

FAQ - Company Formation In Singapore

Country - Singapore

Point

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1. Advantage of Business set up in Singapore

- Well Planned economy and developed infrastructure
- Popular destination for business set up and investment
- Secured and safe business transaction & Investment Banking
- Major Multinational bank, Trading house & MNC have set up in Singapore
- Well cultured and educated work force
- Well connected with American, Europe, Far East and Asian Market
- Major hub for MNCs, FIIs and Investment banker
- Secured legal environments
- Liberal Immigration policies
- Safe and Stable government

2. Preferred Business Destination

As per the business study and Government data, major businesses in Singapore are:

- Trading hub – Electronic, Electrical, Computer and accessories & FMCG products
- Investment banker, Assets Management Companies & Private Equity Funds
- Shipper, logistic and Forwarding Agent
- Equipment and mega structures
- Turnkey project and infrastructure
- Gems and Jewelry, Diamond studded ornaments
- Travel & Tourism, Ticketing, Electronic Media, Satellites & Broadcasting

3. Type of Business entity

- Limited Liability Company - Private Limited Company
- Limited Liability Partnership Firm - LLP

Limited Company

We generally recommend the Private limited Company considering the nature of business to set up in Singapore. It is also commonly known as Private Limited Company and having separate legal entity. According to Singapore Companies Act, any person (foreign or local) above the age of 18 can register a Singapore company.

Foreign companies & entrepreneurs that are keen on exploring the viability of doing business in Singapore will be required to incorporate a Singapore company as legal entities with the Accounting and Corporate Regulatory Authority (ACRA), Singapore.

Major benefits of Limited Company

- It has separate Legal entity in law
- Shareholders are not liable for company's debts beyond the own share capital

The Accounting and Corporate Regulatory Authority of Singapore (ACRA) controls the registration of business firms and incorporation of companies. However, the nature of the actual business activity could be subjected to control and regulation by other Government authorities. Singapore Private Limited Company is companies incorporated under the Singapore Companies Act, Chapter 50.

Limited Liability Partnership Firm

This nature of business unit is having advantage of partnership firm and private limited company. It has been introduced in Singapore LLP was introduced in Singapore in 2005 through enactment of Limited Liability Partnership Act. A LLP is primarily meant for carrying a profession like accountants, lawyers, architects, etc. where two or more professionals would like to start and build a joint practice in a common field. The partners enter into detailed agreements about share of responsibility, share of profit and management responsibilities.

4. Advantage of having Limited Company in Singapore

- 100 % ownership allowed in Limited Company by Foreigners.
- Any individual or business entity (local or overseas) may incorporate a Singapore company.
- Easy to form and run the business without visiting Singapore \ Resident Visa.
- Entry Pass \ Employment visa can be availed for owners and his family
- Minimum Income tax, No capital gain tax & no withholding tax on dividend
- No restrictions on the type of business activities that a company can engage in.
- No special approvals are required by foreigner means they are at par with locals.
- No Restriction or obligation for local employment of work force.
- Minimum paid up capital requirement for a Singapore company is just S \$1.
- Local Share holder \ Director \ Company Secretary necessary for compliance

To Form the company in Singapore, you need to appoint professional firm for assistance and complete the formalities of formation of company. Singapore law does not allow any individual or foreign bodies to register a company on it own. We shall assist for the same.

5. Minimum requirements for registration of a Singapore company

- **One Shareholder either individuals \ Limited entity**
 - Know-Your-Client - KYC Norms For individual: Copy of passport, overseas residential address proof, KYC information such as personal and business profile, etc.
 - If the shareholder is a corporate entity: Copy of registration documents such as Certificate of Incorporation and Memorandum & Articles of Association and Board Resolution.
- **One Director either individual \ Limited entity**
 - The minimum number of directors is one, who may be a natural person or a body corporate. Directors may be of any nationality, and need not be resident in Singapore.
 - Corporate directors are permitted.
- **Local Director \ shareholder \ Company Secretary – Compulsory**
 - Singapore Company requires to have local Singapore resident director, shareholder and company secretary. We shall assist to arrange the same.
 - At least one of director must be ordinarily resident in Singapore. i.e. Singaporean/ Singapore Permanent Residence (PR)/ Singapore Employment Pass Holder. We shall assist to arrange the same.

- **Registered office in Singapore**

Company need to have registered office in Singapore. We shall provide the registered office address. Post Box No. is not allowed to utilize as registered office.

- **Qualified Company Secretary**

Company need to appoint company secretary to keep and update the secretarial records and minutes of the meeting. It also requires to submit the necessary documents with Registrar of Companies on yearly basis. We shall provide the company secretary.

Upon receipt of the signed incorporation and supporting documents from you, we will proceed to incorporate the company with Registry of Companies i.e. Accounting and Corporate Regulatory Authority of Singapore (ACRA).

6. Foreign Company Registration Options

Foreign company plans to have a presence in Singapore, have the choice of setting up business unit as branch office, subsidiary or representative office in Singapore.

