Considerations and guidelines for international investors.

Some key considerations, warnings and guidelines for international investors to ensure transparency and legal compliance.

The companies being funded shall be having incorporation multiple countries in the future.

Some of the compliance requirements can include the following (but not limited to) :

Singapore

For companies incorporated in Singapore with international investors, there are several key tax obligations and compliance considerations to keep in mind. These obligations aim to ensure proper reporting and adherence to Singaporean tax laws, as well as compliance with global standards. Here's an overview:

1. Corporate Tax Obligations

- **Corporate Income Tax**: Singapore's corporate tax rate is a flat 17% on taxable income. The country has various tax incentives and rebates, including the Partial Tax Exemption (PTE) and the Start-up Tax Exemption (SUTE), which reduce the effective tax rate, especially beneficial for startups.
- **Withholding Tax**: Singapore requires withholding tax on certain types of income remitted to non-residents, such as interest, royalties, and service fees. The rates vary depending on the type of income and any applicable Double Taxation Agreements (DTAs).
- **Goods and Services Tax (GST)**: Companies must register for GST (currently at 8%) if their annual taxable turnover exceeds SGD 1 million. This is a value-added tax levied on goods and services in Singapore.

2. Investor Tax Obligations

- **Dividend Income**: Singapore does not impose withholding tax on dividends paid to both resident and non-resident shareholders, making it tax-efficient for investors. Dividends are generally tax-exempt in Singapore, which enhances the appeal for international investors.
- **Capital Gains Tax**: Singapore has no capital gains tax. Therefore, gains from the sale of shares or other assets are not taxed, providing a tax advantage for international investors.

3. Double Taxation Avoidance Agreement (DTAA)

- Singapore has established DTAs with many countries to prevent double taxation for investors who may be taxed in both Singapore and their home country. These agreements provide reduced withholding tax rates and tax credits to minimize the tax burden on international investors.
- **Claiming Tax Relief**: International investors may need to provide certificates of tax residency and other documentation to claim reduced rates or exemptions under applicable DTA agreements.

4. Know Your Customer (KYC) and Anti-Money Laundering (AML) Compliance

- **KYC and AML Requirements**: Singapore has strict KYC and AML regulations, which require companies to perform due diligence on all investors. This includes verifying the identity of beneficial owners and monitoring transactions to prevent money laundering or terrorism financing.
- **Ongoing Monitoring**: Companies must regularly update KYC information and ensure compliance with any regulatory changes.

5. Economic Substance Requirements (ESR)

- For certain international investors, especially if the company has a substantial offshore presence, meeting Singapore's ESR guidelines is crucial. This involves demonstrating that core income-generating activities are conducted in Singapore with adequate levels of qualified staff, expenditure, and physical office presence.

6. Reporting and Compliance Obligations

- **Annual Filing Requirements**: Companies must file annual tax returns, financial statements, and an annual return with the Accounting and Corporate Regulatory Authority (ACRA) and the Inland Revenue Authority of Singapore (IRAS).
- **Audits**: Although small companies may qualify for an audit exemption, larger companies or those with significant international investments might need to undergo an annual audit.
- **FATCA and CRS Reporting**: Singaporean companies must report certain financial accounts and income information to meet the requirements of the U.S. Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) for tax transparency.

7. Considerations for Individual Investor Tax Obligations

- **Tax Residency Status**: Non-resident investors may be subject to taxation based on their residency status in their home country. Certain investors may be able to claim tax relief or exemption in their country under Singapore's DTA.
- **Personal Income Tax**: Non-resident investors may have personal tax obligations on income derived from Singapore, depending on their home country's tax laws.

China

For companies incorporated in China with international investors, the tax and regulatory obligations are extensive due to China's comprehensive tax system and stringent regulatory framework. Here are the key obligations and considerations:

1. Corporate Income Tax (CIT)

- **CIT Rate**: China imposes a standard corporate income tax rate of 25% on the profits of both domestic and foreign-invested enterprises. Certain high-tech companies or businesses in encouraged industries may be eligible for reduced rates of 15%.
- **Taxable Income**: Corporate income tax applies to a company's worldwide income, but foreign investors can benefit from various deductions, allowances, and special incentives based on the nature of their business.
- **Tax Residency**: A company incorporated in China is considered tax resident in China, meaning it is liable for tax on its global income. Foreign-invested enterprises that are managed and controlled in China are also considered tax residents.

