



DOING BUSINESS IN SINGAPORE – WHAT YOU NEED TO KNOW

1) TO REGISTER A SINGAPORE COMPANY:

BEFORE SINGAPORE COMPANY REGISTRATION

- Company Name:

The name must be approved before incorporation a Singapore Company.

a) Directors:

A minimum of one resident director (a resident is defined as a Singapore Citizen, a Singapore Permanent Resident, or an Employment Pass holder with a residential address in Singapore) is mandatory. Directors must be at least 18 years of age and must not be an un-discharged bankrupt, or convicted for any malpractices. There is no requirement for the directors to also be shareholders, i.e. non-shareholders can be appointed directors.

b) Shareholders:

A Singapore private limited company can have a minimum of 1 or 50 shareholders. A director and shareholder can be the same or a different person. The shareholder can be a person or another legal entity such as another company. 100% local or foreign shareholding is allowed. New shares can be issued or existing shares can be transferred to another person anytime after the Singapore Company has gone through the incorporation process.

c) Company Secretary:

As per Section 171 of the Singapore Companies Act, every company must appoint a company secretary within 6 months of its incorporation. It has to be noted that in case of a sole/shareholder, the same person cannot act as the company secretary. The company secretary must be a natural person who is ordinarily resident in Singapore.

d) Auditor:

A company shall appoint an auditor within three months from the date of its incorporation.

The audit exemption is applicable for financial years beginning on or after the change in the law (1 Jul 2015).

Qualification Criteria

Currently, a company is exempted from having its accounts audited if it is an exempt private company with annual revenue of \$5 million or less. This approach is being replaced by a new small company concept which will determine exemption from statutory audit. Notably, a company no longer needs to be an exempt private company to be exempted from audit.

A company qualifies as a small company if:

- (a) it is a private company in the financial year in question; and
- (b) it meets at least 2 of 3 following criteria for immediate past two consecutive financial years:
 - (i) total annual revenue \leq \$10m;
 - (ii) total assets \leq \$10m;
 - (iii) no. of employees \leq 50.

For a company which is part of a group:

- (a) the company must qualify as a small company; and
- (b) entire group must be a “small group”

to qualify to the audit exemption.

For a group to be a small group, it must meet at least 2 of the 3 quantitative criteria on a consolidated basis for the immediate past two consecutive financial years.

Where a company has qualified as a small company, it continues to be a small company for subsequent financial years until it is disqualified. A small company is disqualified if:

(a) it ceases to be a private company at any time during a financial year;
or

(b) it does not meet at least 2 of the 3 the quantitative criteria for the immediate past two consecutive financial years.

Where a group has qualified as a small group, it continues to be a small group for subsequent financial years until it does not meet at least 2 of the 3 the quantitative criteria for the immediate past two consecutive financial years.

e) Paid-up Capital:

Minimum paid-up capital for registration of a Singapore company is S\$1. Paid-up capital (also known as share capital) can be increased anytime after the incorporation of the company. There is no concept of Authorized Capital for Singapore companies.

f) Registered Address:

Need to provide a local Singapore address as the registered address of the Company.

2) CONSIDERATIONS FOR A FOREIGNER

Foreigners wishing to open a Singapore Company, must take into consideration the following points:

- Must engage a professional firm to register a Singapore company. Singapore law does not allow foreign individuals or entities to self-register a company.

- There is no requirement for you to obtain any special Singapore visa if you merely want to incorporate a private limited company but have no plans to relocate to Singapore. You are free to operate your company overseas as well as free to visit Singapore on a visitor visa whenever required to attend to company matters on a short-term basis. You will need to find a local resident director since each company must have at least one local director. Our firm provides the professional services of a local nominee director for this purpose.

- If you plan to relocate to Singapore to operate your company, you are required to obtain an Employment Pass or Entrepreneur Pass type of work pass. Once you obtain it, you can act as the local resident director of your company.

Documents required for Singapore company incorporation

For the purpose of company incorporation in Singapore, the following information is required by the company registrar:

- Company's Name
- Brief Description of Business Activities
- Shareholder Particulars
- Directors Particulars
- Registered Address
- Memorandum and Articles of Association (MAA). Our firm provides the standard MAA document that is suitable for most instances.

Need to have the following documents in order to prepare the necessary company incorporation paperwork:

- For non-residents: Copy of passport, overseas residential address proof certified by Public Notary, bank reference letter and business profile, etc.
- For Singapore residents: Copy of Singapore identity card
- If the shareholder is a corporate entity: Copy of registration documents such as Certificate of Incorporation and Memorandum & Articles of Association.

Note that officially endorsed translated versions must be provided for any non-English documents.

Singapore Company registration procedure and timeline

The actual incorporation of the company with Accounting and Corporate Regulatory Authority (ACRA) is lodged on-line electronically and is immediate when we have all the documents in good order. However, it may take between 14 days to 2 months if the application needs to be referred to other authorities for approval or review.

For example, if the intention of the company is to carry out activities involving the setting up of a private school, the application will be referred to the Ministry of Education.

A registration fee of S\$300 is payable to the ACRA at the time of incorporating a private limited company (Pte. Ltd.).

3) SINGAPORE TAXATION

Income tax filing obligations will apply to all companies, except dormant companies for which IRAS has waived the requirement to file the Income Tax Return (Form C / Form C-S):

Filing of Estimated Chargeable Income (ECI) within three months from your financial year-end; and

Filing of Income Tax Return (Form C / Form C-S) are based on chargeable income and filed by 30 November in the year following the financial year.

Estimated Chargeable Income (ECI) Filing Obligations

The ECI of the company has to be filed within three months of the accounting year end.

For example, if the accounting year of the company ends on 30 June, it has to furnish the ECI for the financial year ending 30 June 2014 [Year of Assessment (YA) 2015] by 30 September 2014. Singapore adopts a preceding year basis of taxation.

Income Tax Return – Form C / Form C-S Filing Obligations

A company is required to report its actual income by filing an Income Tax Return (Form C / Form C-S).

There are two types of Income Tax Return, Form C and Form C-S:

Form C-S:

- This is a shortened 3-page form.

- Companies that meet qualifying conditions may report their income by filing Form C-S.

- The financial accounts, tax computation and supporting schedules are **not** required to be submitted together with Form C-S. They are to be prepared and retained for submission upon IRAS' request.

Form C:

- This is a 7-page form.

- Companies are required to report their income using Form C if they do not meet the qualifying conditions for filing Form C-S.

- The financial accounts, tax computation and supporting schedules have to be submitted with Form C.

A company and/or its Director may be summoned to Court and fined up to \$1,000 for not complying.

If your company is likely to continue to be dormant (No business activities) in subsequent years, please apply for waiver to submit Form C or Form C-S.

Singapore registered companies enjoy very attractive tax exemptions and incentives. Your company pays effective tax of 5.67% (First three years for new company) and 8.64% (After three years) for the first S\$300,000 annual profits and 17% flat after that. There are no capital gains or dividend taxes on Singapore companies. There are also government grants available for setting up companies in Singapore.

For any further information, please do not hesitate to contact Dr Robin Chia at email: robin@rccmgroup.com or Mr Tony Lai, at email: tony@rccmgroup.com.