- **Private Limited Company** - A separate company formed by shareholder and director of the company. It shall have independent identity in company law. Foreign company shall become shareholder and control it.
- **Subsidiary Company**. A subsidiary company is a private limited company incorporated in Singapore with the parent company as its majority shareholder. For small to mid-size foreign businesses, a subsidiary company is the most preferred choice of registration in Singapore.

- **Branch Office.** A branch office is registered in Singapore as an extension of its parent company and not as a separately incorporated entity. The liabilities of a branch office extend to its parent company.
- **Representative Office.** A representative office is registered in Singapore as a temporary arrangement for conducting marketing research activities. A representative office does not have any legal status and cannot be engaged in any profit yielding activities.

7. Business trade License & Banking

The nature of the actual business activity could be subject to control and regulation by other Government authorities.

Depending on your company's business activities, you may need to obtain one or more business licenses after you have incorporated your company but before you can commence your business operations. Fortunately, very few business activities require such a license. Generally, it may take between 2 weeks to 2 months to get a license or permit. Examples of business activities that require a business license(s) include restaurants, educational institutes, travel agencies, financial services, import/export of goods, etc. For more information, refer to *Singapore business licenses guide*.

Bank account opening

After successful registration of your Singapore company, you can open a corporate bank account in any of the major banks in Singapore such as HSBC, Standard Chartered, Citibank, DBS, OCBC, UOB, etc. Many of the banks in Singapore these days require physical presence of the company principals as part of the account opening procedure.

While visit to Singapore, you have a wider choice of banks to choose from. In this case, you can explore the features and facilities provided by different banks and decide on the bank that best suits your needs.

While opening the bank account, clients should bring the following documents

- Original Passport & residence address proof of director & share holder
- Original Singapore company formation documents
- Business profile of director & shareholder
- Proposed Business plan of the company
- Bank Reference letter \ statement from existing banker of director – optional

8. Income Tax, Dividend and other Benefits

Income Tax

The Singapore tax system is territorial. Income tax is levied on the net income of companies from sources within Singapore and on foreign source income if remitted into Singapore. Non-resident Singapore companies and businesses are taxed on the same basis.

Singapore has arrangement with a number of jurisdictions for double taxation relief of shipping or airline income. It has also comprehensive double tax avoidance agreements (DTAA) with many countries to relieve taxation on income, for instance, dividends, interest and royalties. Therefore, businesses operating in Singapore do not generally have problems with double taxation of income.

Zero Income Tax if profits derived from a trade, profession or business carried out of Singapore jurisdictions and remain outside.

Tax Rates

Zero tax for new Singapore companies on the first S \$ 100K annual profits for the first 3 years

- All companies to enjoy 8.5% corporate tax rate for profits up to S \$ 300K
- Overall company tax rate lowered to flat 17%

Other Income

Capital Gain

Singapore capital gains tax or withholding tax: No capital gains tax

Dividend

- Singapore does not levy a withholding tax on dividends.
- Dividends paid by a Singapore Private Limited Company are tax exempt

Interest, royalties or rental of equipment payments to non-residents are subjects to a 15% withholding tax.

Other Information

Annual filing requirements for Singapore companies

- Once your Singapore Company has been incorporated, the Companies Act dictates certain annual filing requirements and formalities. For more details on this, see annual filing requirements for Singapore companies
- The company law requires that each company formed in Singapore must file its accounts (audited or unaudited) with the Accounting and Corporate Regulatory Authority of Singapore on an annual basis. A private limited company that qualifies as *exempt private company* and has an annual turnover less than S\$5 million can file unaudited accounts whereas other companies are required to file audited accounts.

For More detail please visit website of Accounting and Corporate Regulatory Authority of Singapore.
www.acra.gov.sg and www.statutes.agc.gov.sg

9. Documents Required For Company Incorporation

Director and shareholder – When Individual

- Copy of passport; and
- Copy of residential address proof such as a recent utility bill, phone bill & Driving License

Director and shareholder – When Corporate Bodies & Nominee Director

- Copy of registration documents such as Certificate of Incorporation and Memorandum & Articles of Association of parent company and
- Board Resolution for investment with proposed business plan

For each Singapore resident individual director:

- Copy of Singapore IC; and passport

Please note the following:

- All documents must be in English or officially translated in English;
- All copies of documents must be certified true copies by a notary public or self certifying or you must bring the originals to Singapore office for sighting;
- You can email us the scanned copies of documents so we can proceed with preparing the necessary incorporation documents. However we must receive the certified true copies before we can incorporate the company.
- Our compliance department may ask for additional information if necessary.
- Duly filled Company Formation Request Form

10. Company registration procedure and timeline

Company registration procedure in Singapore is fully computerized. As a result, the incorporation process is quick and efficient. Under normal circumstance, the company can be incorporated in 7 working days.

There are two distinct steps involved in the Singapore company setup procedure: a) Company Name Approval and; b) Company Registration. Both steps can be accomplished on the same time.

Public information about company in Singapore

Directors and shareholders information is public information in Singapore. It's listed in the company's business profile extract available for purchase from Registrar of Companies.