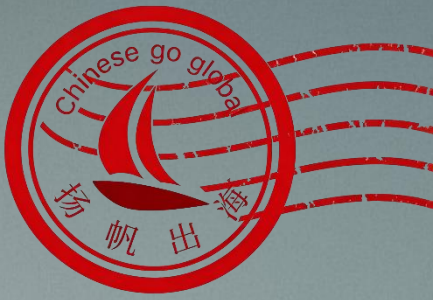




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Chinese go-global

Investment in Singapore and Thailand | 2026

Preface



Ened Du

Partner, WTS China

Over the past years, PRC-funded enterprises have accelerated their expansion into the Southeast Asian market, forming two representative “going-global” routes.

The first route is Singapore-centric: most PRC-funded enterprises take Singapore as the first stop in their globalization journey, establish the capital vehicle in Singapore, and then deploy investment funds globally through Singapore as a hub.

The second route is Thailand-centric: leveraging Thailand’s unique geographic position, comparatively low overall operating costs, and relatively friendly trade and market-access environment vis-à-vis Europe and the United States, a large number of manufacturing and technology “transit” PRC enterprises have established Thailand as a manufacturing/processing base and a technology transit platform.

This paper will focus on two core practical issues: (i) why PRC-funded enterprises prioritize Singapore and Thailand when going abroad; and (ii) after landing in these two jurisdictions, what investment structures, tax planning approaches, and customs/trade operational models are available, as well as the corresponding compliance risks.



Ened Du

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01

Key investment structures and FDI destination analysis

This section skips complex tax-rate calculation formulas and prioritizes addressing foundational issues that onshore investors frequently overlook: the mainstream landing pathways for PRC-funded enterprises entering the Singapore and Thailand markets; the core inbound foreign direct investment (FDI) flows and key trade counterparties of both jurisdictions; and the types of landing vehicles suitable for PRC enterprises in different industries.

Singapore

***FDI landscape and key
considerations for PRC
enterprises***

Sources of Singapore's FDI and key trade partners

From the perspective of source economies of inbound FDI, the top five contributors to Singapore's inbound FDI inflows in 2023 were, in order: United States, Netherlands, Mainland China, Japan and Hong Kong. From the perspective of total merchandise trade, Singapore's three top five trade counterparties in 2023 were Mainland China, United States, and Malaysia. Collectively, ASEAN is Singapore's largest trading partner. Many PRC-funded enterprises use Singapore as a cross-border capital transit and regional coordination hub rather than as a jurisdiction for substantive manufacturing and operating activities; such a business model is highly aligned with Singapore's policy framework.

Five drivers for PRC enterprises to choose Singapore

First, the overall tax system is highly tax-efficient. Singapore's standard corporate income tax rate is 17%. With various targeted tax incentive schemes, the effective tax rate can be reduced to 15%, 10%, or even 5%. There is no capital gains tax, although gains that are revenue in nature remain taxable as income, and certain foreign-sourced disposal gains received in Singapore by entities of multinational groups without adequate economic substance in Singapore are taxable under section 10L of the Income Tax Act 1947 with effect from 1 January 2024. Dividends distributed by a Singapore-resident company to its offshore parent company are not subject to dividend withholding tax. In addition, the Foreign-Sourced Income Exemption ("FSIE") can exempt offshore dividend income from tax, provided that three basic conditions are met.

Second, the trade regulatory environment is relaxed and business-friendly. Import and excise duties are levied on only a narrow range of goods (intoxicating liquors, tobacco products, motor vehicles and petroleum products); goods and services tax (currently 9%) is, however, generally payable on imported goods, unless a relief or suspension applies (e.g., transshipment through the free trade zones or importation under the Major Exporter Scheme). For most categories of goods, import and export activities do not require separate import/export licenses, resulting in a low administrative threshold for cross-border cargo flows—well suited for regional entrepôt trade and distribution business layouts.

Third, the supporting tax incentive framework for funds and family offices is well-developed. Singapore has established a complete tax incentive framework covering offshore investment funds and family wealth management vehicles. The core policies include three fund tax exemption schemes, Section 13D, Section 13O and Section 13U (the "13D/13O/13U" schemes), which attract global family offices and cross-border private investment institutions to establish presence in Singapore, and are also a core choice for domestic high-net-worth individuals and listed private enterprises to build offshore wealth structures.

Fourth, the network of international tax and trade treaties is comprehensive. Singapore has signed nearly 100 Double Taxation Avoidance Agreements / Double Tax Agreements (“DTA”), and has also entered into 27 Free Trade Agreements (“FTA”). This can significantly reduce tax costs at the outbound stage for cross-border dividends, interest, and royalties, and open up tax-efficient channels for regional trade in goods and cross-border fund flows.



Fifth, the geopolitical and legal-political environment is stable and neutral. Singapore is internationally recognized as a rules-based, neutral judicial jurisdiction with a clear and stable legal system. It has long maintained stable trade and diplomatic relations with Europe and the United States. Its cross-border investment policies are highly consistent and continuous, substantially reducing investment risks arising from geopolitical policy changes.



Three main vehicles and fund flow patterns used by PRC enterprises in Singapore



Most PRC clients establish a regional international investment headquarters platform in Singapore, which serves as the core cross-border capital transit vehicle. Funds are then re-deployed from the Singapore vehicle into various Southeast Asian countries and other overseas markets globally—this is Singapore’s most essential functional positioning.

In addition to regional investment holding platforms, many manufacturing supporting enterprises set up Singapore as a regional trade transit platform: factories are established in Malaysia and Thailand, and a Singapore trading entity purchases finished products from the manufacturing entities and then distributes them to global end customers or intra-group affiliated distribution companies, thereby completing regional supply chain coordination.

At the level of the enterprise’s ultimate controller(s) and family shareholders, Singapore offers a well-developed wealth management policy environment. Domestic entrepreneurs can rely on local policies to establish a family office and personal offshore investment platforms, and simultaneously set up an offshore trust structure to achieve family asset ring-fencing and intergenerational wealth succession planning.

Thailand

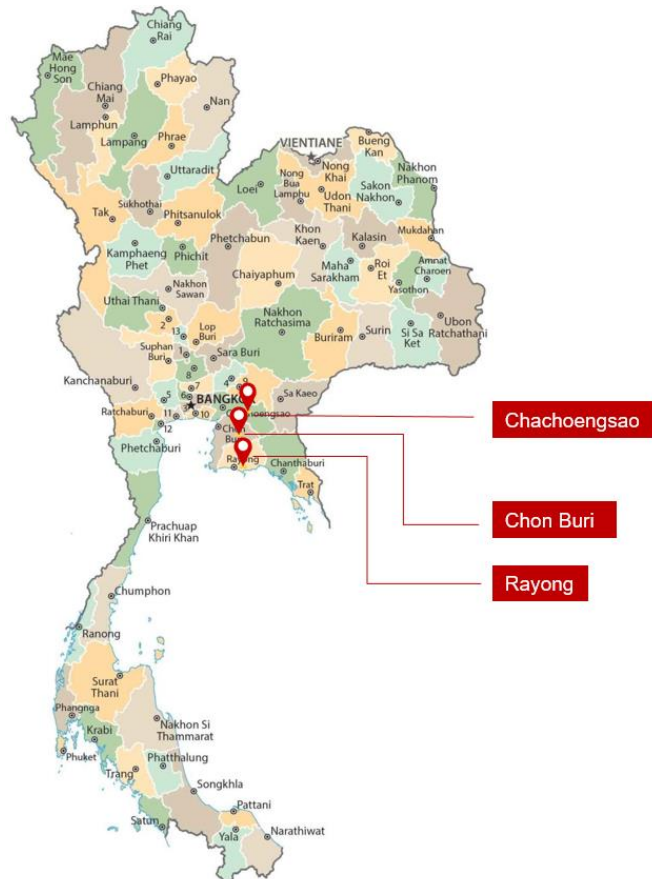
FDI landscape and PRC enterprises' key regions and core sectors

Sources of Thailand's FDI and merchandise trade counterparties

Based on project application data from the Thailand Board of Investment ("BOI"), Thailand's top five sources of inbound foreign investment are, in order: Singapore, Hong Kong (China), Mainland China, the United Kingdom, and Japan. This ranking is somewhat misleading: a significant portion of investment capital originating from Mainland China is routed into Thailand via Singapore and Hong Kong (China). After stripping out such transit structures, Mainland China is Thailand's actual largest source of foreign investment. From a merchandise trade perspective, China is Thailand's largest trading partner, and bilateral trade far exceeds that with the United States, Japan, Taiwan (China), Malaysia and other counterparties.

Key regions for PRC enterprises investing in Thailand (three core provinces of the Eastern Economic Corridor - "EEC")

Thailand's inbound foreign investment is highly concentrated in the Eastern Economic Corridor (EEC). The EEC covers three core provinces along the Gulf of Thailand. Each province has a distinct industrial positioning and differentiated supporting industrial estates and port/logistics resources, making them suitable for PRC enterprises in different sectors to establish production bases.



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First, Rayong: Key industries include new energy vehicle (NEV) assembly, power batteries, auto parts, chemicals, and industrial real estate. It is supported by deep-sea port and logistics corridors such as Map Ta Phut Port and Laem Chabang Port. Core industrial estates include Thai-Chinese Rayong Industrial Zone, Amata City Rayong Industrial Estate, WHA Eastern Seaboard Industrial Estate 4, WHA Rayong Industrial Estate, and Map Ta Phut Industrial Estate. This is a core site-selection area for Chinese NEV manufacturers going abroad; BYD and Great Wall Motor have established overseas vehicle plants here.



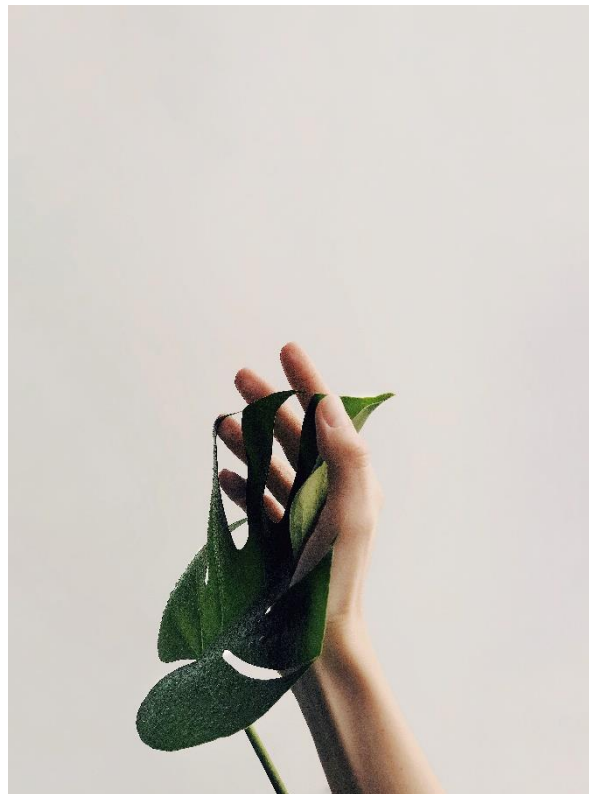
Second, Chon Buri: Focused on automotive and electronics manufacturing clusters. Leveraging Laem Chabang Port as a regional logistics hub, the industrial estates are close to Bangkok, Pattaya, and U-Tapao Airport. Core industrial estates include Amata City Chonburi Industrial Estate, Pinthong Industrial Estate, and Laem Chabang Industrial Estate. Traditional automotive (such as MG) and consumer electronics manufacturers have concentrated here.



