

Guide to doing business in Singapore

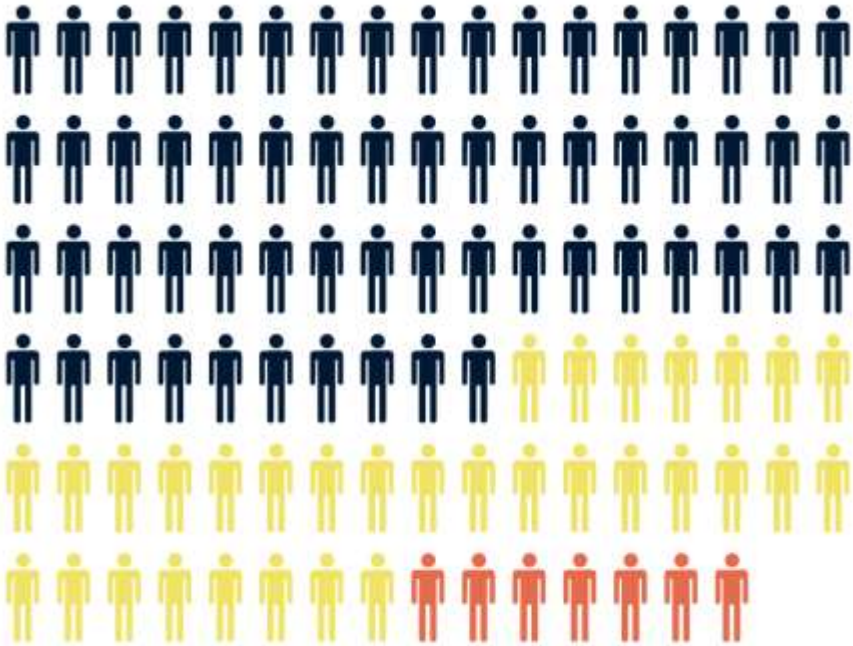


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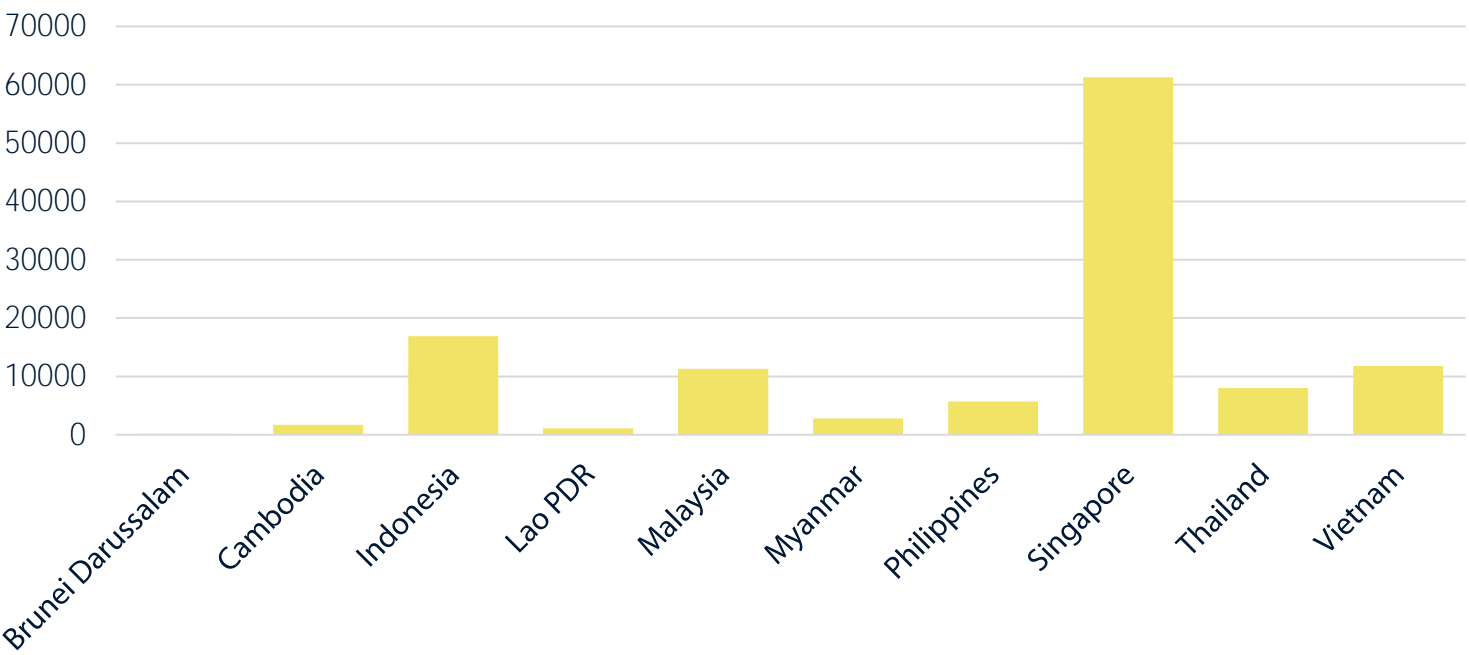
5.60m
population

