

# SETTING UP BUSINESS IN SINGAPORE



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## Key Facts on Incorporation of Company

Company name	<ul style="list-style-type: none"> <li>The name has to be approved before the incorporation procedure can be processed.</li> </ul>
Director(s)	<ul style="list-style-type: none"> <li>Minimum of 1 director, who must either be a Singapore citizen, permanent resident, entrepass, employment pass or dependent pass holder.</li> <li>At least 18 years of age and not bankrupt or convicted of malpractice in the past</li> </ul>
Shareholder(s)	<ul style="list-style-type: none"> <li>Minimum 1</li> <li>Maximum – Private Limited: 50; Exempt private: 20</li> <li>For exempt private companies, no corporate shareholders are allowed</li> <li>Can be same person as director</li> <li>No regulation on share transfers between individuals after incorporation</li> </ul>
Company secretary (Section 171 Companies Act)	<ul style="list-style-type: none"> <li>A qualified secretary has to be appointed within 6 months of incorporation</li> <li>Sole director/shareholder cannot act as company secretary.</li> <li>Must be a natural person who is ordinarily resident in Singapore</li> </ul>
Paid-up capital	<ul style="list-style-type: none"> <li>Minimum paid-up capital of S\$1</li> <li>No concept of authorised capital for Singapore companies</li> </ul>
Registered address	<ul style="list-style-type: none"> <li>Have to be a local address</li> <li>Must be a physical address, not a PO Box</li> </ul>
Consideration for foreigners	<ul style="list-style-type: none"> <li>Have to engage a professional firm to register the company (foreign individuals/entities are not allowed to self-register)</li> <li>No requirement to obtain visa to incorporate in Singapore</li> <li>If you plan to relocate to Singapore, an employment/entrepreneur pass is required</li> <li>All formalities can be handled without visiting Singapore</li> </ul>

## Company Registration

To set up a business in Singapore, you will need to go through the Accounting and Corporate Regulatory Authority (ACRA), which administers the registration of businesses in Singapore.

All applications to register a new business are submitted online and businesses are usually registered within 15 minutes upon payment of registration fee.

No.	Procedure	Time to complete
1	Registration on-line with ACRA including company name search and filing the company incorporation and tax number (GST)	Less than one day (online procedure)
2	Make a company seal	One day
3	Sign up for Employee Compensation Insurance at an insurance agency	One day

## Legal Forms of Business Entities

### Singapore Incorporated Company

Below are the different company structures for a business/company incorporated in Singapore.

Business Structure	Ownership	Legal status
Sole proprietorship	Single owner	<ul style="list-style-type: none"> <li>Owner is personally accountable for all risks, debts and losses</li> </ul>
Partnership	2 to 20 individuals or companies	<ul style="list-style-type: none"> <li>Partner is personally accountable for all risks, debts and losses</li> <li>Partner can also be made accountable for losses incurred by other partners</li> </ul>
Limited liability partnership	Minimum of 2 partner	<ul style="list-style-type: none"> <li>Partners have limited liability but are personally liable for debts and losses resulting from their own wrongful actions.</li> </ul>
Limited partnership	At least 1 general partner and 1 limited partner	<ul style="list-style-type: none"> <li>General partner: unlimited personal liability</li> <li>Limited partner: liable up to agreed investment</li> </ul>
Company	Private – maximum 50 owners Public – unlimited owners	<ul style="list-style-type: none"> <li>Separate legal entity</li> </ul>

A foreign company that wishes to register an office in Singapore may do so under any options listed below:

	Subsidiary company	Representative office	Branch office
Entity name	Need not be same as parent company	Must be same as parent company plus must include 'Representative Office'	Must be same as parent company
Allowed business activities	All business activities	Only market research or coordinating activities	Must be same as parent company
Ownership	Same as private limited companies	Temporary administrative arrangement	Wholly owned by head office
Appointment of officers	Must appoint at least one local resident person	Must appoint a chief representative who will relocate from head office	Must appoint at least two local resident persons

*Note: For representative office, it has to be renewed annually with maximum of 3 years*

# Compliance Requirement

All Singapore companies must comply with the statutory filing requirements with Accounting and Corporate Regulatory Authority (ACRA) and Inland Revenue Authority of Singapore (IRAS). You may engage a professional firm to be your tax and secretarial agent to assist you to meet the compliance requirement.