Third, Chachoengsao: Positioned for industrial expansion land supply, regional logistics distribution, agricultural product processing, and light manufacturing. Its road network connects Bangkok with the entire EEC region. Core industrial estates include Gateway City Industrial Estate, Chachoengsao Blue Tech Industrial Estate, FD Industrial Park, and Green Park Industrial Estate. Land costs are relatively lower, making it suitable for lightweight manufacturing and warehousing/logistics projects.

Enterprises landing in Thailand generally prioritize standardized industrial estates. Such estates have completed infrastructure and utility setup, with water, electricity, steam, warehousing, and other production supporting facilities fully in place. Companies are not required to separately handle complex construction permits.

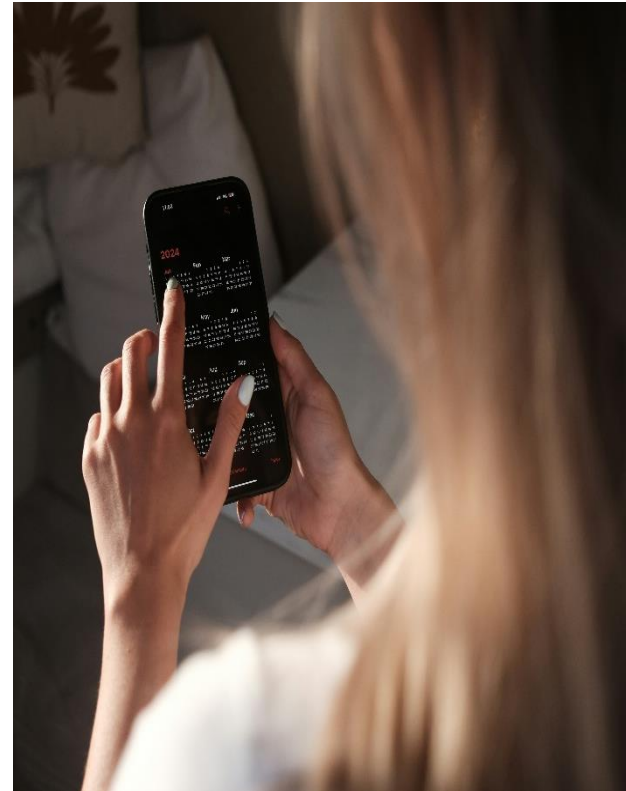
Compared with building from scratch on new land (greenfield investment), investing in existing factory facilities within industrial estates (brownfield investment) achieves higher landing efficiency. Even if an enterprise chooses a more remote area for land-cost considerations, standardized industrial estates are available across Thailand and can similarly benefit from supporting infrastructure policy dividends.



Core industry tracks for PRC enterprises investing in Thailand

Thailand's industrial system is diversified and has a mature pool of industrial workers. The core sectors attracting foreign investment can be divided into four major segments:

- i) Automobiles and new energy electric vehicles, which have been a pillar sector for foreign investment over the past 30 years—currently, growth in the new energy electric vehicle segment is entirely driven by PRC enterprises, with continued landing by OEMs, batteries, and parts suppliers;
- ii) Electronics manufacturing, with a complete upstream and downstream supply chain, undertaking global orders for consumer electronics and electronic component processing;
- iii) Agricultural products and food processing, with mature local supply chains, attracting foreign investment into food processing machinery/equipment manufacturing and import-export processing projects; and
- iv) Supporting services, including machinery manufacturing, logistics warehousing, data centers, and R&D of automation equipment.



Thailand's core competitive advantages in hosting PRC manufacturing plants

First, superior maturity of cross-border logistics infrastructure. Thailand has a well-developed cluster of deep-sea ports along the Gulf of Thailand, enabling convenient transshipment to the Indian market. Its nationwide high-grade highway network has comprehensive coverage, and its rail system is continuously upgrading. Domestic cargo transshipment is significantly efficient, and supply chain stability is strong.

Second, a mature and stable macroeconomic environment. Thailand's industrialization cycle is longer and its economic system has strong resilience. Even with periodic domestic political fluctuations, there has been no substantive impact on foreign investment or import-export trade over decades, and policy continuity is stable.

Third, neutral geopolitics and lower geopolitical risk. Thailand has long maintained a neutral diplomatic stance amid China–U.S. and Russia–U.S. geopolitical dynamics and maintains stable trade cooperation with all parties. There is no risk of sudden supply chain disruption driven by unilateral trade controls or import/export restrictions. Against the backdrop of ongoing global geopolitical conflict, Thailand can safeguard the continuity and stability of enterprises' production and operations.



02

Core investment advantages and business environment

This section separately breaks down Singapore's and Thailand's policy benefits for foreign-invested enterprises, covering practical matters such as tax incentives, foreign shareholding permissions, land ownership, industrial estate supporting facilities, and treaty networks, while also outlining compliance prerequisites and operational pain points that PRC enterprises most commonly overlook when building landing structures.

Singapore

*Investment & business
environment, tax
incentives, and family
office structuring
advantages*

Singapore's tax incentive framework is designed in three tiers:

- i) baseline tax treatments applicable to all industries;
- ii) dedicated incentives for funds and family offices; and
- iii) industry-specific targeted incentives. Enterprises may match the relevant incentives based on their business model.

At the same time, all tax incentives impose hard "substance" requirements, which constitute the most common compliance bottleneck for PRC enterprises when applying for incentives.

Tier 1: Baseline tax policies applicable across all industries (no separate application required; automatically applicable)

First, standard corporate income tax is 17%, and there is no capital gains tax. Gains arising from the disposal of equity interests or fixed assets are not taxable provided they are capital rather than revenue in nature. A statutory safe harbour under section 13W exempts gains from disposals of ordinary shares where the divesting company has held at least 20% of the investee company for a continuous period of at least 24 months. Section 10L (taxing certain foreign-sourced disposal gains received in Singapore by entities of covered multinational groups lacking Singapore economic substance) should also be considered.

Second, dividends distributed by offshore subsidiaries to a Singapore holding company: where the three conditions are satisfied, the Foreign-Sourced Income Exemption ("FSIE") applies and the income is fully exempt from Singapore corporate income tax. The three conditions are: (i) the headline corporate income tax rate in the offshore subsidiary's jurisdiction is at least 15% at the time the income is received in Singapore; (ii) the dividend or underlying income has been taxed offshore; and (iii) the exemption is beneficial for the holding entity (which is generally the case). The Singapore holding company would also need to be a Singapore tax resident to enjoy the FSIE.

Third, dividends remitted by a Singapore company to an offshore parent: no dividend withholding tax is imposed, eliminating incremental tax leakage during upstream profit repatriation, and serving as a core policy support for establishing a regional intermediate holding platform.

Tier 2: Tax incentive schemes for funds and family offices (13D/13O/13U)

These three regimes are the core supporting rules for Singapore's family wealth management and cross-border investment fund industry. They are widely used by domestic high-net-worth families and cross-border investment institutions. Each scheme sets differentiated asset thresholds and eligibility conditions.

13D Scheme

It applies to offshore investment funds managed by a Singapore-licensed/local fund manager. It has the lowest threshold - the entity may meet the basic conditions and enjoy, without having to submit an application, the tax exemption from inception. This exemption was extended to limited partnerships registered in Singapore from 1 January 2025.

**13O
Scheme**

It applies to family funds established using a Singapore private limited company as the vehicle and managed by a Singapore-licensed/local fund manager. The threshold requires assets under management of at least SGD 5 million (at least S\$20 million in the case of Single Family Offices) as well as satisfy tiered local spending. Once the conditions are satisfied, the fund's investment income will enjoy tax exemption for the lifetime of the fund.

**13U
Scheme**

It gets the highest threshold as it requires assets under management of at least SGD 50 million. It provides the most comprehensive package of tax reductions/exemptions and cross-border fund flow facilitation, and is suitable for large enterprise groups and ultra-high-net-worth families building global wealth management structures.

In practice, many PRC enterprises share a common misconception: they complete company incorporation in Singapore but do not deploy an actual local operating team, do not establish local board-level decision-making, and the ultimate controller stays outside Singapore for extended periods without making operational decisions there – only leaving a virtual registered address. As a result, the substance or tax residency requirements cannot be met, the enterprise ultimately cannot apply for the “13 series” family office tax incentives, and FSIE dividend exemptions will also be rejected by the tax authority.

Tier 3: Industry-specific targeted tax incentives

Singapore provides dedicated tax reduction/exemption policies for foreign-invested enterprises across different tracks, covering the full spectrum of industries including manufacturing, trading, regional treasury/capital centers, intellectual property, and financial services. Mainstream incentive programs include:

Pioneer Certificate

It is for emerging industry players of strategic value to Singapore. Upon approval, the entity may enjoy full corporate income tax exemption for a period of typically five to fifteen years, fully eliminating income tax burden on operating profits.

Development and Expansion Incentive (DEI)

It is available where an enterprise expands its existing operations in Singapore or adds new business lines. Upon approval, the corporate income tax rate may be reduced to one of three tiers: 5%, 10% or 15%, depending on investment scale and industry value.

Finance and Treasury Centre (FTC)

It is for enterprises using Singapore as a regional treasury hub for group cash management and cross-border lending/settlement. The preferential tax rate can be reduced to as low as 8%, significantly lowering tax costs for intra-group financing and cross-border cash pooling.



Global Trader Programme (GTP)

It is suitable for PRC trading enterprises using Singapore as a global/regional trading and transshipment hub. The preferential tax rate can be as low as 5%, and is among the most suitable and most commonly chosen incentives for PRC cross-border trading companies landing in Singapore. The program has no fixed approval criteria; applicants must communicate and negotiate with the Singapore competent authority. Final approval conditions are determined based on actual operating scale and local business substance; enterprises should assess eligibility in advance before landing.

**Intellectual Property Development Incentive (IDI)**

It is for enterprises conducting IP R&D in Singapore and holding intangible assets such as patents and trademarks. The preferential corporate income tax rate ranges from 5% to 15%, encouraging enterprises to place global IP ownership and development arrangements under Singapore entities.

**Financial sector-specific tax incentive**

It is for licensed financial institutions and cross-border investment and financing service providers, offering tiered corporate income tax reductions from 5% to 15%.



Note, however, that for MNE groups within the scope of the Pillar Two global minimum tax (annual consolidated group revenue of EUR 750 million or more), Singapore has implemented a Multinational Enterprise Top-up Tax and a Domestic Top-up Tax for financial years commencing on or after 1 January 2025, which may claw back the benefit of concessionary rates below 15%. The Refundable Investment Credit introduced in Budget 2024 is designed to be a Pillar Two-compatible incentive.



