

Why Singapore.

Five insights on relocating a global trading business in the Pillar Two era.

For a decade, the answer to “where should our trading business live?” followed an implicit ranking: Dubai first for its nominal rate, Hong Kong second for its territorial system, Singapore third despite its superior ecosystem.

That ranking no longer holds. The OECD’s Pillar Two rules have largely neutralised nominal-rate arbitrage. Dubai’s free-zone regime has tightened. Hong Kong’s offshore claim is under sharper scrutiny. And Singapore has quietly rebuilt its incentive architecture for the post-Pillar-Two environment — extending its flagship schemes to 2031 in Budget 2026, adding carbon credits to the Global Trader Programme, and introducing a cash-refundable investment credit engineered to coexist with the global minimum tax.

This executive brief sets out the five insights every trading principal should know before comparing jurisdictions. The full 26-page research report covers each incentive scheme in practitioner-grade detail, models the economics of a representative relocation, and benchmarks Singapore against Dubai and Hong Kong side-by-side.

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INSIGHT 01

The headline-rate comparison is obsolete

The spreadsheet comparison — Dubai 9%, Hong Kong 16.5%, Singapore 17% — is the wrong comparison for any trading group of meaningful scale. Three developments have rendered it misleading.

- **Pillar Two sets a 15% floor.** Multinational groups above €750m consolidated revenue face a 15% minimum effective tax rate in every jurisdiction of operation. Dubai's 0% free-zone income is topped up to 15% under the UAE Domestic Minimum Top-up Tax from 2025. Singapore began applying its Income Inclusion Rule and Domestic Top-up Tax for financial years starting on or after 1 January 2025.
- **Dubai's 0% is conditional.** The UAE free-zone rate applies only to a "Qualifying Free Zone Person" earning "Qualifying Income." Breaches of the de minimis rule trigger the 9% rate on the entire income stream, not just the offending slice.
- **Hong Kong's offshore claim fights the relocation thesis.** Offshore-sourced trading profits can still attract near-zero taxation — but only where operations, negotiation and contract conclusion are genuinely located outside Hong Kong. That position is inconsistent with the act of relocating operations there.

INSIGHT 02

Singapore's incentive menu is a stack, not a rate

Singapore does not compete on a single statutory rate. It competes on a menu of negotiated incentives that a properly-structured trading group uses in combination.

- **Global Trader Programme (GTP):** 5% / 10% / 15% on qualifying trading income — physical trading, brokering, derivatives and structured commodity financing.
- **DEI-IHQ headquarters award:** 5% / 10% / 15% on incremental HQ-service income received from overseas group subsidiaries.
- **Finance & Treasury Centre:** 8% / 10% / 15% on treasury income, with withholding-tax exemption on interest paid to overseas lenders.
- **Refundable Investment Credit:** up to 50% of qualifying expenditure delivered as a cash-refundable credit — Pillar Two compliant.

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