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Headquarters Award

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Incentive HQ Programme

1. Introduction

The Headquarters Programme provides the appropriate incentive tools to encourage companies to use Singapore as a base for conducting headquarters management activities to oversee, manage and control their regional and global operations and businesses.

The intent of the Headquarters Programme is to reach out to all types of headquarters - big and small ones, from all industries and from all geographies - with the vision to create a headquarters eco-system, collectively contributing to the depth and diversity, and the breadth and buzz, of economic activity in Singapore. The level of support given by the EDB will be commensurate with the level of commitment the headquarters puts into Singapore.

2. General Criteria

The Headquarters Programme is applicable to entities incorporated or registered in Singapore which provide corporate support and headquarters-related services and business expertise on a regional or global basis. In order to be eligible to apply for incentives under the Headquarters Programme, the applicant company should meet the general criteria below:

- a) The applicant should be, or belong to a group that is, well established in its respective business sector or industry and has attained a critical size in terms of equity, assets, employees and business share.
- b) The applicant should be the nerve centre in terms of organisation reporting structure at senior management levels for its principal activities with clear-cut management and control for the activities.
- c) The applicant should have a substantial level of headquarters activities in Singapore that may include:
 - Strategic Business Planning and Development
 - General Management and Administration
 - Marketing Control, Planning and Brand Management
 - Intellectual Property Management
 - Corporate Training and Personnel Management
 - Research, Development and Test Bedding of New Concepts
 - Shared Services
 - Economic or Investment Research and Analysis
 - Technical Support Services
 - Sourcing, Procurement and Distribution
 - Corporate Finance Advisory Services
- d) The personnel employed by the applicant for its headquarters operations should be based in Singapore, and would include management, professionals, technical personnel and other supporting staff.

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3. Incentives under the Headquarters Programme

The Headquarters Programme offers incentive packages commensurate with the scale and value of the applicant's headquarters operation in Singapore.

- a) Regional Headquarters Award: This award offers a concessionary tax rate of 15% for 3+2 years on incremental qualifying income from abroad. If applicant company satisfies all the minimum requirements by Year 3 of the incentive period, it will enjoy the 15% concessionary tax rate for an additional 2 years on qualifying income.

The applicant company must satisfy all of the following minimum requirements by the milestone indicated and maintain till the end of the incentive period:

- paid-up capital of S\$0.2 million and S\$0.5 million by the end of Year 1 and Year 3 of the incentive period respectively.
- 3 headquarters services to network entities in 3 countries outside Singapore by the end of Year 1. Network entities refer to any entity within the group, including subsidiaries, sister companies, branches, joint ventures and representative offices as well as franchises.
- 75% skilled staff throughout the incentive period. Skilled employment refers to at least an NTC2 Certificate qualification.
- additional* 10 professionals in Singapore by the end of Year 3. Professionals refer to at least a diploma qualification.
- average remuneration per worker of S\$100,000 per annum for the top 5 executive designations by the end of Year 3.
- additional* S\$2 million in annual total business spending in Singapore by the end of Year 3. Total business spending refers to total operating costs minus the costs of work subcontracted outside Singapore, royalties and know-how fees paid overseas, raw materials, components and packaging.
- additional** S\$3 million in total business spending cumulatively for the first 3 years of the incentive period.
 - * The level at Year 3 - Year 0
 - ** The level at (Year 3 + Year 2 + Year 1) - 3 x (Year 0)

- b) International Headquarters Award: This award is open to all entities incorporated in Singapore. For applicant companies that commit to exceed the minimum requirements of the Regional Headquarters Award, customised incentive packages with lower concessionary tax rates on qualifying income could be considered in discussion with the EDB.