Singapore's advantages as a regional intermediate holding and treasury platform

First, broad coverage of the DTA and FTA networks globally, which can reduce withholding tax rates on cross-border dividends, interest, and royalties and open tax-efficient channels for fund flows among ASEAN, Europe/U.S., and China markets.



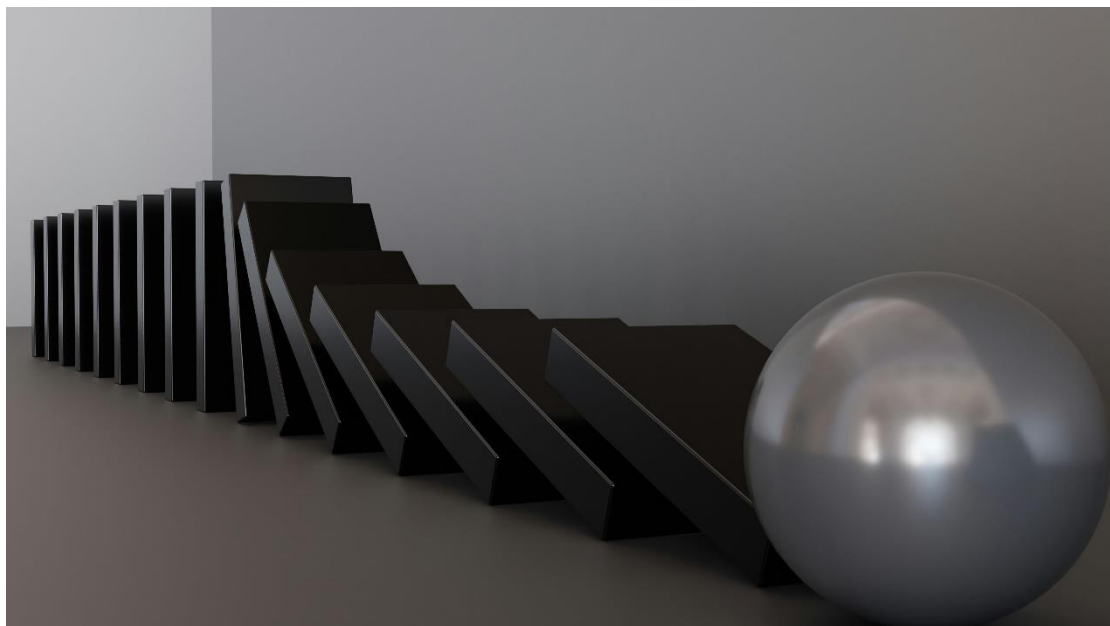
Second, baseline tax features - no capital gains tax and no withholding tax on outbound dividends - supporting long-term profit retention and regional reinvestment.



Third, a well-developed regional treasury centre policy framework enabling group cash pooling, centralized settlement, and cross-border lending across Southeast Asian subsidiaries through the Singapore entity.



Fourth, a neutral and stable legal and political environment with sound property rights protection and a mature judicial framework for handling cross-border investment disputes.



Costs and benefits for establishing a family office structure in Singapore

If the sole objective is tax savings, establishing a Singapore family office structure is relatively costly and time-consuming, and the overall cost-effectiveness is comparatively low. If, however, the enterprise's ultimate controller has comprehensive needs such as intergenerational wealth succession, global asset ring-fencing, and long-term cross-border asset allocation, a family office structure has long-term planning value.

Enterprises are advised to make a holistic assessment based on the family's overall asset scale and global asset deployment plans, and should not set up structures blindly relying solely on tax incentives.

Thailand

Board of Investment***("BOI") incentive******framework and core******advantages for foreign******investors***

Thailand's core policy vehicle for attracting foreign investment is the BOI. Foreign-invested enterprises landing in Thailand should prioritize engaging with the BOI to complete project filing/registration. Based on the enterprise's industry, investment scale, and value-add, the BOI provides matched tax and non-tax incentives.

The framework is standardized and transparent, covering more than 250 sub-categories of business activities. Enterprises can directly map their business to the corresponding incentive package. The feasibility study process is streamlined. Only high value-added and high-tech projects may negotiate additional supporting policies; the baseline incentive framework is pre-defined by the Thai government.

**BOI non-tax incentives (key benefits for production enterprises)**

First, permission for 100% foreign ownership. For business activities included in the BOI promotion list, more than 95% of sub-categories allow overseas investors to hold 100% equity in a Thai company, with no need to set up a local joint-venture vehicle. This fully avoids risks of JV equity control and profit distribution disputes, and is the most prominent foreign-investor-friendly policy.

Second, lawful rights for foreign investors to hold project land. In principle, Thai law prohibits foreign entities from owning land. However, BOI-promoted enterprises may lawfully purchase industrial land required for production and operation, provided that materials are submitted to demonstrate that the land is used entirely for the promoted project. Land speculation, hoarding, and resale are prohibited. The approval process is straightforward, significantly reducing long-term costs for self-building plants and land leasing for manufacturing enterprises.

Third, simplified channels for visas and work permits for foreign technical and managerial personnel. BOI-promoted enterprises introducing overseas professionals and senior managers are not required to first recruit local Thai personnel to "fill" the positions. They only need to prove the foreign personnel's educational/professional qualifications and the necessity of the role to complete visa and work permit processing quickly.

Compared with other Southeast Asian jurisdictions, this is a clear advantage: Thailand's BOI framework has relatively relaxed thresholds for bringing in foreign staff for management positions; only frontline basic production roles generally need to recruit local employees.



BOI tax incentives

The baseline corporate income tax exemption period is three years. Where an enterprise lands in a standardized industrial estate, it may receive an additional one-year tax exemption. Where the project has high-tech attributes, high value-add, or technology transfer features, the exemption period may be extended to five years or eight years, and the maximum application may reach thirteen years of corporate income tax exemption. The value of the incentives is linked to the enterprise's actual investment amount: the more capital invested, the corresponding amount of corporate income tax can be exempted, effectively meaning the Thai government subsidizes the enterprise's fixed-asset investment through tax relief.



For projects located in the three core provinces of the Eastern Economic Corridor (“EEC”), additional dedicated supporting policies apply, including longer corporate income tax exemption periods and further simplification of foreign talent visa processes. Local governments also coordinate expansions of airport, port, and rail networks, and provide supplier matchmaking services to continuously attract PRC enterprises in tracks such as new energy, electronics, and data centers to cluster and land.



BOI-promoted projects also enjoy import duty and tax exemptions: importation of machinery/equipment and raw materials required for production is exempt from customs duties and value-added tax.

Where imported materials are processed and re-exported, there is no import tax cashflow occupation across the full chain, significantly optimizing manufacturers' cashflows. Enterprises conducting R&D, purchasing automation equipment, and developing local supplier capacity may enjoy special deductions such as double deduction for R&D costs and accelerated depreciation for fixed assets, encouraging foreign investors to transfer core production technologies to Thailand.

Thailand's long-term investment attractiveness

First, a mature full supply chain for automobiles and electronics, with clustered upstream and downstream supporting manufacturers and an ample reserve of industrial workers.



Second, a geographic location at the center of ASEAN, with cross-border logistics networks (roads, ports, railways) connecting across Asia and high convenience for import-export logistics.



Third, high economic diversification and long-term stability of the currency exchange rate, with broad Asia-Pacific market access via Regional Comprehensive Economic Partnership (RCEP), and ASEAN FTAs.



Fourth, a strong fit for PRC enterprises' "China + 1" supply chain strategy, with pronounced landing advantages in tracks such as new energy electric vehicles, power batteries, auto parts, consumer electronics, data centers, and export processing manufacturing.



Long-term stability of BOI incentives and regulatory trends

Over the past 20 years, BOI incentive policies have only undergone minor and gradual adjustments, with no disruptive changes. There has been no situation where policies suddenly tightened or incentives were cancelled on a broad scale. Before any policy adjustment, the government will publicly announce reform proposals in advance and provide sufficient window periods for enterprises to complete project filings; enterprises may file under the prior standards before new rules take effect and enjoy the prior incentive period.

The current overall regulatory trend is to guide foreign investment toward higher local value-add in Thailand, increasing local R&D input, and the transfer of core technologies. The pace of enforcement tightening is gradual, with no sudden harsh control measures. With advance planning of business structures, enterprises can align with regulatory direction, and there is no uncontrollable policy risk.



03

Panorama practical interpretation on tax and cross-border regulatory rules

This section focuses on the “classic sandwich” three-tier holding structure most commonly used by PRC enterprises - “PRC parent company-Singapore holding platform-Thailand operating entity” and, in parallel, provides a comprehensive overview of: Singapore’s and Thailand’s domestic tax systems, transfer pricing compliance, global minimum tax (Pillar Two), dividend withholding tax, and other core cross-border tax rules.

Singapore

Tax advantages and mandatory compliance conditions of the classic three-tier cross-border holding structure (the “sandwich structure”)

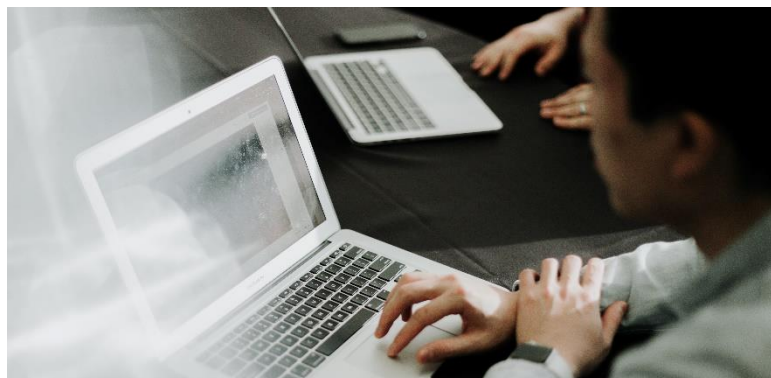
Basic structure and illustrative effective tax burden comparison

The standard “sandwich structure” pathway is: the PRC onshore parent company holds 100% of a Singapore holding company, and the Singapore holding company in turn holds 100% of operating entities in Thailand, Vietnam, Malaysia, Indonesia and other ASEAN countries. Singapore serves as the intermediate regional holding hub, leveraging the FSIE to significantly reduce the group’s overall tax burden.

Illustrative effective tax burden without a Singapore intermediate layer (PRC parent directly holding the Thailand operating company): the Thailand operating company pays 20% corporate income tax locally. Upon distribution of after-tax profits to the PRC parent, a 10% dividend withholding tax is imposed. After the dividend is remitted back to the PRC, the PRC parent company is subject to 15% corporate income tax (assuming foreign tax credits have been granted for the Thai 10% withholding tax paid on the dividends). After the three layers of taxes are stacked, the group’s overall effective tax burden can be estimated at 38.8%, which is extremely costly.

