NEWSLETTER

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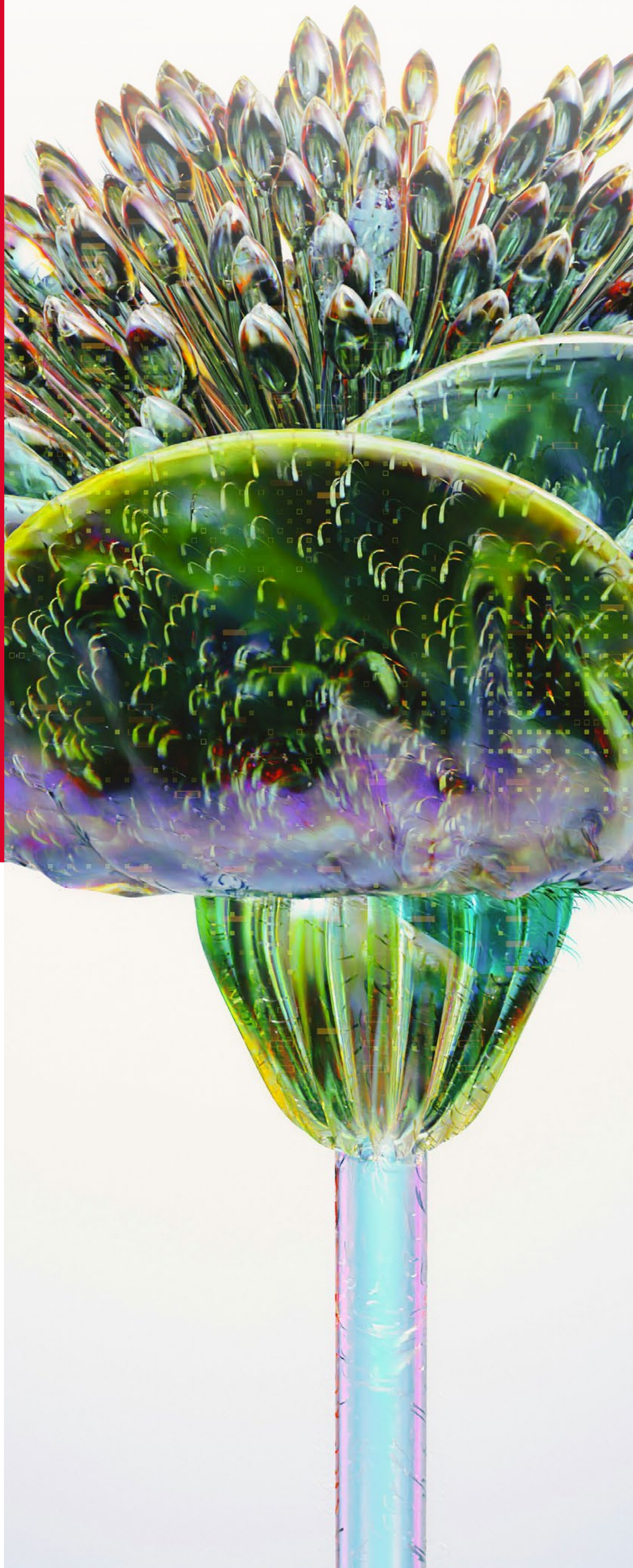

Highlights

- Hong Kong Budget 2024/25:
  Advance with Confidence.
  Seize Opportunities.
  Strive for High-quality
  Development.
- Singapore Budget 2024:
  Building our shared future together
- Software outsourcing in Vietnam:
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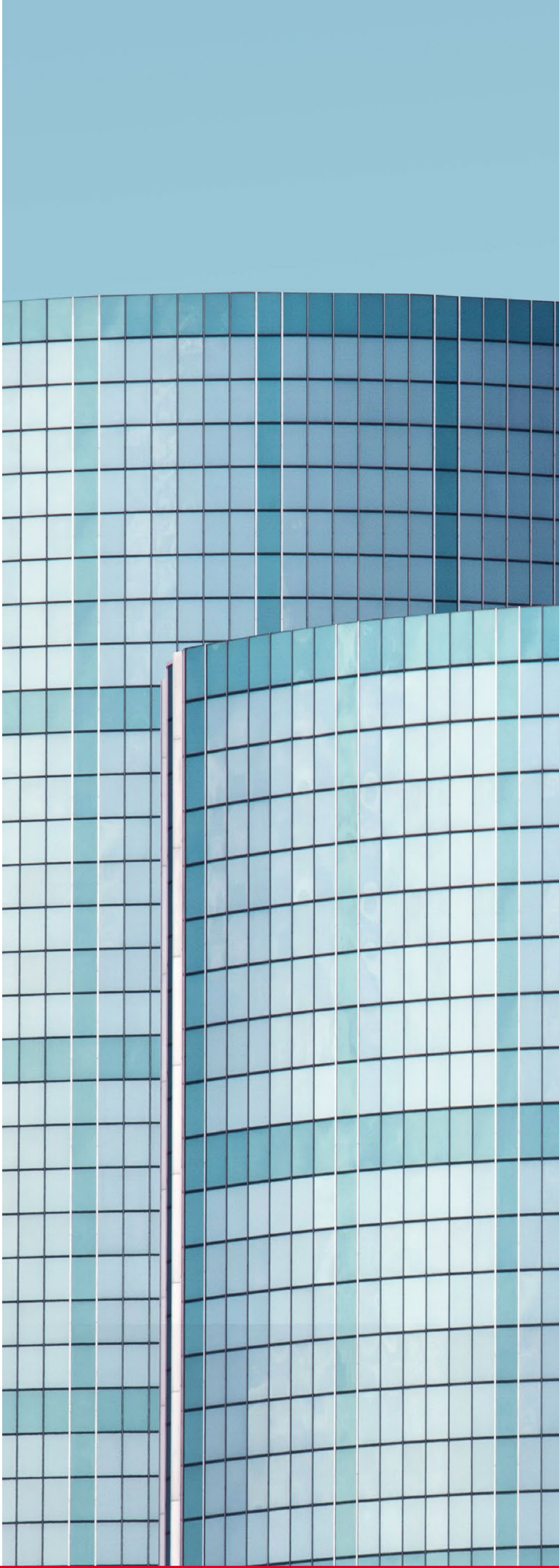


FIDINAM APPOINTS IRENE TCHEDRE AS MANAGING DIRECTOR, FRENCH DESK APAC

Fidinam is pleased to announce the appointment of Ms. Irene Tchedre as Managing Director French Desk APAC, based in Hong Kong.

Irene brings over 15 years of experience in the Asian markets, specializing in international business expansion and corporate services. With a solid expertise in regulatory compliance, financial reporting, cultural understanding, and operational management, she assists investors in developing profitable international strategies, managing cross-cultural teams, and optimizing operational processes.

Irene holds a Master's in Management from a Belgian business school and a Business Management degree from Lyon, France.

Her role at Fidinam will involve developing our French Desk across Asia Pacific, focusing on providing comprehensive tax and business consulting services.

We extend a warm welcome to Irene and look forward to her valuable contributions to our team and clients.

