

Doing Business in Singapore

2009



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1. Introduction

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 70 countries throughout the world. Business partners work together through the network to conduct trans-national operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Singapore has been provided by the office of UHY representatives:

UHY Lee Seng Chan & Co

6001 Beach Road #14-01
Golden Mile Tower
Singapore 199589

Tel: +65 6395 5100
Web: www.lsc CPA.com.sg
Email: info@lsc CPA.com.sg

You are welcome to contact UHY Lee Seng Chan & Co for any inquiries you may have.

Established in 1967, UHY Lee Seng Chan & Co (LSC) spearheaded by Lee Seng Chan & Co has grown over the past four decades from a CPA (Certified Public Accountants) firm to become a leading multi-disciplinary organisation offering diversified business advisory and consulting services.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at May 2009.

We look forward to helping you do business in Singapore.



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2. Business environment

History

Singapore was founded in 1819 by Sir Stamford Raffles, a name still honoured in the Republic. The Island came under the complete control of the British East India Company in 1823. Within a relatively short period, Singapore became commercially linked to Java, Sumatra, the Malay Peninsular, the Philippines, Celebes, Bali and other neighbouring islands. Its trade then was essentially an entry port, serving as the centre for the exchange of products from Europe, India and China as well as for the products of the Malay Archipelago and the other countries of South-East Asia.

In 1867, authority over the Island was transferred to the British Colonial Officer who, besides developing the port, also used it as a naval base. Singapore was occupied by the Japanese during the Second World War from 1942 to 1945, but the British regained control of the Island after the War. Singapore was granted internal self government by the British government in 1959, then in 1963, merged with the Federation of Malaya, Sabah and Sarawak to form "Malaysia", but separated from Malaysia in 1965 and became a Republic, which it has remained ever since.

Population and Language

The population is multiracial. Currently, there are four major ethnic groups: Chinese (75%), Malays (13.7%), Indians (8.7%) and others (2.6%). The total population as at June 2008 was 4.84 million. The rate of population increase has declined steadily since the late 1960s, reaching a low of 1.7% in 2008.

Singapore's literacy rate, estimated at 95.7%, is amongst the highest in Asia and is attributable to the Government's policy of free primary and secondary education. The Government recognises four official languages, namely, English, Malay, Mandarin and Tamil. The majority of the younger Singaporeans are bilingual. Malay is the national language, but English is spoken by well over half the total population and is the language of commerce and also the language used in Government administration and official Government publications.

Geography

The Republic of Singapore is made up of the main Singapore Island and some 54 islets. Some of these offshore islands have become important refinery centres for multinational petroleum companies. Another island, Sentosa, has been developed into a recreation centre and a tourist

attraction. The focus of living and activity is on Singapore Island itself, which has a total land area of approximately 699 square kilometres with a coastline of around 193 kilometres. The Island measures about 42 kilometres from east to west and about 23 kilometres from north to south. Of this, about 49.7% is used for residential, commercial and industrial purposes and another 1.7% for agriculture. The rest consists of forest reserves, marsh and other non-built-up areas. Singapore is strategically located at the southernmost tip of the Asian continent. The main Island is linked to Peninsula Malaya in the north by a 1,058 metre causeway. Singapore is in the heart of South East Asia and at the crossroads of the main international trade routes.

Climate

Singapore is approximately 137 kilometres north of the equator, and its climate is, therefore, characterised by uniformly high temperatures and humidity. The temperature usually ranges between 24°C and 32°C throughout the year. The cooler months are November, December and January, which are also the wettest months of the year. Rain falls throughout the whole year round, although January is, statistically, the wettest month, whilst July is the driest.

Government

The Republic of Singapore adopts the basic constitutional pattern of Parliamentary Government. Voting is secret and compulsory for those aged 21 years and over, and is based upon a one-man one-vote system. In 1993, Singapore had its first elected President, the President previously being elected by Parliament. The executive functions of the Government are administered by a Cabinet comprising the Prime Minister and the ministers appointed by the President, upon the recommendation of the Prime Minister. Legislation enacted through Bills is passed by Parliament and is assented to by the President. The current Parliament (the tenth Parliament) was constituted by general election held on May 6, 2006 with 85 elected, 1 Non-Constituency and 9 Nominated Members of Parliament from 14 Group Representation Constituencies (GRC's) and 9 single member constituencies.

