

Singapore company registration



Table of contents

For over a decade, Healy Consultants has efficiently and effectively assisted our Clients with **i)** business registration **ii)** business licensing **iii)** business banking solutions **iv)** workspace rental solutions and **v)** visa options and staff recruitment strategies in Singapore.

| | |
|---|----|
| Best uses for a Singaporean company..... | 1 |
| As a holding company/regional headquarters | |
| For an international trading company | |
| As an import and export hub | |
| Why set up a company in Singapore..... | 2 |
| Business entity types in Singapore..... | 3 |
| Private limited company (Pte. Ltd.) | |
| Branch office | |
| Representative office | |
| Table of comparison between Singapore business entities | |
| Singapore offshore company..... | 6 |
| Uses of an offshore company in Singapore | |
| Requirements to setup an offshore company | |
| Singapore free zones | 7 |
| Steps to incorporate in Singapore | 8 |
| Business in Hong Kong and Singapore..... | 9 |
| Similarities between Hong Kong and Singapore | |
| Differences between Hong Kong and Singapore | |
| Offshore companies in Hong Kong and Singapore | |
| Expedited solutions for Singapore..... | 11 |
| Summary | 12 |
| References | |
| Contact details | |

Best uses for a Singaporean company

There are three best uses for a Singaporean company: **i)** as a holding company/regional headquarters **ii)** for an international trading company and **iii)** as an import and export hub.

As a holding company/regional headquarters

- Exemptions from Singapore's worldwide tax rules allow income from **i)** foreign subsidiaries **ii)** non-Singaporean operations around the world and **iii)** capital gains, to be legally tax exempt;
- Singapore's network of 75 double taxation treaties allows withholding taxes to be minimized when receiving profits from international subsidiaries;
- Singapore's government provides a tax incentive to companies registering their headquarters in Singapore. The headline tax rate is reduced to 15% for up to 5 years;
- Singapore is a developed financial hub, allowing easy access to funding for companies registered in the country.

For an international trading company

- International trading companies benefit from legal tax exemption on international sales if set up properly;
- Singapore's reputation as a business and financial hub makes it attractive for dealing with Clients, service providers, and sources of finance;
- As a shipping and logistics center, distribution is more easily managed in Singapore compared to other jurisdictions.

As an import and export hub

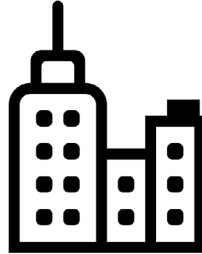
- Singapore boasts the world's 2nd busiest port and 12th busiest cargo airport;
- Singapore is home to a large number of international trading companies and supporting banks;
- The country attracts the world's leading freight forwarders, shipping companies, and insurance companies.



Why set up a company in Singapore

TOP 10 REASONS TO INVEST IN SINGAPORE

QUICK INCORPORATION
LOW TAXES
EASE OF DOING BUSINESS
GOOD REPUTATION
POLITICALLY STABLE



TAX EXEMPTIONS
GLOBAL TAX TREATIES
GOVERNMENT GRANTS
MEMBER OF ASEAN
HIGHLY SKILLED LABOUR

Quick incorporation

A Singaporean LLC can be incorporated within one week with just one shareholder and director of any nationality. There is no minimum share capital and Clients are not required to travel to complete the process.

Low taxes

If properly structured, a Singaporean resident company will not suffer taxes on **i)** international incomes **ii)** all dividends or **iii)** capital gains.

Ease of doing business

With minimal corruption and business restrictions, Singapore has earned the top spot on the 2015 Doing Business Survey conducted by the World Bank Group.

Reputation

A Singaporean company looks good to customers, suppliers, investors and banks and can also be listed on the Singapore Stock Exchange (SGX), New York Stock Exchange (NYSE), and Australian Securities Exchange (ASE).

Politically stable

Singapore is the most politically stable country in Asia, with a reputable regulatory environment.

Tax exemptions

For resident companies in Singapore, the first three years' net profits under S\$100,000 are tax exempt. The next S\$200,000 are taxed at 8.5%, and remaining profits are taxed at 17%. This is the second lowest rate in Asia Pacific.