3.60m
total workforce



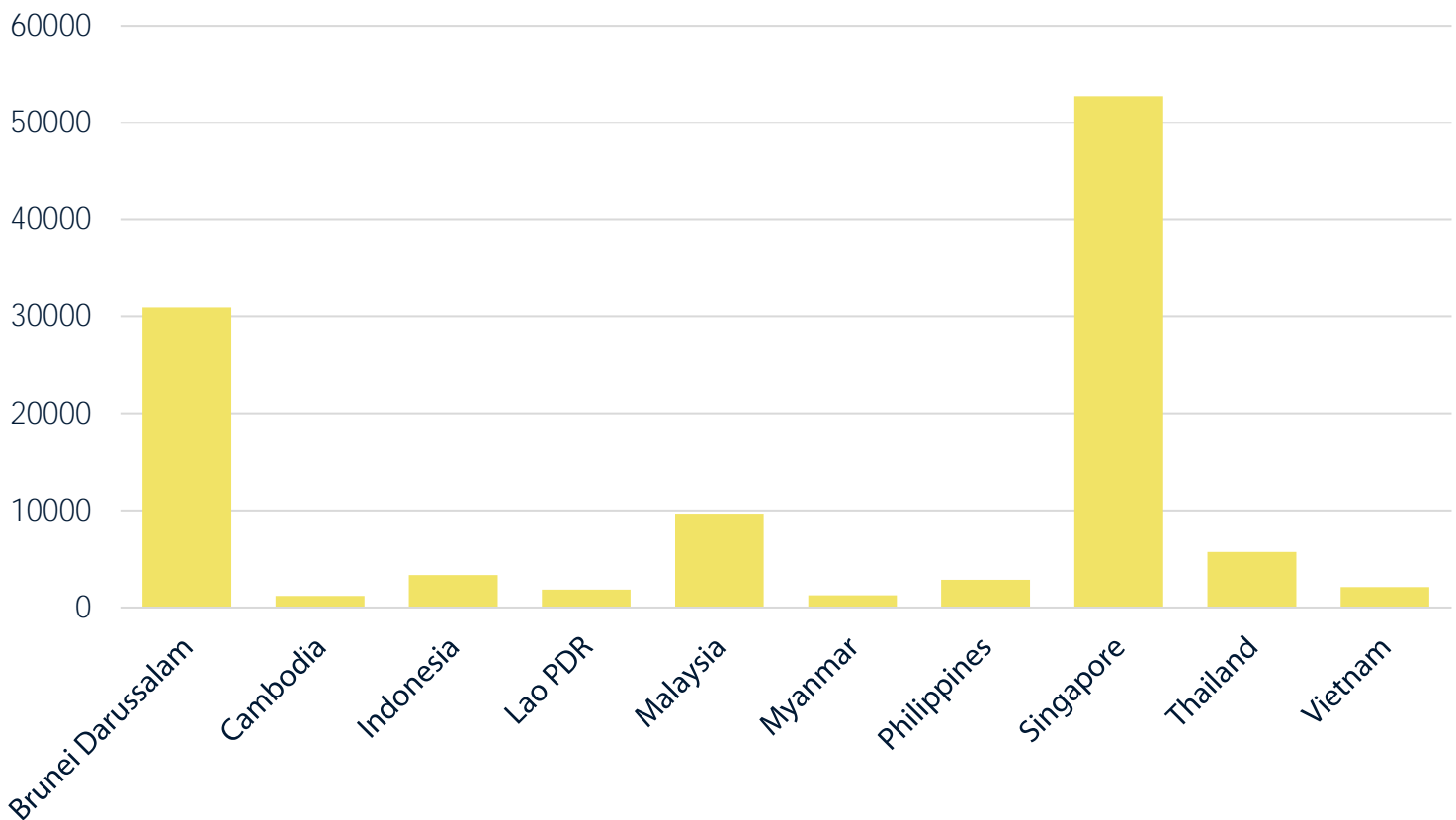
■ Local workforce (61.11%)
 ■ Foreign workforce (32.22%)
 ■ Domestic workers (8.67%)

ASEAN FDI 2015





ASEAN GDP per capita



Ease of setting up a business

2.5 days to start
a business

3 steps in the
procedure

- ✓ Singapore has an extensive network of 20 implemented FTAs and 31 trading partners
- ✓ Singapore ranks 2nd in the World Bank's Ease of Doing Business 2016 report
- ✓ Corporate tax rate is 17%



74.1% of Singaporeans
are ethnic Chinese with a good
proficiency of Mandarin

China-Singapore free trade agreement (CSFTA) signed on 23 Oct 2008

Key benefits:

- ✓ CSFTA covers tariff elimination of 95% of Singapore's Exports to China
- ✓ Allows for third party invoicing of goods

FDI from Singapore to China 110.1 billion (stock) US\$72.3 billion

China is Singapore's largest trading partner

People's Bank of China (PBC) appointed ICBC Singapore branch as the RMB clearing bank on 2013

Starting a company in Singapore

Singapore is one of the most convenient locations to start a company, ranking 2nd in the [Ease of doing business ranking](#) by the World Bank. This guide will take our readers through the steps required to start a business in Singapore, from registering a company to finding an office space. It also aims at providing our readers up to date information on the tax and compliance regulations for their Singapore company.

Company registration

Choosing a business structure

All companies in Singapore must be registered with the [Accounting and Corporate Regulatory Authority](#) (ACRA). However, before starting the process of registering a company in Singapore, entrepreneurs will have to decide on the business entity that better suits their business.

