

## FOREIGN COMPANY REGISTRATION OPTIONS IN SINGAPORE

- Singapore Subsidiary Company
  - Singapore Branch Office
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**RIKVIN**



# OVERVIEW FOR FOREIGN SINGAPORE COMPANY SETUP

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*Singapore is the #1 place to do business in the world.*

*Rikvin provides professional services to assist you through the process.*

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A foreign company or entrepreneur may find it challenging navigating the incorporation process in Singapore. This guide is designed to illustrate the business registration options for a company or anyone interested in setting up a business in Singapore.

Singapore is consistently ranked the Number 1 place to do business in the world. With the economic boom in Asia, Singapore has become the ideal springboard to the Asia-Pacific regional markets.

Rikvin provides professional incorporation, accounting, tax, immigration and other corporate related services in Singapore. We are here to assist you through the incorporation and initial setup process and to help you to succeed with your business venture. Our goal is to make the process as seamless as possible, at affordable fees.

The following business guide is for your general information only. We look forward to being of service to your new venture or ongoing business in Singapore.

## 2 OPTIONS FOR FOREIGN COMPANIES TO SETUP IN SINGAPORE

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### Option 1: Subsidiary Company

A subsidiary company is a private limited company incorporated in Singapore with another company being its shareholder.

#### Features of a Subsidiary

- A Singapore subsidiary can be wholly owned by a foreign company and is yet considered a separate legal entity from the foreign company.
- For taxation purposes, the subsidiary may be treated as a Singapore resident company and as such eligible for tax exemptions and incentives available to local companies.
- A subsidiary company, with at least one individual shareholder holding at least 10 percent of the shares, is entitled to the new start-up company tax incentive - Zero tax on the first S\$100,000 of chargeable income and a further 50% exemption on the next \$200,000 for the first three consecutive years.

#### Setup Requirements for Singapore Subsidiary

- Minimum 1 Shareholder + 1 Resident Director + 1 Company Secretary
- Minimum initial paid-up capital is S\$1
- A Singapore registered office address

The Companies Act requires the appointment of at least one director who must be a Singaporean/PR/EP Holder/DP Holder. Alternatively, you can subscribe to our Nominee Agent Service to comply with the statutory local director requirement.

Foreign companies intending to relocate any of the staff members from the head office to Singapore can apply for an Employment Pass for their staff after the subsidiary company registration.

### Option 2: Branch Office

A Branch Office in Singapore functions as an extension of a foreign company registered outside of Singapore.

#### Features of Singapore Branch Office

- The Branch Office be identical to the parent company.
- A Branch is required to submit its own audited financials accounts, as well as those of its head office.
- From a taxation point of view, a Branch Office is generally considered a non-resident entity and although it is entitled to enjoy the partial tax exemption, a Branch is not eligible for the various tax incentives and rebates available to local companies in Singapore.
- A Branch Office does not establish a separate legal identity, and therefore the foreign parent company is responsible for all its debts, losses and liabilities.

#### Setup Requirements for Branch Office

- 2 Resident Agents
- A Singapore registered office address

Foreign companies that plan to relocate any of the staff members (agent) from head office to Singapore can apply for an Employment Pass for their staff after the Branch Office company registration. Alternatively, you can subscribe to our Nominee Agent Service to represent your Branch Office.

# COMPARISON TABLE - FOREIGN COMPANIES

## PREFERRED

	<b>Subsidiary Company</b>	<b>Branch Office</b>
<b>Entity Name</b>	Need not be the same as parent company	Must be the same as the parent company
<b>Activities Allowed</b>	Can conduct all business activities	Must be the same as the parent company
<b>Suitable For</b>	Local or foreign Companies who wish to expand their operations to Singapore	Foreign Companies who wish to expand their operations in Singapore
<b>Disadvantages</b>	Continuing Compliance Obligations, eg Financial Reports, Audit, AGMS, etc	Continuing Compliance Obligations eg Financial Reports, Audit etc
<b>Ownership</b>	Can be 100% foreign or locally owned	Owned 100% by the head office
<b>Separate Legal Entity</b>	Yes	No
<b>Cap on Number of Members</b>	Yes, max 50	Not Applicable
<b>Minimum Setup Requirements</b>	Min One shareholder, which can be an individual or corporate, (100% local or foreign shareholding allowed). Must have at least one resident director	Must have two Singapore Resident Agents
<b>Limited Liability</b>	Yes	No
<b>Need for Audited Accounts</b>	Yes	Yes
<b>Filing of Accounts with ACRA and IRAS</b>	Yes	Yes
<b>Annual Filing</b>	Must file audit report	Must file branch office as well as parent company's audit reports
<b>Tax Treatment</b>	Taxed as Singapore resident entity, local tax benefits available	Taxed as non-resident entity, local tax benefits not available
<b>Tax Benefits</b>	A subsidiary company, with at least one individual shareholder with minimum of 10 percent shareholding, is entitled to local tax incentives and rebates	Partial tax exemption
<b>Cessation of Business upon Death of a Member/Partner</b>	No. Equity shares go on in perpetuity	No
<b>Validity Period</b>	Perpetually until deregistered	Perpetually until deregistered
<b>Normal Registration Time</b>	3 hours	3 hours
<b>Appointment of Officers</b>	Must appoint at least one local resident director and company secretary	Must appoint two resident agents
<b>Governing Body</b>	ACRA & IRAS	ACRA & IRAS