2. Withholding Tax on Distributions to Foreign Investors

- **Dividends**: A 10% withholding tax applies to dividends distributed to non-resident foreign shareholders unless reduced by a tax treaty between China and the investor's home country. To qualify for the reduced rate, foreign investors generally need to be actual beneficial owners and meet certain regulatory requirements.
- **Interest and Royalties**: Interest and royalty payments to foreign entities are subject to a 10% withholding tax, though treaty relief may apply. There is also a 6% VAT on certain types of interest income and other financial payments.

3. Value-Added Tax (VAT) and Other Indirect Taxes

- **VAT Rates**: China has a VAT system with rates ranging from 6% to 13% depending on the type of goods or services provided. Most products fall under the 13% rate, while services, including leasing and financial services, are generally taxed at 6%.
- **VAT Compliance**: Foreign-invested enterprises must comply with monthly VAT reporting, including submitting tax returns and maintaining accurate records of VAT paid and collected.

4. Individual Income Tax (IIT) on Foreign Employees and Investors

- **IIT Obligations**: International investors and employees working in China are liable to pay individual income tax on their China-sourced income. Tax rates for individuals range from 3% to 45%, depending on income brackets.
- **Residence-Based Taxation**: Foreign individuals in China may become tax residents if they stay for a cumulative 183 days or more within a tax year. This residence status subjects them to Chinese tax on worldwide income, although some exemptions apply under certain double-tax treaties.

5. Foreign Exchange Controls

- **Repatriation of Profits**: China imposes strict controls on the repatriation of profits. Foreign-invested enterprises can remit dividends, interest, and other forms of income to foreign shareholders, but this must comply with China's foreign exchange controls administered by the State Administration of Foreign Exchange (SAFE).
- **Currency Conversion**: All foreign exchange transactions require conversion to Chinese yuan (CNY or RMB). Foreign investors must work with designated banks to convert RMB to foreign currencies for repatriation purposes.

6. Double Taxation Agreements (DTA)

- **DTA Benefits**: China has tax treaties with over 100 countries that provide reduced withholding rates on dividends, interest, and royalties. These agreements help minimize double taxation for foreign investors by offering tax credits and exemptions, often requiring the submission of additional documentation to prove eligibility.

7. Anti-Tax Avoidance Measures

- **Transfer Pricing**: China has strict transfer pricing regulations requiring related-party transactions to be at arm's length. Documentation such as annual transfer pricing reports and a master file must be maintained to demonstrate compliance. Failure to meet these requirements could lead to tax audits and penalties.
- **Controlled Foreign Corporation (CFC) Rules**: China's CFC rules require Chinese tax residents, including companies with significant foreign ownership, to report and potentially pay taxes on the income of foreign subsidiaries to prevent tax avoidance through offshore low-tax jurisdictions.
- **General Anti-Avoidance Rule (GAAR)**: GAAR provisions enable Chinese tax authorities to recharacterize transactions deemed to be primarily for tax avoidance purposes. This allows the authorities to apply additional taxes or penalties.

8. Annual Reporting and Compliance Obligations

- **Annual Financial Audits**: Foreign-invested enterprises must complete an annual audit by a certified Chinese auditor. This audit report, alongside other required filings, must be submitted to the tax bureau and other regulatory agencies.
- **Annual Tax Filings and Returns**: All businesses must submit an annual corporate income tax return along with monthly or quarterly estimated CIT filings, depending on their revenue.
- **Annual Inspection**: Chinese authorities require an annual "joint inspection" for companies to update business licenses and renew registration information. This process involves various agencies, including the Administration for Market Regulation and tax authorities.

9. Employment and Social Security Taxes

- **Social Insurance and Housing Fund Contributions**: Foreign-invested enterprises must contribute to social insurance and the housing fund for both Chinese and foreign employees. Rates vary by location but generally include pensions, medical insurance, unemployment insurance, maternity insurance, and workplace injury insurance.
- **Payroll Compliance**: Foreign companies must register with local social security authorities and comply with payroll tax requirements, ensuring accurate and timely payment of employee benefits.

10. Anti-Money Laundering (AML) and Know Your Customer (KYC) Requirements

- **AML and KYC Compliance**: Companies in China are subject to strict AML and KYC requirements. They must conduct due diligence on investors, maintain accurate records, and report any suspicious transactions to the People’s Bank of China (PBOC).
- **Ultimate Beneficial Ownership (UBO) Disclosure**: Chinese law requires companies to disclose beneficial ownership details, especially if they have foreign investors. This transparency requirement is part of China’s global commitment to combat financial crime.

11. Environmental, Social, and Governance (ESG) Compliance

- **ESG Obligations**: China is increasingly emphasizing ESG compliance. Companies, particularly those in manufacturing and industries with environmental impacts, are encouraged or required to comply with environmental regulations and sustainability practices.
- **Reporting on ESG**: Large companies or those in specific sectors may have to report their environmental impact and other social responsibilities.

