

The CCS Newsletter

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The Singapore Shipping Conference 2010

– Highlights from the tax perspective

By Lim Peng Huat (Director)



Above: Mr Lim Peng Huat (Director, Complete Corporate Services Pte Ltd) addressing the tax incentives at the conference.

- Maritime law and Arbitration Update; and
- Singapore as a Maritime Hub – Quo Vadis (Closing Remarks)

During the panel on “Accounting, Taxation and Risk Management”, partners and directors from Moore Stephens LLP and Complete Corporate Services Pte Ltd addressed some topical issues on accounting, taxation and risk management update.

The following are excerpts from the conference taken from Mr Lim Peng Huat’s (Director, Complete Corporate Services Pte Ltd) speech on the “Recent tax initiatives and incentives to boost Singapore’s attractiveness as a maritime hub”.

Extension of Capital Gains Treatment

As an administrative concession, gains arising from the sale of foreign-flagged vessels which have been operated by a Singapore company under the Approved International Shipping (“AIS”) scheme and also Singapore-flagged vessels are treated as capital gains. In Singapore, no tax is imposed on capital gains.

This concessionary treatment is now extended for a period of five years to the Year of Assessment 2014.

Additionally, the concession has been expanded to include gains from the sale of these vessels which are then leased back and also gains derived from the sale of shares in Special Purpose Vehicles which holds these vessels.

In conjunction with Moore Stephens LLP, Singapore, Complete Corporate Services Pte Ltd organised its inaugural shipping conference on Thursday, 29 April 2010, at the Ritz-Carlton, Millenia Singapore. The theme of the conference was “*Current Developments, Trends and Opportunities*”, and it was timed to take place during the Singapore Maritime Week. The conference saw a turnout of more than 150 delegates with over 20 speakers and guests invited to a post conference cocktail session after the one day conference.

The response to The Singapore Shipping Conference 2010 was overwhelming and indeed the feedback from delegates who attended the conference has been very positive and heartwarming.

The Conference was opened by Mr Mick Aw, Senior Partner, Moore Stephens LLP Singapore. The welcome address was given by Captain Khong Shen Ping, Assistant Chief Executive, Maritime and Port Authority of Singapore, who talked about “Positioning Singapore as an International Maritime Centre – the MPA Perspective.”

Following which, Mr Richard Greiner, Partner, Moore Stephens London took the stage and gave his speech on “The Real Costs of Shipping”.

There were a total of 5 panels covering various topics during the conference. These include:

- Accounting, Taxation and Risk Management Update;
- Debt Financing and the effects of the Credit Crunch;
- Variants to Debt Financing – Finding the Right Financing Structure in Today’s Market;



From left: Capt Khong Shen Ping (Assistant Chief Executive, Maritime and Port Authority of Singapore) and Mick Aw (Senior Partner, Moore Stephens LLP Singapore)

Complete Corporate Services Pte Ltd and its associates would like to thank all sponsors, speakers and delegates in making this conference a success. We look forward to your support in future events.



From left: Mr Lim Peng Huat (Director, Complete Corporate Services Pte Ltd), Mr Neo Keng Jin (Partner, Moore Stephens LLP Singapore), Ms Winnie Kwa (Accounts Manager, New Century International Pte Ltd)

Extension of Withholding Tax Exemption

The Maritime Port Authority ("MPA") had introduced the Block Transfer Scheme ("BTS") to encourage the block registration of vessels with the Singapore Ship Registry. The BTS has been extended by five years to 31 December 2013.

The benefits accorded under the BTS are:-

- Discounted ship registration fees payable.
- Possibility of applying to the MPA for approval for withholding tax exemption on loan interest payable to non-resident lenders.

With effect from 1 January 2009, the withholding tax exemption application can be made for interest payable on a loan taken up to acquire 100% of the shares in a SPV owing a Singapore-flagged vessel.

New Incentive for Shipbroking and Forward Freight Agreement Trading Activities

To reflect the important role played by shipbrokers and the importance of risk management to the growth of the maritime sector in Singapore, the Government has decided to introduce a new tax incentive for these activities.

The scheme provides for a concessionary tax rate of 10% for an approved company carrying out shipbroking and/or forward freight agreement trading.

Application for the scheme has to be made between 1 April 2010 and 31 March 2015.

Upon approval, the incentive is for a period of five years.



Left: Audience from the conference.

Enhancement to the Singapore Registered Ship ("SRS") and Approved International Shipping ("AIS") Incentives

Effective 22 February 2010, ship management fee income derived by a ship management company from related companies which operate Singapore-flagged vessels and/or operate foreign-flagged vessels under the AIS scheme, can qualify for tax exemption.

Subject to conditions, the ship management income will be treated as qualifying income to be exempted from tax under Section 13A of the Income Tax Act for Singapore-flagged vessels, and under Section 13F for managing vessels operated under the AIS scheme.



From left: Mr Choy Moo Chee (Chairman, Sparta Logistics Pte Ltd), Jason Tan (Manager, Complete Corporate Services Pte Ltd)

This session was then followed by the panels for "Debt financing and the effects of the credit crunch", "Variants to Debt Financing – Finding the Right Financing Structure in Today's Market", "Maritime and Arbitration Update" before ending with "Singapore as a Maritime Hub – Quo Vadis".