Global tax treaties

Singapore's network of 75 double taxation treaties reduces global withholding tax when extracting funds from international subsidiary companies.

Government grants

Singapore's government offers a large number of grants to new companies to assist. These grants cover an array of areas such as technology, innovation, and human capital development.

Member of ASEAN

As a member of ASEAN, companies incorporated in Singapore pay no import duty when trading with other ASEAN member countries.

Highly skilled labor

Singapore boasts a highly skilled labor force. The overall literacy rate is over 96%, while the computer literacy rate is 99%. Most employees are also bilingual in English and either Mandarin or Malay.

Business entity types in Singapore

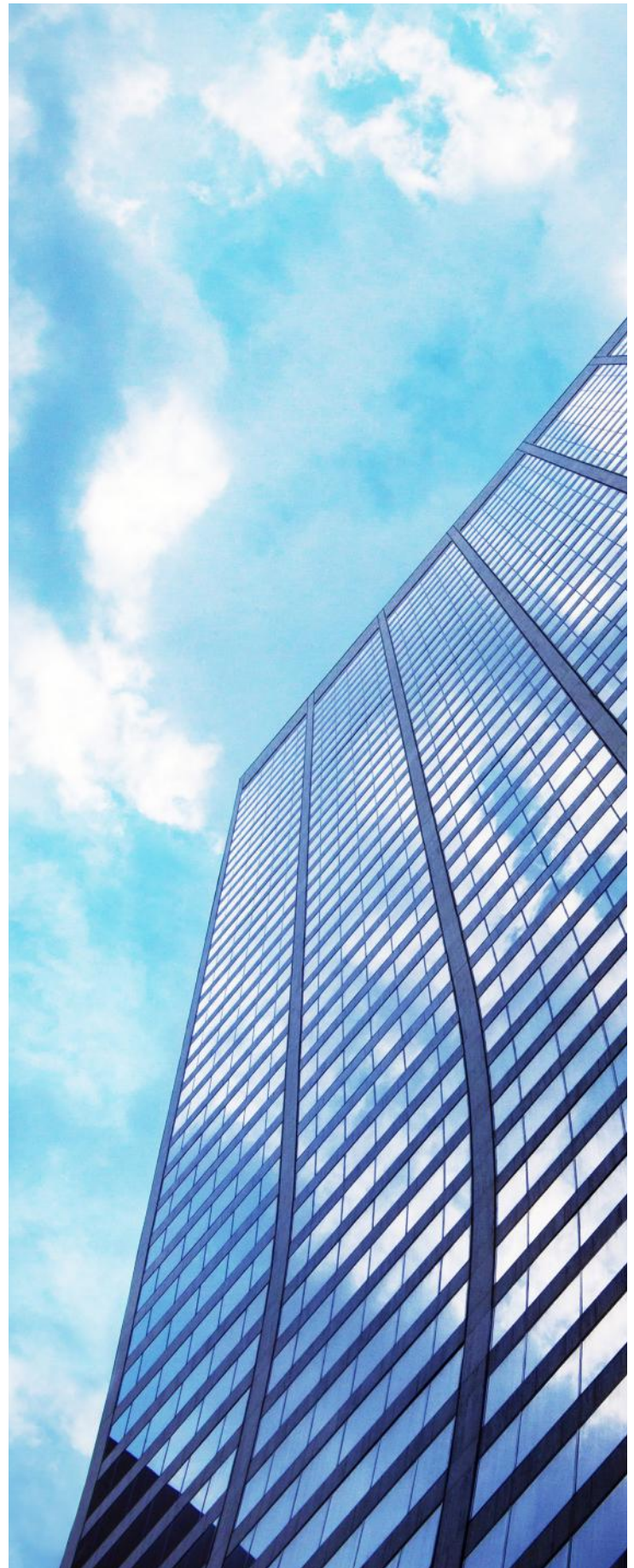
When setting up a new company, it is important to identify the right company type for your business. Below is the summary of the key company types in Singapore.

Private limited company (Pte. Ltd.)

