The regional headquarters model

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

The function of a regional headquarters

A regional headquarters sits between the global head office of a group and its operating subsidiaries in individual countries. It sets strategy for the region, allocates capital, manages the treasury, coordinates procurement and logistics and supervises compliance. It often provides shared services such as accounting, human resources and information technology to the national companies. In many groups it also owns the shares of those companies, so that the regional headquarters becomes the holding company for the region.

When the government presented the headquarters awards to a group of companies in June 2006, it described these functions in terms that remain valid. Headquarters provided strategic control, decision-making and shared services, with many of them also carrying out higher value-added activities such as research and development, the management of intellectual property and the setting of global standards.[1] The definition matters for what follows. A regional headquarters is the place where the decisions are taken, the people who take them live and the profits of the region are often booked.

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The policy origins

The Economic Development Board, established on 1 August 1961 and examined in Chapter C.III, began to court headquarters functions after the recession of the mid-1980s showed the limits of a strategy built on manufacturing alone.[2] An Operational Headquarters incentive, introduced in 1986, offered a concessionary tax rate of 10 per cent on income from qualifying services that a regional office provided to related companies in the region.[3] In 2003 the Board introduced two further schemes, a Regional Headquarters award carrying a concessionary rate of 15 per cent and an International Headquarters award.[4] Their concessions were graduated according to the scope of the functions and the number of senior staff based in Singapore. The headquarters awards were later folded into the Development and Expansion Incentive.[5]

The strategy set quantitative targets. In 2006 more than 60 per cent of the roughly 7,000 multinational companies in Singapore had established headquarters functions for regional or global operations. The Board aimed to attract 500 world-class regional and international headquarters by 2010. About 385 companies were then already in its headquarters programme.[6] The figures show that the headquarters policy was already mature twenty years ago. They also show its method, which was to select companies one by one and to negotiate the incentive with each of them.

How many headquarters?

No official register counts regional headquarters, because the term has no legal definition outside the incentive schemes. The most frequently cited figure comes from a study by EY in 2019, which estimated that Singapore was home to about 4,200 regional headquarters. The Economic Development Board has used that figure in its own publications.[7] More recent statements of the Board use a different measure. They state that Singapore recorded the highest number of completed regional headquarters projects in the Asia-Pacific region between 2013 and 2023.[8] The Board also describes the city as the most popular regional headquarters destination in Asia.[9]

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The difference between the two measures should be kept in mind. A count of headquarters at a given date includes offices that have existed for decades. A count of completed projects measures new arrivals and expansions within a period. Neither figure says how many people work in these offices or how much of the region's profit they book. The order of magnitude is nevertheless clear: several thousand regional offices, including those of Amazon, 3M, Dyson and Unilever, whose presence the Board cites as evidence of the city's attraction.[10]

Why Singapore?

Surveys of executives and official statements give broadly the same list of reasons. The first is connectivity. The Board describes connections to more than 170 cities through about 100 airlines, which allows a regional manager to visit most capitals of Southeast Asia and return on the same day.[11] The second is talent. A regional headquarters needs people who can work across several countries and languages. Singapore combines a local workforce educated in English with an immigration regime that admits foreign specialists, as Chapter J.IV explains. The third is legal certainty. A group that holds its regional subsidiaries through a Singapore company can rely on courts and arbitral institutions that apply English-based law in English, a subject of Part F.

The fourth reason is tax. Singapore taxes companies at a flat rate of 17 per cent of chargeable income, which applies to local and foreign companies alike.[12] Capital gains are generally not taxed, while dividends received from abroad can be exempt when the conditions of the Income Tax Act are met.[13] Many headquarters also enjoyed concessionary rates under the incentive schemes. The fifth reason is less tangible. Singapore is perceived as stable, clean and safe. In the Corruption Perceptions Index for 2025 it ranked third of 182 countries, with a score of 84.[14] For a company that must manage operations in countries with much lower scores, the location of its regional management in a jurisdiction with a strong reputation for integrity is itself a form of risk management.

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The global minimum tax and the end of rate competition

The international agreement on a global minimum tax has changed the economics of the headquarters model. On 8 October 2021, 136 members of the OECD/G20 Inclusive Framework approved a statement on a two-pillar solution, the second pillar of which sets a minimum effective rate of 15 per cent for large multinational groups. One further member joined later, bringing the number of approving jurisdictions to 137.[15] Singapore implemented the rules from 1 January 2025, through an income inclusion rule for groups headquartered in Singapore and a domestic top-up tax that collects locally any shortfall below 15 per cent.[16]

For large groups, the domestic top-up tax neutralises concessionary rates below 15 per cent. Singapore collects the difference itself, so that a group gains nothing by moving the profit elsewhere and loses nothing by keeping it in Singapore. The government responded with incentives that the new rules treat more favourably. The Refundable Investment Credit, announced in the budget of February 2024, supports qualifying expenditure on new activities and is paid out in cash if it cannot be set off against tax within a fixed period.[17] The agreement of January 2026 that exempts groups headquartered in the United States from parts of the regime has added uncertainty, because American groups form a large share of the regional headquarters in Singapore. The long-term effect is nevertheless clear. Competition among headquarters locations has shifted from tax rates to talent, infrastructure, regulation and grants.

