

International Business Guides

# Singapore



HSBC

Opening up a world of opportunity



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# Welcome to Singapore

Singapore ranks as one of the top financial services centres in the world. Fuelled by a hard-working, ambitious and well-educated population, this is a world-class business environment with a global reputation.



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Supported by excellent infrastructure and superior transport systems, this world leader in digital connectivity and transformation is a real Association of Southeast Asian Nations (ASEAN) success story.

HSBC's history in Singapore dates back to 1877 when The Hongkong and Shanghai Banking Corporation Limited opened its first branch on the island. One of the earliest banks to set up in Singapore, HSBC is today a prominent player in the financial services sector.

Singapore is currently rated as the second easiest place in the world to do business by the World Bank. HSBC's long-established heritage positions us well to help businesses take advantage of this alongside opportunities in the emerging economies of ASEAN to which Singapore provides the perfect gateway.

Please get in touch to find out how HSBC can help your business thrive in this market.

# Essentials

Population  
**5.6 million<sup>1</sup>**

Size  
**700 sq km**

GDP  
**USD72,794.0 per capita<sup>2</sup>**

Main languages  
**English, Malay, Mandarin and Tamil**

Currency  
**Singapore Dollar (SGD)**

Time zone  
**UTC +8**



Top exports  
**Electrical machinery and equipment, machinery including computers, mineral fuels including oil, optical, technical and medical apparatus, gems and precious metals, plastics and plastic articles, organic chemicals, perfumes and cosmetics, pharmaceuticals, and other chemical goods<sup>3</sup>**

Top imports  
**Electrical machinery and equipment, mineral fuels including oil, machinery including computers, gems and precious metals, optical, technical and medical**

**apparatus, organic chemicals, plastics and plastic articles, aircraft and spacecraft, other chemical goods, and pharmaceuticals<sup>4</sup>**

Typical office hours  
**09:00 to 17:00, Monday to Friday and 9:00 to 13:00 on Saturday**

Unemployment rate  
**1.8%<sup>5</sup>**

Corporation tax  
**17% (flat rate)<sup>6</sup>**

Dialling code  
**+65**

Emergency numbers  
**999 (police), 995 (fire and ambulance services)**

4. World's Top Exports, 2022

5. Trading Economics, 2022

6. PwC, 2023

# Singapore: The world's only island-city-country

## A Southeast Asian hub

This city-state is located where major East and West shipping lanes converge. It's one of Asia's largest trading hubs and a super-connected, business-friendly country.

## Access to global population

Half of the world's population is within a six-hour flight of Singapore, making it an excellent location for those expanding into emerging economies of ASEAN (Association of Southeast Asian Nations). Southeast Asia is home to 630 million people.

## Triple-A rated financial powerhouse

Singapore is the only Asian nation to receive an AAA credit rating from all three major credit agencies. It's also the fourth largest financial centre in the world, with strong institutions and prudent economic management.

## One of the richest global cities

It has one of the highest per capita incomes in Asia-Pacific, greater than most developed countries including many in Europe and North America.

## Strong, open business climate

This city-state's economy works extremely well and it ranks highly in many business indices. The country works hard to ensure it operates efficiently and it also has one of the most liberal trading regimes in the world.

1. Singapore Department of Statistics, 2022

2. World Bank Group, 2022

3. World's Top Exports, 2022

# Country profile

Consistently ranked as one of the easiest countries in the world to do business by the World Bank, Singapore is a top destination for multinationals. A highly skilled population and world-class infrastructure add to its appeal, positioning Singapore as a leading financial and commercial centre.

With a unique blend of cultures, this city-state is now one of the world's richest nations at the heart of a booming region. Singapore's modern and efficient approach continues to make it highly attractive for foreign investment.

Globally renowned for being safe, orderly and clean, Singapore also boasts low taxes and a stable government in addition to a corruption-free, pro-business environment.

An impressive education system including a variety of local and international schools, alongside the busiest port in the world, make Singapore a perfect English-speaking gateway to the ASEAN market.

Leading the way in the region when it comes to digital connectivity, Singapore is Asia's most 'network-ready' location.

Read on to discover more about the dos and don'ts of doing business in Singapore. Also find out how trading in or with the country could help boost the future growth of your enterprise.

## 5 reasons to do business in Singapore<sup>1</sup>

### 01 **Focal point for Asian trade**

Singapore's reach stretches from East to West, with an in-depth knowledge of many markets including China, India, Indonesia, Malaysia and beyond.

### 02 **Free port, free trade**

There is free flow of goods and capital, and the city-state is right in the middle of one of the world's busiest shipping lanes, the Straits of Malacca. Its tax rates and tax laws are also competitive.

### 03 **World-class, English-speaking, pro-business economy<sup>2</sup>**

This is an English-speaking economy with a world-class reputation as a place to do business. There is a smooth-running bureaucracy and a vibrant SME sector.

### 04 **Stable environment, low corruption<sup>3</sup>**

Singapore is the only nation among the world's richest countries never to have changed its ruling party. It has very little crime and one of the world's lowest corruption rates.

### 05 **Strong protection for IP**

This is one of the best places in the world to protect your ideas and innovations, thanks to Singapore's strict enforcement of its robust intellectual property laws.

1. Singapore Government, 2021

2. Singapore Government, 2021

3. Singapore Government, 2021

## 5 key challenges when doing business in Singapore<sup>4</sup>

### 01 **Vulnerable to global markets**

Singapore is an open economy, which makes it vulnerable to global super-cycles. This can also leave the country exposed to the economic fluctuations of its big trading partners, namely China and the US.

