The Singapore holding company for Asian operations

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

A second use of the Pte. Ltd. is as an intermediate holding company for a group's Asian subsidiaries. A Swiss AG that operates in Singapore, Hong Kong, Japan and Australia can hold those subsidiaries through a Singapore holding company and route dividends, management fees and intellectual-property royalties through it. The attractions are four. Singapore has no withholding tax on dividends paid by a resident company.[1] Foreign dividends received by the holding company are exempt under s. 13(8) if the paying jurisdiction has a headline rate of at least 15 per cent and the income was subject to tax there.[2] Singapore's treaty network of more than ninety agreements reduces withholding on dividends and royalties from the Asian subsidiaries. The holding company can be the employer of the regional management team and the sponsor of their passes.

The limits are substance and s. 10L. A holding company that receives dividends needs no great substance, because dividends are not disposal gains. A holding company that sells a subsidiary realises a disposal gain on a foreign asset, which s. 10L taxes unless the company has adequate economic substance measured by

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

employees, premises and expenditure in Singapore.[3] A pure equity-holding entity faces a lighter test than an operating one, but it still has to show that it is managed and operated in Singapore. A holding company whose board is in Zug fails that test.

The Swiss AG as parent then receives dividends from the Singapore holding company free of Singapore withholding tax and, in Switzerland, applies the participation relief that reduces the profit tax on qualifying dividends and capital gains to a fraction of the ordinary rate.[4] The combined result is a group whose Asian profits reach Switzerland with little leakage, provided every intermediate entity has the substance its function requires. Chapter IV returns to the transfer-pricing documentation that makes the fee and royalty flows defensible.

Notes

1. Income Tax Act 1947, s. 44A (one-tier corporate tax system: dividends paid by a resident company are exempt in the hands of the shareholder and bear no withholding). ↩
2. Income Tax Act 1947, s. 13(8) and s. 13(9) (conditions for the foreign-sourced income exemption); IRAS e-Tax Guide, "Tax Exemption for Foreign-Sourced Income", current edition. ↩
3. Income Tax Act 1947, s. 10L(3) and (4) (economic substance requirement; pure equity-holding entities must satisfy a reduced test of being managed and operated in Singapore with adequate human resources and premises). ↩
4. DFTA, SR 642.11, Art. 69 and Art. 70 (participation relief for holdings of at least 10 per cent or CHF 1 million in market value; relief on capital gains after a holding period of one year). ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com