HONG KONG BUDGET 2024/25: ADVANCE WITH CONFIDENCE. SEIZE OPPORTUNITIES. STRIVE FOR HIGH-QUALITY DEVELOPMENT.

On 28 February 2024, Hong Kong's Financial Secretary unveiled the 2024/25 Budget with the theme "Advance with Confidence. Seize Opportunities. Strive for High-quality Development". An anticipated deficit of HK$101.6 billion for the year 2023/24 was disclosed, with fiscal reserves projected to hit HK$733.2 billion by 31 March 2024.

Looking into 2024, the Financial Secretary predicts that global economic conditions will remain uncertain, influenced by factors including geopolitical tensions and subdued economic growth rates in both the United States and Europe. However, a steady growth is forecasted for mainland China's economy this year.

An uptick in Hong Kong's export of travel services and related sectors is expected, as a result of governmental efforts to promote major events and enhance operational capacities, especially in terms of air travel.

Additionally, an increase in the general public's earnings is expected to fuel private spending. As a result, the Hong Kong economy is poised for further growth, with projections ranging from 2.5% to 3.5% for the entire year.

Corporate tax

Profits tax relief: Reduce profits tax for the year of assessment 2023/24 by 100%, subject to a ceiling of HK$3,000.

The two-tiered profits tax rates for corporations (8.25%/16.5%) and unincorporated businesses (7.5%/15%) remain unchanged.

Proposing to introduce the following enhancement measures for deduction of expenses under profits tax, both taking effect from the year of assessment 2024/25:

1. time limit for claiming the allowances for industrial buildings and structures as well as commercial buildings and structures for new owners will be removed;
2. profits taxpayers will be granted tax deduction for the expenses incurred in reinstating leased premises to their original condition.

Individual tax

Salaries tax/tax under personal assessment relief: reduce salaries tax and tax under personal assessment for the year of assessment 2023/24 by 100%, subject to a ceiling of HK$3,000.

Two-tiered standard rates regime: implement a two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the year of assessment 2024/25. This will only affect taxpayers with over HK$5 million of net income and whose tax payable is calculated at standard rate. Taxpayers on progressive rates will not be affected.

- The first HK$5 million of net income will continue to be subject to standard rate of 15%
- The portion exceeding HK$5million will be subject to standard rate of 16%.

Economic stimulus measures

Property market: Cancellation of Special Stamp Duty, Buyers' Stamp Duty and New Residential Stamp Duty for any residential property transactions with immediate effect.

Stock market: Waive stamp duties payable on transfer of Real Estate Investment Trust (REIT) units and jobbing business of option market-markers.

Promotion of international asset and wealth management center:

- The Government has implemented a number of preferential tax regimes for funds and family offices, and the Government will continue to further enhance the preferential tax regimes for funds, single family offices and carried interest, including reviewing the scope of the tax concession regimes, increasing the types of qualifying transactions and enhancing flexibility in handling incidental transactions.
- Extend the Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts for three years.

SME support

SME Financing Guarantee Scheme: extend the application period of the 80% and 90% Guarantee Products of the SME Financing Guarantee Scheme to the end of March 2026.

BUD Fund: inject HK$500 million with launch of "E-commerce Easy". Provide up to HK$1 million per enterprise for implementing e-commerce projects in mainland China.

Stimulus measures for inbound investments

Re-domiciliation of overseas company to Hong Kong: to introduce a mechanism to provide facilitation for companies domiciled overseas for re-domiciliation to Hong Kong, with a view to attract more MNEs to establish a business presence in Hong Kong.

Capital Investment Entrant Scheme: Following the introduction of the Capital Investment Entrant Scheme (CIES) in the 2023/24 Budget, the program is set to open for application submissions shortly. In summary, investors who allocate a minimum of HK$27 million into approved assets and contribute HK$3 million towards a newly established CIES investment portfolio will be eligible to apply for residency and seek opportunities for growth in Hong Kong.

Others

Global minimum tax rate: Hong Kong is moving forward with the implementation of a 15% global minimum tax and Hong Kong minimum top-up tax for MNEs with annual consolidated group revenue of EUR 750 million, as outlined in the OECD's initiative to combat base erosion and profit shifting (BEPS 2.0 Pillar Two), starting from 2025. Consultations are currently underway, with plans to present a legislative proposal to the Legislative Council in the second half of 2024.

IP Trading: The Government plans to put forward a legislative proposal aimed at instituting the "patent box" tax incentive by amending the Inland Revenue Ordinance in the first half of 2024. This initiative proposes a significant reduction in the profits tax rate to 5% for earnings generated from qualifying intellectual property (IP). The goal is to incentivize businesses to increase their investment in research and development (R&D) and engage in commercialization activities that leverage patents and other forms of IP protection.

Hotel Accommodation Tax: The Government proposes to resume the collection of the Hotel Accommodation Tax (HAT) at a rate of 3%, which will take effect from 1 January 2025. The HAT has been reduced to 0% since 1 July 2008.

Rates measures: Provide rates concession for domestic and non-domestic properties held by corporates or individuals for the first quarter of 2024/25, subject to a HK$1,000 ceiling for each ratable property. Additionally, introduce a progressive rating system (only affecting domestic properties with ratable value over HK$550,000) from the fourth quarter of 2024/25.

Increasing business registration fees and waiver of business registration levy for 2 years: Proposal to increase business registration fees by HK$200 to HK$2,200, starting from 1 April 2024. The business registration levy of HK$150 is proposed to be waived for 2 years.

Should you have any inquiries regarding how the Hong Kong Budget 2024/25 may impact your business operations or your personal financial situation, please contact us via info@fidinamgw.com or the form below.

Our team is dedicated to offering you the necessary guidance and support, ensuring you are well-informed about the potential effects of the Budget on your company or personal finances.

By Sara Silenzi
Equity Partner and Head of Desk
Fidinam Hong Kong

The information contained in this note is for general information purpose only and is not intended to be relied upon as a substitute for tax, corporate and accounting professional consultation. Please refer to Fidinam staff for specific advice.

CHINA'S REVISED COMPANY LAW: NAVIGATING NEW REGISTERED CAPITAL REQUIREMENTS

The Company Law of the People's Republic of China has undergone a significant revision. Adopted at the 7th meeting of the Standing Committee of the 14th National People's Congress (NPC) on December 29, 2023, the revised law introduces a new requirement on registered capital. This law will be effective from July 1, 2024.

The State Administration for Market Regulation recently provided explanations on the policy on the period for registered capital contributions for companies established before July 1, 2024. Let's delve into the details of registered capital.

Core functions of registered capital

1. **Guarantee**: It acts as a safeguard for the company's liabilities.
2. **Operation**: It serves as business capital for the company's operations, particularly during the initial phase.
3. **Signal**: To third parties, it indicates the of shareholders' liability for the company's losses. It also serves as a market indicator for the government to gauge investment levels.
4. **Organization**: It determines the shareholder's division and voting rights in proportion to their contribution to the company's capital.

Preventing distortion in capital contributions

During the definition of the capital structure, it is important to avoid cases of blind and frivolous

contribution amounts, as well as excessively long injection periods, to ensure that the registered capital fulfills its intended roles.