The most common business entity in Singapore is the **private limited company**. The three main advantages of this entity are it **i)** only requires one shareholder, **ii)** can be registered with an investment as low as SG\$1, and **iii)** its owners benefit from limited liability for all debt obligations which may be incurred by their company. Only assets related to the company will be used to settle the company's liabilities, while the investors' personal will be protected.

Setting up a private limited company is a good choice for any company that wishes to expand its business operations in Singapore.

If a private limited company is not suitable for intended business needs, entrepreneurs can also opt for the other two types of business entities: a **limited liability partnership** or a **sole proprietorship**.

A **limited liability partnership** has the same advantages of a private limited company. The partners have limited liability in case the business goes bankrupt or has any remaining debt obligations.

The internal structure of a LLP functions as a partnership agreement under which each partner can decide how much he/she wants to contribute, how much he/she wants to be involved, etc. Furthermore, unlike an LLC, LLP will not be required to appoint Board of directors or hold annual meetings.

Generally limited liability partnerships are used by professions that want to offer employees incentives to grow into partners and participate in the equity of the business, such as lawyers and architects, among others. It can also be a form of business required by local regulations or a common business practice.

Lastly, the **sole proprietorship** is usually recommended for Singapore nationals with a small and low-risk business. The main advantage is that **i)** there are very few requirements for registration, **ii)** it allows greater management autonomy for the owner and **iii)** the owner pays personal income tax instead of corporate tax. However, the sole proprietorship confers unlimited liability to its owner. In other words, the business owner is personally responsible for all the debts and losses of the business.

Comparing business entities

Type of entity	Sole Proprietorship	Limited Liability Partnership	Company
Liability	Unlimited liability	Limited liability	Limited liability
Minimum number of directors	1	1	1
Minimum number of investors	1	2	1
Individual investors allowed (people)?	Yes	Yes	Yes
Corporate investor allowed?	Yes	Yes	Yes
Public register of shareholders and directors?	Yes	Yes	Yes
Audited accounts required?	No	No	Yes
Audit exemption for SMEs?	N/A	N/A	Yes
Filing of financial statements with ACRA?	No	No	Yes
Annual tax return to be submitted?	No	Yes	Yes
Annual declaration of solvency?	No	Yes	Yes

Requirements for registering a private limited company

Upon decision to incorporate as a private limited company, there are a couple of things to keep in mind before starting the registration process.

While there are no limits to the number of directors that can be appointed to a company, **at least one reside in Singapore**. If none of the directors currently reside in Singapore, a **nominee resident director** can be appointed, someone who will lend his name for business setup but won't have any actual executive powers. Appointing a nominee director is a common practice in Singapore, with many companies including Healy Consultants Group PLC offering such service.

For an LLC, there is also a requirement to appoint a **resident company secretary**, someone who is responsible for ensuring that the company complies with the laws and regulations of ACRA, and implements the decisions made by the directors. Any Singapore national, foreigners holding a permanent resident or any sort of employment visa can be appointed company secretary; even a resident director can be appointed as long as he is not the sole director of the company.

Another requirement for a private limited company is having a **registered address in Singapore**. The address must be of a physical office and not just a P.O. Box. If a company is not planning in setting up an office in Singapore, it is possible to use a **virtual office**.

As mentioned earlier, in Singapore there is no minimum requirement for paid up capital, it is possible to register a company with an initial investment of just US\$1. However, starting a company with just US\$1 as paid up capital is not recommended, as there are many obligations that require a higher amount. Opening a bank account, for example, requires a minimum deposit of at least US\$1,000.

Foreign companies in Singapore

To conduct business as a foreign company, a **branch office** or a **representative office** can be registered.

A branch office is an extension of the Head Office in another country. It is not a separate legal entity, therefore the head office remains responsible for the debts and liabilities of the branch office, and it has to conduct the same business activities as the parent company.

To register a branch office in Singapore there are requirements to **i)** appoint at least one representative, who is resident in Singapore; and **ii)** register a local address in Singapore. Using a nominee representative and a virtual office are also allowed for branch office. The registration process follows the process of registering a private limited company; it must be done through ACRA's [BizFile](#).

However, the process of registering a representative office differs. A representative office must be registered with the [Singapore's Representative Office Management System](#), under the [International Enterprise \(IE\) Singapore](#).

While the branch office can run commercial and productive operations in Singapore, that is not the case for a representative office. The main use of a representative office is therefore for **i)** promoting business of the parent company, **ii)** market research and **iii)** after-sales support.

A foreign company is only allowed to open a representative office if the sales turnover of the foreign entity is more than US\$250,000 and it can operate for **maximum of 3 years**, with yearly renewal. Furthermore, it is only allowed to have 5 staff members, making it a small operation.

Steps for incorporating company and timelines



The entire process of reserving a company name to the approval of incorporation takes a week on average. The company name will be reserved for 60 days from the date of application and can be further reserved for an additional 60 days.

Corporate Banking

Singapore as a financial center

Being one of the leading global financial centers (ranked 3rd by [Global Financial Centers Index](#)), banks in Singapore offer excellent banking facilities and customer service. Singapore's financial stability is underlined by its credit ratings, its three major local banks [United Overseas Bank \(UOB\)](#), [Development Bank of Singapore \(DBS\)](#) and [Overseas Chinese Banking Corporation \(OCBC\)](#) received [aa3 ratings from Moody's](#), a category amongst the highest assigned to banks globally.