- This is the most common business type in Singapore. It is functionally equivalent to LLCs in other jurisdictions;
- This entity can engage in any commercial/industrial activity and there are no restrictions on foreign investment;
- Singapore LLCs can have up to 50 shareholders. If there are likely to be more than 50 shareholders or regular share transfers, that an unlisted public limited company is better option for this Client;
- The LLC fulfils the need for most Clients looking to conduct business within or outside of Singapore;
- A Singaporean LLC can also be used as **i)** a Special Purpose Vehicle (SPV) to hold designated assets for investors while protecting shareholders from liability, and raising funds from the market or **ii)** as a Holding Company to hold and manage long-term investments.

Branch office

- Foreign companies can do business in Singapore without setting up a legal entity. Foreign companies registered with the Accounting and Corporate Regulatory Authority (ACRA) are known as branch offices;
- A branch company can only operate within the scope of its foreign parent company but can invoice local clients, sign sales contracts and receive income from Clients;
- This entity type does not have its own legal personality or limited liability. Any liabilities are attributed to the parent company and can therefore introduce a risk to your company;
- A branch company in Singapore requires two resident agents and has higher administrative requirements than an LLC which only requires a single resident director;



- This entity type is treated as non-resident for tax purposes and therefore does not benefit from Singapore's double taxation avoidance treaties and other tax incentives for new businesses.

Representative office

- This entity type can be used if a foreign company does not intend to carry out revenue-generating business locally;
- Lack of revenue simplifies annual filings as taxes will not need to be filed or assessed;
- Representative offices cannot make direct sales. The key business activities for this entity include **i)** promoting the business of the parent company **ii)** market research **iii)** after-sales support and **iv)** research and development;
- Representative offices may only hire 5 people in Singapore;
- New foreign companies cannot set up a representative office in Singapore. Requirements to set up this entity type are **i)** annual sales of more than US\$250,000 and **ii)** the company has existed for at least three years;
- Representative offices are best used when companies are looking into entering the Singaporean/Asian market and would like to carry out some preliminary research.



Table of comparison between Singapore business entities

| | LLC | Branch office | Representative office |
|--|-----------|---------------|-----------------------|
| Operations and logistics | | | |
| Do you need to visit Singapore for company setup? | No | No | No |
| Bank signatory must travel | Yes | Yes | Yes |
| Is doing business in Singapore permitted? | Yes | Yes | No |
| Allowed to sign sales contracts with local Clients | Yes | Yes | No |
| Allowed to invoice local Clients | Yes | Yes | No |
| Can rent local office premises | Yes | Yes | Yes |
| Tenancy agreement required before incorporation? | No | No | Yes |
| Allowed to import raw materials? | Yes | Yes | No |
| Allowed to export goods? | Yes | Yes | No |
| Accounting and tax | | | |
| Corporate tax payable | 17% | 17% | 0% |
| Statutory audit required | Yes | Yes | No |
| Annual tax return to be submitted | Yes | Yes | Yes |
| Access to double taxation treaties | Yes | Yes | Yes |
| Company law | | | |
| Issued share capital required | US\$1 | US\$0 | US\$0 |
| Resident director required? | Yes | Yes | Yes |
| Resident shareholder required? | No | No | No |
| Minimum number of directors | 1 | 0 | 0 |
| Minimum number of shareholders | 1 | 0 | 0 |
| Resident company secretary | Yes | Yes | No |
| Individual shareholders allowed | Yes | No | No |
| Corporate directors allowed | Yes | No | No |
| Corporate shareholders allowed | Yes | No | No |
| Public register of shareholders and directors | Yes | Yes | Yes |
| Immigration | | | |
| Can the entity hire expatriate staff? | Yes | Yes | Yes |
| Employment visa fees | US\$2,950 | US\$2,950 | US\$2,950 |
| How long to get work permit approved | 3 weeks | 3 weeks | 3 weeks |
| Fees and timelines | | | |
| How long to set the company up? | 1 week | 2 weeks | 2 weeks |
| How long to open corporate bank account? | 4 weeks | 4 weeks | 4 weeks |
| Estimate of engagement costs | US\$7,980 | US\$8,750 | US\$6,800 |