New measures for capital contributions

The new company law will prevent such cases by revising the paid-in registered capital rules as follows:

1. **For new companies**: A limited liability company established on or after July 1, 2024, must complete its capital contributions within five years of incorporation, e.g., for a limited liability company incorporated on July 10, 2024, the contributions shall made by July 9, 2029 at the latest.

2. **For existing companies**: Companies established before July 1, 2024, are granted a three-year transition period, with the option to adjust and complete their contributions by June 30, 2032, e.g., if the company adjusts the contribution period to five years on July 10, 2026, it will complete the contribution no later than July 9, 2031.

3. **Exemptions**: Companies with less than five years remaining in their contribution period as of July 1, 2027, are exempt from adjustments. Joint stock companies must pay the full amount of subscribed shares by June 30, 2027.

4. **Inspection of extended contributions**: Companies with a contribution period exceeding 30 years and amounts over 1 billion Yuan will undergo review. Adjustments must be made within six months to bring the contribution period and amount into a reasonable range, subject to approval.

5. **Special cases**: Certain private, foreign-funded, and state-funded companies engaged in strategic state tasks, national livelihood, security, or public interest, may continue contributions as per original schedules with appropriate approvals.

Actionable advice for companies

With the new Company Law coming into force, it’s crucial for existing companies to adapt and align with their existing circumstances promptly. On the other hand, new companies established post-July 1, 2024, should strategically plan their registered capital to align with their operational needs.

For more information on whether and how the revised Company Law applies to your situation, please contact Fidinam Shanghai at info@fidinamgw.com.

By Tommaso Colli
Managing Director
Fidinam Shanghai

SOFTWARE OUTSOURCING IN VIETNAM: ADVANTAGES AND INCENTIVES

Vietnam software outsourcing services have been booming for over a decade. Many Japanese companies are choosing to outsource most of their IT work to Vietnam. Similarly, prominent US tech companies such as Intel, IBM, Cisco, KDDI, and Microsoft, etc. also have been actively and continually investing in Vietnam.

In addition, many tech companies from other developed countries such as Nortel Networks, Anheuser Bush had already set up offices and hired software developers to work on their projects in Vietnam in the past few years. The trend is becoming more and more popular.

In this article, we will explore the compelling reasons why you should consider Vietnam for software outsourcing as well as conditions and incentives available for software outsourcing companies in Vietnam.

Why choose Vietnam for software outsourcing?

A large pool of educated young IT talents

The current workforce of Vietnam IT industry stands at more than 550,000 developers and most of them belong to Gen Z (1997 – 2012) and Millennials generation (1981 – 1996). Each year around 50 thousand fresh graduates from 100+ IT institutions enter into this dynamic workforce, equipped with highly skilled abilities to drive innovation on any project. These generations desire a better balance, a healthy lifestyle, more information about the company, products, services, and want to be highly involved in the business process with an impacted contribution to their value, their company, and society.

English fluency
English is the second most popular language in the country, and the majority of Vietnam's college graduates have high proficiency in English. Vietnam is ranked at 60th globally and 7th on an Asian scale according to EF's 2022 English Proficiency Index. Consequently, 90% of IT professionals in Vietnam proficiently communicate in English at an intermediate level or above, particularly in outsourcing projects.

Competitive cost
CIO magazine suggests that Vietnam has emerged as a premier choice for cost-efficient IT outsourcing, presenting potential savings of up to 90% when compared to providers in the United States, Australia, other European countries and boasting prices 30%-50% lower than those in India and China. With its compelling cost advantages and dedication to high-quality processes, global enterprises are increasingly favoring Vietnam as a trusted destination for top-notch IT services at competitive rates.

Compelling tax incentives

0% VAT
According to the law of Vietnam, software products are subject to 0% VAT.

Attractive Corporate Income Tax incentives
The enterprises doing software production shall receive the incentives of Corporate Income Tax ("CIT") up to 15 years from the year the company has revenue, including the tax exemption and preferential tax rate. In case the first three years the company does not have revenue, the time shall be counted from the fourth year.

Tax rate: 10% up to 15 years from the year the company has revenue. In which, tax exemption for 4 years, reduction of 50% of tax payable for a maximum period of 09 subsequent years.

Thus, the software producers, from the time of establishment, shall be entitled to apply the CIT rate from software production activities as follows →

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	...
Incentives of CIT	**CIT exemption**				**CIT rate of 5%**									**CIT rate of 10%**		**No incentives**	

Set up a software outsourcing company in Vietnam

Vietnam allows foreign investors to incorporate 100% foreign-owned company in software outsourcing (software production).

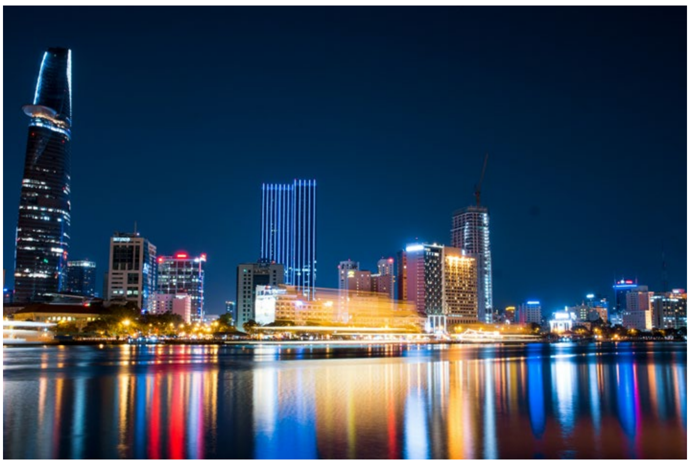
In order to set up a foreign-owned company (i.e. 100% foreign-owned company or joint-venture company) ("VN Co"), the investors need to conduct the following steps:

- Step 1: Apply for an Investment Registration Certificate (IRC)
- Step 2: Apply for an Enterprise Registration Certificate (ERC)

The term of an IRC can be up to 50 years.

There is no term for the ERC.

The company is legally established on the date of the ERC.



Important notes

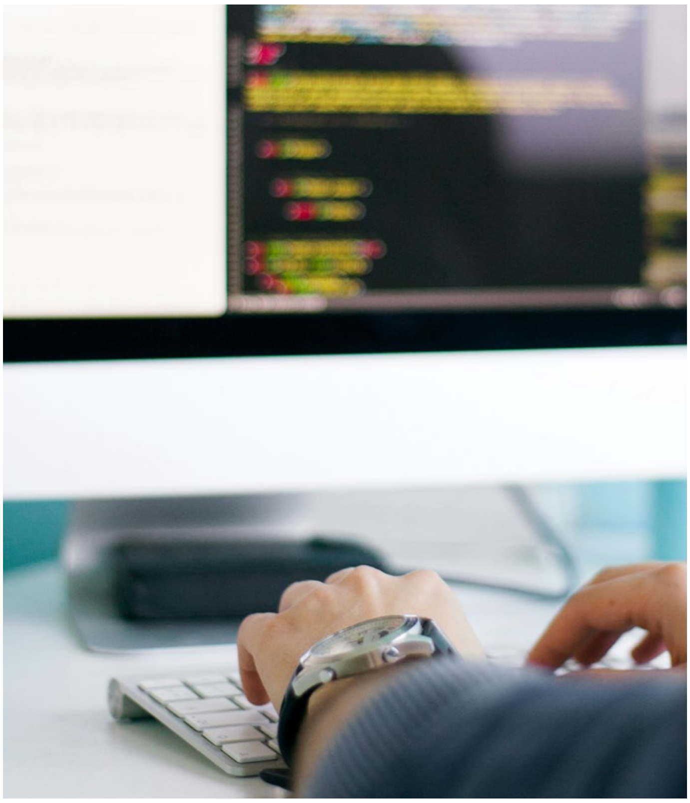
Conditions to enjoy the Corporate Income Tax incentives