Legal System

Singapore's legal system is well developed, following principles based upon those inherited from its former British colonial rulers. Freedom and liberty of its people are enshrined in the Singapore Republic's Constitution. The legal process and administration are vested in the Attorney-General's Chambers, which are given an independent status in accordance with the Constitution. In common with other countries in the Commonwealth,

safeguards in the Constitution ensure the inviolability of judges in the exercise of their duties.

The courts in Singapore are basically divided into the Supreme Court and the Subordinate Courts. The Supreme Court consists of the Chief Justice and Judges of the Supreme Court and is made up of the High Court, the Court of Appeal and the Court of Criminal Appeal. The Court of Appeal is Singapore's highest judicial tribunal. In addition to the Supreme Court, there are the Subordinate Courts comprising of the District Court, Magistrates Court, Family Court, Juvenile Court, Coroner's Court and Small Claims Tribunal. Apart from the Supreme Court and the Subordinate Courts, there are some other tribunals set up to hear disputes on specific areas of law in Singapore such as the Syariah Court, Industrial Arbitration Court and Military Court. The Syariah Court applies Muslim Law to Muslims involved in disputes relating to marriage, divorce and maintenance.

Infrastructure

Strategically located at the crossroads of Asia, Singapore aims to serve as a compelling business hub for interested investors from all over the world. The strategic geographical position is further complimented by a world-class infrastructure system that has been implemented to meet global business and industry needs. Singapore has top rated infrastructure in air, sea, telecommunications and industrial lands creating a conducive environment for businesses to thrive in.

Singapore has a well-developed infrastructure that meets all of the needs of business and industry. It is the hub of the telecommunications centre of Southeast Asia with state of the art technology. It is possible to have fax, telex and international telephone services rapidly connected and, thereafter, have instantaneous telecommunications with all parts of the world. Facsimile transmission is widely used and readily available.

Singapore's Changi Airport is also renowned worldwide for its outstanding efficiency and customer service. It is served by 80 international airlines operating more than 4,000 flights per week. It has consistently bagged best airport awards from major international publications and organisations over the last few decades. In 2003, it won the Best Airport Worldwide award (based on the IATA Global Airport Monitor) for the fourth time. The Changi International Airport is able to handle 64 million passengers annually, making it the airport with the largest international passenger handling capacity in the Asia Pacific.

Singapore is also home to the world's largest transshipment hub port, with connections to more than 600 ports in 123 countries. Over 20,000 vessels from more than 200 lines called at Singapore's four terminals in 2003, generating a record 18.1 million TEUs. This included daily sailings to every major port in the world.

Economic Growth

Singapore's economic growth rate in the last two decades has been phenomenal. Its average annual growth rate in per capita gross domestic product is amongst the highest in the world. The Singapore Government believes strongly in the free market mechanism and encourages the private sector to be competitive internationally. The country's free trade policy has been the foundation for its flourishing international trade. Virtually all goods that enter Singapore are duty-free.

During the 1960's and early 1970's, the main economic thrust came from export-oriented manufacturing operations set up by foreign companies with access to international markets. The focus then was on skills-intensive manufacturing activities. With a better trained workforce and higher industrial capabilities in the late 1970's, the economy shifted towards higher value-added technology intensive and service-based activities. By the mid 1980's, manufacturing and services were identified to be the twin engines of growth. In 1989, the financial and business services industry overtook the manufacturing sector for the first time and became the leading contributor to the economy.

In the international arena, Singapore has been endorsed as one of the top exporters and importers in both the world's merchandise trade and trade of commercial services. Singapore's reputation as a global 'distri-park' stems from its excellent infrastructure and strategic location at the crossroads of major shipping routes.