12. Considerations for Tax Obligations in the Investor's Home Country

- **Controlled Foreign Corporation (CFC) Rules**: International investors from countries with CFC regulations may have to report income or profits from the Chinese company. This could subject them to additional tax obligations in their home country, depending on their country's tax treaty with China.
- **Personal Taxation on Distributions**: Dividends and other income from Chinese investments may be taxable in the investor's home country, depending on domestic tax laws and international tax treaties.

United Arab Emirates

For companies incorporated in the United Arab Emirates (UAE) with international investors, tax and regulatory obligations are designed to support a tax-friendly environment while ensuring global compliance standards. Here are the main considerations:

1. Corporate Tax Obligations

- **Corporate Income Tax**: Currently, the UAE has no federal corporate income tax for most businesses. However, the UAE will introduce a corporate tax at a 9% rate starting from June 2023 on business profits exceeding AED 375,000 (approx. USD 102,000). This tax will apply to both local and international entities, with exemptions for free zone businesses meeting certain requirements and those engaged in natural resource extraction, which are taxed at the Emirate level.
- **Withholding Tax**: The UAE does not impose withholding taxes on dividends, interest, royalties, or other forms of payments made to non-residents, making it favorable for international investors.

2. Value Added Tax (VAT)

- **VAT Registration**: The UAE has a VAT system with a standard rate of 5%. Companies are required to register for VAT if their taxable turnover exceeds AED 375,000. Many businesses operating in free zones may be subject to VAT on transactions involving mainland UAE.
- **VAT Filing and Compliance**: VAT returns must be filed quarterly, and accurate record-keeping is required to comply with the UAE Federal Tax Authority (FTA) regulations.

3. Personal Income Tax

- **Individual Income Tax**: The UAE does not impose personal income tax, making it an attractive destination for international investors. However, investors may need to consider personal tax obligations in their home countries on income derived from UAE-based companies.

4. Free Zones and Tax Benefits

- **Free Zone Exemptions**: The UAE has numerous free zones offering incentives for foreign-owned businesses, including full foreign ownership, tax exemptions, and customs benefits. Businesses operating within these zones may be eligible for a corporate tax exemption if they do not conduct business within the UAE mainland and meet other regulatory requirements.
- **Economic Substance Regulations (ESR)**: Free zone companies, particularly those in sectors like financial services, shipping, and holding company activities, must meet ESR by demonstrating substantial activities in the UAE. ESR compliance includes maintaining adequate premises, employing qualified staff, and incurring appropriate expenditures locally.

5. Double Taxation Avoidance Agreements (DTAA)

- **Reduced Tax Burden**: The UAE has signed DTAs with more than 100 countries, which provide reduced or eliminated withholding taxes on dividends, royalties, and interest. This is beneficial for international investors who may face taxes in their home countries.
- **Tax Residency Certificate**: Companies and individuals can apply for a Tax Residency Certificate (TRC) in the UAE to benefit from DTA provisions, which may reduce tax obligations in the investor's home country.

6. Anti-Money Laundering (AML) and Know Your Customer (KYC) Compliance

- **AML and KYC Requirements**: Companies in the UAE must comply with strict AML and KYC laws. This includes conducting due diligence on all investors, maintaining up-to-date records, and reporting suspicious transactions to the UAE Central Bank.
- **Ultimate Beneficial Ownership (UBO) Disclosure**: Companies must declare and maintain accurate records of UBOs with relevant authorities. This includes identifying and reporting the individuals who hold significant control or ownership stakes, ensuring transparency.

7. Reporting and Compliance Requirements

- **Annual Filing Obligations**: Companies must file annual returns and financial statements depending on their type and location (mainland or free zone) within the UAE.
- **Audits**: Some companies, especially those in free zones, may be subject to audit requirements. This generally depends on the specific free zone regulations and the nature of business activities.
- **FATCA and CRS Compliance**: The UAE is part of the Common Reporting Standard (CRS) and the U.S. Foreign Account Tax Compliance Act (FATCA), requiring reporting of financial information on U.S. citizens and residents, as well as residents of CRS-participating countries, to promote tax transparency.

8. Additional Considerations for International Investors

- **Capital Gains Tax**: The UAE does not impose capital gains tax, making it beneficial for investors who wish to sell shares or assets without incurring additional tax burdens.
- **Foreign Ownership Rules**: The UAE recently allowed 100% foreign ownership for mainland companies in certain sectors. This eliminates the need for a local partner for many business types, particularly those not considered "strategic."
- **Dividend Repatriation**: Dividends can be repatriated without restrictions, as the UAE allows free movement of capital for foreign investors.