In order to be entitled to CIT incentive as highlighted in this article, in addition to registering the software production activities in the company license, the company in Vietnam must satisfy the following requirements:

(1) The software produced should be subject to software products as prescribed in Appendix 01 of Circular No. 09/2013/TT-BTTTT;
(2) The Vietnam company performs at least one or two first stages of the software manufacturing process, namely the phase of clarifying the requirements and the phase of analyzing and designing software as stipulated in Circular No. 13/2020/TT-BTTTT dated July 03, 2020. The next stages of the software manufacturing process include:
    - Programming and coding;
    - Examining and experimenting;
    - Completing and packaging;
    - Installing, transferring, instructing, and maintaining; and
    - Publishing and distributing.

The VN Co should prepare the supporting documents to prove that its software-producing activities in each step are performed in line with the prescribed software production process. The details of supporting documents are also instructed in Circular No. 13/2020/TT-BTTTT.

Reporting duty
The VN Co must submit details about its software products and manufacturing stages that comply with procedures and qualify for tax deductions to the Ministry of Information and Communications (via the Agency of Information and Technology) for consolidation. Failure to do so could lead to challenges from tax authorities regarding eligibility for corporate income tax incentives.



Accounting book separation
Under Vietnamese law, enterprises are required to segregate income from production and business activities eligible for tax incentives from those that aren't. Failure to maintain separate accounts results in determining the income from preferential activities based on the ratio of revenue from eligible activities to the total revenue of the enterprise. Consequently, if a VN Co engages in multiple activities, including software production alongside others, it must maintain separate accounting for software production.

Legal representation requirements of the Vietnam Company
The VN Co shall have at least one and may have more Legal Representative(s). One of them must be a resident of Vietnam.

In case the VN Co has only one legal representative, during the time the only Legal Representative does not stay in Vietnam, they are required to grant an Authorization Letter to a person in Vietnam to take over their duties under their instruction and strictly comply with the law.

In short: if the only legal representative is not a Vietnam resident, a legally authorized representative in Vietnam is required.

Capital requirements

The Capital Structure of the VN Co which needs to be registered in the application and eventually mentioned in the IRC, includes the Charter Capital and the Long-term Loan Capital.

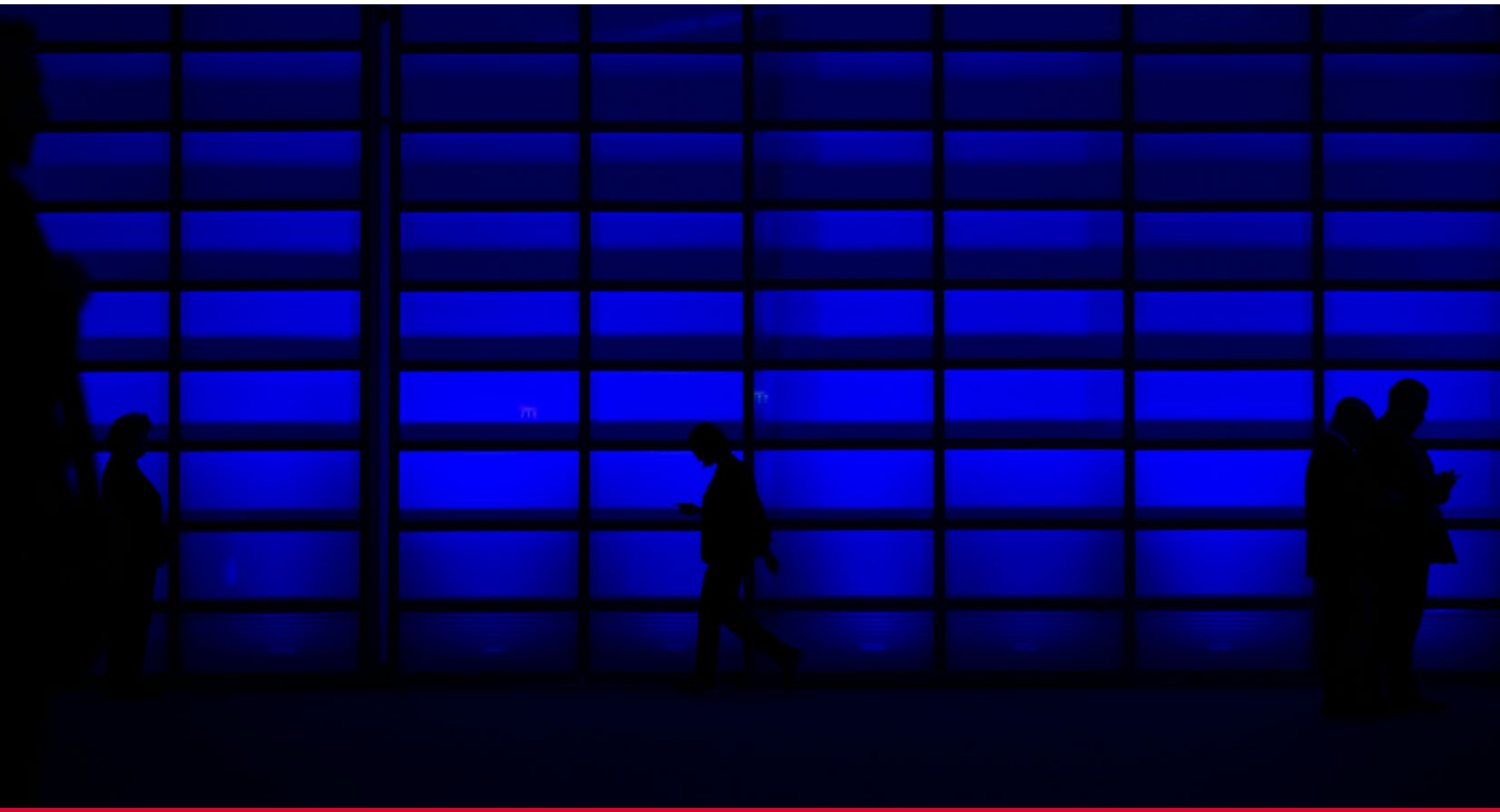
Charter Capital is the capital that the Investors shall pay fully to the Capital Account opened at a licensed bank in Vietnam **within 90 days** as of the date of issuance of the ERC.

The Long-term Loan are those having a duration of more than 1 year and optional. If the Investors have plans to grant a Long-term Loan to the VN Co, it is required to include the Long Term Loan in the company incorporation application. Otherwise, no Long-term Loan is included.