Illustrative effective tax burden after adding a Singapore intermediate holding company: dividends distributed from the Thailand subsidiary to the Singapore entity are exempt from Singapore corporate income tax at the Singapore level provided the three mandatory FSIE conditions are met. Profits can be retained long-term in the Singapore entity for ASEAN regional reinvestment without being immediately repatriated to the PRC parent, reducing the group’s overall effective tax burden to 28.0%, with significant cross-border tax savings.

However, the potential application of China’s controlled foreign corporation (“CFC”) rules should also be considered. If the Singapore holding company is controlled by PRC tax residents, is subject to an effective tax burden significantly lower than the PRC corporate income tax rate, and retains profits without reasonable business needs, the PRC tax authorities may deem such profits to have been distributed to the PRC parent and impose PRC corporate income tax accordingly. Therefore, a detailed CFC analysis should be conducted based on the Singapore entity’s effective tax rate, ownership structure and actual functions.



Three mandatory compliance requirements to enjoy the structure's tax benefits

First, the Singapore holding company must have full "tax resident" commercial substance. Core management and control activities—board meetings, major investments, fund allocation, and supply chain decision-making—must be conducted in Singapore. The ultimate controller(s) and executive director(s) should enter Singapore regularly to participate in decision-making. The company must not merely be a shell with only a virtual address and no local operations; otherwise, the Singapore tax authority may reject the FSIE exemption and/or determine that the company is not a Singapore tax resident, causing the structure's tax benefits to fail entirely.



Second, all related-party transactions must strictly follow the arm's-length principle, with complete transfer pricing documentation retained. Pricing for intercompany loans, technical service fees, trademark royalty fees, cross-border purchase and sale of goods and other related-party transactions must be aligned with third-party market fair value. Supporting transfer pricing documentation must be retained for inspection to avoid being characterized as profit shifting or abusive tax avoidance, which could trigger tax audits, additional tax assessments, and penalties.

Third, compliance control for the global minimum tax under OECD Pillar Two. If a group's annual consolidated revenue exceeds EUR 750 million, each entity's effective tax rate in each jurisdiction must not be lower than 15%. Each entity within the sandwich structure must calculate its effective tax rate separately; entities with an effective tax rate below 15% must undergo specific tax compliance evaluation to avoid top-up tax exposure under the global minimum tax regime.



PRC onshore tax risk in sandwich structure (Controlled Foreign Corporation/“CFC” Rules)

Where the PRC parent company retains overseas profits long-term through the Singapore intermediate platform, does not distribute dividends for an extended period without reasonable commercial purpose, and the Singapore holding entity's actual tax burden is lower than 50% of the PRC statutory corporate income tax rate (i.e., 12.5%), the PRC tax authority may apply the controlled foreign corporation (“CFC”) rules to deem that the overseas retained profits have been fully distributed to the PRC parent company and require the PRC enterprise to pay additional 25% corporate income tax.

After adopting this structure, enterprises should formulate a reasonable dividend distribution plan and strengthen Singapore local substance in parallel, balancing the needs of overseas profit retention and reinvestment against the PRC CFC regulatory red lines, so as to avoid cross-border double taxation risks.



Dividend withholding tax rules for sandwich structure from Thailand's perspective

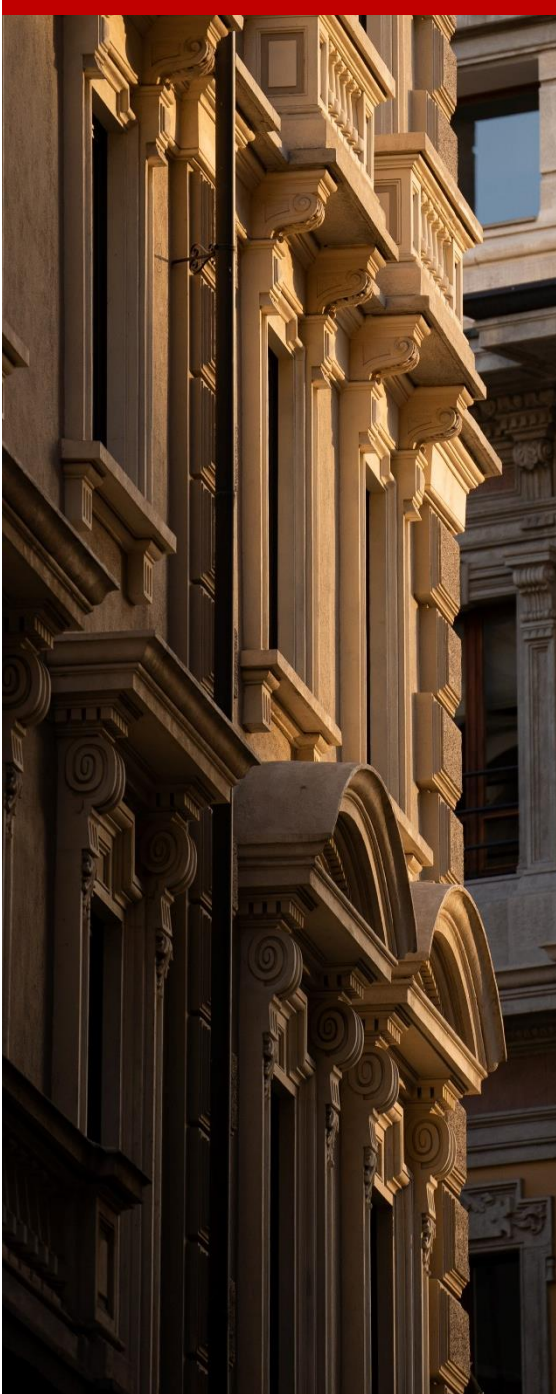


Where the Thailand operating company distributes dividends to the Singapore holding company, under the Singapore–Thailand Double Taxation Avoidance Agreement (“DTA”) and Thai domestic tax law, the statutory dividend withholding tax rate is fixed at 10%, and there is no policy room for treaty reduction to 0%.

This 10% withholding tax is a fixed tax cost at the dividend distribution stage, and should be included upfront when estimating the structure's overall cost.

Thailand

**Domestic tax system and
regulatory framework for
foreign-invested
enterprises**



Statutory rates for Thailand's key taxes

Corporate income tax

The nationwide standard rate is 20%. Small and medium-sized enterprises with registered capital not exceeding THB 5 million and annual revenue not exceeding THB 30 million may enjoy progressive preferential rates, but the overall tax reduction is limited. Large foreign-invested manufacturing and trading enterprises therefore apply the 20% baseline rate.

Dividend's withholding tax

A uniform 10%-rated withholding tax is levied on dividends distributed by a Thai company to an overseas shareholder. Where dividends are distributed to a Thai domestic holding company with shareholding exceeding 25%, the 10%-rated withholding tax may be temporarily exempt; however, when the domestic holding company re-distributes dividends overseas, the full withholding tax still applies. This achieves only short-term tax deferral and does not generate permanent tax savings.

Withholding tax on royalties and cross-border loan interest

The uniform statutory rate is 15%; treaty relief may be claimed under applicable DTAs.

Value-added tax

The standard rate is 7%, borne by the consumption end and only causes temporary cashflow occupation for enterprises. Exported goods apply 0%-rated VAT. Where imported raw materials are processed and re-exported, a substantial VAT refund receivable may arise; the refund process can be lengthy and the tax authority typically initiates a comprehensive tax audit in parallel. Enterprises should try to avoid accumulation of large input VAT credits, and may address refund cashflow occupation by locating in a free trade zone.

Customs duties

Ordinary goods import duty rates range from 0% to 30%. BOI-promoted status and/or locating in a free trade zone can fully exempt import duties on production materials and machinery/equipment.

Personal income tax

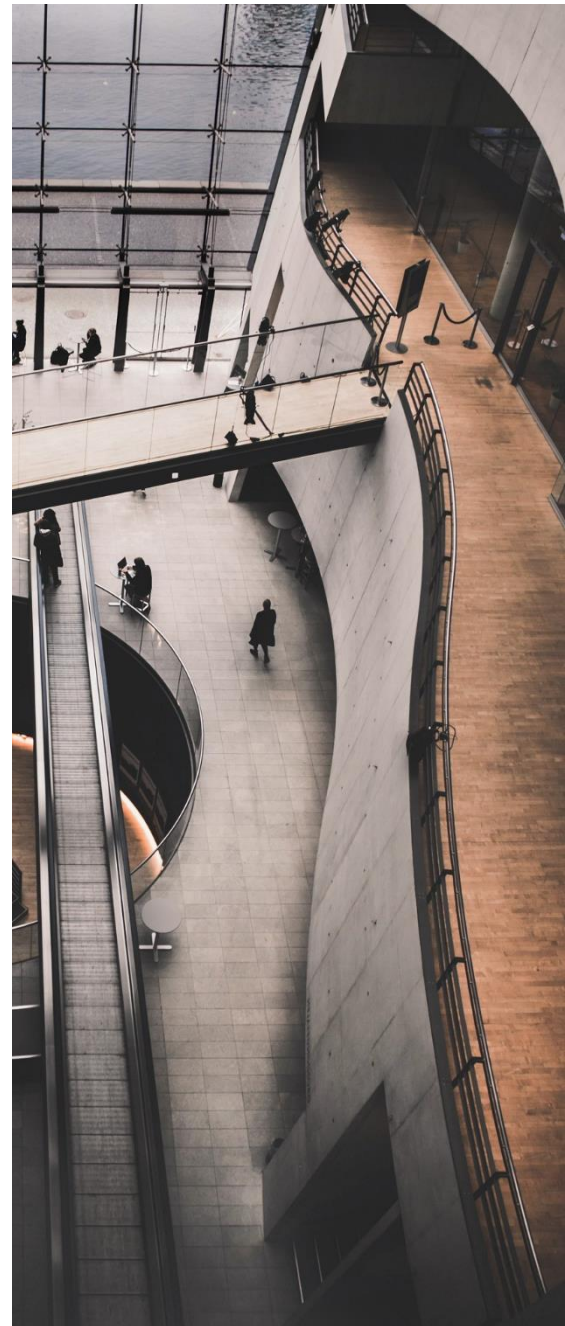
Progressive rates range from 0% to 35%, applicable to foreign managers and technical personnel; deductions are limited; filing procedures are simple and handled via employer withholding.

Stamp duty

Rates range from 0.1% to 0.5% of the contract value. It is mandatory for service contracts and frequently missed by enterprises. Late payment may trigger penalties of up to five times the tax, plus surcharge interest; this is a high-frequency tax risk area for foreign-invested enterprises.

Gift tax and inheritance tax

Rates range from 5% to 10%, levied on inheritance of Thailand-situs assets. These taxes are rarely relevant to cross-border investment by overseas enterprises.



Tiered regulatory framework for foreign investment market access in Thailand

Thailand's basic foreign investment laws contain restrictive provisions on foreign shareholding and permitted business lines. Depending on the business type, enterprises fall into three tiers of access pathways. Foreign investors should prioritize the BOI-promoted pathway to minimize entry barriers.