However, if local banks are not to company's taste, prominent foreign banks operating in Singapore include **i) [Standard Chartered](#), ii) [HSBC](#), iii) [Citibank](#), iv) [ANZ](#) and v) [Bank of China](#).**

[Monetary Authority of Singapore](#) (MAS) is the regulatory body for all financial institutions in Singapore. Generally, there are little restrictions on both local and foreign companies holding corporate bank accounts in Singapore apart from the regular [anti-money laundering and financing of terrorism laws](#). Companies should have little issues with opening bank accounts in Singapore.

Criteria for selecting banks

Generally, the factors that would affect choice of banks are **i) transaction fees and interest rates offered ii) availability of foreign or multi-currency accounts and iii) types of transaction facilities provided.**

In the case of foreigners conducting business in Singapore, it may be important to know if banks have branch offices in their country of residence (for ease of transaction) or if authorized signatories and directors must be present locally in Singapore to open the bank account. If company already has an account with the bank in another country, the ease of opening a new account with the same bank in Singapore would be much greater.

Comparing corporate bank accounts

	DBS business account	UOB corporate current account	OCBC business first account	HSBC Singapore corporate Account	Citibank Singapore corporate account
Need to visit bank for account opening	No	Yes	Yes	Yes	Yes
Minimum initial deposit	SG\$3,000	SG\$1,000	SG\$3,000	None	SG\$100,000
Minimum balance to maintain	SG\$10,000	SG\$8,000	SG\$5,000	SG\$50,000	SG\$50,000
Multi-currency accounts available?	No	No	No	Yes	Yes
Internet Banking	Yes	Yes	Yes	Yes	Yes
Some foreign currency accounts provided by respective banks	RMB, EUR, GBP, USD, AUD, THB	RMB, EUR, GBP, USD, AUD	EUR, GBP, AUD, HKD	USD, EUR, GBP, AUD, NZD, JPY	USD, EUR, HKD, NZD, GBP, CAD
Estimated time taken to get account approval	4 weeks	4 weeks	4 weeks	4 weeks	4 weeks
Estimated time taken to get internet banking	2 weeks	2 weeks	2 weeks	2 weeks	2 weeks

Procedure for opening corporate bank account

Different banks may have different procedures for opening of bank accounts; but generally, the steps companies have to take are as follows:

Steps	Procedure	Remarks
Step 1	Prepare due diligence documents	Documents include personal identity, details of management team, company's activities (contract and invoices) and financial projections. Well prepared due diligence documents go a long way in ensuring account approval.
Step 2	Submit application forms and documents to bank	Some banks may allow this to be done online and through courier service, while some may require Clients be present at the bank.
Step 3	Attend bank interview	This is to fulfil the bank's 'know your customer' procedure (regulatory risk compliance) and depends on the bank's assessment of risk.
Step 4	Deposit funds into bank account upon approval	-
Step 5	Activation of e-banking facilities	This will take around two weeks, after which company may begin to perform transactions via internet banking.

For foreign companies incorporating in Singapore, it may be useful to know that some banks may allow documents to be signed at their overseas branch or be witnessed by a Notary Public.

There is a high possibility the bank would require a bank interview to conduct risk assessment and this may be done over video calls. Companies should be prepared to answer various interview questions such as:

- What are the business main activities?
- Why does company require a Singapore bank account?
- Why register company in Singapore?
- Who are the beneficial owners?
- Where are the company's source of funds?
- Where are the company's clients and suppliers located?

After the bank meeting, bank officers may require further supporting documentation to prove the credibility of answers. Companies are recommended to prepare such documents before application to increase likelihood of corporate bank account approval.

Hiring Staff in Singapore

Employment market in Singapore

Hiring staff is expensive in Singapore with a median monthly income of [US\\$2,864 which rose 4.7%](#) from the previous year. This makes Singapore the most expensive location to hire workers in South-East Asia despite having no minimum wage. In comparison, its neighbour Malaysia's average wage is only US\$552.

Below is a table of [average wage for various labour categories](#):

Professionals	US\$4,000
Associate professionals and technicians	US\$2,600
Craftsmen and trade workers	US\$1,400
Plant and machine operators and assemblers	US\$1,200
Labour workers	US\$900

Singapore places a strong emphasis on human resource development and prides itself on its [highly educated and qualified workforce](#). The Government initiated a scheme in 2016 to encourage Singaporeans

to upgrade their skills; as a result, all Singaporean citizens aged 25 and above are entitled to a [SkillsFuture](#) fund which can be spent on approved courses on [Udemy](#), [Coursera](#), [polytechnics](#) and other educational institutions. This scheme aims at increasing the productivity of local employees.

Literacy rate is very high at 96.8% with most Singaporeans being educated in English. Language barrier is rarely an issue between the employer and local employees.

Singapore has relatively lax regulations on foreign work visa, not surprising, considering the fact that about a third of its workforce consists of foreign labour. About 70% of foreign workers in Singapore are low skilled workers while the remaining are categorized as mid-level and high skilled labour.