9. Potential Tax and Legal Obligations in Home Country

- **Reporting Requirements for Overseas Investments**: International investors may need to report income or ownership of foreign entities in their home countries, especially if they reside in jurisdictions with Controlled Foreign Corporation (CFC) rules.
- **Personal Tax Implications**: Depending on the investor's country of residence, personal tax obligations may apply to profits, dividends, or capital gains derived from the UAE-based business.

United States

For companies incorporated in the United States with international investors, several tax obligations and regulatory requirements must be considered. Below are the key obligations that apply to both domestic and foreign investors in U.S.-incorporated companies:

1. Corporate Income Tax

- **Federal Corporate Income Tax**: The standard federal corporate income tax rate is 21% on net income. This applies to both U.S.-based and foreign-owned corporations.
- **State Corporate Income Tax**: In addition to federal taxes, states may impose their own corporate income taxes, which vary by state. Rates can range from 0% to around 12%.
- **Tax Residency**: A corporation is considered a U.S. tax resident if it is incorporated in the U.S. and is subject to federal and state taxation on its worldwide income.

2. Withholding Taxes on Distributions to Foreign Investors

- **Dividends**: U.S. corporations must withhold a tax on dividends paid to foreign investors, typically at a rate of 30%, unless reduced by a tax treaty between the U.S. and the investor's country. Investors often need to submit IRS Form W-8BEN to claim a reduced rate.
- **Interest and Royalties**: Similar to dividends, interest and royalty payments to foreign entities are generally subject to a 30% withholding tax, subject to reduction by applicable tax treaties.

3. Value-Added Tax (VAT)

- **Sales Tax**: The U.S. does not have a national VAT system. Instead, sales tax is imposed at the state and local levels, which varies by jurisdiction. Companies must comply with the sales tax regulations of the states in which they operate.
- **Sales Tax Collection**: Companies selling goods or services must collect sales tax from customers in states where they have a tax nexus (a significant presence).

4. Individual Income Tax (IIT) on Foreign Employees and Investors

- **IIT for Foreign Nationals**: Non-resident foreign nationals working in the U.S. are subject to U.S. income tax on their U.S.-sourced income. This includes wages and salaries from employment with the U.S. corporation.
- **Tax Residency**: If foreign individuals reside in the U.S. for a substantial part of the year (generally 183 days), they may be considered tax residents and subject to U.S. taxes on their worldwide income.

5. International Reporting Requirements

- **FATCA Compliance**: Under the Foreign Account Tax Compliance Act (FATCA), U.S. entities must report information about foreign financial accounts held by U.S. taxpayers. Failure to comply can result in penalties and withholding on certain payments.
- **Form 5471 and Form 8865**: U.S. taxpayers with interests in foreign corporations or partnerships must file these forms to report ownership and income from those entities.

6. Transfer Pricing Regulations

- **Arm's Length Principle**: The IRS requires that transactions between related parties (e.g., parent companies and subsidiaries) be conducted at arm's length, meaning prices should be consistent with those charged in comparable transactions between unrelated parties.
- **Documentation Requirements**: Companies must maintain adequate documentation to justify their transfer pricing policies and demonstrate compliance with IRS rules.

7. Foreign Investment in the U.S.

- **Committee on Foreign Investment in the United States (CFIUS)**: Foreign investments that may impact national security must be reviewed by CFIUS. This includes transactions that result in foreign control of a U.S. business or involve sensitive technologies.

8. Social Security and Employment Taxes

- **Payroll Taxes**: Employers must withhold Social Security and Medicare taxes from employee wages and match these contributions. This applies to both U.S. citizens and foreign employees working in the U.S.
- **Unemployment Taxes**: Employers are also responsible for federal and state unemployment taxes, which fund unemployment benefits for laid-off workers.

9. State and Local Compliance

- **Business Licenses and Permits**: Companies must obtain the necessary licenses and permits to operate in specific states and local jurisdictions, which may vary widely based on industry and location.
- **Local Tax Obligations**: In addition to state taxes, businesses may face local taxes, such as business privilege taxes or gross receipts taxes, depending on where they are located.

10. Anti-Money Laundering (AML) and Know Your Customer (KYC) Regulations

- **KYC Requirements**: Companies, especially those in financial services, must conduct due diligence on their investors and clients to prevent money laundering and terrorist financing.
- **AML Compliance**: U.S. companies must implement AML programs to monitor and report suspicious transactions to the Financial Crimes Enforcement Network (FinCEN).