Tier 1 (optimal pathway)	Manufacturing and export trading activities included in the BOI promotion list; foreign investors may hold 100% equity and enjoy a full package of incentives covering taxes, land, and foreign labor. This is the preferred landing route for new energy, electronics processing, and export manufacturing enterprises. Matching and filing procedures are standardized and feasibility review cycles are short.
Tier 2 (standard pathway)	Where the business cannot be included in the BOI list, apply to the Thai Ministry of Commerce for a foreign business licence; the approval cycle is longer, and the enterprise must demonstrate the value-added contribution of the foreign investment to local Thai industry; approvals involve uncertainty.
Tier 3 (fallback pathway)	Where neither BOI status nor a foreign business licence can be obtained, establish a local joint venture; foreign shareholding must not exceed 49% and Thai local shareholders must be introduced. Long-term risks exist in equity control and profit distribution; this is only a backup option when no other pathway is available.

Thailand's transfer pricing compliance requirements and practical recommendations

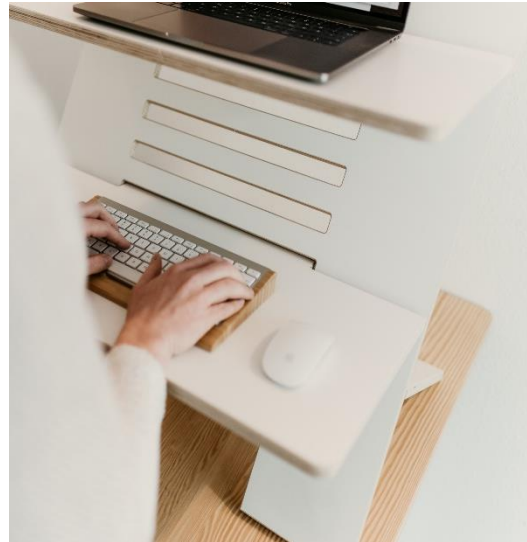
Where an enterprise's annual operating revenue exceeds THB 200 million, it is mandatory to prepare and retain complete transfer pricing documentation. Even if revenue does not reach the statutory mandatory threshold, the competent authority will still request related-party pricing logic and cost calculation materials during a tax audit.

In practice, it is recommended that all foreign-invested enterprises uniformly prepare transfer pricing documentation, standardize related-party pricing in advance, materially shorten audit timelines, and reduce the risk of additional tax assessment.



Thailand local implementing policies for pillar two global minimum tax

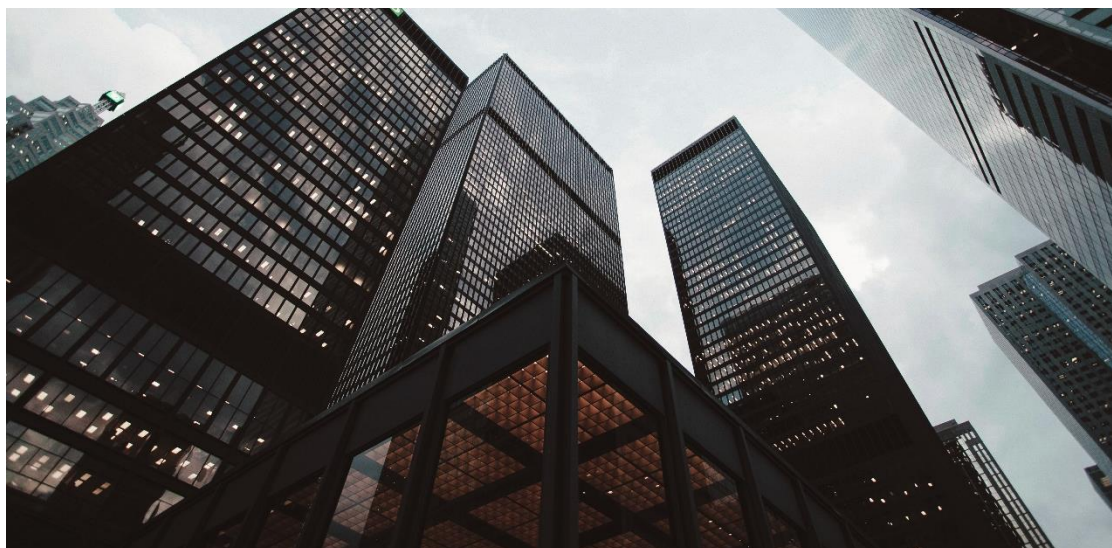
Thailand has issued implementing rules for the global minimum tax. BOI-promoted enterprises that long enjoy 0% or 10% corporate income tax exemption/reduction may face top-up tax risk if their effective tax rate falls below 15%. Thailand has introduced a compromise mechanism: an enterprise may choose to halve the income tax reduction while doubling the incentive period (e.g., replace five years of full exemption with ten years of 50% reduction), balancing tax incentives against Pillar Two compliance. The detailed rules are still being refined; there remains room for adjustment, and enterprises with long-term investments should continuously track updates.



BOI project approval timeline and practical implementation arrangements



Under the current wave of inbound investment, the overall BOI approval timeline has extended to five to six months, whereas the prior standard cycle was three to four months. After submitting pre-application materials, enterprises do not need to wait for the formal approval letter to start preparatory work: machinery/equipment and plant materials can be imported in advance. Import duties/taxes paid upfront can be fully refunded once BOI status is granted, and this does not materially delay project landing. In practice, bottlenecks for manufacturing projects more often arise from global machinery/equipment supply chain shortages rather than the approval process itself.



04

Customs regulation and recent trade policy updates

Against the macro backdrop of geopolitical conflicts, global supply chain restructuring, and tightening export controls, Singapore and Thailand have introduced multiple new customs rules covering entrepôt trade, origin declaration, import/export of dual-use items, and free trade zone supervision. PRC enterprises conducting transshipment and exports to Europe and the U.S. must align with the latest compliance requirements to avoid cargo detention and heavy fines.

Singapore

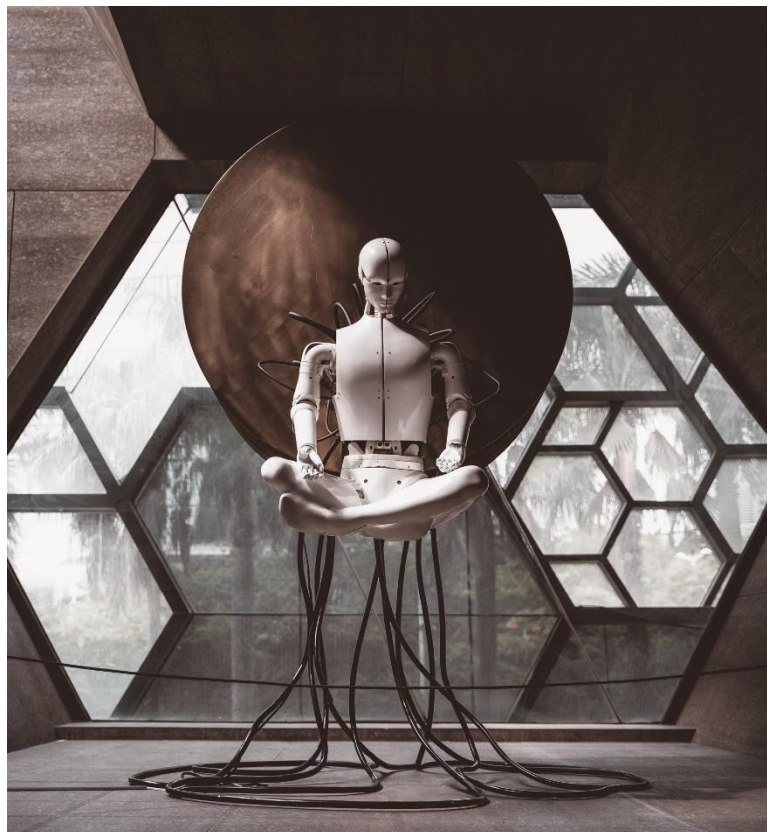
***Customs, entrepôt trade,
and latest export control
regulatory updates***

As a global core entrepôt hub, and against the backdrop of China-U.S. export controls and unilateral tariff policy conflicts, Singapore has comprehensively upgraded its customs enforcement in recent years. The key adjustments fall into three directions, all implemented pursuant to two official customs circulars issued in 2025.

Strengthened export control over transshipment of controlled high-tech goods (Singapore Customs 2025 Circular No. 01)

In the past, many enterprises transshipped controlled high-tech products such as semiconductors and AI chips via Singapore to circumvent U.S. export licensing requirements. Singapore has introduced new rules tightening compliance obligations, mandating that all trading enterprises strictly comply with the Strategic Goods (Control) Act 2002. Singapore has officially stated that it will not acquiesce to any enterprise using its ports as a transit channel to circumvent other jurisdictions' unilateral export controls. Even though Singapore will not directly enforce U.S. extraterritorial control laws, if an enterprise carries out non-compliant transshipment in Singapore, Singapore customs and the competent trade authorities will impose penalties under Singapore domestic law.

Where enterprises engage in transshipment of chips, semiconductors, and AI hardware, they must implement “triple-track” compliance control simultaneously: (i) fully comply with Singapore's domestic strategic goods import/export licensing regime; (ii) if products contain U.S. technology or components, simultaneously comply with the extraterritorial jurisdiction rules under the U.S. Export Administration Regulations; and (iii) simultaneously align with China's new export control rules on dual-use items. Where provisions conflict, enterprises must satisfy the compliance floor of all relevant jurisdictions, and may not selectively evade the controls of any single country.



Comprehensive tightening of verification for goods' origin declarations (Singapore Customs 2025 Circular No. 06)

Previously, industry-wide non-compliant practices were common: PRC-origin goods were transshipped to Singapore, with only bills of lading and commercial invoices replaced and no substantive processing performed, and were then declared as Singapore-origin to circumvent U.S. additional tariffs on China; similarly, U.S.-origin goods were transshipped via Singapore and falsely declared as Singapore-origin to circumvent China's additional import tariffs. Targeting such origin fraud, Singapore customs has imposed mandatory requirements: all import/export permit applications must fully and truthfully declare the goods' origin. Origin declarations must strictly align with the statutory determination standards for preferential origin and non-preferential origin.



Merely performing simple transshipment operations in Singapore—such as loading/unloading, repacking, or changing documents—must not be treated as conferring Singapore origin. Simple processing does not meet the “substantial transformation” threshold for origin. Enterprises making false origin declarations may face cargo seizure and heavy administrative penalties. Their corporate credit rating may also be permanently downgraded, and subsequent import/export permit approvals will be comprehensively restricted.