Hiring process

Hiring staff in Singapore is a fairly straight forward affair. In Singapore, job portals are usually the go-to platforms for both companies looking for staff and jobseekers. Popular job portals in Singapore are [JobStreet](#), [JobsDB](#), [JobsCentral](#) and [JobsBank](#) (Government). Social media sites such as [LinkedIn](#) and [Facebook](#) can also be useful for hiring.

Engaging HR firms is recommended for more specific hiring needs; for example, when a very specific skill set is required or if employer requires staffing to be done quickly. These firms usually have a database of jobseekers and would be able to better help employers find suitable candidates to fill their ranks, albeit at a fee. Established recruitment agency includes [Kelly Services](#), [Adecco](#) and [Recruit Express](#).

The process for hiring staff is similar to other countries. Shortlisted candidates typically go through one to two rounds of interviews, depending on the skill level required of the staff. Aptitude and personality test are also common practice in Singapore. HR consultants do provide such initial screening services to streamline hiring process.

Another factor to consider is the highly competitive employment market with a low employment rate of 2.1% and turnover rate of 2.4%. Employees do have some advantage over employers, qualified candidates may fish for favourable contractual terms before committing.

While it is possible for employers to draw up employment contracts for their employees, it is highly recommended that employers hire a lawyer or engage a HR consultant. If employers do wish to draft up their own contracts, the main legislation to be aware of is the [Employment Act](#).

The [key employment terms](#) (KET) required in a contract are **i)** appointment position and job scope, **ii)** date of commencement, **iii)** remuneration package, **iv)** hours of work, **v)** annual leave, **vi)** employee benefits and **vii)** termination terms. Typically, standard company benefit includes medical benefits, 2-3 times monthly wage for annual bonus and 14 days of annual leave.

Labour levies

There are two main levies to be paid by employers in relation to employing staff in Singapore. They are the central providence fund (CPF) and the skill development levy (SDL).

CPF is the social saving scheme for Singapore citizens. CPF contribution is made payable only to Singapore citizens and Singapore Permanent Residents working under a contract of service (both part-time and full time). Currently, the employer's contribution to CPF is 17% of employee's wage.

SDL is a fund used to provide training to keep Singapore's labour force updated. Employers are required to pay a monthly levy towards SDL for all employees (local and foreign) rendering services in Singapore. Levy payable is at 0.25% of employee's monthly salary and is capped at SG\$11.25.

Employing foreign workers

To employ a foreign worker, the employer must apply to the [Ministry of Manpower](#) (MOM) which is the regulatory body for work passes.

Employers have a variety of [work permit schemes](#) to choose from, the type of work pass to apply for depends largely on the skill level and salary of the foreign worker. See table below for more details.

Most of the passes such as Employment-pass and S-pass can be applied online by the employers while others may require courier services and take typically around a week to process.

For employment pass, MOM requires employers to advertise the job on JobsBank for at least 14 days, making the vacancy available for Singaporeans before application. Employers are also highly encouraged to use the Government's [Self-Assessment Tool](#) to assess the eligibility of the candidate before application to reduce rejection rate.

S-pass and work permit on the other hand are subjected to levies and quotas. Employers can use the [quota calculator](#) to plan the number of S-pass and work permit holders based on industry sector and workforce.

Type of Passes	Who is it for	Requirements	Validity	Quota system
Employment Pass	Company owners and skilled employees	<ul style="list-style-type: none"> • Managerial or executive; • Monthly salary of SG\$3300; • Professional Qualification. 	Up to 2 years	None
EntrePass	Foreign owners of newly incorporated company	<ul style="list-style-type: none"> • Registered company of less than 6 months-old; • SG\$50,000 paid-up capital; • Own 30% of shares; • Additional conditions. 	Up to 1 year	None
Personalised Employment Pass	Well paid professionals	<ul style="list-style-type: none"> • Professional; • Last drawn monthly salary of SG\$18,000. 	Up to 3 years	None
S Pass	Mid-level technical staff	<ul style="list-style-type: none"> • Monthly salary of SG\$2200; • Degree or technical diploma. 	Up to 2 years	Foreign worker quota
Work Permit	Foreign workers working in construction	<ul style="list-style-type: none"> • Each application considered on its merit. 	Up to 2 years	Foreign worker quota

Dependent Pass	Family of Employment or S pass holders	<ul style="list-style-type: none"> • Hold Employment pass or S pass; • Holder must earn at least SG\$5000 per month. 	Up to 2 years	N/A
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Finding office in Singapore

Office space market

Due to limited land space in Singapore coupled with high population density, companies should expect to foot a higher bill for office space, with gross rent per square foot (sq ft) averaging SG\$12.25. This makes Singapore one of the most expensive cities to reside in. Price factor should be the key concern for companies locating office premises in Singapore.

Most offices are located in the central business district (CBD), the premier commercial area where most banks and multinational companies' offices reside. To minimize rental expenses, companies may consider looking at office clusters outside CBD such as Novena, Toa Payoh and Payar Lebar as these areas are equally accessible.

With an excellent transport system for both motor vehicles and public transport, companies in Singapore should have little worries about transport access to customers and employees.

Locating office space

There are two main ways companies may set out locating office spaces for their business in Singapore. The first option is to engage a property agent while the second option would be to locate available spaces on classified ads and on the web.

