does Section 10L entail?

- Gains from the sale or disposal by an entity of a relevant group of any movable or immovable property situated outside Singapore or any rights or interest thereof, that are received in Singapore from outside Singapore, are treated as income chargeable to tax.
- Any trusts or funds qualified for Sections 13F/L/N/O/U of the ITA are still subject to Section 10L.

Who does Section 10L affect? – “Member of a group” and “relevant group”

- An entity is considered a “member of a group” if its assets, liabilities, income, expenses, and cash flow is:
 - Included in the parent entity’s consolidated financial statements, or
 - Excluded from the parent entity’s consolidated financial statements solely due to size or materiality reasons, or because the entity is held for sale.
- Consolidated financial statements:
 - These are financial statements prepared by an entity following generally accepted accounting standards.
 - These statements present the assets, liabilities, income, expenses, and cash flows of the entity and its controlled entities as if they belong to a single economic unit.
- A group is a “relevant group” if:
 - The entities of the group are not all incorporated, registered or established in a single jurisdiction;
 - Any entity of the group has a place of business in more than one jurisdiction.

Leaving Singapore

What entities are exempt from Section 10L?

- An entity that has adequate economic substance in Singapore.
- The “economic substance” differs for a pure equity-holding entity (“PEHE”) and for a non-PEHE.

Economic substance

ECONOMIC SUBSTANCE FOR PEHE	ECONOMIC SUBSTANCE FOR NON-PEHE
• Entity submits to a public authority any return, statement or account required under the law of its place of incorporation. • Operations are managed and performed in Singapore. • Adequate human resources and premises in Singapore.	• Operations are managed and performed in Singapore. • Consideration given to number of employees in Singapore, qualifications of such employees, amount of business expenditure, key business decisions

LEAVING SINGAPORE

- A person loses their status as a Singapore resident for tax purposes as soon as a new tax residence is established elsewhere. This is a question of fact and any relocation should be documented clearly. Formally, relocating residents should cancel their Singapore residency status and file a final tax return. They should appoint a tax representative or agent authorized to accept correspondence on their behalf after they leave Singapore.
- Singapore legislation does not impose an exit tax on departing residents, which contributes to the country’s appeal as a destination for expatriates seeking to establish a new home

This publication is provided for your convenience only. It does not cover all possible consequences or considerations associated with a relocation to Singapore. It does constitute legal or tax advice. Professional advice before relocation should always be taken.



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