## Accounting and Corporate Regulatory Authority (ACRA)

Annual General Meeting (AGM)	<ul style="list-style-type: none"> <li>• First AGM within 18 months from date of its incorporation;</li> <li>• Subsequent AGMs must be held every calendar year and the interval between AGMs should not be more than 15 months</li> </ul>
Annual Return (AR)	<ul style="list-style-type: none"> <li>• AR must be filed within one month after the AGM</li> <li>• Annual accounts for a Singapore company must be in compliance with Singapore Financial Reporting Standards (SFRS).</li> </ul>

## Inland Revenue Authority of Singapore (IRAS)

Estimated Chargeable Income (ECI)	<ul style="list-style-type: none"> <li>• File within 3 months from financial year end</li> <li>• Exemption – If annual revenue is less than S\$1 million</li> </ul>
Income Tax Return	<ul style="list-style-type: none"> <li>• File by 30th November each assessment year</li> </ul>

## Other Requirements

Goods and Services Tax (GST)	<ul style="list-style-type: none"> <li>• Registration for GST is compulsory if:             <ol style="list-style-type: none"> <li>1. turnover is more than S\$1 million for the past 12 months; or</li> <li>2. you are currently making sales and you can reasonably expect the turnover to be more than S\$1 million for the next 12 months.</li> </ol> </li> </ul>
Audited or Unaudited report	<ul style="list-style-type: none"> <li>• Every company must prepare either audited or unaudited financial statements;</li> <li>• Some companies are given audit exemptions if it is “small company” or “small group” in line with Thirteenth Schedule of Companies Act Cap 50.</li> </ul>
eXtensible Business Reporting Language (XBRL) Filing requirement	<ul style="list-style-type: none"> <li>• Solvent EPCs are exempted from filing XBRL report.</li> <li>• Insolvent EPCs and Non-EPCs are required to file XBRL</li> </ul>
Central Provident Fund (CPF) Contribution	<ul style="list-style-type: none"> <li>• CPF contribution made 14 days after the end of the month</li> </ul>
Company Registration Number Disclosure	<ul style="list-style-type: none"> <li>• Every company is required to have the registration number on all business letters, statements of account, invoices, official notices and publications.</li> </ul>
Licenses and Permits	<ul style="list-style-type: none"> <li>• Some business in Singapore is subjected to regulation by government authorities such as school, travel agency, etc.</li> </ul>

Custom Registration	<ul style="list-style-type: none"> <li>For company involving import, export in and out of Singapore, you will need to activate your customs account upon successful registration with ACRA</li> </ul>
Company Secretary	<ul style="list-style-type: none"> <li>A Singapore company must have a registered Corporate Secretary to be responsible for the corporate administration and filings of the entity.</li> </ul>

## Organizational Questions

Topic	Feature	Remarks
<b>Commercial Register</b>	Companies of all legal forms must be entered in the commercial register. The commercial register is administered in electronic form ( <a href="http://www.acra.gov.sg">www.acra.gov.sg</a> ).	
<b>Private Limited Company</b>	Can be established with one director and one shareholder with minimum share capital of \$1.	
<b>Bank Account</b>	To open a bank account, companies need the Certificate of Incorporation a latest business profile from ACRA and certified copies of the Memorandum and Articles of Association of the company. The initial deposit to open SGD Account is usually range from SGD 3000 to SGD 10,000 depending on the bank. For USD initial deposit is USD 1000 to USD 5000.	For account deposits of more than SGD 10.000 cash, banks are required to check the identity of the depositor in order to prevent money laundering.
<b>Transfer of Goods and Machinery</b>	Transfer can be done easily and will be subject to GST which is 7% if it entity transferring is GST registered.	
<b>Transfer of Capital</b>	Capital can be moved in and out of Singapore without any restrictions.	
<b>Visa and Residence Permit</b>	All business are required to obtain employment passes or entrepreneur pass to stay in Singapore from Ministry of Manpower For more details please refer to <a href="http://www.mom.gov.sg">www.mom.gov.sg</a> .	



# Employment

Topic	Feature	Remarks
<b>Employment Pass/ Work permit</b>	<p>A foreign citizen has to obtain employment pass / work permit in order to work in Singapore. The working permit can be obtained with a long term visa, for a list of cases, including:</p> <ul style="list-style-type: none"><li>• Work employment in Singapore.</li><li>• Business activities in Singapore.</li><li>• Commercial activities in Singapore.</li></ul> <p>The process for employment pass/ work pass please see the required documents and details on <a href="http://www.mom.gov.sg">www.mom.gov.sg</a></p>	

# Taxation

Singapore is a *world-class* city to do business. It is globally connected, multi-cultural, cosmopolitan city which offers a conducive environment to numerous industries, including creative and knowledge-driven ones.