The former option is the most common since finding office space is a time-consuming process and commission is usually paid by the landlord. Established agencies companies might engage are [ERA](#), [Propnex](#) and [Knight Frank](#).

In the latter option, companies may look up local newspaper advertisements or property listings such as [commercial.guru](#).

Standard market practice in Singapore

Lease Duration	The lease duration in Singapore is typically 2 to 3 years. For larger or multi-story spaces, a longer tenancy period can be negotiated.
Rent	Gross monthly rental is calculated based on price per sq ft and may include a service charge (approx. SG\$1.20 per sq ft) for miscellaneous expenses and maintenance. Rent is usually paid once a month.
Security Deposits	Payment of 2-3 months of gross rent as security deposit is a common practice in Singapore and is refundable at the end of the lease. The landlord reserves the right to deduct from the deposit any expenses and breaches payable by the tenant.
Renewal Option	Landlords typically extend leases for a similar duration as the previous agreement but may increase rent based on prevailing market rates.
Legal fee/Stamp Duty	Tenants are usually required to bear full or partial legal fees and stamp duties incurred from the lease agreement.
Office renovation	Office spaces normally come with standard fittings. Customization of office is subjected to landlord's agreement.

Tenancy process

Step 1: Letter of intent	Submission of letter of intent, outlining leasing term to landlord.
Step 2: Letter of offer	Upon agreement of basic terms, landlord will issue a letter of offer and also a tenancy agreement.
Step 3: Tenancy agreement	Tenant may appoint a lawyer to attend to the final drawing up tenancy agreement.
Step 4: Taking possession	Once Agreement is signed, tenant can conduct fitting-out works and use premises.

Financing in Singapore

Business financing in Singapore

In Singapore as it is in many countries, small business and startups have difficulties in acquiring credit from banks and financial institution due to their size and scale. To increase financing facilities and raise enterprising spirit in Singapore, the Government has launched numerous pro-business policies and also several initiatives to help business get access to funding. Singapore recently injected SG\$4.5 billion in an [industry transformation programme](#) to help grow business.

The Government has established several schemes to help businesses finance their operations in forms of **i)** tax exemptions, **ii)** cash payout and **iii)** Government-backed loans. The list below is not exhaustive but details some of the more popular schemes available. Additionally, it may be useful to look for the government agencies related to the industry as each government body provides support scheme according to the industry they are regulating. For instance, business in the energy industry should look for [Energy Market Authorities](#) for applicable grants while business in green technology should look to [National Environment Agency](#).

Government supported schemes

Tax Exemptions

Under this scheme, start-up companies can receive full tax exemption on their first SG\$100,000 and a further 50% exemption on the next SG\$200,000 for the first three consecutive years.

Requirements are that company:

- Is incorporated in Singapore;
- Is a tax resident in Singapore;
- Has not more than 20 shareholders.

Do note that start-up companies dealing with investment holding and development of properties do not qualify.

The Productivity and Innovation Credit (PIC)

The PIC is one of the most popular incentive scheme in Singapore due to its low requirement and flexibility. It allows business to receive 400% tax deductions up to SG\$400,000 or a 60% cash payout of up to SG\$100,000 for investments in innovations and productivity.

Six qualifying activities under PIC are **i)** research and development, **ii)** registration of intellectual property rights (IPRs), **iii)** acquisition and in-licensing of IPRs, **iv)** acquisition and leasing of prescribed automation equipment **v)** training of employees and **vi)** approved design projects.

For tax deductions, requirements are that the company **i)** has an active business operation located in Singapore and **ii)** has incurred qualifying expenditure for the above activities.

For cash payout, requirements are that the company **i)** has an active business operation located in Singapore and **ii)** has at least three local employees.

To claim PIC tax deductions, no prior approval from IRAS is required. Companies can claim deductions in income tax return. For cash payouts, businesses have to e-File [PIC payout application form](#) after the end of relevant financial quarter.

Government-Backed loans

There is a host of [loans available for SME by Spring Singapore](#) to cater to different business needs. These loans are made available through partnership of participating financial institutions and the Government. They typically have lower requirements than regular business loans. Interest payment is subjected to assessment of risk by participating institutions.

Generally, the requirements for the loans are that the companies **i)** are registered and operating in Singapore, **ii)** have at least 30% local shareholding and **iii)** annual sales of less than SG\$100 million or have less than 200 employees.

To apply for such loans, interested company should download the [finance scheme application form](#) and approach the participating institutions such as **i)** [DBS](#), **ii)** [OCBC](#) **iii)** [Standard Chartered](#), **iv)** [UOB](#) and **v)**

[Ethoz Capital](#). Approval of loan may take 3 weeks or more. Before application, companies are highly recommended to consult participating institutions for assistance.

Loans	Scope	Loan quantum (up to)	Repayment period
Micro	Daily operations and equipment	SG\$100,000	Up to 4 years
Equipment and factory	Upgrading factory and equipment or purchase JTC or HDB premises	SG\$15 million	Up to 8 years for equipment and up to 10 years for factory
Working Capital	Daily operations	SG\$300,000	Up to 5 years
Venture	Working capital, asset financing	SG\$5 million	N/A
Loan insurance scheme	Inventory/stock financing facility	No maximum	N/A

JTC: Jurong town council; HDB: Housing development board

Alternative funding in Singapore

For entrepreneurs looking for alternative funding for their business, they may look to venture capital (VC) funding or crowdfunding.