Singapore offshore company

- An offshore company in Singapore can be referred to as a non-resident company or a paper company;
- A non-resident company in Singapore is considered legally tax exempt if the following conditions are met: **i)** no business is conducted locally **ii)** no banking occurs locally and **iii)** the company's legal control is outside of Singapore;
- Non-resident companies in Singapore are exempted from **i)** capital gains tax **ii)** withholding tax **iii)** value added tax **iv)** sales tax and **v)** accumulated earnings tax;
- Incorporation of an offshore company in Singapore can be completed within 1 week with no minimum share capital requirement;
- An offshore company in Singapore cannot rent an office or hire staff locally;
- A Singapore offshore company can be wholly foreign owned;
- As local banking activity cannot be carried out, Healy Consultants can assist Clients with opening corporate bank accounts with top banks in Indonesia, Malaysia, Vietnam, Australia, Germany or the USA.

Uses of an offshore company in Singapore

- An offshore company in Singapore can conduct international trade through a legally tax exempt structure;
- Clients can benefit from the strong legal system in Singapore to house global trademarks and intellectual property;
- Generally, our Clients setup offshore companies in Singapore for **i)** international trading **ii)** holding companies **iii)** shipping companies **iv)** owning real estate **v)** owning copyright and patents and **vi)** international consulting services.

Requirements to setup an offshore company

- All annual unaudited financial statements must be submitted to IRAS with the tax return;
- Annual returns confirming relevant details for the company register including names and addresses of all directors, the address of the principal place of business and details of all shareholdings must be lodged;
- A resident company secretary and resident director must be hired;
- A legal registered Singapore office address must be maintained.



Singapore free zones

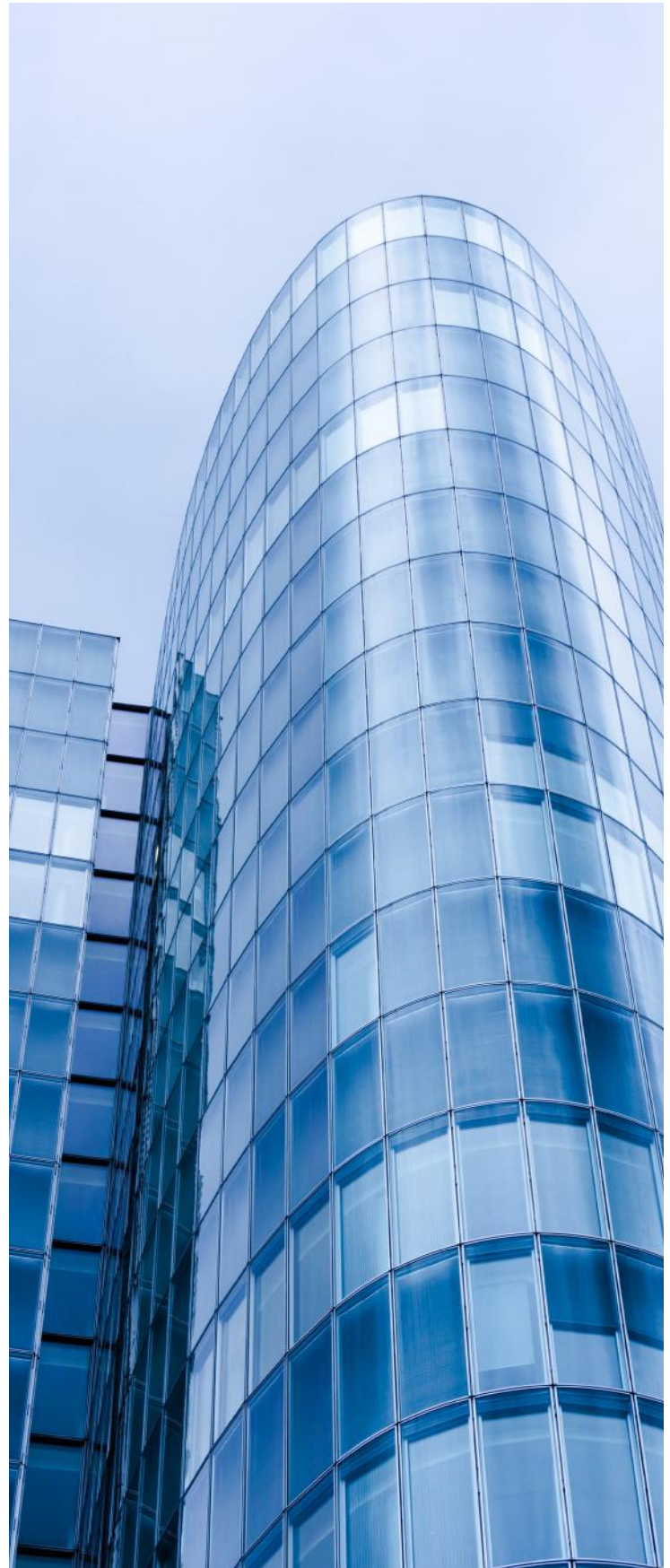
There are currently nine free trade zones in Singapore that allow Clients to benefit from tax advantages and easier customs compliance requirements when exporting abroad. This is ideal for Clients looking to use a Singapore office as their product distribution hub.

