

Advantages of Singapore Company Incorporation

Singapore has been rated the most business-friendly economy in the world; it is synonymous with safety, courtesy and economic prosperity. It is easy to understand why it is such a sought-after destination by entrepreneurs. Many businesses, large or small have decided on Singapore company incorporation, often establishing their Asian headquarters in the republic.

Ease of Incorporation and Business in Singapore

The incorporation of a company in Singapore is a fuss-free and quick process, Singapore has been consistently ranked as one of the best places to do business in the world, in fact it was established the easiest place to do business by the 'Doing Business Survey 2009' by the World Bank. With all the required documentation the process can be completed in a nominal time of just a few days. The requirements are also relatively easy to meet: authorised share capital of SGD\$1, only one director required (at least one needs to be a Singapore resident) and one shareholder. Resident Directors can be sourced via local Corporate Service firms. In 2008, there were 25,330 companies formed in Singapore. The 2.2% decrease from 2007 was the first year-on-year decline since 2001. This decrease is influenced by categories severely impacted by the recession such as Real Estate and Finance. Categories of Entertainment, Manufacturing, Education and Communications all experienced growth. Cessation of companies during 2008 amounted to 10,480.

Singapore incorporation is incredibly cost effective, with low corporate and personal taxes. The government has also instated several incentives and initiatives to further lure and benefit foreign investors. There are tax exemptions on the first few years of business, to support entrepreneurship within Singapore; a new company is exempt for its initial \$100,000 profit for their first three fiscal years. The social structure of Singapore has been carefully nurtured to ensure the Country's continued success, considering its small population and lack of resources, it has benefited from a strategic geographical advantage (being one of the busiest ports in the world). Expansion locally would also be ideal with an incredibly capable and competent workforce that hails from an efficient and often praised educational system.

A virtual office is another solution for organizations that want to expand their business operations without having to relocate and in a cost effective manner. Clients can arrange access to an office when or if business needs to be conducted locally, through their consultancy firms.

Economic and Trading Hub

Singapore's strategic geographic location makes it an ideal destination for company incorporation, whether your company is small or large Singapore is an effective jurisdiction to reach the broader Asia region. Boasting one of the largest trading volumes globally, businesses in the import and export industries would be model entities.

Largely considered a business centre with hundreds of inbound and outbound flights daily between other economic hubs, business operations are easily coordinated throughout the region from Singapore. There are good international ties with a large list of countries allowing easy trade, Singapore is ranked first for having the most open economy for international trade and investment by the World Economic. Currently there are 16 established free trade agreements (FTAs) with other leading economic nations including, the United States of America, Japan, Korea and China. Concurrently, there are FTA negotiations in place with other countries. FTA's help make business processes more cost effective by reducing tariffs, easing investment, and enhancing intellectual property regulations.

Taxes

Taxes are a common frustration in any business. Singapore poses a friendly corporate environment when it comes to taxes. Compared to other developed countries Singapore has relatively low corporate and personal taxes. With a corporate tax of only 17% (2010 onwards), and a maximum personal income tax rate of 20% (commences after income exceeds S\$320,000), the effective tax levels are low compared to most developed countries.

The government plays a very proactive role in the local economy ensuring its continued success and prosperity as a financial hub and nation. One example of such is the Double Taxation Agreements (DTAs) with a large list of jurisdictions, to make international business and trade for local companies easier and more efficient. There are currently 60 countries that Singapore has established DTAs with, and it is still growing.

Simultaneously, the government is always trying to expand into other markets and industries, promoting growth through highly attractive incentives effectively lowering tax rates of companies. Some of the tax incentives schemes handed out by the Economic Development Board of Singapore (EDB) include:

- Pioneer Industries

The EDB may grant pioneer incentive to approved industries not currently being practiced on a large enough scale, especially if it has a favourable forecast. The tax relief period commences on production day and is extended for 15 years, within guidelines.

- Pioneer Service Companies

This scheme, similar to the Pioneer Industries scheme promotes the development of unrealized sectors. Such activities include any engineering or technical services, consultancy and research and development, computer related services, and several others.

- Development & Expansion Incentive

Tax relief of up to 10 years is provided, approved at the discretion of the ministry in 5-year periods. Limited to the manufacturing of any product that would be of economic benefit to Singapore.

Singapore's strong social and economic development, coupled with a strategic geographic location and proactive government support it's strong economic appeal. Singapore company incorporation benefits entrepreneurs and international business via efficient tax implications, good infrastructure, skilled workforce and simplistic business practices.

www.healyconsultants.com