

GIP SCHEME UPDATE



UPDATES TO SINGAPORE'S GLOBAL INVESTOR PROGRAM

Introduction

1. Many wealthy businessmen are keen to make a home in Singapore in light of the city-state's stable political climate, favourable economic conditions and safe community. Singapore Permanent Resident status ("PR") is highly sought-after with over 100,000 applications annually.

30 March 2023

For any queries relating to this article, please contact:

Joel Teo
joelteo@leenlee.com.sg

Overview Of Global Investor Program ("GIP")

2. In 2004, Economic Development Board ("EDB") launched the Global Investor Program ("GIP") through the development arm Contact Singapore. In March 2020 and March 2023, further updates were announced and implemented.
3. The GIP accords Singapore PR to eligible global investors who intend to drive their businesses and investment growth from Singapore. Such foreign businessmen may bring their family members over as well.
4. Following the Budget 2023 Singapore parliamentary debates, EDB announced changes on 2nd March 2023 to the GIP scheme and such changes will take effect with respect to applicants submitting their applications to EDB on or after 15 March 2023.

Authors:

Joel Teo
Shannon Lee
Lydia Teoh
Sarah Wang

Lee & Lee
25 North Bridge Road
Level 7
Singapore 179104
Tel: +65 6220 0666

Elaboration On Various GIP Schemes

5. There are three different investment options for qualifying investors. Generally, the options are as follows:
 - a. Under Option A, new investors will have to invest in a new business entity or existing business operation in Singapore.
 - b. Under Option B, new investors will have to invest in a GIP fund which may have, *inter alia*, investments in Singaporean businesses. EDB will shortlist these funds based on the funds' track record, the investment mandate of Singapore and the industries that these funds operate in.
 - c. Under Option C, new investors will have to invest in a new or existing Singapore-based single family office ("SFO").

For more legal updates, please visit the News & Publication Section of Lee & Lee's website at www.leenlee.com.sg, or follow Lee & Lee's Facebook page at www.facebook.com/leenlee.com.sg/ and Lee & Lee's LinkedIn page at <https://lnkd.in/g6bNfv8G>.

Disclaimer: The copyright in this document is owned by Lee & Lee.

No part of this document may be reproduced without our prior written permission.

The information in this update does not constitute legal advice and should not form the basis of your decision as to any course of action.

Singapore Government's Rationale Behind Budget 2023 GIP Amendments ("Amendments")

6. EDB conducts frequent reviews with the aim of ensuring the GIP is successful in selectively attracting individuals with the ability to make more economic impact for Singapore and the affinity to be

GIP SCHEME UPDATE



more rooted to Singapore. Individuals interested in fostering the expansion of their enterprises and investments from Singapore would deploy more funds in the local financial system and create more jobs for Singaporeans.

Further Details On The Amendments

Option A – New Businesses Or Expanded Businesses Investment

7. Previously, an investor had to invest only \$2.5 million. With respect to the re-entry permit renewal conditions, an investor had to hire at least 10 incremental employees, of which at least 5 must be Singaporean citizens by Year 5.
8. After the March 2023 amendments, an investor must invest at least \$10 million, inclusive of existing paid-up capital, in a new business entity or existing business operation in Singapore upon in-principle-approval. To be eligible for Re-entry Permit Renewal after the initial five-year period, an investor must hire at least 30 employees, with at least half of them Singapore citizens and 10 of whom must be new employees. Further, there is no stipulated minimum total business expenditure.

Option B – GIP Fund Investment

9. Previously, an investor had to invest only \$2.5 million and the GIP fund had to invest at least 50% in Singapore-based companies upon-in-principle-approval. With respect to the re-entry permit renewal conditions, an investor had to hire at least 10 incremental employees, of which at least 5 must be Singaporean citizens. It required the incurrence of \$2 million in total business expenditure by Year 5.
10. After the March 2023 amendments, an investor must invest at least \$25 million in a GIP selected fund that are specifically approved by EDB. The new investment quantum is 10 times the previous amount. Notably, the Re-entry Permit Renewal criteria for Option B has been simplified - an investor will only need to maintain his investment in the GIP fund.

Option C – Singapore-Based SFO Investment

11. Previously, an investor had to invest only \$2.5 million and the SFO must have assets under management of at least \$200 million, of which at least \$50 million must be held in Singapore, upon in-principle-approval. With respect to the re-entry permit renewal conditions, an investor had to hire at least 10 employees, of which at least 5 must be Singaporean citizens and 3 investment professionals.
12. After the March 2023 amendments, an investor must invest at least \$2.5 million and the SFO must have assets under management of at least \$200 million, of which at least \$50 million must be held in “local investments” categories. These “local investments” include: (i) companies listed on the Singapore Exchange’s mainboard and secondary Catalist board, (ii) Singapore qualifying debt securities, (iii) funds distributed by Singapore licensed/registered fund manager, and (iv) private equity injection into non-listed Singapore-based businesses. Regarding the Re-entry Permit Renewal, an investor must hire at least 5 incremental family office professionals, of which at least 3 must be Singaporean citizens by Year 5 of the investor’s PR status. Further, there is no stipulated minimum total business expenditure. The

GIP SCHEME UPDATE



investor must maintain at least S\$50 million asset under management across any of the “local investments” until Year 5.

Concluding Thoughts On The Amendment

13. The proposed amendments to the GIP scheme are aimed at attracting high-calibre applicants to Singapore and at the same time increase the economic contribution brought by such applicants to the Singapore economy.

About Lee & Lee

Lee & Lee is one of Singapore’s leading law firms being continuously rated over the years amongst the top law firms in Singapore. Lee & Lee remains committed to serving its clients' best interests, and continuing its tradition of excellence and integrity. The firm provides a comprehensive range of legal services to serve the differing needs of corporates, financial institutions and individuals. For more information: visit www.leenlee.com.sg.

The following partners lead our departments:

Kwa Kim Li
Managing Partner
kwakimli@leenlee.com.sg

Quek Mong Hua
Litigation & Dispute Resolution
quekmonghua@leenlee.com.sg

Owyong Thian Soo
Real Estate
owyongthiansoo@leenlee.com.sg

Tan Tee Jim, S.C.
Intellectual Property
tanteejim@leenlee.com.sg

Adrian Chan
Corporate
adrianchan@leenlee.com.sg

Louise Tan
Banking
louisetan@leenlee.com.sg