### 02 **Labour shortage**

High wages, a rapidly ageing population and labour shortages are prevalent in Singapore, which can have an impact on businesses.

### 03 **Troubles with imports**

Singapore is a global trading centre, but the government still imposes import restrictions on certain goods. Importers must also pay the duty or sales tax due at the time of importation.

### 04 **Cost of doing business**

Singapore's operating and living costs keep edging upwards, especially in contrast to neighbouring Indonesia and Malaysia. This is a rewarding yet costly place to do business.

### 05 **Strict business incorporation procedures**

Businesses must meet certain eligibility criteria in order to become registered. Procedures are followed strictly with no deviation from the rules. Also, every registered company in Singapore must at all times have at least one resident director. And no matter how much investment you bring in, you will need to apply for a work pass for yourself and any foreign employees.<sup>5</sup>

4. Export.gov, 2022

5. Acclime, 2023

# Society and culture

## In this section

- Language
- Food
- Religion
- Values
- Customs and celebrations
- Useful phrases



Singapore is a cosmopolitan melting pot and home to a combination of Asian and European cultures. This ethnic diversity makes it a popular destination for expatriates, with over 1.5 million residing here.

Globalised and outward-looking, Singapore has strong traditions and an East-meets-West set of values when it comes to business.

Society can be open, yet at the same time conservative.

## Language

English is the language of choice for many in business, although Singapore does have four national languages: Mandarin, Malay, Tamil and English.

Although English is the administrative language and the medium of instruction in schools, the government promotes the teaching of two languages to all school children. As a result, a high proportion of Singapore's population today speak Mandarin as their first or second language.

## Food

Singaporean cuisine is diverse and contains elements derived from several ethnic groups.

Food is a national pastime and the choices on offer are endless. Chinese, Indian, Malay and Indonesian dishes are a speciality, representing everything from affordable street food to Michelin-star fine dining.

Tipping is not usually expected in Singapore. Restaurants often automatically add a 10% service charge, as well as an 8% goods and services tax (GST) to your bill.

## Religion

With many ethnic groups present in Singapore, a diverse number of faiths are represented. According to the latest census, 34% are Buddhist, 14% are Muslim, 11% are Taoist, 7% Catholic, 5% Hindu and 11% are other Christian. Over half a million people say they have no religion at all. This means there are many colourful and spectacular festivals to enjoy, all adding to the city-state's rich tapestry.

# Values

Singapore has five national Shared Values that were promulgated in 1991, which means they are enshrined in law. Some say the city-state's success is based on these values, which are taught in schools. They are: 1. Nation before community and society above self; 2. Family as the basic unit of society; 3. Community support and respect for the individual; 4. Consensus, not conflict; 5. Racial and religious harmony.

# Customs and celebrations

There are 11 gazetted public holidays in each calendar year for all of the main races and religions in Singapore. For the Buddhist, there is Vesak Day which seeks to celebrate the birth, enlightenment and death of Buddha.

For the Chinese, Chinese New Year is usually celebrated in February and marks a new year of prosperity and good luck. For the Christians, there is Good Friday and Christmas Day. For the Hindus, there is Deepavali which is also known as the festival of lights. For the Malays, there is Hari Raya Puasa and Hari Raya Haji.

The city-state also has secular holidays for New Year's Day, Labour Day and National Day.

# Useful phrases

English  
**Malay**

---

Yes  
**Ya**

---

No  
**Tidak**

---

Hello  
**Apa kabar**

---

Goodbye  
**Selamat jalan**

---

Thank you  
**Terima kasih**

---

Do you speak English?  
**Adakah anda bercakap dalam bahasa Inggeris?**

---

I do not understand  
**Saya tidak faham**

---

English  
**Mandarin**

---

Hello  
**Nǐ hǎo (Nee how)**

---

How are you?  
**Nǐ hǎo ma? (Nee how ma)**

---

Very good  
**Hěn hǎo (Hun hao)**

---

My name is  
**Wo de mingzi shi**

---

Please  
**Qǐng (Ching)**

---

Excuse me  
**Dǎrǎo yīxià**

---

Thank you  
**Xièxiè**

---

Do you speak English?  
**Nǐ huì shuō yīngyǔ ma?**



## Working practices and values

Business culture in Singapore is hardworking and the environment is respectful, reserved and polite.

Workers tend to put in long hours in Singapore. The atmosphere can also be quite formal, but this varies from business to business. Multinational corporations with large teams of international expatriates obviously operate differently from small, family-run Chinese, Indian or Malay companies.

Taking the time to learn the working environment will assist integration into Singapore.

Group-thinking is prevalent in Singapore. It nurtures co-operation in the workplace, helps build consensus and promotes teamwork, as well as creating common corporate goals.

In addition to rules and the Shared Values system, the age-old Asian concept of saving and losing 'face' is still very much present during business dealings.

A large expatriate population now lives and works in the city-state, so Singaporeans are well versed in dealing with all nationalities and their different ways of conducting business.



# Business etiquette

## In this section

- Greetings
- Dress code
- Negotiations
- Business cards
- Sealing the deal
- Entertaining
- Golden rules





## Greetings

Punctuality is paramount and formality at the start of any introduction should be upheld with a sincere show of respect. For instance, shaking hands with the most senior member of a team first, as well as the customary exchange of business cards and showing suitable interest. Gift-giving from your country of origin can be an effective way to break the ice and the practice has a strong tradition in Asian culture. But do check in advance as to whether your business partner is open to such approaches.