Practical origin-compliance difficulties for PRC enterprises' transshipment business



Where goods are transshipped through Singapore and ultimately exported to different destination countries, the applicable rules of origin differ significantly and there is no unified standard. For exports to ASEAN countries, the applicable ASEAN non-preferential rules of origin are broadly consistent with Singapore's domestic standards. For exports to the U.S., the “substantial transformation” principle applies without clear quantified thresholds, and the determination authority lies with U.S. Customs. In certain scenarios, an advance customs ruling and/or litigation may be needed to confirm whether processing meets origin requirements. Therefore, for PRC enterprises whose end market is the U.S., it is essential to plan the Singapore local processing steps in advance in accordance with U.S. origin rules; simple transshipment cannot avoid tariff and origin verification risks.

Thailand

**Customs, free trade zones,
FTA origin, and dual-use
export control rules**

Thailand has not historically treated transshipment/entrepôt trade as a core industry. Thai customs has long applied strict standards for origin certificates and local value-added verification, with no room for lax clearance. Thailand has a complete tariff reduction framework under ASEAN FTAs and RCEP, while its free trade zone policies deliver substantial tax and fee benefits for export manufacturing enterprises.

**New rules on FTA origin local content supervision
(upgrade of the 40% local value-added standard)**

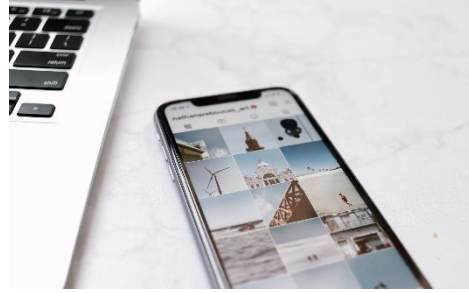
For all certificates of origin under FTAs, the baseline threshold is that the product's local value-added reaches 40%. In the past, origin declarations could be completed by providing only financial cost vouchers. Thai customs has now upgraded its verification standards: it no longer checks only the "40%" numeric metric, but also requires enterprises to submit a full bill of materials, end-to-end manufacturing processes, upstream and downstream supplier invoices, Thailand local processing records, factory capacity proof, and full-chain cost structure materials, to comprehensively evidence that the product has undergone substantial processing in Thailand.

Simple assembly processes cannot satisfy the "substantial transformation" origin requirement. Customs mandates that core processing steps be performed in Thailand. For example, in automobile manufacturing, the whole-vehicle painting process must be completed in a Thai plant. The core driver of tightened enforcement is to avoid anti-circumvention investigations by Europe and U.S. customs and to push foreign investors to transfer core manufacturing processes to Thailand and enhance local technology value-added. The simplified "easy assembly" origin solution used five years ago is now entirely invalid. Enterprises must perform product-by-product calculations of processing steps and align with customs requirements.

For enterprises with BOI-promoted status, customs' intensity of verification of local value-added materials is moderately reduced, because BOI has already conducted a prior review of value-added at the incentive application stage; the enterprise is deemed more compliance-credible and the probability of origin disputes is significantly lower. Enterprises without BOI status may face multiple rounds of review and longer clearance cycles.



For the Form E certificate of origin issued under the ASEAN-China FTA framework, recognition by PRC and Thai customs at import is stable and origin disputes are rare, with an overall stable trade compliance environment. Thai certificates of origin enjoy a high level of credibility in international trade. As a result, goods exported from Thailand to European/US markets typically face a lower inspection rate and benefit from smoother customs clearance procedures.

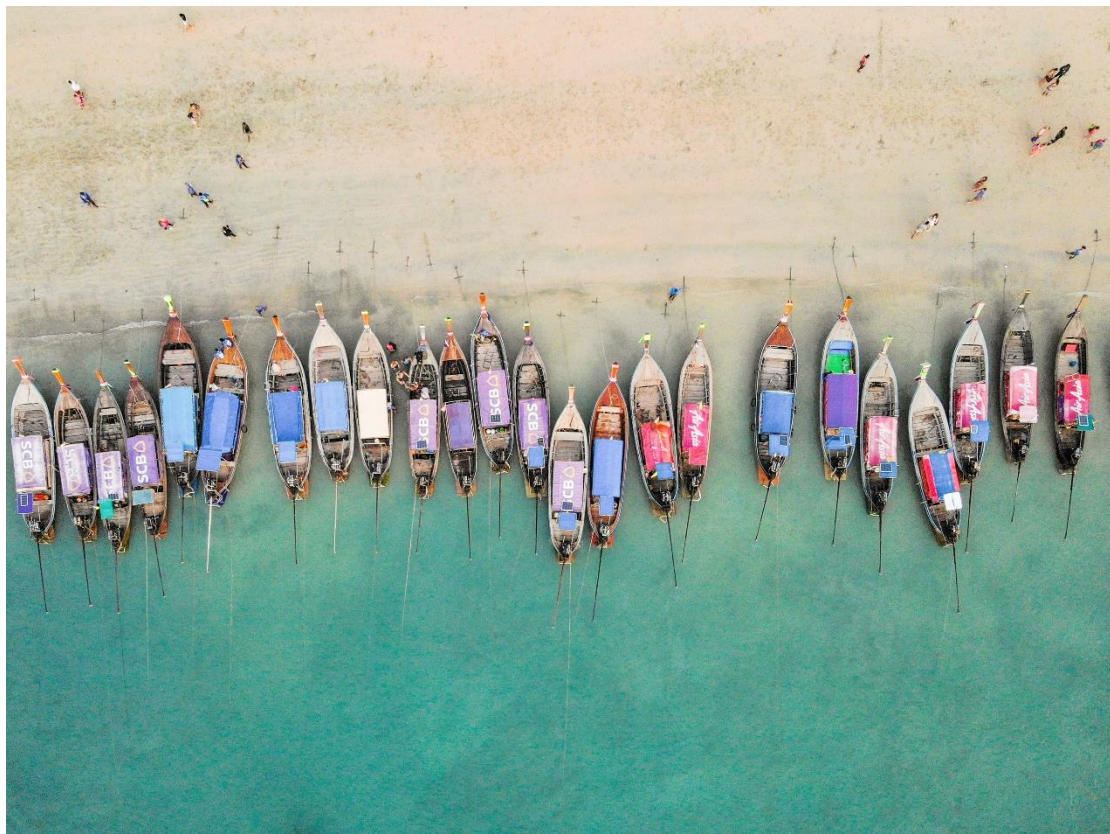


Customs incentives in Thailand's free trade zones

Thailand's free trade zones are not limited to areas around ports; major industrial estates nationwide may include dedicated free trade zone sections. Some large manufacturers may apply for a private free trade zone by building a physically segregated site, hosting an on-site customs office, and installing a full set of security and surveillance systems. Upfront infrastructure costs are relatively high, making it suitable for large-scale export plants.

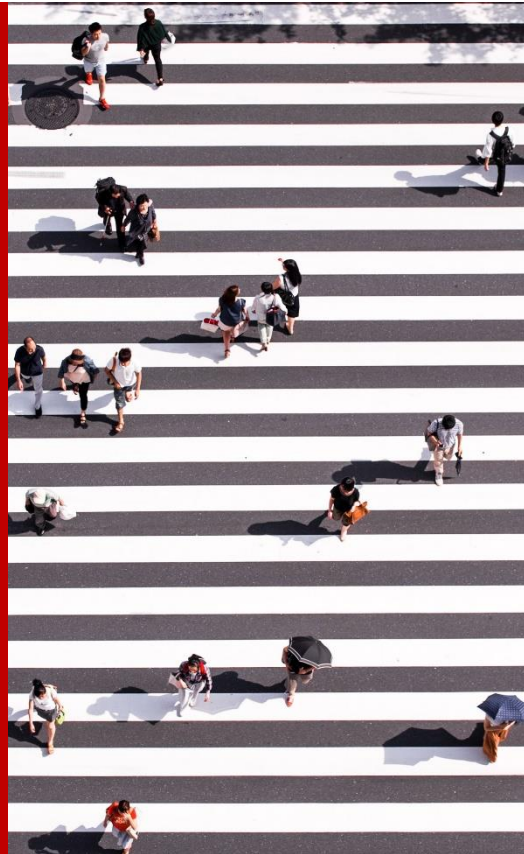
Core tax and fee benefits of free trade zones: Imports of overseas raw materials and machinery/equipment are fully exempt from customs duties and VAT; goods entering the zone for processing/assembly and then re-exported incur no import tax cashflow occupation across the entire chain, significantly improving cash flow for export manufacturers.

The downside is that if finished products are intended for sale in Thailand's domestic market, or if zone enterprises procure local Thai raw materials, additional customs declaration procedures arise: Local suppliers' goods must be declared "as exports" to enter the zone, increasing internal management workload. Therefore, the free trade zone model best fits purely export-oriented factories.



Roll-out and implementation of dual-use export controls

Thailand's legal framework for dual-use export controls has been fully established, but implementation is being rolled out in phases. Currently, mandatory export licensing applies only to two categories—nuclear industry equipment and robots—while other controlled categories have not yet entered active enforcement. In the short term, there is no substantive impact on conventional electronics and automotive manufacturers. Going forward, the government will add controlled categories on a quarterly basis; enterprises should continuously track the updated control lists to avoid exporting controlled goods without licences, which could lead to cargo detention and administrative penalties.



Ongoing digitalization reform of end-to-end customs process

Thailand's customs has moved certificate of origin applications, import/export permits, and tax refund applications onto a paperless online filing system. Materials are submitted and approved fully online with no need for offline hard-copy submission, materially shortening clearance and licensing timelines. Digitalization reform is continuing; routine declarations and inspection processes will be progressively upgraded online, reducing enterprises' offline administrative operating costs.

05

WTS' local service providers and typical PRC enterprise landing cases

WTS's two partner service providers are WTS Taxise in Singapore and Lorenz & Partners in Thailand, which are the member firms of WTS Global. Both have been deeply engaged in cross-border tax and legal services for many years and have handled numerous end-to-end landing projects for PRC enterprises going global into Southeast Asia. They have also summarized high-frequency "pitfall" issues commonly encountered by PRC enterprises when building cross-border structures, providing practical references for onshore enterprises to mitigate risks in advance.

Singapore

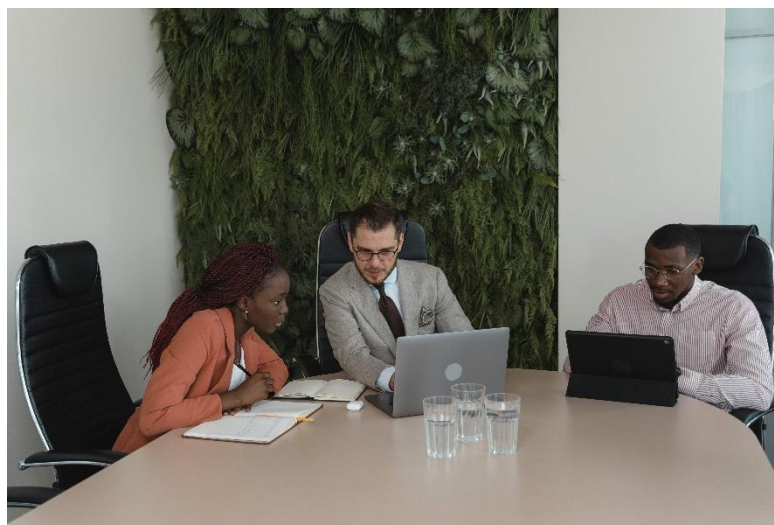
**WTS Taxise service
offering and
representative client
cases**

Background and firm in service coverage

WTS Taxise (WTS firm in Singapore) is a boutique Singapore-based tax and legal firm. Its lawyers and tax advisors have multi-jurisdictional practicing backgrounds, including professionals from Singapore, Malaysia, China, and Canada. The firm provides integrated cross-border solutions from a coordinated, multi-jurisdictional perspective across China, Singapore, and ASEAN jurisdictions, supported by AI-enabled tax and finance digital tools to improve efficiency in cross-border tax modelling and compliance documentation preparation.