Setting up a foreign software outsourcing company in Vietnam presents unique challenges and opportunities. At Fidinam, our expertise lies in providing tailored solutions that adhere to local and international regulations, ensuring your business not only complies but also thrives in Vietnam's vibrant market.

Our team is equipped with the knowledge and experience to address your specific needs. For expert assistance and to discover how we can support the growth of your software production business in Vietnam, reach out to Fidinam today via info@fidinamgw.com.

By Phuong Thao Bui
Equity Partner and Managing Director
Fidinam Vietnam



TAX TREATMENT OF MOTOR VEHICLES EXPENDITURES IN UAE

When a motor vehicle is available for the use of an employee, manager, or shareholder beyond working hours, it is considered as partially used for private purposes.
This article delves into the intricate domain of motor vehicle expenditures utilized for both, business and personal purposes, considering the implications of both corporate tax and value-added tax.

Assumptions
Within the context of this article, the term "motor vehicles" pertains to the definition of motor vehicles outlined in the Art. 23 VATER, being road vehicles designed or adapted for the conveyance of no more than 10 peoples including the driver.

While considering deduction of motor vehicles expenses for CT computation and recovery of related Input VAT we assume that the taxable person is neither providing Exempt Supplies as per VATL nor deriving Exempt Income as per CTL.

Abbreviations

FTA – Federal Tax Authority
CT – Corporate Tax
CTL – Corporate Tax Law – Federal Decree Law n. 47 of 2022
VAT – Value Added Tax
VATL – Value Added Tax Law – Federal Decree Law n. 8 of 2017
VATER – Value Added Tax Executive Regulations – Cabinet Decision n. 52 of 2017

General principles

In the context of CT in the UAE, the general rule[1] dictates that business expenses incurred wholly and exclusively for the purposes of the taxable person's business are deductible.

If expenses are incurred for both business and non-business purposes deduction is allowed for:

1. any identifiable part or proportion of the expenditure incurred wholly and exclusively for business purposes
2. An appropriate proportion of any unidentifiable part or proportion of the expenditure determined on fair and reasonable basis, having regard to the relevant facts and circumstances of the business.

Similarly, VATL[2] stipulates that Input VAT is recoverable for goods and services which are used or intended to be used for making taxable supplies and supplies that are made outside UAE which would have been taxable supply had they been made in UAE.

At current date there is no specific cabinet decision or public clarification providing specific guidance on dual use Motor Vehicle expenses, hence taxable person has to apply the above general principles to practical cases.

Fines and penalties, including traffic fines associated with the operation of motor vehicles, are expressly disallowed as deductible expenses[3].

Pragmatic approach and risk assessment

It is evident that calculating the deductible portion of expenditures related vehicle used for both business and private purposes, pose administrative challenges, particularly when relying on the criteria outlined in clause 3 letter b) of Article 28 CTL. This provision hinges on subjective concepts such as "appropriate," "fair," and "reasonable," introducing a realm of discretion that could be subject to scrutiny by the FTA.

Assessing the actual amount of CT involved and the consequences in case of disallowance of deduction of vehicle expenditures will help to set practical procedures. Consider, for instance, a small family-owned business operating a single vehicle. Upon careful assessment, it may be determined that the total annual expenditure of a dual-use vehicle amounts to 30,000 AED. Assuming a 60% deductible portion, this results in a CT saving of 1,620 AED. In such circumstances, the business proprietor might opt against deducting dual-use vehicle expenditures, thereby saving time and reducing the administrative burden associated with maintaining detailed mileage records.

Conversely, for a company managing a fleet of several vehicles, it would be advisable to adopt specialized software for tracking mileage and location through GPS.

It is noteworthy that if incorrect CT return has been submitted in good faith with no deliberate intention to evade tax and a tax assessment is subsequently issued by the FTA revealing a tax discrepancy not exceeding AED 10,000, the taxpayer is allowed to rectify the mistake and pay the tax difference without incurring significant fines through the procedure of the voluntary disclosure[4].

[1] *Art. 28 CTL*
[2] *Art. 54 VATL*
[3] *Art. 33 CTL*
[4] *The matter is regulated by the combined provisions of Federal Decree-Law No. 28 of 2022 on Tax Procedures; Cabinet Decision n. 74 of 2023 on executive regulation of Tax Procedures, and Cabinet Decision 75 of 2023 on administrative penalties related to CT.*

CT and VAT
Tax treatment of expenses pertaining motor vehicles for CT and VAT purposes are strictly related. As a matter of fact, if the expenditure in not deductible for CT purposes, VAT paid on such expenditure (if any) shall not be recoverable as Input VAT while submitting the relevant periodic VAT return.

For such expenses where deduction is based on a proportion the same ratio should apply in order to determine the recoverable Input VAT.

Conclusions
Deduction of motor vehicles expenditures partially utilized for private purposes has to be carefully documented. As of today, no specific guidance has been provided by FTA in order to streamline the computation of identifiable part or proportion, or appropriate proportion of any unidentifiable part or proportion, of the motor vehicle expenditure incurred for business purposes.

Under such circumstances, it is advisable to adopt a pragmatic approach, assessing the trade-off between the tax savings achieved through the deduction of business-related motor vehicle expenses and the administrative burdens associated with maintaining adequate supporting documentation.

Do you want to know more about the tax treatment of motor vehicles expenditures in UAE, or need help with any required actions? Contact our tax experts in Fidinam Dubai via info@fidinamgw.com.

By Stefano Menotti
Managing Director
Fidinam DMCC

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SINGAPORE BUDGET 2024: BUILDING OUR SHARED FUTURE TOGETHER

Deputy Prime Minister and Finance Minister, Mr. Lawrence Wong delivered the 2024 Budget Statement in Parliament on 16 February 2024. The Budget, themed "Building our shared future together", is a budget to keep Singapore competitive and moving forward, equip people to realize their fullest potential and give more assurance to Singaporean families and seniors.

Amidst the initiatives to enhance social support, labor force skills, artificial intelligence strategy and environmental sustainability, the Government has introduced major changes to the tax system.