Greetings and meetings follow clear authority structures and ideas of social status. Work out quickly who is in prime position within an organisation and offer them the respect that is due. This also applies throughout the whole meeting in terms of when they speak, with deference given to the topics they discuss and the decisions made.

## Dress code

Located a few degrees from the equator, Singapore has a constant, year-round, tropical climate. Buildings are air conditioned to cope with the high humidity. Light suits are worth the investment, and although short-sleeved shirts worn without a tie can be acceptable for business wear, it's worth remembering this is a business city at heart and suits and ties are the norm. However, jackets are not always required. Singapore is more relaxed than areas of northern Asia, but more formal than some other business environments in Southeast Asia.

## Negotiations

Singaporeans are tough negotiators on price and deadlines. This is a competitive marketplace. Decisions are driven by the consensus rather than an individual and long-term relationships beat short-term wins when it comes to negotiating. Singaporeans do like to bargain hard though, not aggressively but competitively, and certainly a negotiator will want to avoid any conflict or dispute in their business dealings. The culture is about achieving a win-win situation. If you understand this element and play negotiations with shrewd respect a lot can be achieved.

## Business cards

You need plenty of business cards when working and doing business in Singapore. The East Asian practice dominates here: present cards with both hands and show deference to your business colleague, customer or partner. It's the same with receiving cards. Unless you're conducting business with very traditional business owners, there's no need to have special business cards printed in the local languages; English will suffice.

Business cards symbolise self-respect, so make sure you treat them accordingly.



## Sealing the deal

Sealing deals can often be a straightforward process in Singapore. Leave yourself room to offer compromises or be prepared to meet halfway so all parties can achieve a win-win situation.

## Entertaining

Food oils the wheels of business in Singapore and sharing meals with colleagues and partners is a crucial part of the process. Long lunches and dinners help cement relationships and build trust. Expect to make small talk and chat about families and work – up to a point. Money is rarely discussed while eating. Alcohol won't be served during a Malay or Indian meal, so don't make the mistake of asking for a beer.

## Golden rules

### 01 **Take the long-term view**

Singaporeans, like many in Asia, prefer to build personal relationships and trust before signing on the dotted line, so ensure you build in enough time for this.

### 02 **The 'face' issue**

Never underestimate the value of saving or losing 'face'. The concept of 'face' represents respect for the people and the corporation you are dealing with. Show deference, strive to maintain a harmonious atmosphere, work at understanding your Singaporean counterparts and you should achieve your objectives.

### 03 **Win-win culture**

Remember that Singapore is a competitive marketplace, but decisions are driven by the consensus and any conflict in business dealings should be avoided in favour of a win-win situation.

# Economy

## In this section

- Highlights
- Regional economies
- Exports and imports
- Financial services



# Highlights

- Singapore is one of the world’s most competitive economies. It sits at the top of many indices measuring all aspects of life in the city-state and has a stable macro-economic environment with healthy public finances.
- This is one of the world’s top financial centres, behind New York, Shanghai and Hong Kong. State-of-the-art technology, low taxes and efficient transport and infrastructure help keep Singapore ahead of the race.
- Singapore has implemented 27 free trade agreements with more than 30 partners, maximising the city-state’s economic benefits.

GDP (Current USD) <b>\$396.99 billion<sup>1</sup></b>	<b>Economic Structure<sup>5</sup></b>		
	Services (% of GDP)	<b>69.45%</b>	
	Industry (% of GDP)	<b>24.90%</b>	
	Agriculture (% of GDP)	<b>0.03%</b>	
Real GDP Growth <b>0.4% (Down from 7.6% in 2022)<sup>2</sup></b>			
GDP Per Capita <b>\$72,794<sup>3</sup></b>	Exports	Imports	
	Value <sup>6</sup>	<b>\$457.74 billion</b>	<b>\$366.37 billion</b>
Inflation Rate <b>5.7%<sup>4</sup></b>	% of GDP <sup>7</sup>	<b>184.8%</b>	<b>153%</b>

Singaporeans consider their economy to be one of the greatest success stories in history. This is largely thanks to its location, which makes it the nexus for intra-Asian trade.

Testament to this belief is the fact that Singapore is Southeast Asia’s smallest country, yet it’s home to more than 7,000 multinational corporations and 150 international organisations.

Offering excellent access is one of the keys to Singapore’s success. With exposure to fast-growing regional markets, Singapore is a transportation hub for both sea-going containers and air cargo. The container port is one of the busiest in the world and Changi International Airport has one of the most impressive air-route networks in Asia.

Singapore is now in the process of restructuring its economy in a bid to scale down its dependence on overseas workers, boost productivity and move towards more high value knowledge and tech-driven businesses.

The government hasn’t borrowed to finance any deficit expenditures since the 1980s and Singapore has no external public debt. Given the financial shocks that have seriously affected most of the world since 2008, this is a major achievement.

1. World Bank Group, 2022

2. Trading Economics, 2023

3. World Bank Group, 2022

4. Trading Economics, 2023

5. Statista, 2022

6. World Top Exports, 2022

7. World Bank Group, 2022



## Regional economies

Singapore is a free port, a logistics hub for the region's commercial activities. It's also part of the ASEAN free trade area. The city-state is considered an excellent base for international and overseas companies looking to expand in Southeast Asia and the Asia-Pacific region as a whole.

