

## Channel News Asia 05 March 2004 2012 hrs (SST)

### Singapore to attract more entrepreneurs with incentives and flexible visa schemes



SINGAPORE : Singapore aims to be a hub for entrepreneurs by providing more tax incentives, financial assistance through co-investment schemes and even more flexible visa schemes.

Entrepreneurs also need the right infrastructure to support their ventures.

So at the Phase Z.Ro Technopreneur Park, new tech companies can set up shop at a fairly reasonable cost.

The park is part of a wider area called One-North which aims to be a hub for the new economy.

Doreen Sim, founder of D-Synergy Tech Systems, has moved her 2-month old business into the park.

It is her second business venture in 7 years.

She specialises in providing wired and wireless security solutions to companies so that their IT systems are safe from viruses and hackers.

Ms Sim said: "It has always been something I really want to do and I guess being a very strong character, I feel the sense of achievement, wanting to do something on my own, where you have total control and you are totally responsible for yourself, for your own decisions that you make."

Her company has been profitable from day one, so she will probably benefit from the government's latest tax incentive for start-ups which gives full tax exemption for the first S\$100,000 of chargeable income for the first three years.

But she says this may not help most new firms.

Ms Sim said: "For any startup, it's always a challenge to be profitable from day one and in reality, majority will just be trying to keep their head above the water. So in terms of tax incentives for first S\$100,000 chargeable, if you're profitable from day one, yeah, that would really help because the

savings that you get from paying tax, that money rolls back into the business. And when that rolls back into the business, it could be used as variable bonus to motivate everybody to work even harder so that we hit the next S\$100,000 for the next 2 to 3 years."

However if the company is not profitable from day one, and it keeps struggling, that incentive may not come in too well.

"So I've spoken to some contemporaries and we agree that perhaps it would be good if the Year of Assessment starts from second or third year onwards. In fact, tax experts reckon the exemption gives more of a psychological rather than financial boost," added Ms Sim.

Chong Lee Siang, Tax Services Partner, Ernst & Young, said: "The amount is not that significant, but it's just a psychological boost for people who are thinking of going into business, maybe it helps a little bit. Again it's psychological because the total savings may be just slightly under S\$10,000 because currently companies already enjoy certain exemptions for the first S\$100,000 and this one just brings it into full exemption."

Anthea Ong, who started her company called Knowledge Director two years ago, says the exemption is helpful.

But as her operations move into the second stage of growth, she is hoping the government will focus too on businesses that have proven themselves.

Ms Ong said: "It's the right step forward because we can then re-invest these savings into product R&D and our people as well. I'd like to see the government make use of the money to actually help companies that have proven their commitment, their passion and the business plan has proven to work...to actually put resources into these companies to help them grow and then become multinationals that actually originate from Singapore."

Knowledge Director, which develops and customises fun e-learning solutions for organisations, now has 10 full-time employees.

The business depends heavily on getting the right people so staff costs are a big, if not the biggest, part of its overheads.

So Ms Ong hopes the authorities can go further and help new companies attract good talent.

She said: "As a start-up, the best talents are really so much more needed when you think about compared to a large organisation. But best talents are very expensive to come by. Even if you are able to justify their pay packages, they may not necessarily want to work with a start-up. I think it would be really beneficial if employees working in start-ups or even new companies going into their 4th or 5th year, can be incentivised some way through tax deductions or tax rebates for having I guess the guts and commitment to work with a start-up and putting their faith in into the hands of a group of entrepreneurs."

So the incentives in the latest Budget go some way in supporting entrepreneurs.

And although these self-starters stress self-sufficiency, they will always appreciate a little more help from the government. - CNA