The free zones

- The free zones in Singapore provide storage facilities to both local and foreign companies. The nine free zones are: **i)** Brani Terminal **ii)** Keppel District Park **iii)** Pasir Panjang Terminal **iv)** Sembawang Wharves **v)** Tanjong Pagar Terminal & Keppel Terminal **vi)** Jurong Port **vii)** The Changi Airport Group **viii)** Airport Logistics Park of Singapore and **ix)** Changi Airport Terminal Complex;
- Benefits of registering in these free zones include: **i)** no permit requirement for transshipment of non-controlled goods **ii)** no customs duties and **iii)** no GST on products imported into the free zone if they are not sold locally;
- These free zones have well developed transportation infrastructures, simplified customs procedures and are close to the Singapore Ports Terminals and Changi International Airport, thus making them convenient for entrepreneurs in the trading and shipping industries.

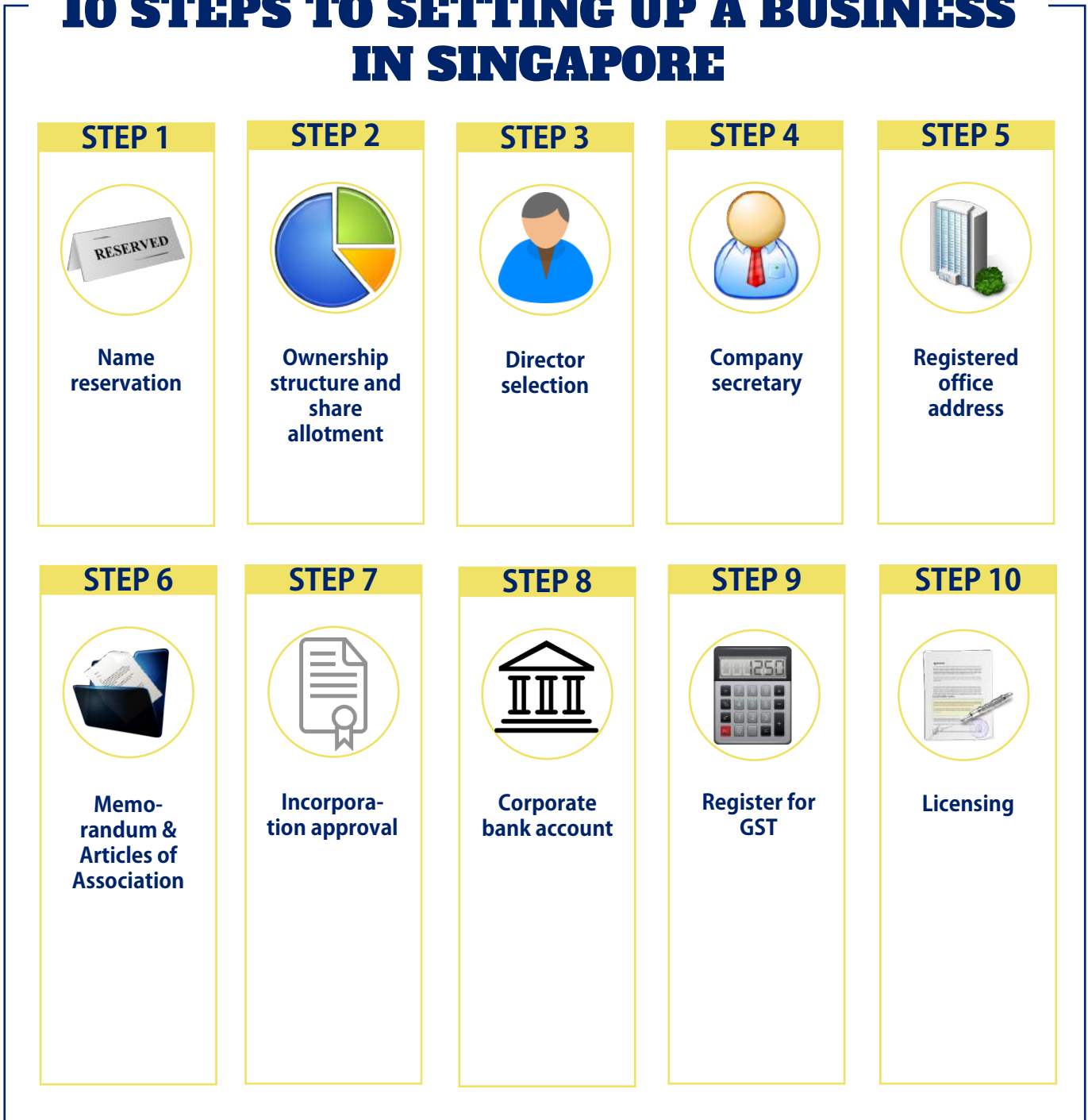
Setting up a company in Singapore's free zones