The city-state has 25 free trade agreements with more than 30 trading partners. It's a country with a small domestic market and therefore places the highest priority on the World Trade Organization's multilateral trading system.

China is Singapore's largest trading partner and has been since 2013. China imported 12.4% of Singapore's exports in 2022, followed closely by Hong Kong, which imported 11.2% and Malaysia 10%. Singapore is also one of the largest investors in China as well as being Indonesia's biggest backer.

However, Singapore's strengths are also its vulnerabilities. The economy is highly dependent on global trade and its cyclical nature. Faltering growth rates in China concern economists in the city-state, as does its dependence on global finance.

## Exports and imports

Singapore is a strong, export-driven economy and its key sectors include oil, commodities trading, electronics and tourism. It also has one of the highest trade to GDP ratios in the world. But this makes it one of the most exposed economies in Asia. The Straits of Malacca, literally on Singapore's doorstep, is the world's busiest shipping lane, while the city-state's ports are some of the busiest in the world. Annually, more than 130,000 ships call at Singapore. This spot where East meets West boasts the world's busiest trans-shipment hub with 30% of Asia's trade passing through Singapore.

In 2021, Singapore exported USD457.74 billion worth of goods. 71.7% of Singapore's exports went to Asian countries, 9.38% to European trading partners and 9.44% went to countries in North America.

The trade-reliant city-state has been enjoying an upturn in exports because of a global trade rebound.

## Financial services

Singapore is ranked as one of the top financial services centres in the world and goes head-to-head with Hong Kong in terms of leading the field in Asia, depending on which index you consult.

The city-state's government policy is geared towards meeting the needs of the finance sector, with Singapore acting as a strategic business hub for ASEAN. It is predicted that as a financial centre Singapore is expected to grow in the years ahead.

The Monetary Authority of Singapore (MAS) created an "industry transformation map" for this sector including wealth and asset management, foreign-exchange trading, insurance and financial technology (FinTech) businesses, to create new jobs and support start-ups.

The MAS is particularly focusing on FinTech and USD2 billion of capital was made available to fintech start-ups.

# Sustainability

## In this section

- Highlights
- Global ranking and progress
- Business opportunities
- Future developments




# Highlights

- Singapore has achieved the goals 'no poverty', 'quality education', and 'industry, innovation and infrastructure' and is on track to achieve further goals by 2030 according to the UN's current SDG assessment.
- Addressing resource scarcity and climate change are a key focus of Singaporean development plans as the city-state embraces the SDGs.
- Singapore ranks 60th out of 163 countries on the SDG Global Rank 2022.

Outward-looking and intrinsically dynamic, Singapore has made significant progress in achieving the UN Sustainable Development Goals (SDGs). Collaboration, with internal stakeholders and with the global community, is a crucial element of the Singaporean approach to sustainable development.

The ultimate aim of the SDGs is to end poverty, protect the planet and ensure prosperity for everyone. Each goal has specific targets that need to be met by 2030 to create a sustainable global economy.

		
01 No poverty	06 Clean water and sanitation	12 Responsible consumption and production
02 Zero hunger	07 Affordable and clean energy	13 Climate action
03 Good health and wellbeing	08 Decent work and economic growth	14 Life below water
04 Quality education	09 Industry, innovation and infrastructure	15 Life on land
05 Gender equality	10 Reduced inequalities	16 Peace, justice and strong institutions
	11 Sustainable cities and communities	17 Partnerships for the goals



## Global ranking and progress

Singapore ranks 60th out of 163 countries on the SDG Global Rank 2022. The city-state has already achieved several goals, including 'no poverty', 'quality education', and 'industry, innovation and infrastructure'. According to the UN's current assessment, Singapore is also on track to achieve 'climate action' by 2030.

According to the UN's review of the city-state's SDG trends, Singapore has achieved the goals 'no poverty', 'quality education', 'affordable and clean energy' and 'industry, innovation and infrastructure' and is on track to further goals by 2030.

Singapore has deeply imbedded sustainability into its development policies, creating a clear focus on achieving the SDGs. It has also drawn together the efforts of numerous stakeholders and created a framework to monitor and review progress on the goals, as well as the ability to benchmark progress against global indicators.

Singapore has made strong progress in achieving a number of goals, for example, securing access to affordable and high-quality potable water for all and ensuring accessible and good quality education. Challenges certainly exist, not least from Singapore's ageing population, and addressing these is a key priority for the city-state, particularly as by 2030, one in four Singaporeans will be aged 65 or older. Alongside its Enabling Masterplan focused on equality and diversity, it has created an 'Action plan for successful ageing', which includes areas such as employability, health and wellbeing, transport and housing.

Singapore recognises the value of global co-operation and is committed to sharing experience and best practices across ASEAN and beyond.

## Business opportunities

National and international collaboration is seen as crucial to Singapore achieving a sustainable future. Within the city-state, food security is seen as a key future issue. Innovation in agriculture and diversification of import markets is essential to support growing demand and scarce resource. Meanwhile, meeting the healthcare needs of an ageing population presents opportunity for businesses in the sector, particularly in the growing field of digital health.

Infrastructure opportunities also exist, as Singapore looks to new solutions to maximise limited space, such as underground transit and utilities. Innovation in housing is also likely to provide unique opportunities.

HSBC is committed to helping businesses transition to a more sustainable future. Our network, financial expertise, tools and connections are supporting clients across the world to achieve their sustainability goals.