For those of you who did not study Latin at school, Quo Vadis means "Where are you going"? Mr Mick Aw summed up the day by asking the question of where Singapore is going as a maritime hub in the future. A number of panelists had suggestions, including enhancing existing tax incentives and developing the financial market further – in particular in relation to the bond market.

All guests were treated to a post conference cocktail event at the Chihuly Room. It was a full day and a lot of ground was covered. There were a lot of intangible benefits as well: old contacts were rekindled, new connections were made, information was exchanged and new ideas explored.



Speakers

Complete Corporate Services Pte Ltd and its associates would like to take this opportunity to thank the following speakers for making this conference a success.

- Captain Khong Shen Ping (Assistant Chief Executive, Maritime and Port Authority of Singapore)
- Arnold Wu (Head of Asia Shipping Division, BNP Paribas Hong Kong Branch)
- Esther Lim (Senior Vice President, Institutional Banking Group, DBS Bank)
- Peter Illingworth (Managing Director and Global Head of Crude Oil and LNG Tankers, DVB Group Merchant Bank)
- Sander Scheepens (Head of Investment Management, DVB Group Merchant Bank)
- Esben Poulsson (President, Eastern Neptune Pte Ltd)
- Philip Clausius (President and CEO, FSL Trust Management Pte Ltd)
- Dr Sam Bateman (Senior Fellow, Maritime Security Programme, S. Rajaratnam School of International Studies, Nanyang Technological University Singapore)

- Linus Ng (Director, Robert Wang & Woo LLC)
- Yoga Vyjaythimala (Director, Robert Wang & Woo LLC)
- John Wang (Director, Robert Wang & Woo LLC)
- Anders Schau (Head of Dry Cargo, RS Platou Finans Singapore Pte Ltd)
- Dimitris Belbas (Managing Director, Seafin Pte Ltd)
- Nicholas Sansom (Executive Director, Singapore Chamber of Maritime Arbitration)
- Timothy Elsworth (Partner, Stephenson Harwood)
- Durai Shanmugam (Partner, Stephenson Harwood)
- Nigel Anton (Managing Director, Head of Shipping Finance, Standard Chartered Bank)

From left: Timothy Elsworth (Partner, Stephenson Harwood), Dr Sam Bateman (Senior Fellow, Maritime Security Programme, S. Rajaratnam School of International Studies, Nanyang Technological University Singapore and Esben Poulsson (President, East Neptune Pte Ltd).



Complete Corporate Services Pte Ltd offers integrated, tailor-made corporate service solutions to public and private companies which leaves you time to concentrate on your core business...

Changes to CPF Contribution Rates

By Jason Tan (Manager)

The employer CPF contribution rate will be increased by 1%. The increase will be done gradually in two steps to moderate the impact on employers. The first 0.5% increase will be implemented on 1 September 2010, and will be made into the Medisave Account (MA). The remaining 0.5% increase will be effected 6 months later on 1 March 2011, and will be made to the Special Account (SA).

The Medisave contribution rates for Self-Employed Persons (SEPs) will correspondingly be increased by 0.5% on 1 September 2010.

Who is Affected by the Contribution Rate Changes?

All employees will benefit from the new CPF contribution rate changes.

For low wage workers (LWWs) above 35 years old and earning between \$50 and \$1,500, the employer CPF contribution will continue to be phased in.

The increase in Medisave contribution rates will also apply to SEPs. SEPs earning an annual net trade income of \$12,000 or less will continue to pay 1/3 of the full contribution rate relevant to their age group. For SEPs with annual net trade income between \$12,000 and \$18,000 their Medisave contribution rate will continue to be phased in. The Medisave contribution that must be made by SEPs and informal workers with an annual net trade income of \$6,000 or less to qualify for the Workfare Income Supplement (WIS) Scheme will also be adjusted accordingly.

About Complete Corporate Services Pte Ltd

Over the last 20 years, we have grown to be a substantial outsource accounting, corporate secretarial and tax consulting group. In conjunction with our associates located in major cities around the world, we ensure that clients' expectations are met in full. Regardless of the size of client, our philosophy remains constant - to provide personalised professional service.

Who to Contact:

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Accounting Solutions Division

The Accounting Solutions Division provides various types of assistance depending on your needs.

- Setting up of accounting systems and procedures
- Update and Maintenance of your Accounting Records and Reports
- Payroll Administration

Taxation Services Division

The Division offers a broad range of both direct and indirect taxation services, providing you with up to date information and advice to achieve tax effective solutions.

- Tax Compliance Services
- Tax Advisory Services

Corporate Secretarial Division

The Corporate Secretarial Services Division can offer the following services depending on your needs:

- Formation of Companies and Singapore Branches (foreign companies)
- Acting as Corporate Secretaries and Secretarial Agents for private or public limited companies
- Registration of a Business Name, Limited Liability Partnership and Representative offices
- Liquidation

Executive Search Division

We can assist in the search for suitable candidates to hold executive positions in client companies.



The Management team of Complete Corporate Services Pte Ltd, comprises:

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