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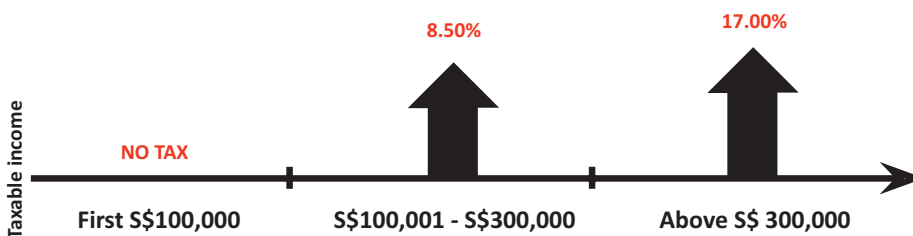
# CORPORATE TAX RATES FOR SUBSIDIARY COMPANY

## Corporate Tax Rates based on 100% Corporate Shareholding



Chargeable Income	Exemption	Effective Tax Rate
First \$100,000	@ 75%	4.25
Next \$200,000	@ 50%	8.50%
Next \$194,000	Nil	17.00%

## Corporate Tax Rates based on a minimum of 10% Individual Shareholding - for first 3 years of Tax Assessment



Chargeable Income	Exemption	Effective Tax Rate
First \$100,000	@ 100%	0
Next \$200,000	@ 50%	8.50%
Next \$194,000	Nil	17.00%

### \* Qualifying conditions:

- No more than 20 individual shareholders throughout the basis period for that YA
- All of whom are individuals beneficially and directly holding the shares in their names; OR
- Where there are non-individual shareholders, at least 1 shareholder is an individual holding at least 10% of the shares.
- Companies that do not meet the qualifying conditions would still be eligible for the partial tax exemption

# CORPORATE TAX RATES FOR BRANCH OFFICE

## Corporate Tax Rates for a Branch Office



Chargeable Income	Exemption	Effective Tax Rate
First \$100,000	@ 75%	4.25
Next \$200,000	@ 50%	8.50%
Next \$194,000	Nil	17.00%



# SINGAPORE SUBSIDIARY COMPANY, BRANCH OFFICE RELOCATION OPTIONS

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Employment Pass (EP) is the main type of Singapore work visa issued to overseas professional, managerial (managing director, general manager, CEO), executive or specialist who wishes to work in Singapore.

## You can apply for Singapore Employment Pass (EP) work visa.

The Ministry of Manpower (MOM) allows a foreigner to apply for a Singapore Employment Pass after the entity has been established to enable them to live and work in Singapore. The EP does not fall under any quota system nor is there a monthly levy charge for EP.

The eligibility for a Singapore Employment Pass is determined based on the individual applicant's educational and professional qualifications, specialist skills or related work experience. The applicant must be drawing a minimum fixed monthly salary of at least S\$3,000.

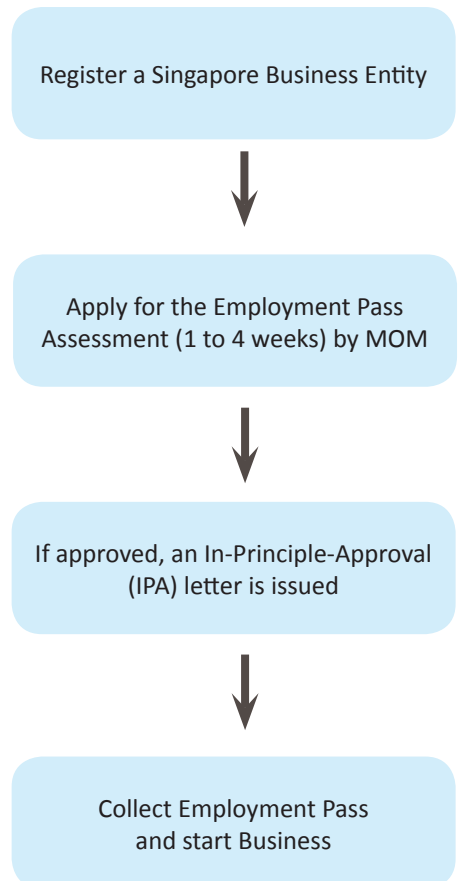
Note: Singapore Employment Passes are carefully assessed by the Ministry of Manpower (MOM), which takes into consideration not just the applicant's eligibility, but also the employer's track record and the quality of the applicant to complement and supplement the Singapore local workforce.