## Future developments

Continuing to strengthen its links with countries across Asia, the US and Europe remains important for Singapore. Further co-operation and a reduction in trade barriers as part of the ASEAN group, for example, is seen as a priority. Opportunities through the digital economy, advanced manufacturing and healthcare technology are seeing increasing levels of investment and attention.

Joining these aims together, The Global Innovation Alliance is a joint initiative between Enterprise Singapore and the Singapore Economic Development Board to essentially form a network of Singapore and overseas partners in key markets, with a focus on innovation and technology. Operating in 13 cities in ten countries – China (Beijing, Shanghai, Suzhou), France (Paris), Germany (Berlin and Munich), India (Bangalore), Indonesia (Jakarta), Japan (Tokyo), Thailand (Bangkok), Vietnam (Ho Chi Minh City), the UK (London) and the US (San Francisco), its Acceleration Programmes are designed to support Singapore start-ups and SMEs looking at overseas opportunities; and international start-ups looking to scale-up in Asia through Singapore as a springboard.

# Labour and business

## In this section

- Highlights
- Workforce
- Productivity
- Bankruptcy
- Audit and accounts



# Highlights

- Singapore is hugely dependent on overseas labour and has 1.42 million foreign workers, representing a huge proportion of Singapore’s population (almost 50%). Nonetheless, the government is keen to address its reliance on expatriate labour and offer more opportunities to its citizens.
- The city-state is ranked second only to Hong Kong, globally, when it comes to economic freedom. The economy is ruthlessly efficient and open with low tolerance for corruption.
- Unemployment remains incredibly low by international standards. The workforce is highly educated, motivated and small. There are pressures on wages and productivity is picking up.

Population  
**5.6 million**<sup>1</sup>

Unemployment Rate  
(as % of Labour Force)  
**1.8%**<sup>3</sup>

Workforce  
**3.4 million**<sup>2</sup>

Minimum Wage  
(Per Month)  
**None**<sup>4</sup>

Maternity Leave (Weeks)  
**16**<sup>5</sup>

1. Singapore Department of Statistics, 2022

2. Trading Economics, 2022

3. Trading Economics, 2023

4. Singapore Government, 2022

5. Singapore Government, 2022

One of Singapore’s biggest challenges is to grow in the face of labour shortages, high wages and a rapidly ageing population. This impacts on businesses looking at the city-state as a place to invest.

However, economic sectors are diverse and include manufacturing, electronics, oil and gas, marine industries, financial services, logistics and hospitality – although this is a largely services driven economy. It also helps that this is one of the easiest places to do business globally. Labour and business regulations are transparent and well enforced.

Singapore is investing heavily in technology in order to deal with its labour issues and do more with less, especially in the manufacturing and electronics sector. Like other economies, Singapore is also struggling with productivity in its labour force. Trade-reliant, the city-state has enjoyed a boost from a stronger global economy, although growth is uneven in terms of the business sectors this reflects on. This is a regional business hub, well-connected with world-class English-language tertiary education institutions, that is striving to make a difference in Asia.



# Workforce

It's taken Singapore less than half a century to evolve from a Third World country, without any natural resources, to a First World powerhouse. This transformation has been fuelled by a hard-working, ambitious, well-educated population.

The workforce is relatively small and stands at 3.4 million, with an unemployment rate of 1.8%. In the past, academic excellence and discipline has been championed at the expense of innovation, but this is now being addressed and the workforce is highly digitally literate.

The government realises it can't continue to rely on foreign workers in the long term and is developing initiatives to create better-paying jobs and help corporations access technology. One such scheme is Lean Enterprise Development which has been accessed by over 5,000 SMEs in the last two years.

The workforce is supported by organisations including Spring Singapore, Workforce Singapore, the National Trades Union Congress and the Singapore National Employers Federation.

# Productivity

Singapore, like many countries in the developed world, is facing a productivity challenge. Although wages are on the rise, productivity in the long term is showing declining growth rates.

There has also been a divergence in productivity growth between outward-oriented sectors, such as logistics and manufacturing, and domestically focused ones, including retail and hospitality.

Upgrading Singapore's SME sector, boosting technology and digital infrastructure, as well as spearheading innovation and reskilling the workforce for the 21st Century are seen as ways to boost productivity.

# Bankruptcy

In May 2017 Singapore enacted a ground-breaking corporate bankruptcy law that brought its Companies Act closer in line with Chapter 11 of the US Bankruptcy Code. This allows new legislative tools to rescue distressed companies and deal with insolvencies.

The aim is to enhance the city-state's position as a centre for debt restructuring. Singapore is the first to import US Chapter 11-style mechanisms into a jurisdiction with primarily English-based common law. This should allow Singapore to deal with more cross-border insolvencies and be more debtor friendly overall.

Corporations are principally governed by the Companies Act, which was amended earlier in 2017 to enhance its debt restructuring framework. Given Singapore's significance as a shipping and offshore centre, the amendments will hopefully lead to the city-state becoming a centre for the rehabilitation of companies in difficulty.

# Audit and accounts

The Accounting and Corporate Regulatory Authority (ACRA) is the main body in Singapore that deals with audits and accounting. The government is currently reviewing the Accountants Act as it seeks to boost corporate transparency and raise accounting standards. The main focus is to bring Singapore's audit quality in line with that of the UK, US and Australia.

Corporate governance in Singapore is strong and draws heavily from the International Financial Reporting Standards (IFRS). Enhanced auditing standards could soon be put in place, where auditors can take a more in-depth look at a company's health and identify potential risks.