- Permits must be obtained by the free trade zone's authority. PSA Corporation Authority supervises six of the nine free zones. The rest are supervised by their own authorities;
- To use Singapore's free zones, a company must have a paid up share capital of S\$100,000 if a warehouse is required, or S\$50,000 if only an office space is required. This share capital must be deposited within the first year of operations and can be used for business expenses.

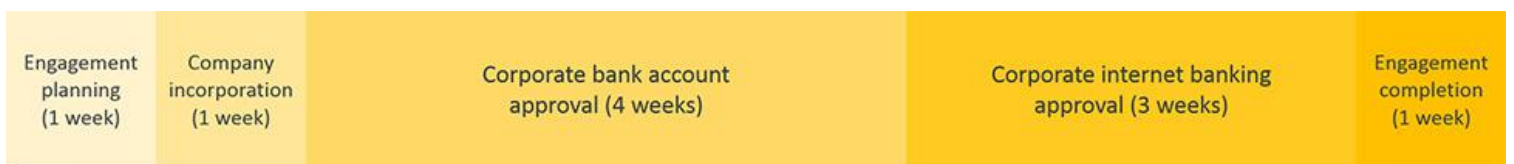


Steps to incorporate in Singapore

10 STEPS TO SETTING UP A BUSINESS IN SINGAPORE



Singapore company incorporation timeline



Total engagement period: 10 weeks

Business in Hong Kong and Singapore

Similarities between Hong Kong and Singapore

- Incorporation period is only 1 week;
- Time taken to open a company bank account is 4 weeks;
- Minimum issued share capital is US\$1;
- Tenancy agreement is not required before incorporation;
- Clients do not need to visit the country for company incorporation;
- The minimum requirement of 1 shareholder can be fulfilled with someone of any nationality;
- Sales contracts can be signed with local Clients;
- Local Clients can be invoiced;
- Office premises can be rented;
- The entity is allowed to import raw materials and export goods;
- Expatriate staff can be hired;
- Annual tax returns need to be submitted.