An application's success is also closely tied to the economic climate within Singapore at the time of application. Consideration will be given to companies that are able to make a contribution to any of the industries currently being developed and promoted by the Singapore government and to individuals who possess skills that are in short supply or high demand and those who can complement and add value to the Singapore workforce.

## Enhanced Employment Pass Framework

Qualifying salary for the Q1 EP Pass will be increased from \$2,800 to at least \$3,000 for young graduates, while older applicants would have to command a higher salary to qualify, commensurate with the work experience and quality they are expected to bring. The qualifying salary for the P2 Pass will be raised from \$4,000 to \$4,500. Concurrently, educational qualifications requirements will be tightened.

## Application Process



# EMPLOYMENT PASS

## Eligibility and Requirements

<b>Who is it for?</b>	Professionals, managerial personnel (managing director, CEO), executives or specialists who wish to work in Singapore can apply for an Employment Pass.							
<b>Eligibility Criteria</b>	<p>To be considered for an Employment Pass, a foreigner must have a fixed monthly salary of at least S\$3,000, and possess an acceptable degree, professional qualification or specialist skills.</p> <p>Singapore Employment Passes are carefully assessed by the Ministry of Manpower by taking into consideration a number of factors such as the applicant's educational qualifications, work experience, job profile, economic contribution, employer's track record and the quality of the applicant to complement and supplement Singapore local workforce.</p> <table border="1"> <thead> <tr> <th>Applicant</th> <th>Company</th> <th>Government</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Relevant work experience and educational qualifications</li> <li>Proposed salary</li> <li>Age</li> <li>Position</li> <li>Special skill set</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Paid-up capital</li> <li>Operating history</li> <li>International presence</li> <li>Employer track record</li> <li>No. of local employees</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Industry economic contribution</li> <li>Skill in demand</li> <li>Complement and value add to work force</li> </ul> </td> </tr> </tbody> </table>		Applicant	Company	Government	<ul style="list-style-type: none"> <li>Relevant work experience and educational qualifications</li> <li>Proposed salary</li> <li>Age</li> <li>Position</li> <li>Special skill set</li> </ul>	<ul style="list-style-type: none"> <li>Paid-up capital</li> <li>Operating history</li> <li>International presence</li> <li>Employer track record</li> <li>No. of local employees</li> </ul>	<ul style="list-style-type: none"> <li>Industry economic contribution</li> <li>Skill in demand</li> <li>Complement and value add to work force</li> </ul>
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<b>Pass Type &amp; Eligibility</b>	<b>Pass Type</b>	<b>Eligibility Criteria</b>						
	<b>P1:</b>	Fixed monthly salary > \$8,000 Possesses recognized qualifications						
	<b>P2:</b>	Fixed monthly salary > \$4,500 Possesses recognized qualifications						
	<b>Q1:</b>	Fixed monthly salary > \$3,000 Possesses recognized qualifications; or Specialized skills and a minimum of 5 years of work experience may compensate for the lack of recognized qualifications.						
<b>Company Paid-up Capital</b>	S\$1.00 (One of the assessed factors is the paid-up capital of the company.)							
<b>Visa Validity</b>	1 – 2 years							
<b>Renewal</b>	Renewable as long as you continue to be employed by the company.							
<b>Dependent Pass</b>	Applicable to immediate family members							
<b>Permanent Residence (PR)</b>	Eligible to apply after 12 months for Singapore Permanent Residence							
<b>Documents Required for EP Application</b>	<ul style="list-style-type: none"> <li>A clear scanned copy (preferably color) of Travel Document Particulars Page detailing the personal particulars and travel document number. Please include pages reflecting amendments to details (e.g. name, expiry date), if any.</li> <li>Educational Certificates, if any<sup>1</sup>. Please provide a clear scan copy of the documents in 150 dpi Resolution not exceeding 2MB in PDF file format.</li> <li>Registration or Support Letters from a relevant Vetting Agency / Professional Body / Accreditation Agency, if support from them has been declared in the application.</li> </ul> <p><sup>1</sup> Applicants with diploma/degree qualifications from India will need to submit their transcript and mark sheets. Applicants with degree qualifications from China will need to submit their Certificate of Graduation.</p>							
<b>Application Filing</b>	The Employment Pass can be applied anytime after incorporation of the company.							



## Helpful Links:

[Company Registration](#)

[Singapore Work Visas](#)

[Business Services](#)

[Accounting Services](#)

[Offshore Company](#)



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