In December 2017, the Singapore Accounting Standards Council (ASC) issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs).

# Taxes and wages

## In this section

- Highlights
- Corporate taxes
- Individual taxes
- Withholding taxes
- Indirect tax
- Tax incentives



# Highlights

- Singapore has some of the highest salaries in the whole of Southeast Asia.
- Wage inequality in the city-state is among the lowest in the world.
- Singapore’s prevailing corporate tax rate stands at 17%.

Corporate Income Tax (Rate)  
**17%**<sup>1</sup>

Value Added Tax (Rate)  
**8% (9% from 1 January 2024)**<sup>3</sup>

Personal Income Tax (Rate)  
**Progressively up to 22% (24% from 2024)**<sup>2</sup>

IMD World Competitiveness Ranking number  
**3**<sup>4</sup>

Singapore’s unemployment remains low, while wages have been creeping up. Expectations are buoyed by sustained growth in the global information-technology industry and solid demand for services from across Asia. The Ministry of Manpower does not prescribe any minimum wages for workers in the city-state.

Singapore’s tax regime is territorial in nature, where some exemption applies to the remittance of foreign income. There is no capital gains tax under the tax regime in Singapore.

Singapore is under the one-tier tax system where dividends received are exempt in the hands of shareholders. Singapore had signed more than 90 double tax treaties with its treaty partners.

1. PwC, 2023

2. PwC, 2023

3. PwC, 2023

4. IMD World Competitiveness Ranking, 2022



## Corporate taxes

The prevailing corporate tax rate is 17%. This is chargeable on a company's Singapore-sourced income and foreign-sourced income when deemed received in Singapore and is not dependent on whether you are a local or an overseas company with a Singapore-registered business.

## Individual taxes

The individual tax rate is tiered between 0 and 22%. The system is progressive. The top rate of tax was increased to 22% in 2017 and is levied on income in excess of S\$320,000. The tax year runs from 1st January to 31st December. It goes up to 24% from 1st January 2024.

Personal income tax is territorial. You pay tax on Singapore-sourced income or what you earn in Singapore, not worldwide income. There are some forms of tax relief and exemptions for Singapore tax residents that relate to having children, or a spouse, dependants or contributing to the Central Provident Fund (CPF).

The CPF is a social security fund to which all Singaporeans, permanent residents and employers of Singaporeans and permanent residents must contribute. It does not apply to foreign workers.

## Withholding taxes

Singapore withholding tax is applicable to payments of certain Singapore-sourced incomes made by Singapore taxpayers to overseas recipients.

There is no withholding tax on dividend payments in Singapore. Withholding tax would generally apply on:

- 01 15% - Interest, commission, fee or other payment related to loans or indebtedness
- 02 10% - Royalties
- 03 15% - Proceeds from sale of any real property by a non-resident property trader
- 04 10% - Payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information
- 05 17% - Management fees, as well as technical assistance and service fees.

The withholding tax rates may be reduced under Tax Treaties concluded by Singapore and its Treaty Partners.

## Indirect tax

Goods and services tax (GST) is a tax on domestic consumption. The current GST rate stands at 8%, rising to 9% from 1 January 2024.

In 2019, Singapore introduced a carbon tax on reckonable greenhouse gas emissions. The rate for 2019 to 2023 is SGD5 per tonne. In 2024/25 it will be SGD25, and in 2026/27 SGD45 per tonne.

## Tax incentives

The Start-up Tax Exemption (SUTE) scheme offers tax breaks (75% on the first S\$100,000 and 50% on the next S\$100,000 of charging income) to qualifying new enterprises for up to three years. There are also partial tax exemptions for the first S\$10,000 earned (75%) and the next S\$190,000 earned (50%).

A number of schemes offer other tax incentives and exemptions, focused on bolstering Singapore's competitiveness and economy.

The Economic Development Board, International Enterprise Singapore and the Monetary Authority of Singapore are the main agencies overseeing the granting of the tax incentives.

# Investment and trade

## In this section

- Highlights
- Ease of doing business
- Foreign investment
- Competitiveness
- Government incentives
- Capital markets and banking
- Intellectual property rights



# Highlights

- Singapore is rated as one of the world's most open and trade-friendly economies. This city-state speaks the language of investment and trade fluently.
- This is the largest centre for foreign exchange in Asia and now the third-biggest trading centre for forex globally after London and New York.
- Some say Singapore has become a two-speed economy, where any growth in exports and trans-shipment of goods does not pass into the domestic economy as much as it did historically.

FDI Net Inflows  
(Current USD)  
**\$99 billion<sup>1</sup>**

Just look at where Singapore is on the map and you will realise why it is a key hub, particularly for oil in the region and for China's goods trade. In total, 30% of Asia's trade moves through here. This is an ASEAN success story.

Around 80% of China's oil imports pass through Singapore annually, as does some USD614 billion of tradeable goods. This is the biggest array of ports in Southeast Asia and is also a crucial trans-shipment centre. You can't underestimate Singapore's significance. It's a super-connecting city and one of most open trading nations of the world.

In the World Bank Logistics Performance Index, Singapore is ranked seventh out of 160 countries. But unlike its rival Hong Kong, Singapore's economy is more diversified.

## Ease of doing business

Singapore is a world-class business environment with a global reputation. The banking system is efficient, there's a good supply of talented manpower and everything works - from registering a business (which takes three days) to enforcing contracts. Reforms have also been made regarding trading across borders and resolving insolvencies.