Notes

1. Lee Yi Shyan, Minister of State for Trade and Industry, speech at the EDB Combined Headquarters Award Ceremony, The Arts House, 1 June 2006 (archived on the website of the Ministry of Energy, Trade and Industry, formerly the Ministry of Trade and Industry): headquarters provide strategic control, decision-making and shared services, while many also undertake “higher value-added activities” such as research and development, management of intellectual property and the setting of global standards. ↩

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2. Wikipedia, “Economic Development Board” (accessed November 2026): the ordinance commenced on 1 August 1961, taking over the functions of the Singapore Industrial Promotion Board; agency formed 1 August 1961. ↩
3. Operational Headquarters (OHQ) incentive, commonly dated to 1986, with a concessionary rate of 10 per cent on qualifying headquarters income (Income Tax Act, s. 43E, as then in force). *The Nation* (Bangkok), “How Singapore's incentives for headquarters evolved”, 24 April 2015 (nationthailand.com, accessed November 2026), states instead that the incentive was “first brought in around late 1992”. ↩
4. *The Nation* (Bangkok), “How Singapore's incentives for headquarters evolved”, 24 April 2015 (nationthailand.com, accessed November 2026): the OHQ incentive carried “a 10-per-cent rate of tax on qualifying fee income”; in 2003 the EDB introduced the Regional Headquarters (RHQ) incentive, with a “15-per-cent tax rate on qualifying income”, and the International Headquarters (IHQ) incentive. ↩
5. Graduated conditions of the RHQ and IHQ awards and their later consolidation into the Development and Expansion Incentive: Economic Expansion Incentives (Relief from Income Tax) Act 1967. ↩
6. Lee Yi Shyan, speech of 1 June 2006, op. cit.: “more than 60%” of Singapore's 7,000 MNCs had set up headquarters to manage regional or global operations; EDB target to “attract 500 world-class regional and international headquarters” by 2010; about 385 companies in the programme; eight companies received awards at the ceremony. ↩
7. Singapore Economic Development Board, “Futuristic workspace: Singapore a hub for corporate headquarters”, 18 April 2022 (edb.gov.sg): “the city-state is home to about 4,200 regional headquarters”, citing a 2019 study by EY. ↩
8. Singapore Economic Development Board, “Scale across Southeast Asia” (edb.gov.sg): between 2013 and 2023 Singapore had “the highest number of completed regional HQs in the Asia-Pacific region”. ↩

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9. Singapore Economic Development Board, “Headquarters” (edb.gov.sg, accessed November 2026): “#1 most popular regional headquarter destination in Asia”. ↩

10. Singapore Economic Development Board, “Headquarters” (edb.gov.sg, accessed November 2026): Amazon, Dyson and Unilever base global or regional hubs in Singapore; Amazon and 3M cited as companies with regional headquarters; news item “FedEx primes for growth with new regional headquarters in Singapore”, 27 February 2024. ↩

11. Singapore Economic Development Board, “Headquarters”, op. cit.: Singapore connects to “over 170 cities via 100 airlines”; first place in the 2025 Global Talent Competitiveness Index. ↩

12. Inland Revenue Authority of Singapore, “Corporate Income Tax Rate, Rebates & Tax Exemption Schemes” (iras.gov.sg, accessed November 2026): companies are “taxed at a flat rate of 17% of its chargeable income”; for YA 2026 a CIT rebate of 50 per cent of tax payable, with a maximum total benefit of S$40,000 including the CIT Rebate Cash Grant of S$2,000. ↩

13. Income Tax Act 1947, s. 13(8) to 13(12): exemption of specified foreign-sourced income, including foreign dividends, where the income has been subject to tax of at least 15 per cent in the source jurisdiction and the Comptroller is satisfied that the exemption benefits the resident; check the current conditions in the Act and IRAS guidance. ↩

14. Wikipedia, “Corruption Perceptions Index” (accessed November 2026), table for the 2025 index published in February 2026: Singapore score 84, rank 3 of 182. ↩

15. Wikipedia, “Global minimum corporate tax rate” (accessed November 2026): “137 countries in total have approved it”, citing among others Osler, “136 countries agree to OECD/G20 Inclusive Framework's two-pillar solution to international tax reform”, 12 October 2021, for the position on 8 October 2021; minimum rate of at least 15 per cent; Singapore listed with an implementation date of 1 January 2025; in January 2026 the 147 members of

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the Inclusive Framework agreed a "side-by-side arrangement" under which US-headquartered companies remain subject only to US minimum taxes. ↩

16. Multinational Enterprise (Minimum Tax) Act 2024, implementing the income inclusion rule and the domestic top-up tax for financial years beginning on or after 1 January 2025 for groups with annual consolidated revenue of at least EUR 750 million; check the Act on Singapore Statutes Online. ↩

17. Budget Statement 2024 (16 February 2024): Refundable Investment Credit of up to 50 per cent of qualifying expenditure, to be offset against corporate income tax with any unused credit refunded in cash within four years; check the Budget Statement on mof.gov.sg and the EDB scheme guidelines. ↩

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