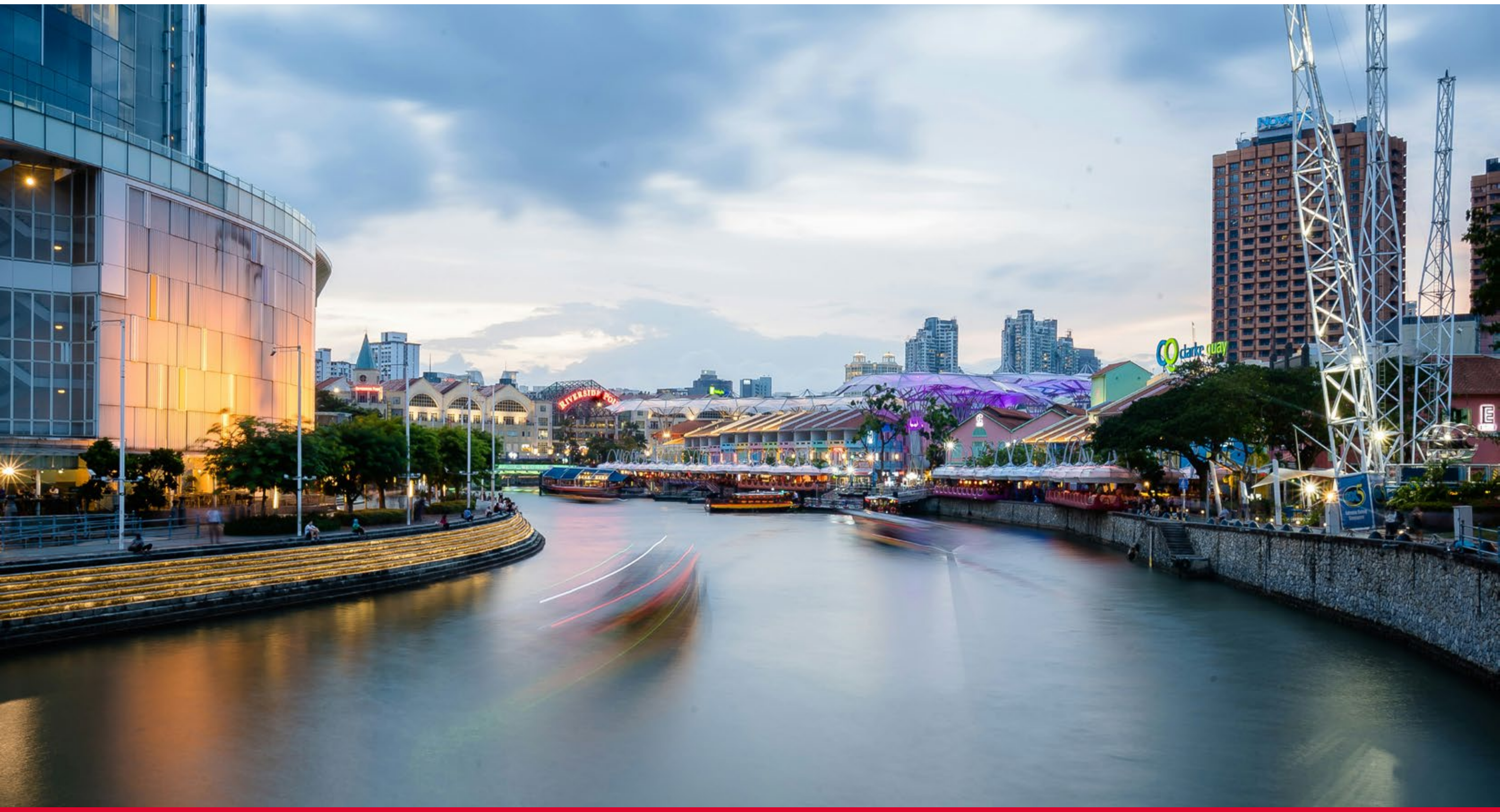
Corporate income tax ("CIT")

Companies will receive a 50% corporate tax rebate ("CIT Rebate") capped at S$ 40,000 in the year of assessment for 2024 as part Enterprise Support package.

Companies that have employed at least one local employee in 2023 will receive a minimum benefit of S$2,000 in the form of a cash payout ("CIT Rebate Cash Grant").

The maximum total benefits of CIT Rebate and CIT Rebate Cash Grant is S$40,000.

The maximum working capital loan quantum will also be permanently raised to S$500,000.



Singapore will implement the Income Inclusion Rule ("IIR") and Domestic Top-up Tax ("DTT") under Pillar 2 from businesses' financial years starting on or after 1 January 2025, while reserving its position on the Undertaxed Profits Rule (UTPR) at this time.

A new Refundable Investment Credit ("RIC") scheme will be introduced, consistent with the Global Anti-Base Erosion (GloBE) Rules for Qualifying Refundable Tax Credits (QRTCs), which is to be offset against the corporate income tax payable by a company and refunded in cash within four years from when the conditions for receiving the credits are met.

New tiers for various concessionary tax rate incentives will be available from 17 February 2024. These will allow a wider range of companies to access these tax benefits and have more room to rightsize their investments in Singapore in proportion to the benefits that they expect to reap.

To encourage the continued growth of the asset and wealth management industry in Singapore, the tax incentive schemes for funds managed by Singapore-based fund managers will be extended until 31 December 2029. Additionally, Section 13O will extend to Singapore limited partnerships (LPs), and the economic criteria of the schemes will be revised with effect from 1 January 2025.

Personal income tax
There will be a 50% personal income tax rebate for 2024, capped at S$200.

The income threshold for taxpayers who claim dependent-related reliefs will be raised to S$8,000 from S$4,000, with effect from the year of assessment 2025.

Property tax
AV bands of owner-occupier residential property tax rates will be raised from Jan 1, 2025.

Retirees living in higher-end residential homes who face cash flow issues paying property tax bills will be offered a 24-month interest-free instalment plan.

The additional buyer's stamp duty (ABSD) concession for Singaporean married couples will be extended to single Singapore citizens aged 55 and above.

CPF changes
CPF contribution rates for those aged 55 to 65 will be increased by a further 1.5 percentage points in 2025.

Enhanced Retirement Sum (ERS) will be increased from three times the Basic Retirement Sum to four times from 2025. This means the ERS next year will be S$426,000. This will allow more members aged 55 and above to fully commit their accumulated CPF savings to receive higher CPF payouts, should they wish to do so.

From 2025, the Special Account (SA) will be closed for those aged 55 and above. The SA savings will be transferred to the Retirement Account (RA) – up to the Full Retirement Sum, where they will continue to earn the long-term interest rate. The remaining SA savings will be transferred to the Ordinary Account (OA). Of course, members can voluntarily transfer their OA savings to the RA at any time, up to the revised ERS, to earn higher interest, and to receive higher retirement payouts.

Support for businesses
Co-funding levels for the Progressive Wage Credit scheme (PWCS) will be raised from a maximum of 30%, to a maximum of 50%.

In 2025, the scheme's wage ceiling will also be raised from S$2,500 to S$3,000.

Pillar Two of the Base Erosion and Profit Shifting ("BEPS") 2.0 initiative
Income Inclusion Rule ("IIR") and Domestic Top-up Tax ("DTT") will be implemented from financial years starting on or after 1 January 2025.

This will apply to relevant multinational enterprise ("MNE") groups with annual group revenue of 750 million Euros or more in at least two of the four preceding financial years.

IIR will apply to in-scope MNE groups that are parented in Singapore, in respect of the profits of their group entities that are operating outside Singapore.

DTT will apply to in-scope MNE groups in respect of the profits of their group entities that are operating in Singapore.

Undertaxed Profits Rule ("UTPR") will be considered at a later stage.

Healthcare
All Singaporeans aged 21 to 50 will be given a one-time MediSave Bonus of up to S$300.

The per capita household income thresholds for Singapore's healthcare and associated social support subsidy schemes, such as MediShield, will be updated. Each subsidy tier will range from S$100 to S$800.

S$3.5 billion for Age Well SG initiatives over the next decade, which will feature an expanded network of active Ageing Centres, more assisted living options, and upgrades to residential estates that enable seniors to live more independently.

Assurance for families and households
An additional S$600 in Community Development Council (CDC) vouchers for all Singaporean households.