The main challenge the country faces is its limited domestic market, therefore businesses must look further afield to achieve long-term sustainable growth. Potential lies in China and India, frontier markets such as Myanmar and the young and dynamic locations such as Indonesia and Vietnam.

1. UNCTAD, 2022



## Foreign investment

Openness to trade means that Singapore can attract considerable foreign direct investment (FDI) inflows. It is one of the top countries in the world for FDI. It helps that developing Asia is the second largest FDI recipient in the world.

The latest figures saw the city-state attract USD99 billion in investments in 2022.

In terms of trading partners China, Malaysia, the EU, the US and Indonesia are key players. Singapore is also home to the World Bank Group's Infrastructure and Urban Development Hub – the first facility for the group outside of Washington DC.

The city-state has been campaigning for further economic integration into ASEAN, with the creation of an ASEAN Economic Community (AEC). In 2021, Singapore was the first country to officially ratify the Regional Comprehensive Economic Partnership (RCEP), the world's largest free trade agreement. All ten ASEAN countries have signed the agreement.

## Competitiveness

Singapore consistently sits at the top of global competitive rankings. There's some room for improvement in innovation and business sophistication, yet the economy continues to lead in areas such as higher education and training, as well as in goods market efficiency.

It's ranked first worldwide for the performance of its public sector. The city-state also possesses superior transport systems, its labour market is extremely efficient and its financial sector is stable, trustworthy and mature.

## Government incentives

The government is involved in many aspects of the Singaporean economy. State ownership and involvement in key sectors remain substantial. Two sovereign-wealth funds, the Government of Singapore Investment Corporation (GIC) and Temasek Holdings, invest heavily in economic life. There are myriad incentives to attract the foreign investor including grants, tax breaks and productivity and innovation credits.

In the FinTech sector Singapore is promoting itself as a 'sandbox' for economic experimentation. This means promising innovations can be tested in the market, with room for failure or adjustment in low-risk Singapore, before wider adoption overseas or in much larger markets.

There are also government incentives for corporations looking to base themselves in Singapore as regional or global traders. The Global Trader Programme (GTP) provides a reduced corporate tax rate of 5% or 10% on qualifying income for three or five years. This has been going for over 15 years now.

## Capital markets and banking

Singapore is currently the third-largest foreign exchange centre globally. With Asia expected to attract a larger share of global investment flows going forward, the government is keen to grow this sector of the market with greater liquidity and efficiencies.

The city-state has enormous potential as a regional financial centre for Southeast Asia and beyond, thanks to its political stability and strong legal and regulatory systems. Singapore also has a rare AAA credit rating and the IMF has described its banks as “well capitalised”.

In May 2023, the daily average of securities traded on Singapore’s stock market was SGD1 billion, a dip of 31% year on year.

The city has also reinvented itself as a FinTech hub in the last few years, and now has its own Singapore FinTech Festival. The government is continually looking at ways to implement innovation in its financial institutions.

## Intellectual property rights

Singapore has Asia’s strongest intellectual property laws and enforces them rigorously. The country is also home to the World Intellectual Property Organization’s (WIPO) first Asian regional office.

The Intellectual Property Office of Singapore (IPOS), a statutory body under the Ministry of Law (MOL), oversees the country’s IP framework.

Singapore is a member of the World Trade Organization and a party to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). It’s also a signatory to other international copyright agreements.

# Infrastructure

In this section

- Highlights
- Transport infrastructure
- Digital infrastructure
- Infrastructure investment



# Highlights

- Changi Airport is an admirable, super-connecting air-hub. Pre Pandemic, it was the world's sixth busiest for traffic, it now serves 80 airlines, 130 cities in about 100 countries, with more than 5,000 flights a week.
- Take any respected index, report or survey on infrastructure and Singapore consistently ranks at the top, whether it be for city or port infrastructure.
- Singapore is one of the most wired-up cities on the planet, with broadband reaching 99% of the population. International connectivity is also high.

## Railway Network

**200 km<sup>1</sup>**

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## Road and Expressway Network

**9,500 km<sup>2</sup>**

An astonishing four billion people live within a six-hour flight of Singapore, giving it enviable market access. This is supported by excellent infrastructure, transport systems and digital connectivity. The Asian island nation has even been trialling self-driving buses, and was named the world's top country for autonomous driving by KPMG in 2020.

Singapore's Changi Airport is a world-class hub. The public transport system is efficient and fast. The trains run from 6am to midnight with fares costing a minimum of USD1 for affordable fares. Developers work with one eye firmly on the future: when a new air terminal opens, another one is already on the drawing board to ensure a continuous competitive edge. High-speed train connectivity with Malaysia's capital, its only land bridge, is also on the cards.

There's a great deal of infrastructure investment going on throughout Asia, especially through China's Belt and Road Initiative. Singapore is well aware of the need to stay ahead of its rivals to keep its ports, planes and ships busy over the long term.

1. Singapore Government, 2022

2. Singapore Government, 2022

# Transport infrastructure

Densely populated Singapore has an enviable transport infrastructure network. The government backs new schemes whether it's bike sharing, building new cycling lanes or improving rail or air connectivity.

Changi Airport now has a new fourth terminal, which opened at a cost of USD724 million. It's the size of 30 football or soccer pitches and will boost the annual capacity of the airport by 16 million passengers to 82 million. This terminal is also being used as a test bed for new technology.