Its core practice covers corporate income tax planning, global supply chain structuring, indirect tax compliance such as VAT, cross-border permanent establishment risk control, international trade customs compliance, cross-border fund and family office structuring, handling of onshore and offshore tax disputes, tax due diligence for cross-border M&A, preparation of group transfer pricing documentation, and one-stop landing services tailored for PRC clients. All service pricing benchmarks market rates for comparable professional services while controlling overall service costs to provide PRC enterprises with cost-effective cross-border tax and legal support.



Representative landing cases for PRC enterprises

Case 1

Cross-border structure coordination for a domestic fintech group. The client planned to set up a multi-tier cross-border investment structure covering India, the Philippines, Hong Kong (China), and Indonesia. The service team coordinated local counsel in the four jurisdictions to issue professional opinions, unified and resolved conflicts among different jurisdictions' tax rules, and designed an integrated holding structure from the group's overall tax burden and compliance risk perspective, balancing differences in national tax policies and avoiding double taxation risks inherent in multi-layer structures.

Case 2

Southeast Asia regional expansion project for a large domestic retail group. The group used Singapore as its regional headquarters while rolling out offline retail stores in Malaysia and Thailand. The service team handled the Singapore company incorporation, employment compliance for employees, and the transfer pricing design for certain intra-group related-party loans, mitigating in advance the risk of tax audits on intra-group fund lending and borrowing.

Case 3

Compliance structuring for outsourcing of APAC after-sales business by a Fortune 500 IT enterprise. The team designed the outsourcing structure from a full spectrum perspective including indirect taxes, customs regulation, and strategic goods export control, avoiding risks relating to tariffs and licensing compliance for cross-border service flows.

Global business carve-out project for a U.S. fabless semiconductor enterprise. The target asset size was USD 2.75 billion. The team coordinated tax and customs compliance solutions for cross-border transfers of fixed assets and inventory across six countries: China, Hong Kong (China), Indonesia, Malaysia, Korea, and Thailand.



Global asset allocation project for a cross-border family trust. The structure covered multiple trust jurisdictions including Japan, Hong Kong (China), and Mauritius, and included tax planning across the full process for asset settlement/delivery and shareholder exit.



Structure for a cross-border impact investment fund. Based on Singapore's 13O Scheme, the team issued a formal tax opinion, coordinated withholding tax planning for cross-border interest payments involving Luxembourg and the United States, and designed corresponding tax clauses in investment and financing agreements.



High-frequency mistakes and risk alerts for PRC enterprises landing in Singapore

First, “shell registration” without commercial substance makes tax incentives unavailable. Many PRC enterprises only register a Singapore holding company or trading company remotely, without setting up local office premises or full-time operating staff; board meetings and major business decisions are all made in China. This fails the substance requirements under DEI, GTP, and the “13 series” family office regimes, leading to outright rejection of incentive applications.

Transfer pricing related-party transactions also become highly likely to trigger tax audits. Enterprises are recommended, before establishing structures, to plan the local operating team, decision-making procedures, and office premises in parallel, so as to meet the substance standard for tax purposes.

Second, failure to register and file GST on time. Some PRC enterprises focus only on corporate income tax incentives and overlook Singapore GST registration requirements (registration is generally mandatory once annual taxable turnover exceeds S\$1 million, and may also be triggered under the reverse charge and overseas vendor registration regimes) tied to goods and services trading.

Long-term non-filing can accumulate substantial late-payment surcharges and administrative penalties, and remediation costs can become extremely high years later when restructuring is required.



Third, restructuring only after profits have already been generated materially increases difficulty and cost. If subsidiaries have already accumulated steady profits, changes to cross-border shareholding and supply chain structures may trigger significant tax on equity transfer gains and retrospective related-party transaction audits.

Enterprises are advised to complete full structure planning at the initial stage of going abroad to lock in long-term tax planning space.

Fourth, insufficient KYC documentation for Singapore bank account opening such as an inability to substantiate source of funds. Singapore banks' anti-money-laundering reviews of corporate accounts are continuously tightening. PRC-background enterprises and individuals opening Singapore corporate accounts should prepare in advance full supporting materials regarding source of onshore funds, ultimate controller background, upstream / downstream trade contracts, and group equity structure.

If the PRC parent company has long-term cooperation with the bank's PRC branch, enterprises may coordinate with the PRC branch in advance to issue a bank reference/creditworthiness letter and thereby streamline local account-opening due diligence.

Thailand

Lorenz & Partners**service offering and PRC****investor cases****Background and firm in service capability**

Lorenz & Partners (WTS firm in Thailand) established its headquarters in Bangkok in 1995 and has been focusing on Thailand inbound/outbound investment legal services for 30 years. The core team members have worked together for 20 years. The team comprises 35 professionals and provides integrated one-stop services including legal, tax, accounting, and business consulting, covering the full life cycle of foreign-invested projects from pre-investment research and establishment through long-term operations. All solutions are designed to be both legally grounded and locally executable in commercial practice, avoiding purely theoretical compliance advice.

Its full service chain includes: end-to-end Thailand market entry for offshore enterprises; applications for BOI incentives; land lease/purchase for factory landing; processing of the full suite of operating licences; cross-border M&A and JV structuring; tax and legal due diligence for target assets; establishment of regional trading headquarters; drafting of employment contracts for foreign employees; batch processing of visas and work permits; and compliant corporate restructuring.

PRC enterprise investment cases in Thailand

Case 1: End-to-end establishment services for a PRC trade joint venture. The firm is currently assisting with a state-owned trade JV project, controlling the compliance of foreign shareholding ratio restrictions, allocation of shareholder rights, profit repatriation clauses, and compliance in cooperation with local suppliers, thereby mitigating risks relating to JV equity disputes and restrictions on outbound fund remittance.

Case 2: Supporting advisory services for a large infrastructure foreign investment project. The firm coordinated with PRC engineering contractors and technical consulting teams and provided a full set of tax compliance solutions covering foreign labor employment, import of project equipment, and cross-border settlement of engineering payments.



Foreign shareholding control in Thai joint ventures (applicable to state-owned PRC enterprises)

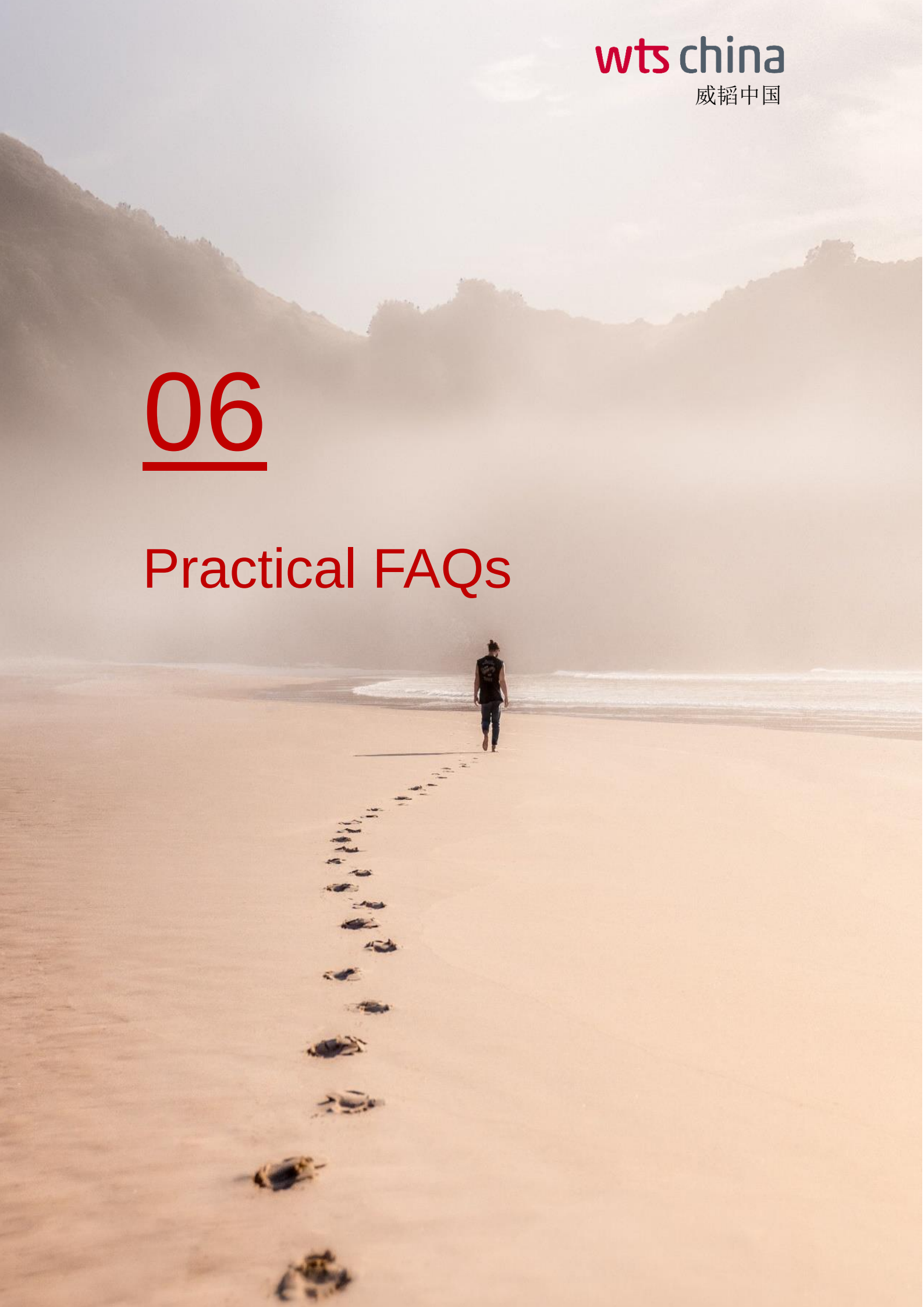
In certain industries, foreign investors cannot obtain eligibility for 100% shareholding and are only allowed to hold up to 49%; BOI-promoted status may also be unavailable. In such cases, enterprises may achieve management control through differentiated equity mechanisms embedded in the articles of association and shareholders' agreement. A mainstream compliant tool is the setup of special rights for preference shares: preference shares held by the foreign shareholder may provide four times the voting rights and four times the profit distribution rights, enabling the foreign investor to hold only 49% of equity while controlling approximately 80% of voting power and receiving 80% of project profits, thereby ensuring the foreign party's de facto management control and economic rights.



