Tax incentives and substance requirements

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The statutory basis: section 43I

The Global Trader Programme is an administrative label. Its legal basis is section 43I of the Income Tax Act 1947, headed "Concessionary rate of tax for global trading company and qualifying company". The provision authorises the Minister to impose tax by regulations at 5, 10 or 15 per cent on the specified income of an approved global trading company, notwithstanding the general rate in section 43.[1] The general rate for companies is a flat 17 per cent of chargeable income, applicable to local and foreign companies alike.[2]

The statute defines a global trading company as a company that carries on the business of international trading in commodities or commodity derivatives, of brokering international commodity trades, or both. The income that qualifies covers income from prescribed qualifying transactions in prescribed commodities, income from qualifying transactions in derivative instruments for the years of assessment 2012 onwards and, from 19 February 2020, income from prescribed structured

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commodity financing, treasury activities and advice on mergers and acquisitions.[3] The details are laid down in regulations, which define specified income, qualifying transactions and the commodities covered.[4]

Approval is discretionary. The Minister or an authorised body may approve a company subject to such conditions as they impose. No approval may be granted to a global trading company after the date fixed by the statute, which was 31 December 2026 before the extension announced in Budget 2026.[5] The extension to 2031 requires a corresponding amendment of the statute. Readers should check the current text of section 43I on Singapore Statutes Online before relying on the cut-off date.

Qualifying income and qualifying commodities

Enterprise Singapore describes the incentive in simple terms. The programme provides a concessionary rate of 5, 10 or 15 per cent on qualifying income for five years. Qualifying trading income includes income from physical trading, from brokering physical trades, from derivative trading and from structured commodity financing.[6] Practitioner guides list the categories of qualifying commodities as petroleum and petroleum products, agricultural commodities and bulk edible products, metals and minerals, building and industrial materials, industrial products, consumer products, electronic and electrical products and machinery components. They add that the list is reviewed periodically.[7] The award specifies the commodities for which the individual company is approved, so that income from other products remains taxable at the standard rate.

The scope of qualifying physical trade is limited to trade with an international dimension. Guides describe it as transhipment trade, offshore trade and re-export trade, in which only the portion without local value added qualifies.[8] Offshore trade, in which the goods move between two foreign countries without passing through Singapore, is the most important category for the large trading houses. It also explains why the trading hub is hard to measure, as the last section of this chapter shows.

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Substance: turnover, spending and professionals

The programme is designed to reward activity in Singapore. Enterprise Singapore addresses it to established companies engaged in international physical trading that have an international trading and distribution network and a good track record. Approved companies must conduct significant trading activities in Singapore, employ skilled professionals and perform strategic functions such as strategic management, compliance and risk management, financial management and logistics management in Singapore. They are also expected to make significant use of Singapore's banking and financial services, logistics, arbitration and other supporting services.[9]

The official description does not publish numerical thresholds. Practitioner guides indicate benchmarks of an annual trading turnover of at least US$100 million, local business spending of at least S$3 million a year and at least three trading professionals in functions such as risk management, procurement or sales.[10] Applicants that do not yet meet these benchmarks must show that they will meet them during the incentive period. Another guide stresses that meeting the minimum criteria does not automatically qualify a company for the programme.[11]

The 5 per cent rate is reserved for companies whose substance in Singapore is particularly strong. Guides indicate that it is available only where a substantial part of the business is carried out in Singapore. In practice, the rate results from a negotiation in which the company commits to headcount, spending and functions while the agency fixes the rate and the conditions accordingly. The award letter then becomes a contract in substance. If the company fails to meet its commitments, the agency may adjust or withdraw the concession.

International pressure: BEPS and the minimum tax

The design of the programme anticipated the requirements that international tax policy later imposed. The project of the OECD and the G20 on base erosion and profit shifting, whose Action 5 addressed harmful tax practices, required preferential

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regimes to be conditioned on substantial activities in the jurisdiction granting them.[12] A programme that already required trading functions, professionals and local spending was well placed to meet this standard.

The global minimum tax posed a harder question. Singapore enacted the Multinational Enterprise (Minimum Tax) Act 2024, which applies an income inclusion rule and a domestic top-up tax to multinational groups with annual revenues of at least 750 million euros for financial years beginning on or after 1 January 2025.[13] For a large trading group, a concessionary rate of 5 or 10 per cent in Singapore now generates a top-up tax that is collected either in Singapore under the domestic top-up tax or in the parent's jurisdiction. The benefit of the low rate is therefore neutralised for groups within the scope of the rules. The 15 per cent tier introduced in 2024 adapts the programme to this situation. Smaller traders below the revenue threshold continue to benefit from the lower rates.