# Digital infrastructure

Singapore leads the way in the region when it comes to its digital connectivity. With its broadband already reaching 99% of the population, in 2023, the Ministry for Communications and Information launched the Digital Connectivity Blueprint for Digital infrastructure. It will boost capacity, enable submarine cable landings to double within the next ten years, and build seamless end-to-end 10Gbps domestic connectivity within the next five years.

The WEF ranking is to a large extent the result of a strong government commitment to the digital economy. Singapore has a Smart Nation programme that aims to boost further connectivity.

Singapore also has a long-term policy to reinvent itself as a tech-oriented hub. This comes as the country is gradually losing its manufacturing base to other Asian markets.

# Infrastructure investment

The territory has grown by one-fifth in size since it was founded. There are plans to grow further as well to support its growing economy and population.

Changi Airport is now looking at a fifth terminal with construction scheduled to start in 2025, opening in the 2030s. This will add capacity for another 50 million travellers a year.

A proposed 350 km high-speed railway project linking Singapore to Malaysia's capital Kuala Lumpur has stalled, but talks are now resuming and the project could be revived. The line would connect the two capitals in 90 minutes. As opposed to the current 6.5 hour train journey.

There is also the projected doubling of the MRT – underground rail – network which is also expected to cost more than S\$20 billion over the next five years.

China's aggressive investments in ports and rail links in Malaysia – under the One Belt, One Road Initiative - is going to change the outlook for Singapore in terms of its competitiveness on the infrastructure front.



# Cost of living

In this section

- Highlights
- Quality of life
- Relocation
- Commercial real estate



# Highlights

- Singapore prides itself on attracting highly skilled overseas talent. The island nation is ranked as having one of the highest standards of living in Asia.
- Singapore's education system is renowned for producing students who top the global rankings. It's also home to some world-class institutions, such as the National University of Singapore.
- Famed for its orderly society, Singapore has a disciplined workforce and strong administration.

Cost of Living Country  
Index (Rank)  
**7<sup>1</sup>**

Quality of Life Index by City  
(Rank)  
**103rd (out of 242 cities)<sup>2</sup>**

International Property  
Rights Index (Rank)  
**2<sup>3</sup>**

Singapore is undoubtedly Asian. Proud to call itself the Garden City, it has been following a greening programme since 1963.

This is a great place to live, whether you're considering relocating here or you're a local. The city-state edges towards the top of most human-development indices, whether it be income, life expectancy or quality.

In fact, expatriates here enjoy the Asia-Pacific region's third-highest after-tax salary and benefits packages.

# Quality of life

Singapore is ranked as one of the world's most expensive cities, especially for expatriates, globally. In terms of food and drink, the cost of living in Singapore is on a par with Shanghai, China. It's a costly place to buy and run a car, as well as the second-priciest destination in which to buy clothes. Alcohol is also highly taxed.

Moderating property prices have helped Singapore, but still this is no cheap place to live and work. Despite the rising cost of living Singapore remains an attractive spot for relocation. The high cost of living is not just a concern for expatriates - locals struggle with it too.

As much as Singapore has enviable ratings on many indices for its economy, its also ranks highly in Numbeo's Cost of Living Index by City, and currently sits as the 23rd most expensive city in the world.

1. Numbeo, 2023

2. Numbeo, 2023

3. Property Rights Alliance, 2022

## Relocation

This is a springboard for many Asian markets beyond Singapore. As a result, the city-state is a past master at dealing with those who want to relocate here in terms of efficiency and process.

All work visas need to be approved by the Ministry of Manpower (MOM). The employment pass (EP) is the most popular work visa among overseas professionals. On average, it takes less than two weeks to get EPs for expat staff. The MOM also issues dependency passes for family members.

Popular areas for those relocating to the city-state are districts 9, 10 and 11. These are close to Singapore's business district. There are no restrictions on foreigners renting apartments. Asia's island nation also has a world-class education system, albeit highly competitive.

Although it's more challenging now to bring in some types of foreign workers, this is because the government has responded to concerns from Singaporeans to protect local jobs.

## Commercial real estate

In the real estate sector, Singapore remains among the most transparent markets in the world. Demand for commercial space in Singapore fell during the pandemic, but according to the Royal Institute of Chartered Surveyors, occupancy grew during 2022, and rates are now back to pre Covid levels.

The highest average monthly gross rent for retail space in Singapore in in Q2 of 2022 was SGD 37.3 per sq ft for first story spaces in the Orchard/Scotts Road area.

# HSBC in Singapore

## In this section

- Highlights
- Profile
- Key products and solutions
- Next steps



# Highlights

HSBC in Singapore emphasises proximity to clients and offers the full suite of products required by multinational clients.

# Profile

Present in Singapore since 1877, the HSBC group provides financial solutions across the following business lines:

- Global Banking & Markets
- Commercial Banking
- Global Private Banking
- Retail Banking and Wealth Management\*

Operating from 6 branches, we offer multinational coverage through a dedicated Relationship Management team working closely with the Regional and Global Account Manager as well as various Project teams.

\* Retail Banking and Wealth Management are under HSBC Singapore, a separate legal entity in Singapore.

# Key products and solutions

- Investment Banking: Financing Solutions; Capital Markets; M&A Advisory
- Global Markets
- Transactional Banking: Global Payments Solutions; Global Trade and Receivables Finance (GTRF); Securities

# Next steps

**If you have any questions relating to our services or would like any further information:**

- Speak to your HSBC Relationship Manager
- Visit [business.hsbc.com.sg](https://business.hsbc.com.sg)

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