

sedb.com

Finance and Treasury Centre (FTC) Award

Incentive FTC Award

1. Introduction

FTCs Award is aimed at encouraging corporations to use Singapore as a base for conducting treasury management activities for related companies in the region.

2. What the Award Offers

Under the Award, approved FTCs will enjoy the following incentives:

A concessionary tax rate of 10% on:

- (a) All fee income received by the FTC from its subsidiaries, related companies and associates (approved network companies) for the provision of qualifying FTC services and qualifying activities conducted on own account; and
- (b) Interest, dividend and gains from transactions in stocks and bonds, foreign exchange trading, interest rate swaps, financial futures and options.¹

Exemption from withholding tax on:

- (a) Interest payments on borrowings by the FTC from overseas banks and approved network companies, provided the funds raised are used for the conduct of qualifying FTC activities.

The tax concessions are conferred for a period of between 5 to 10 years, depending on the level of financial and manpower resources committed by the FTC in Singapore. The award may be renewed if the FTC has demonstrated substantial commitments to Singapore.

Approved network companies include companies where at least 25% of the issued capital is beneficially owned, directly or indirectly, by the FTC. Alternatively, at least 25% of the issued capital of the FTC may be beneficially owned, directly or indirectly, by the approved network company.

3. Eligibility criteria

In order to be considered for the Award, the FTC must meet the following minimum criteria:

- Annual total business spending (TBS) of S\$750,000;
- 3 professional staff employed by the FTC; and
- 3 qualifying FTC services to 3 or more network companies.

¹ Interest income derived from Singapore Dollar deposits with banks outside of Singapore does not qualify for the tax incentive scheme.

Incentive FTC Award

Qualifying FTC services include the following:

- Arranging credit facilities with funds obtained from financial institutions in Singapore or from surpluses of network companies;
- Providing corporate finance advisory services;
- Providing guarantees, performance bonds, standby letters of credit and services relating to remittances to approved parties;
- Arranging derivatives with approved parties;
- Managing funds of approved offices or associated companies outside Singapore for designated investments;
- Performing economic or investment research and analysis;
- Providing credit administration and control;
- Providing general management and administration; and
- Providing business planning and coordination.

FTC activities may be assigned to an existing company or office that is registered in Singapore. Separate FTC accounts should be maintained for the FTC activities. Alternatively, a new company could be incorporated or a new office set up in Singapore to carry out FTC activities.

4. Reporting Requirements

The FTC is required to submit a copy of its audited financial statements to the EDB and provide progress report on its FTC activities. It is also required to seek approval from the EDB if it intends to expand its scope or provide additional services to more related companies.

5. How to apply

Please contact the EDB for an appointment to further discuss your interest in the application for the FTC Award:

Singapore Economic Development Board
250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101
Tel 6832 6832
Fax 6339 6565
www.sedb.com