11. Tax Obligations in the Investor's Home Country

- **Double Taxation Agreements (DTA)**: Investors should consider the implications of tax treaties between the U.S. and their home country, as these treaties can reduce withholding tax rates and prevent double taxation.
- **Personal Tax Obligations**: Investors may be liable for taxes on dividends and income received from their U.S. investments in their home country, depending on domestic tax laws.

EU

For companies incorporated in the European Union (EU) that have international investors, several tax obligations and regulatory requirements must be considered. These obligations can vary by EU member state, but here are the key general obligations that apply:

1. Corporate Income Tax

- **EU Member State Tax Rates**: Each EU member state has its own corporate income tax rate, which can range significantly. For example, rates may vary from around 10% to 35%.
- **Tax Residency**: A corporation is considered a tax resident of an EU member state if it is incorporated in that state or if its management and control are based there.

2. Value-Added Tax (VAT)

- **VAT Registration**: Businesses operating in the EU may need to register for VAT if they exceed a certain sales threshold. This tax is applied to the sale of goods and services.
- **VAT Rates**: The standard VAT rate varies by member state, with rates typically ranging from 17% to 27%. Some goods and services may be eligible for reduced rates or exemptions.
- **Cross-Border Transactions**: Special VAT rules apply for cross-border sales within the EU, such as the EU's Mini One Stop Shop (MOSS) scheme for digital services.

3. Withholding Taxes

- **Dividends**: Dividends paid to foreign investors may be subject to withholding tax, which varies by member state. The typical withholding tax rate on dividends is around 15%, but this can be reduced under tax treaties.
- **Interest and Royalties**: Similar to dividends, payments of interest and royalties to foreign entities can also be subject to withholding taxes.

4. Individual Income Tax (IIT) for Non-Residents

- **Tax on Employment Income**: Non-resident employees working in an EU country are generally subject to income tax on their salary earned in that country.
- **Tax Treaties**: Many EU countries have double tax treaties with other countries that may provide relief from double taxation on personal income.

5. International Reporting Requirements

- **Common Reporting Standard (CRS)**: Under the OECD's CRS, EU countries are required to exchange information on foreign financial accounts held by their residents with the tax authorities of the account holders' countries.
- **DAC6 Directive**: This EU directive requires the reporting of certain cross-border tax arrangements that could be used for tax avoidance.

6. Transfer Pricing Regulations

- **Arm's Length Principle**: EU member states adhere to the arm's length principle for transactions between related entities. This means that pricing must reflect what independent entities would charge in a comparable transaction.
- **Documentation**: Companies must maintain proper documentation to demonstrate compliance with transfer pricing rules.

7. Tax Incentives and Grants

- **R&D Tax Credits**: Many EU countries offer tax incentives for research and development activities, which can benefit companies engaged in innovative projects.
- **Investment Grants**: Certain regions within the EU may offer grants or subsidies to attract foreign investment, subject to EU state aid rules.

8. Anti-Money Laundering (AML) and Know Your Customer (KYC) Regulations

- **AML Compliance**: EU companies must comply with AML regulations, which require due diligence and reporting of suspicious transactions.
- **KYC Requirements**: Companies must verify the identities of their customers and investors to prevent financial crime.

9. Employment and Payroll Taxes

- **Social Security Contributions**: Employers in the EU are responsible for withholding social security contributions from employee wages, which fund social benefits such as pensions and healthcare.
- **Unemployment Insurance**: Employers may also need to contribute to unemployment insurance schemes.

10. State Aid Regulations

- **EU State Aid Rules**: Any financial assistance granted by an EU member state to companies must comply with EU state aid regulations, which aim to prevent distortions of competition.

11. Tax Obligations in the Investor's Home Country

- **Double Taxation Agreements (DTA)**: Investors should consider tax treaties between the EU member state and their home country to mitigate withholding taxes and prevent double taxation.
- **Personal Tax Obligations**: International investors may also have personal tax obligations on income derived from their investments in the EU.

12. Legal Compliance and Transparency

- **Corporate Governance**: Companies are expected to adhere to corporate governance standards and ensure transparency in their operations.
- **Disclosure Requirements**: Depending on the nature of the business, there may be legal obligations to disclose financial and operational information to investors and regulatory bodies.

Considerations summary

International investors should consult with their financial and legal advisors to fully understand the tax, compliance, and legal implications of investing in our companies or offers for investment.

Our companies are designed to incorporate and operate in a transparent manner. This includes declaring investors in government registrations and updates to filings.

If you are investor or company that wants to be invisible, please DO NOT invest in our offerings.