This guide provides an overview of registration, compliance and reporting requirements for corporates coming inbound into Singapore for the first time. The information provided is general in nature and should not be relied upon as professional advice.

Registration requirements
An investor planning to establish a business presence in Singapore will have to determine whether the proposed operations create a requirement to register with the appropriate Singaporean authorities. Whether the intended operations create a “carrying on business” in Singapore.

A person who is carrying on business in Singapore will have to register its business with the Accounting and Corporate Regulatory Authority of Singapore (ACRA).

Choice of vehicle
It is important to choose the most appropriate registration vehicle to be used for the business operations in Singapore. The two most common types of corporate registration vehicle are:

1. Company
A private limited company is a company limited by shares. This is the most common vehicle. A company is a separate legal entity with limited liability and has its own identity for tax and legal requirements purposes.

   Registration process: Can be completed within one to two days provided all corporate information with respect to directors and shareholders is furnished.

2. Branch
A branch is not recognised as a separate legal entity from the foreign company (Head Office) but merely an extension of the Head Office. Its business activities are limited to the activities of Head Office. The Head Office bears the ultimate responsibility for any liabilities arising from the business operations of the Singapore branch office.

   Registration process: The registration process may take approximately one to two days provided the Head Office furnish all the various supporting documents and required information to register the Branch. The name of the Singapore branch must correspond to the name of the Head Office.

There are other choices of vehicles available as follows:

Representative office (RO)
Foreign entities that are keen on exploring the viability of doing business in Singapore, or are interested in using Singapore as a launch pad into the Asia-Pacific, may set up a Representative Office (RO) in Singapore. A RO allows a foreign entity to assess the business environment in Singapore before deciding to set up a permanent presence. A RO is not allowed to undertake revenue generation activities on behalf of parent entity. All ROs should be registered with the International Enterprise of Singapore.

Sole-Proprietorship
An association of one person or more persons carrying on business, with a view to profit.

Partnership
An association of two or more persons carrying on business in common with a view to profit.

Other forms of partnerships are Limited Partnership (LP) and Limited Liability Partnership (LLP). All LPs and LLPs must be registered with the ACRA.
Compliance and reporting

1. Corporate secretarial

1.1 Company

Governance: A director of a company has fiduciary and statutory duties and can be subject to civil or criminal penalties. All companies must have at least one resident director in Singapore at all times.

Annual Meeting: It is mandatory for a company to hold its annual general meeting (AGM) of shareholders where the financial statements will be presented to the shareholders. A newly incorporated company will need to hold its first AGM within 18 months from the date of incorporation. The AGM must be held every year with each not more than 15 months from the previous AGM. A company is also required to complete and lodge an annual return with ACRA within one month after the date of AGM.

1.2 Branch

Governance: A branch office does not have its own directors. However, the branch must have two resident agents in Singapore who will be responsible for maintaining compliance with ACRA. (The requirement of two resident agents will be reduced to one resident agent under the 2014 Amendments to the Companies Act.)

2. Accounting and reporting

All Singapore companies and branches are required to maintain proper and accurate accounting records, and prepare financial statements in accordance with the Singapore Accounting Standards.

2.1 Company

The Companies Act requires the annual financial statements of every company to be audited unless it qualifies for audit exemptions. Notwithstanding such audit exemptions, every company is still required to prepare financial statements. Every company (unless it is a private exempt company) is required to file its financial statements in XBRL (eXtensible Business Reporting Language) format together with the company’s annual return with ACRA within one month from the date of AGM on an annual basis. A private exempt company is a company that has not more than 20 individual shareholders.

The recent Amendments introduce the concept of “small company” criteria to qualify for audit exemption for a particular financial year (FY). A small private company that meets at least two of three criteria for the immediate past two FYs may qualify for audit exemption for that particular FY:

- Total revenue for each FY of not more than SGD 10 million
- Value of total assets at the end of each FY is not more than SGD 10 million
- Number of employees not more than 50 at the end of each FY

Company in a group may only be exempted from audit requirements if it qualifies as “small company” and the group qualifies under the “small company” criteria on consolidated basis.

2.2 Branch

A branch will have to prepare its accounts in accordance with the Singapore Accounting Standards. The Head Office accounts together with the Branch accounts must be lodged with ACRA within two months from the date the AGM is held for Head Office, or within seven months after the end of previous financial year end if Head Office is not required to hold AGM.

Where the laws in the country of its incorporation do not require Head Office to hold the AGM or to prepare the head office accounts and table the accounts at the AGM, the Head Office must prepare its accounts in accordance with the Singapore Accounting Standards unless prior approval is obtained from ACRA to waive this requirement.

3. Tax

3.1 Corporate tax

Singapore Companies and branches are subject to Singapore corporate income tax on all income derived from sources in Singapore, and on income from sources outside Singapore if received in Singapore. Capital gains are not taxable in Singapore.

Foreign tax credit is claimable only by a Singapore tax resident, and limited to the lower of the foreign tax paid and the Singapore tax payable on that income. Foreign tax credits claims are governed by tax treaties and the unilateral tax credit provisions. A company is resident in Singapore if the control and management of its business is exercised in Singapore.

Remittances of foreign income in the form of dividends, branch profits and services income (specified foreign income) into Singapore by companies resident in Singapore are exempt from tax if prescribed conditions are met. For remittances of specified foreign income that does not meet the prescribed conditions, companies may be granted tax exemption under specific scenarios or circumstances on an approval basis.

The standard corporate income tax rate is 17%, subject to partial exemption on the first SGD300,000 of normal chargeable income. A corporate income tax rebate of 30% of the corporate income tax payable capped at SGD30,000 per tax year is granted for three tax years, from the 2013 tax year through the 2015 tax year. There are various tax incentives, exemptions and tax reductions available, depending on the investment level and activities performed in Singapore.

Repatriation of profits: There is no withholding tax on payment of dividends by Singaporean companies or repatriation of profits by branches. Dividends paid by a Singaporean tax-resident company are exempt from income tax in the hands of shareholders, regardless of whether the dividends are paid out of taxed income or tax-free gains.

Tax losses: Unused trading losses may be carried forward indefinitely, subject to the shareholding test (see below). Excess capital allowances can also be offset against other chargeable income of the same year and carried forward indefinitely subject to the shareholding test and to the requirement that the trade giving rise to the capital allowances continues to be carried on (same trade test).

A one-year carryback of tax losses and capital allowances up to an aggregate of SGD100,000 is subject to meeting the same conditions as explained above. In order to meet the shareholding test, the shareholders of the loss company must remain substantially (50% or more) the same at the relevant comparison dates. If the shareholder of the loss company is itself another company, look-through provisions apply through the corporate chain to the final beneficial shareholder.

3.2 Goods and services tax (GST)

Singapore currently has a 7% GST, imposed on goods and services supplied in Singapore as well as on importation of goods. A business is required to register for GST if its annual taxable supplies is SGD1 million or more. A GST-registered business is required to file GST returns on a quarterly basis.

Funding and repatriation

Exchange controls: Singapore does not have exchange controls.

Thin capitalization rules: Broadly, Singapore does not have thin capitalization provisions to limit the amount of tax deductible interest. In general, interest payments are tax deductible if incurred on capital employed in acquiring the income. Interest payments to non-residents are subject to withholding tax of 15% unless reduced by tax treaty or tax incentive.

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2 | Doing business in Singapore