A one-off additional cost-of-living special payment of S$200 to S$400 for all Singaporean adults.

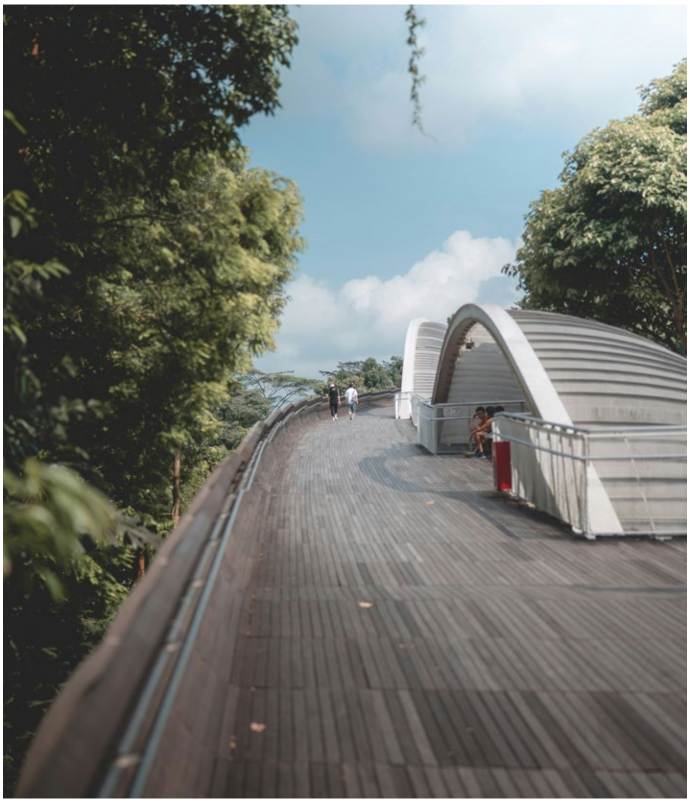
Incentives for green efforts
Existing schemes for SMEs will be enhanced to encourage more partnerships with larger companies, the adoption of green solutions and cutting emissions.

The Energy Efficiency Grant (EEG) will also be extended to more sectors, including manufacturing, construction, maritime, and data centers and their users. The other sectors will be progressively onboarded, and companies in all EEG-supported sectors will be able to apply for the grant through the Business Grant Portal by the end of 2024.

Up- and reskilling of labor force
A new SkillsFuture Level-Up program, which includes a S$4,000 SkillsFuture Credit top-up for all Singaporeans aged 40 and above. To be given in May, this sum can be used to enroll in selected training courses that will enhance employability.

Subsidies will also be given to all Singaporeans aged 40 and above to pursue another full-time diploma at a local polytechnic, the Institute of Technical Education (ITE) or arts institutions from academic year 2025.

Benefits will also be given to younger workers. To encourage ITE graduates aged 30 and below to upskill, their Post-Secondary Education Account will be topped up by S$5,000 when they enroll in a diploma course. They will also get a S$10,000 top-up to their Central Provident Fund Ordinary Account after they complete the course.



Want to learn more about Singapore Budget 2024 and how it may affect you or your business? Contact our Fidinam Singapore team via info@fidinamgw.com.

By Marta Giordano
Managing Director
Fidinam Singapore

HONG KONG MSO LICENSE: KEY STEPS & INSIGHTS

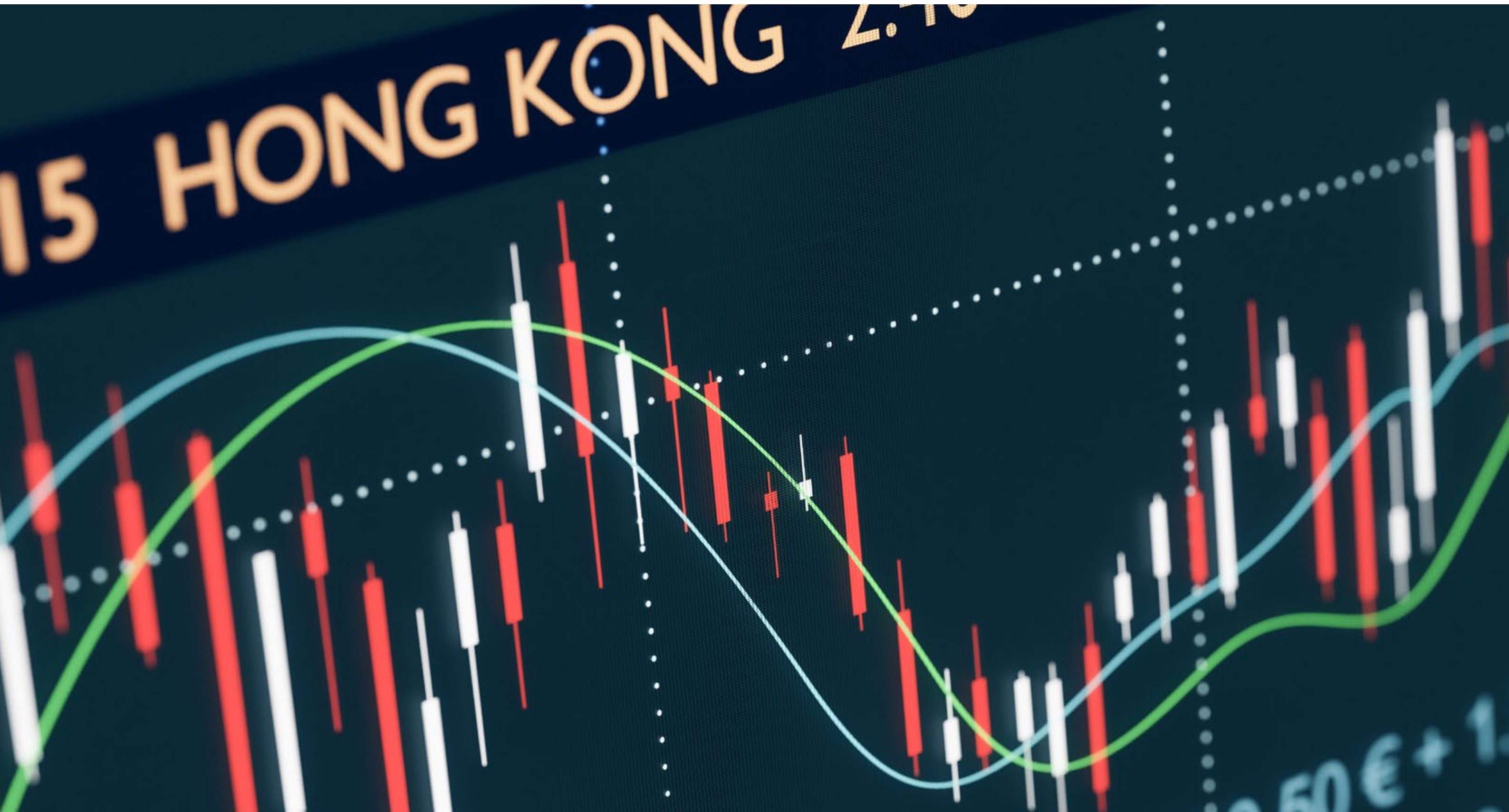
Exploring the financial services sector in Hong Kong? If you're considering setting up a money changing or remittance service, you'd need an MSO (Money Service Operator) license to get started, whether you're an individual or a company.

