Practical consequences for trading companies

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Planning an application

For a trading company considering Singapore, the programme is one element in a broader decision. The company must first determine which functions it intends to locate in Singapore: trading desks, risk management, operations, finance, treasury and compliance. These functions determine the headcount and the local spending that the company can commit. They also determine the transfer pricing position of the Singapore entity and thus the income to which the concessionary rate will apply.

The second question is the scale of the group. A group within the scope of the global minimum tax will gain little from a rate below 15 per cent and should plan on that basis. A smaller trader below the threshold of 750 million euros can still benefit from the 5 or 10 per cent rates if its commitments justify them. In both cases, the award confers recognition by the state, eases relations with banks and counterparties and signals a long-term commitment to Singapore.

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Compliance during the award

Once approved, the company must meet the conditions of its award and keep records that allow its qualifying income to be separated from other income. It reports its performance against its commitments and prepares for renewal at the end of the award period. Changes in the business, such as a move of trading desks to another hub, an acquisition or a new line of commodities, may require consultation with the agency. Since the collapses of 2020, which Chapter II of Part H examines, banks and authorities pay closer attention to the governance, risk management and financial reporting of trading companies. The programme's requirement to perform compliance and risk management functions in Singapore has gained practical weight.

Checklist for trading companies

- Define the functions to be performed in Singapore (trading, risk management, operations, finance, treasury, compliance) and document them for transfer pricing purposes.
- Assess the group's position under the Multinational Enterprise (Minimum Tax) Act 2024 before negotiating a concessionary rate.
- Check the current list of qualifying commodities, which since 13 February 2026 includes Environmental Attribute Certificates, and the activities covered by the award.
- Prepare realistic commitments on turnover, local business spending and the number of trading professionals, since performance is compared with them at renewal.
- Keep separate accounts for qualifying and non-qualifying income and maintain records that support the qualifying nature of each transaction.
- Use the local banking, logistics, arbitration and other support services that the programme expects, and document their use.

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- Verify the current text of section 43I and its cut-off date on Singapore Statutes Online, since the extension to 31 December 2031 depends on legislation.

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