Differences between Hong Kong and Singapore

- A resident director is required for a Singapore company whereas the director for a Hong Kong company can be of any nationality;
- Corporate tax payable is 16.5% in Hong Kong, and 17% in Singapore;
- Statutory audit is required for Hong Kong companies, but not for companies in Singapore;
- Companies in Hong Kong have access to only 34 double tax treaties whereas those in Singapore have access to 75;
- Hong Kong companies have a 0% sales tax (GST) whereas Singapore has 7% GST;
- The level of conversational in English in Hong Kong is relatively poor compared to Singapore and other investment hotspots such as Malaysia, Dubai and Indonesia;
- At least one of the directors of a Hong Kong company must be a natural person. Once this requirement is fulfilled, other corporate directors can also be appointed.

Offshore companies in Hong Kong and Singapore

- Corporate tax rate on trade conducted outside the country is 0% for both Hong Kong and Singapore;
- An offshore company in Singapore cannot open a local corporate bank account whereas a Hong Kong offshore company can;
- Offshore companies in both countries cannot sign sales agreements with local clients;
- Office premises cannot be rented by an offshore company in both countries;
- Offshore companies in Hong Kong and Singapore are unable to import raw materials and export goods;
- Expatriate staff cannot be hired by offshore companies in both countries;
- A resident secretary is required for offshore companies in both countries.



Expedited solutions for Singapore

For Clients looking to enter business quickly in Singapore, Healy Consultants provides shelf company solutions. Within two days, Healy Consultants can provide Clients with **i)** a company name and number **ii)** a Singaporean company address **iii)** a Hong Kong corporate bank account number and **iv)** a Singapore tax number.

There is a 50% chance that the bank signatory will need to travel to Hong Kong to meet the bank but this will not delay the use of the new company/bank account.

The company name and the business activity can be changed while maintaining the same corporate bank number, and as such, Clients are not forced to use the name of the existing shelf companies for its customers.

Steps to purchase a shelf company in Singapore

| | |
|---|--|
| 1 | Our Client confirms the planned corporate structure and sends Healy Consultants the required due diligence. Healy Consultants' team will then reserve the desired company name; |
| 2 | Healy Consultants provides our Client i) a company name and number ii) a company office address and tax ID number iii) a Hong Kong corporate bank account number and iv) a tax number; |
| 3 | The existing shelf company director signs i) the legal share allotment and legal share transfer, and ii) the change of company address. These documents are then submitted to ACRA for approval; |
| 4 | Once approved, Healy Consultants emails our Client: i) the certificate of incorporation and ii) the new M&AA with the new shareholders and directors; |
| 5 | There is a 50% chance that our Client will need to travel to meet the bank in Hong Kong in order to change the bank signatory. If you are already a customer of the bank, there is a 75% probability that you will be exempted from travelling. The following documents will need to be submitted for this step i) signed appointment of bank signatory forms ii) Client's passport copy and proof of address iii) Singapore company kit and iv) proof of business with due diligence. |



Summary

Despite the few drawbacks of setting up a company in Singapore such as the need for at least one resident director, the dependence of the country's economy on the health of the Chinese, US and EU economies and potential difficulties in hiring foreign talent, Singapore is one of the key investment locations for businesses looking to enter the Asian market.

There are many key benefits of setting up in Singapore such as its excellent reputation in Asia, well developed transport and port infrastructure, and minimal setup requirements.

If you are looking to expand your business to Singapore, it is beneficial to have someone who understands the full business setup process. With experience since 2003 in registering businesses in Singapore, Healy Consultants can provide Clients with the knowledge and expertise to ease the process of entering the market. Healy Consultants also provides a wide range of support services for your business including corporate banking services, resident director services, employment and resident visa applications and virtual office services.

Please visit <http://www.healyconsultants.com/singapore-company-registration/> for more information.

References

- <http://www.healyconsultants.com/singapore-company-registration/>
- <https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/>
- <http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB15-Chapters/DB15-Report-Overview.pdf>



For further information on setting up a business in Singapore, please email us at email@healyconsultants.com. Alternatively, you can call us at (65) 6735 0120.

Address

Healy Consultants Pte Ltd
#15-01, 491B River Valley Road
Singapore 248373