In looking for venture capital funds, entrepreneurs exchange a portion of their equity in the company for capital to grow their business. Its useful for high-growth businesses who are unable to receive loans due to lack of assets or collateral.

Although the venture capital scene in Singapore is minute compared to United States or Europe, Singapore has a fair number of VCs, including Government back ventures and also boost a number of international VC. Established VCs include [500 startups](#), [Far East Ventures](#), [Golden Gate ventures](#), [NRF](#) (Government) and [EDBI](#) (Government).

Crowdfunding is typically helpful for business selling novel products that need financing to start production. There are four types of crowdfunding arrangements, **i)** equity-based, **ii)** lending-based, **iii)** reward-based and **iv)** donation-based.

Businesses need to be aware that in Singapore, depending on the arrangement, crowdfunding may be regulated by MAS. Equity-based crowdfunding for example is subjected to the requirements of [Securities and Futures Act](#). Popular crowdfunding platforms entrepreneurs may use are **i)** [Kickstarter](#), **ii)** [Indiegogo](#) and **iii)** [RocketHub](#) .

Tax & Compliance

After going through all the incorporation steps specified in the first part of this guideline, companies in Singapore have to comply by Singaporean tax and compliance laws. The following segment highlights the main points that any company has to oblige by. Further information on tax in Singapore can be found on the [Inland Revenue Authority's \(IRAS\) website](#).

Singapore's corporate income tax rate is a flat rate of 17% while valued added tax also known as goods and service tax (GST) in Singapore on goods & services and import is 7%.

The two main tax filing dates to be aware of are **i)** filing of estimated chargeable income at the end of each financial year and **ii)** annual filing of corporate income tax on 30 November (manual filing) or 15 December (by e-File).

However, there are many tax reduction schemes that are available for companies that meet certain requirements. See below for the benefits qualified companies can enjoy..

Singapore tax laws

Benefits of becoming a tax resident

Companies that are considered residents of Singapore are companies where the **control and management of the company is exercised in Singapore**. Normally, this is established by looking at the location where the Board of Directors meetings are held and where decisions on strategic matters are made. Companies that want to be considered as tax residents must apply for a Certificate of Residence (COR).

The key advantages of becoming a **Singapore resident companies** are **i)** tax benefits of avoidance of double taxation avoidance agreements (DTAAs), **ii)** tax exemption on foreign sourced dividends, foreign branch profits and foreign service income; and **iii)** corporate tax exemptions for a new start-up company.

DTAAs affects private limited companies incorporated by foreigners the most. DTAAs are agreements between Singapore and other countries which eliminates double taxation on a same source of income, for example as corporate income in Singapore and personal income in their home country.

Double taxation avoidance agreements are signed between countries to minimize the taxation applied on international business. Singapore has signed DTAA's with several countries, including United States, India, United Kingdom, among others. A list of all treaties is available at the [IRA's website](#).

Companies that are not incorporated in Singapore can also be considered tax residents. To be eligible to apply, **foreign-owned investment-holdings companies** must prove that **i)** the control and management of the company is in Singapore and **ii)** it must present a valid reason for not setting up an office in the country. If these two conditions are satisfied, a COR will be granted and the company can enjoy the above tax benefits.

For the case of **foreign-owned investment-holdings**, apart from the abovementioned conditions, they also must: **i)** have related companies in Singapore that are tax residents or have business activities in Singapore, **ii)** receive support or administrative services from a related company in Singapore; **iii)** have at least one director based in Singapore who holds an executive position and is not a nominee director; and **iv)** have at least one key employee based in Singapore.

For **branch offices**, the COR will only be granted if **i)** the control and management of the parent company is in Singapore and **ii)** the company has valid reason for not incorporating in Singapore.

The COR application for all the cases mentioned above can be done online through the [My Tax Portal](#), under the IRAS by following the steps provided by this [user guide](#). The application takes up to 7 working days to be processed.

To apply by post, print the form [Application for Certificate of Residence](#) and send it to the IRAS office. The process will take up to 14 working days to be processed and the results will be available at [My Tax Portal](#).

Further tax exemptions

All companies can enjoy 75% tax exemption on the first SG\$10,000 of normal chargeable income, and further 50% tax exemption on the SG\$290,000 of normal chargeable income. Therefore, the company can be **exempted from paying up to SG\$152,500**. Furthermore, for YA 2016 and YA 2017 companies will be granted a 50% corporate income tax rebate, up to SG\$20,000.

This rebate is given to all companies, with the exception of non-resident companies that are subjected to final withholding tax.

Withholding tax regulations

In Singapore, companies are required to pay withholding tax in some cases. Withholding tax is the tax that is payed to IRAS in Singapore for payments made to residents or companies that do not reside in Singapore. It applies to the following transactions:

Type of payment	Tax rate
Interest, commission, fee or other payment in connection to any loan or indebtedness	15%
Royalty or other lump sum payments for the use of moveable properties	10%
Payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information	10%
Rent or other payments for the use of moveable properties	15%
Technical assistance and service fees	22%
Management fees	22%
Time, voyage and bareboat charter fees for the charter ships	NIL
Proceeds from sale of any real property by a non-resident property trader	15%
Distribution of taxable income made by REIT to unitholder who is a non-resident (other than an individual)	10%
Time Charter, Voyage Charter and Bareboat Charter Fees for the Charter of Aircrafts	Up to 2%, conditions apply

Appointment of auditors

The directors of any company in Singapore **must appoint an auditor within 3 months of its incorporation**. The only exception are **small private companies**.