## **World's easiest place to do business**

Strong trade and investment makes Singapore the most competitive Asian country and the world's easiest place to do business.

## **Attractive tax rates/ tax agreements**

Singapore offers one of the most efficient corporate and personal tax regimes in the world.

- **Individual tax assessment**

Prevailing tax rates for tax resident individuals

Tax payable is calculated at progressive rates on your chargeable income.

Example: If your chargeable income (total income net of donations and tax reliefs) for Year of Assessment (YA) 2017 is \$140,000, your tax payable would be calculated as below:

First \$120,000	\$7,950
Next \$20,000 at 15%	\$3,000
Total tax payable	\$10,950

### Tax rates for resident individuals - From YA 2012 onwards

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000 Next \$10,000	0 2	0 200
First \$30,000 Next \$10,000	- 3.5	200 350
First \$40,000 Next \$40,000	- 7	550 2,800
First \$80,000 Next \$40,000	- 11.5	3,350 4,600
First \$120,000 Next \$40,000	- 15	7,950 6,000
First \$160,00 Next \$40,000	- 18	13,950 7,200
First \$200,000 Next \$40,000	- 19	21,150 7,600
First \$240,000 Next \$40,000	- 19.5	28,750 7,800
First \$280,000 Next \$40,000	- 20	36,550 8,000
First \$320,000 Above \$320,000	- 22	44,550

\*For YA 2017, a Personal Tax Rebate of 20% of tax payable, up to maximum of \$500 is granted to tax residents.

- **Corporate tax** - newly incorporated companies are allowed a **tax exemption** on first S\$200,000, subject to conditions, where it is considered a "zero-tax jurisdiction". For taxable profits more than S\$300,000, **tax rate is flat at 17%. Capital gains in Singapore are not taxable.** Following a one-tier tax policy, dividends issued to shareholders are exempted from tax. Income sourced outside of Singapore and not remitted into Singapore is not taxable.
- **Consumption tax** - Singapore adopted a broad-based consumption tax called Goods and Services Tax (GST). To maintain competitiveness, Singapore currently maintains one of the **world's lowest rates at 7%**, ranking below the global average VAT/GST of 16.4% and Asia-Pacific of 10.5%.
- **Double Taxation Avoidance Agreement** - Multinational companies benefit from Singapore's network of over 50 comprehensive *Double Taxation Avoidance Agreements* by setting up their international headquarters in Singapore. For companies with income arising from cross-border activities, Singapore has established avoidance of Double Taxation Agreements (DTA) with other international jurisdiction. A DTA also makes clear the taxing rights between Singapore and her treaty partner on different types of income. These agreements also provide for reduction or exemption of tax on certain types of income.



### **Incorporating a business in Singapore**

- Setting up a business is simple, fast and problem-free.
- Singapore is a leading provider of services such as international banking, trade finance, maritime finance, insurance, treasury operations, and asset and wealth management within the region. Singapore is the fourth largest foreign exchange trading Centre in the world.
- Companies based in Singapore can tap the diverse capital markets and cutting-edge financial services from more than 500 local and foreign financial institutions here. In addition, there are over 4,500 companies offering professional services, including audit, accounting and management consulting; market research, advertising and public relations; human capital services; and legal services.

### **Strategic Geographical Location**

- As Singapore is situated in the heart of South-East Asia, entrepreneurs can easily venture into other Asian countries. The Singapore port is one of the busiest in the world and the country is classified as a premier International Maritime Centre (IMC). With its international airport, location and maritime centre, Singapore is a prime location where businesses can easily venture out into other ASEAN countries for investments.
- Singapore has no restrictions on foreign ownership of business. The repatriation of profits and the import of capital are freely allowed. It is one of the best places to set up your business.

### **International trading**

- Singapore's many Free Trade Agreements (FTAs) and the 35 Investment Guarantee Agreements have enabled Singapore to establish agreements with countries that cumulatively, contribute to at least 60% of the world's GDP.
- Companies can always rely on protection of their ideas and innovations through Singapore's rigorous enforcement of its intellectual property laws.

Owing to the reasons above, global businesses find it advantageous to site their headquarters in Singapore.







*This guide has been prepared by  
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