Practical consequences for investors and their advisers

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The EDB as negotiating partner

For a company considering a significant investment in Singapore, the EDB remains the first point of contact. Its officers present the location, coordinate with other agencies and negotiate incentives. The relationship has a contractual character. Incentives are granted for defined activities and periods. They are typically tied to commitments on investment, employment or business spending. Advisers should treat an incentive award as a bargain to be documented and monitored, with the same care as a commercial contract.

The history of the EDB also explains the expectations of the agency. Since the 1960s it has measured projects by their contribution to value added, skills and employment in Singapore. Lee Hsien Loong stated in 1991 that the Board sought to maximise value added for the economy as a whole, beyond the profits of individual investors.[1] A proposal framed in these terms is more likely to succeed than one that emphasises tax savings.

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Checklist for investors

- Approach the EDB early, before key location decisions are made, and prepare a business case that sets out investment, jobs, skills and value added in Singapore.
- Check whether the group falls within the Multinational Enterprise (Minimum Tax) Act 2024, since a classic tax holiday may be neutralised by the domestic top-up tax.
- Compare the Refundable Investment Credit with traditional incentives under the Economic Expansion Incentives (Relief from Income Tax) Act 1967 and the Income Tax Act 1947.
- Document every incentive award with its conditions, milestones, reporting duties and clawback provisions, and assign internal responsibility for compliance.
- Take into account the role of JTC as landlord of industrial land and the leasehold character of most industrial property, which follows from the land policy described above.
- Plan for the tripartite labour framework, including the guidelines of the National Wages Council and the coverage of the Employment Act 1968, when budgeting wage costs.
- Review the effect of the investment on the group's financial and treasury structure in Singapore, where the banks, fund managers and advisers of the financial centre are located.

Notes

1. Speech by BG Lee Hsien Loong, 1 August 1991, op. cit., p. 12: "EDB's objective is to maximise not just profits for investors, but value added for the economy." ↩

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