Thai regulators are discussing tightening the rules on differentiated rights attached to preference shares, but no implementing legislation has been enacted to date; in the short term, this structuring tool remains feasible from a compliance perspective. It is not recommended to introduce shell local shareholders without industrial resources or actual operating capability: in many prior cases, local shareholders became uncontactable, resulting in shareholding disputes. Currently, Thai tax and corporate registration authorities focus on verifying the genuine operating background of JV shareholders. It is advisable to prioritize compliant local partners with upstream and downstream industrial resources to build a JV structure with real industrial synergies, thereby reducing long-term compliance risks.

06

Practical FAQs

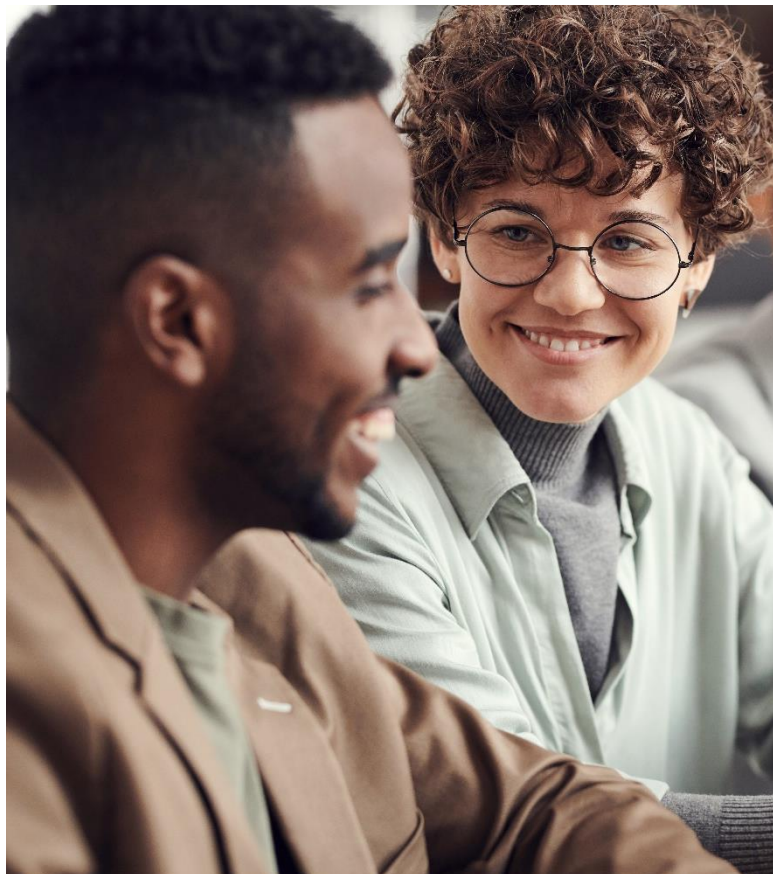
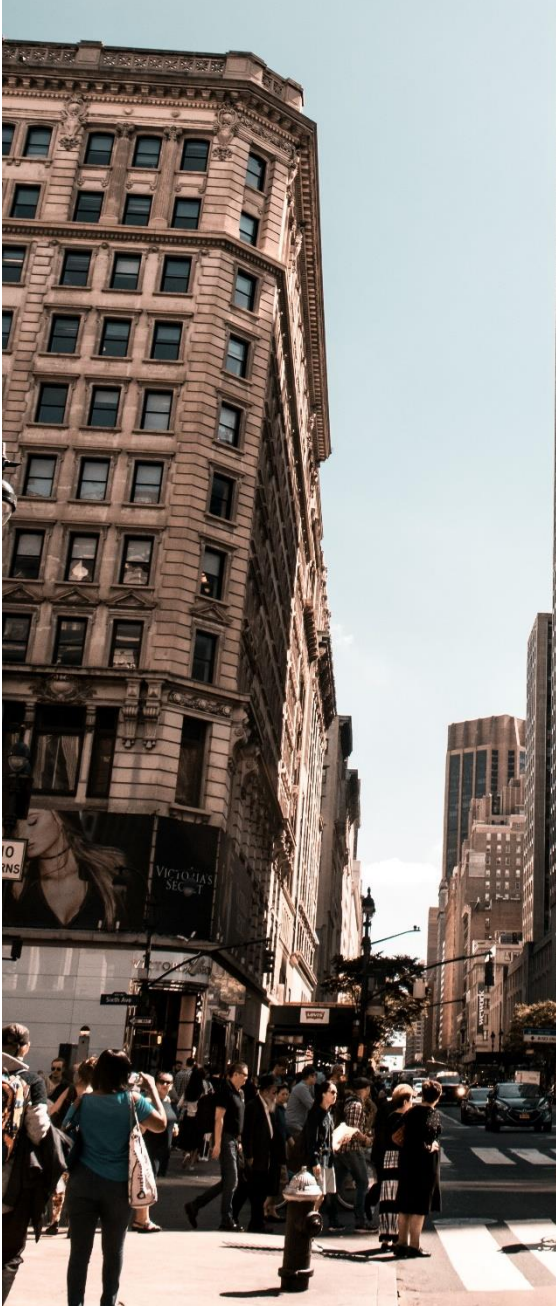


***Issues relating to
Singapore holding
company board
resolutions, meeting
signatures, and directors'
work passes***

For board resolutions and board minutes, offshore directors do not need to enter Singapore to hand-sign paper documents on-site. Companies may use compliant electronic signature tools to sign documents; the ultimate legal effectiveness depends on the provisions of the company's constitution. At the initial landing stage, enterprises should review whether the constitution permits electronic signatures.

However, from the perspective of Singapore tax residence determination and the application of the FSIE exemption, electronic signing alone is insufficient to satisfy the commercial substance requirement. The core executive directors must enter Singapore regularly to convene in-person board meetings - all major investment decisions, fund allocation, and supply-chain pricing decisions must be made and recorded in Singapore. If decisions are made only remotely and documents are signed only offsite, the tax authority may deem that there is no local operating substance, and the enterprise will be unable to enjoy the cross-border dividend tax exemption.

In parallel, PRC onshore tax risk controls must also be addressed. If all decision-making and management activities of the Singapore holding company occur in China, PRC tax authorities may determine that the offshore entity's "place of effective management" is located in China and treat it as a PRC resident enterprise for tax purposes. In such circumstances, the structure's tax-saving function would completely fail. Both the onshore and offshore substance requirements must be satisfied simultaneously.



***Preparatory
recommendations before
KYC due diligence for
Singapore bank account
opening***

Singapore banks' anti-money-laundering due diligence standards for corporate accounts continue to tighten. The core review focus is the lawful source of corporate funds. Before travelling to Singapore to open a bank account, PRC enterprises should compile, within China, a full set of supporting materials: the ultimate controller's professional background, the PRC parent company's operating cashflow, long-term upstream/downstream trade contracts, historical tax payment certificates, and outbound filing/registration documents for cross-border investment remittances. These materials should support a complete explanation to the bank as to how funds were accumulated and deployed cross-border, thereby materially shortening the due diligence review timeline.



If the ultimate controller and/or the PRC parent company has an established long-term business relationship with the relevant bank's PRC branch, it is recommended to contact the PRC branch in advance to issue bank reference/creditworthiness letters and a cooperation statement. The PRC branch may also coordinate with the Singapore head office due diligence team to streamline cross-border background checks and reduce the likelihood of account opening rejection.



07

Core compliance
reminders for
PRC enterprises going
global into Southeast Asia



Singapore and Thailand are suitable for fundamentally different types of PRC enterprises going abroad; there is no absolute “better” jurisdiction. Enterprises should select the appropriate landing vehicle based on their industry track, global supply chain layout, and wealth planning objectives. Singapore’s core positioning is as a global/regional treasury and fund coordination hub, a cross-border holding jurisdiction, an entrepôt trade hub, and a family wealth management hub. Relying on its comprehensive treaty.

Singapore and Thailand cater to completely differentiated overseas expansion demands of Chinese enterprises, with neither holding absolute advantages over the other. Companies shall select the corresponding regional operation vehicle based on their own business track, global supply chain layout and wealth planning objectives. Singapore is primarily positioned as a hub for global regional capital pooling, cross-border holding, entrepôt trade and family wealth management. Supported by an extensive network of tax treaties, neutral and stable judicial framework, and multi-tiered tax incentives, it accommodates corporate groups’ global capital aggregation and cross-border investment and financing activities.

Thailand serves mainly as a physical manufacturing and processing base. Boasting mature and integrated automotive and electronics industrial chains, BOI foreign investment incentives, low land and labor costs, plus tariff benefits under the RCEP for ASEAN, it is ideal for Chinese enterprises pursuing the “China + 1” supply chain relocation strategy and manufacturing projects targeting exports to Europe and the United States.



Before establishing operations in either jurisdiction, enterprises must conduct comprehensive pre-entry compliance self-audits. They must not solely chase tax incentives while overlooking fundamental regulatory red lines.

All cross-border structures, trade models and capital flow arrangements shall comply simultaneously with China’s domestic tax supervision rules and local laws of the host country. Domestic Chinese entities are prohibited from designing offshore structures in isolation from China’s tax laws.



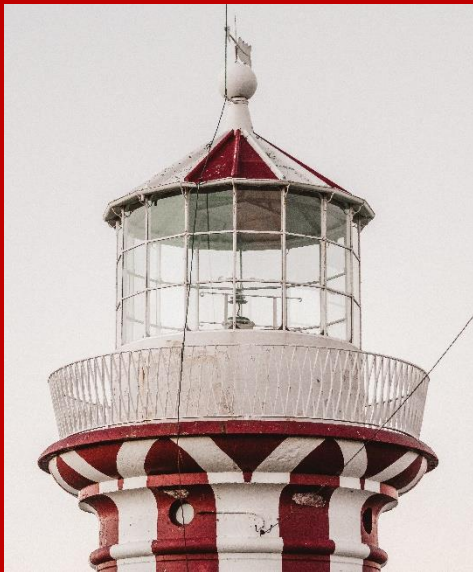
Three core cross-border regulatory red lines must never be overlooked throughout the entire operation, and they form the foundation for the long-term sustainable development of all Chinese enterprises going global:

Controlled foreign corporation (CFC) rules: The retention and distribution schedule of profits generated by offshore holding companies must align with domestic tax requirements in China.



Multi-jurisdictional export control compliance: Transshipment of high-tech goods shall abide by overlapping control lists of China, the United States, Singapore and Thailand concurrently.

Mandatory substance requirements for offshore entities: Shell structures lacking genuine local business substance will trigger dual risks — denial of host-country tax incentives and reclassification as Chinese resident enterprises under domestic tax rules.





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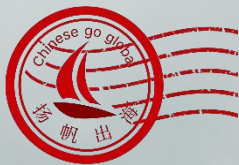
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From local to global

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