Small private companies are companies that satisfy two of the following 3 requirements:

- The revenue of the company does not exceed SG\$10 million;
- The value of the company's does not exceed SG\$10 million;
- It does not have more than 50 employees.

If a company becomes a public listed company, or if it does not meet two of the three requirements it will no longer be considered a small company and will have to appoint an auditor.

Apart from small companies, private companies that are **dormant, that have no revenue or income**, are also exempt from appointing auditors if **i)** their total asset is no more than SG\$0.5 million at any time of the financial year; **ii)** the company has been dormant since the date of the incorporation or since the end of the immediate preceding financial year.

Once the company ceases to be dormant, when it receives any sort of revenue or income, the appointment of auditors becomes mandatory.

Regulatory compliance

GST registration

A company is required to register for Goods and Service Tax (GST), also known as VAT, if the **annual turnover exceeds SG\$1 million**. Once a company is liable for GST registration it has to apply within 30 days of the end of the quarter.

The application for the GST can be done by paper or online. For online application, the registration is done at [My Tax Portal](#) website under IRAS, following the steps explained at this [user guide](#).

For the paper application, send the [proper application](#) to the GST Application Team at IRAS.

The application takes 2 working days for online applications and 10 working days for paper applications. Once application is successful, the company will receive a letter detailing the GST registration number and the date to start charging and collecting GST on taxable supplies.

For foreign owned companies, the same rules apply. A foreign owned company will have to register for GST if its annual turnover exceeds SG\$1 million. The registration procedure is the same as for a local company.

Finding out which licenses and permits are required

The website [LicenceOne](#) from the Singapore Government lists all the licenses and permits required by each type of business.

To search for the licenses required by a certain business either enter the keywords at the search option or enter a business intent. After completing simple questions regarding the business operations, a list of all the licenses required for the business entity will appear, as well as the agencies responsible for each license, the cost of each one and a brief description of their purpose.

Some licenses are available through the LicenceOne website while others have to be obtained at the external websites provided. For licenses that can be obtained through LicenceOne, a list of documents required for each one will be listed.

Reporting requirements

All companies in Singapore that are required to submit financial statement are obliged to file XBRL financial statements with [BizFin](#). The only companies that are **exempt** from filling annual financial statements are **Small Exempt Private Companies (EPC)**, which are EPCs with an annual revenue of SD\$5 million or less. Exempt Private Companies are companies with 20 shareholders or less, all of which are individuals (**no corporations**).

EPCs with annual revenue above SD\$ 5 million, private companies that are not EPCs and public companies **all have to submit their financial statements annually**.

ACRA offers several [useful guides](#) on how to prepare the XBRL document and upload them to the BizFin portal.

Healy Consultants group

Who are we?

Healy Consultants is the best in the world in business setup in every country on the planet.

What we do?

Company registration in Singapore

Healy Consultants is a registered agent with [ACRA](#). Healy Consultants can assist our foreign Clients register their company in Singapore. Additionally, we assist our Clients determine the optimum corporate structure for their business needs and advise them in choosing the right regulatory license with the Singapore Government authorities.

Corporate banking solutions

Healy Consultants assists our Clients secure corporate bank accounts in both Singapore and overseas without our Clients having to travel. Our banking team will **i)** liaise with bank officers, **ii)** draft detailed business plan and **iii)** timely provide due diligence and information requested to complete the bank's KYC procedures, sheltering our Clients from all administrative tasks. Our long standing relationships with numerous banks such as [UOB](#), [DBS](#) and [OCBC](#) will increase probability of bank account approval.

Accounting and tax services

Healy Consultants has a team of experienced accountants to assist our Client with their accounting duties. Our accounting team will help Clients in filing of **i)** financial statements, **ii)** chargeable income, **iii)** annual income tax and **iv)** GST with [IRAS](#). Healy Consultants will legally minimize all of our Client's accounting, auditing and tax obligations.

Legal solutions

Healy Consultants' comprehensive range of services include provision of **i)** legal registered office, **ii)** resident company secretary and **iii)** professional resident directors to ensure our Clients comply with [Singapore Companies Act](#) and all relevant Statutes.

Contact details



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Checklist of documents

Documents required to incorporate in Singapore

- Description of business activities;
- Shareholders particulars;
- Directors particulars;
- Company secretary particulars;
- Registered address;
- Constitution.

Documents required for corporate bank account opening

- Resolution by company's board of directors;
- Copy of company's certificate of incorporation;
- Copy of the company's business profile;
- Copy of company's memorandum and articles of association;
- Copies of passport or identification card of company directors;
- Proof of residential address of directors and ultimate beneficial owners.

Additional documents if companies are incorporated overseas:

- Letter of recommendation from overseas branch;
- Certificate of incorporation;
- Register of directors;
- Register of shareholders.

Documents required for Government-backed loan application are:

- Business profile from ACRA;
- Audited accounts or certified financial statements;
- Bank statements;
- Personal income tax assessments of owner and director;
- Other documents requested from participating institution.