The minimum tax shifts the competition between trading hubs from rates to other instruments. Singapore has developed incentives that are compatible with the global rules, such as the refundable investment credits announced in Budget 2024, which Chapter IV of Part E discusses.[14] For the largest trading groups, the Global Trader Programme now serves mainly as a framework of recognition, in which the state and the company agree on the activities to be located in Singapore.

Common misconception

The Global Trader Programme is sometimes described as a tax haven regime that allows traders to book profits in Singapore without real activity. The statutory incentive applies only to approved companies whose commitments to trading turnover, local spending, qualified professionals and strategic functions in Singapore are fixed in their award. The concessionary rate covers only qualifying income from approved commodities and activities, while other income is taxed at 17 per cent. Since 2025 the global minimum tax limits the benefit for large groups, which explains the introduction of the 15 per cent tier.

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Notes

1. Income Tax Act 1947, s. 43I(1), as reproduced on lawplayer.com from Singapore Statutes Online (accessed November 2026): the Minister may by regulations impose tax at 5%, 10% or 15% on specified income of an approved global trading company, despite s. 43. ↩
2. Inland Revenue Authority of Singapore, "Corporate Income Tax Rate, Rebates & Tax Exemption Schemes" (iras.gov.sg, accessed November 2026): "Your company is taxed at a flat rate of 17% of its chargeable income." ↩
3. Income Tax Act 1947, s. 43I(3), definition of "global trading company", and s. 43I(1)(a)(i)–(iii), as reproduced on lawplayer.com (accessed November 2026). ↩
4. Income Tax (Concessionary Rate of Tax for Global Trading Companies) Regulations 2016 (S 341/2016), with later amendments. ↩
5. Income Tax Act 1947, s. 43I(1AB) and (1A), as reproduced on lawplayer.com (accessed November 2026): approval subject to conditions; no approval to a global trading company after 31 December 2026. ↩
6. Enterprise Singapore, "About the Global Trader Programme (GTP)" (enterprisesg.gov.sg, accessed November 2026): "a concessionary tax rate of 5%, 10% or 15% on qualifying income" for "five years"; qualifying trading income includes income from physical trading, brokering of physical trades, derivative trading income and income from structured commodity financing activities. ↩
7. Rikvin, "Singapore's Global Trader Programme (GTP)" (rikvin.com/taxation/singapore-global-trading-programme, accessed November 2026): eight categories of qualifying commodities, which "will be reviewed periodically". ↩
8. Kaizen CPA, "Guide to Singapore Global Trader Scheme" (kaizencpa.com, accessed November 2026): list of qualifying commodity categories, reviewed periodically; qualifying physical trade is limited to transhipment, offshore and

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re-export trade, with only the non-value-added portion of re-exports qualifying. ↩

9. Enterprise Singapore, "About the Global Trader Programme (GTP)" (enterprisesg.gov.sg, accessed November 2026): commitments to conduct significant trading activities, employ skilled professionals, perform strategic, compliance and risk management, financial management and logistics management functions, and make significant use of Singapore's banking and financial services, logistics, arbitration and other supporting services. ↩
10. Kaizen CPA, "Guide to Singapore Global Trader Scheme" (kaizencpa.com, accessed November 2026): minimum annual turnover of USD 100 million, minimum annual local business spending of SGD 3 million and at least three trading professionals; applicants falling short must show they can meet the benchmarks during the incentive period; the 5% rate is available only if a substantial part of the business is carried out in Singapore. Nexia International, *Global Insight*, March 2020: applicants need, among other things, "an annual turnover of US$100m" and at least three relevant professionals. ↩
11. Rikvin, "Singapore's Global Trader Programme (GTP)" (rikvin.com, accessed November 2026): minimum criteria of substantial physical offshore trading turnover on a principal basis, significant local business spending and employment of professional traders in Singapore, which "does not automatically qualify a company for GTP status". ↩
12. OECD, *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 – 2015 Final Report*, Paris, OECD Publishing, 2015. ↩
13. Multinational Enterprise (Minimum Tax) Act 2024, in operation from 1 January 2025 (Multinational Enterprise Top-up Tax under the income inclusion rule and domestic top-up tax at a minimum rate of 15%, for groups with consolidated revenue of at least EUR 750 million); see Chapter IV of Part E and Chapter III of Part K. ↩

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14. Refundable Investment Credit announced in the Budget Statement of 16 February 2024. ↩

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