What is an MSO?

Money Service Operator (MSO) is a person or an institution which operates a money changing service or a remittance service.

The service of money changing, as implied by its name, involves the exchange of different currencies. However, it's important to note that this excludes the common exchange of foreign currencies for local ones by tourists at hotel counters, which is regarded as "incidental."

The term "remittance service" refers to the process of sending funds from Hong Kong to an overseas location or receiving funds in Hong Kong from abroad. This definition also encompasses any arrangements made for such sending or receiving of funds.



What is required to be an MSO in Hong Kong?

Any individual or company operating a money service is required to be licensed with the Commissioner of Customs & Excise (CCE) under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong), also known as the AMLO.

Under the AMLO, money services are not limited to the traditional physical counters providing money changing or remittance services but also cover mobile operations with no fixed premises, including online operations.

If a person or institution operates without a license, that person or institution commits an offence and is liable on conviction on indictment to a fine of (a) HK$1,000,000 and to imprisonment for 2 years, or (b) on summary conviction to a fine of HK$100,000 and to imprisonment for 6 months.

What are the mandatory requirements to apply for an MSO License?

- Incorporation and valid corporate registration documents
- Suitable premises used for the operation of a money service or local management office, and local place for storage of books and records
- “Fit and proper person” as director and ultimate owner of the company
- Appoint a competent Compliance Officer and Money Laundering Reporting Officer
- Comprehensive Business plan
- Documented anti-money laundering and counter-terrorist financing policy
- Pass a written competence assessment
- Bank account for operating money service business

How long is the application process?

The processing time varies and depends on various factors. Factors include the time taken in the preparation and submission of the required forms, supplementary information and supporting documents, the time taken for completing the written competence assessment, on-site inspection at the business premises, and the time required for CCE to obtain records from other authorities to perform a fit and proper person test.

In general, the MSO license is valid for 2 years. In order to maintain continuous operation of the money service, the licensee must apply for renewal before the license expires.

Fidinam can help you obtain an MSO license in Hong Kong

The advantage of an MSO license in Hong Kong extends beyond legal requirements, as it offers a strategic foothold in one of the world's major financial hubs.

Our expert team at Fidinam is here to guide you every step of the way in obtaining an MSO license and operating your money service business through:

- Providing consultancy and support during the entire process
- Incorporation of the Hong Kong company or registration of non-Hong Kong company wishing to operate as MSO
- Supporting in the preparation of application forms, business plan and anti-money laundering and counter-terrorist financing policy
- Providing training and support to prepare the applicant for the written competence assessment
- Supporting in the opening of the appropriate bank account
- Liaising with CCE
- Supporting in the recruitment of competent Compliance Officer, Money Laundering Reporting Officer and other employment requirements of the company

For more information or support in obtaining an MSO license, contact Fidinam Hong Kong at info@fidinamgw.com.

By Jema Baluran
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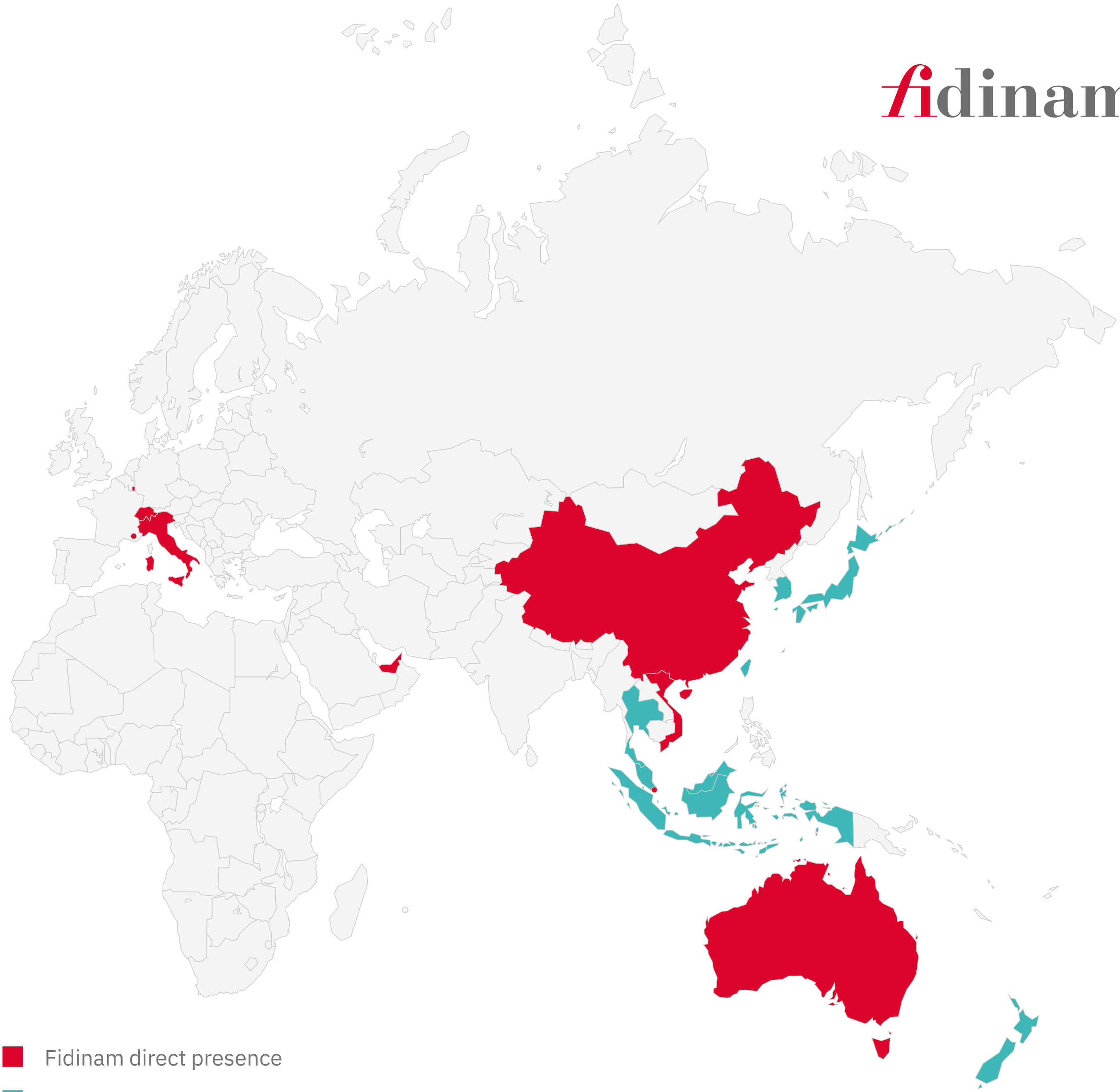
The information contained in this note is for general information purpose only and is not intended to be relied upon as a substitute for tax, corporate and accounting professional consultation. Please refer to Fidinam staff for specific advice.



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