Singapore's political stability, excellent business infrastructure, strategic location, sound legal framework, world-class financial services, skilled and disciplined workforce together with a liberal trade policy and a pro-business approach are amongst the factors contributing to Singapore's success as the most competitive newly-industrialised economy. Many international companies have been attracted to do business with and in Singapore and to use the country as a base for their regional expansion.

Gateway to growth triangle

Economic cooperation involving Singapore and its two Asian partners, Indonesia and Malaysia, entered a new phase in 1990 with the proposal for a Growth Triangle incorporating Singapore, Johor (in Malaysia) and the

Indonesian Riau Islands. Under the Growth Triangle concept, the Riau islands and Johor would contribute land, gas, water and labour for industries, whilst Singapore would provide management expertise. In this way, all three partners, although at different stages of economic development, would complement each other enabling them to generate more opportunities for business development. Within the Growth Triangle, investors can distribute their regional activities to take full advantage of the entire mix of resources such as sophisticated infrastructure, management and technical expertise, labour and land.

Gateway to China

China is one of the world's fastest growing economies of today. Some analysts have estimated that by early next century, it will be the largest in the world. The rapid growth and industrialisation in the south of China and along the eastern and northern coastline is beginning to spread out into the hinterland. The move towards an open market economy by China will require modern technology and equipment, up-to-date management and financial systems, and consumer goods. These can mostly be met from overseas at the current stage of China's development. Singapore, with its excellent infrastructure and services, will be able to assist China in moving towards the open market economy.

Regional Base

Singapore is often used as the regional base for the Asian and international operations of overseas companies. Singapore was ranked the best place in the world for doing business by the US-based Fortune magazine in its 1995 global ranking of the most attractive commercial centres as well as other factors cited, such as infrastructure and telecommunications facilities, office rents and investment costs, etc. Investors find Singapore attractive because of the tax breaks they get for setting up regional headquarters here.

Top-Notch Connections

Singapore has a diverse network of Free Trade Agreements (FTAs) with key trading partners including the US, Asia, Europe and in the near future, the Middle East, and South America. When all of these are in place, Singapore-based companies will have access to a global market representing some 90 per cent of the world's total GDP.

Regulations

Regulation of business is kept to a minimum, with the Government preferring to rely on market forces. Singapore's free enterprise economy welcomes foreign investment in manufacturing and service activities with no restriction on ownership. Foreign investors are given maximum

encouragement and support for their success by the Government. There are also virtually no restrictions on expatriate employment.

Monetary System

Although the Singapore dollar may not yet be an important currency in international finance, it has been accepted as a strong and stable currency. The Singapore dollar remained unscathed in the money market during the years of turbulence in world currency movements. The Singapore dollar, which is backed by a basket of currencies including the U.S. dollar, Japanese Yen and German mark, has attained an enviable position internationally.

Exchange Control

There are no special exchange control regulations in Singapore and banks are permitted to trade freely in foreign exchange with residents and non-residents. They are free to quote their own exchange rates for all currencies. Daily rates are usually displayed in the banking halls, but major customers may call the dealing rooms of banks for more favourable rates.

Banking System

Prior to 1971, there was only one type of commercial bank in Singapore. Banks were permitted to carry out the whole range of banking services, regardless of their country of incorporation. As a strategy to attract international financial institutions to set up offices in Singapore and to avoid unnecessary competition in domestic banking, the Monetary Authority of Singapore began to issue other types of licences for banks to engage in specialised lines of the banking business. Today, Singapore is served by many financial institutions of international repute. They provide an effective mechanism to direct the flow of surplus funds into productive investments. Most of the top banks in the world are represented in Singapore. Some of these operate as full, restricted or offshore banks; others maintain representative offices or operate as merchant banks.

Employment Passes

Foreigners entering Singapore in order to take up or continue employment require permission from the Controller of Immigration under the Immigration Act. Non-citizens, who are not permanent residents earning more than S\$2,500 per month, require an employment pass. Foreign nationals who are mid-level skilled workers and who earn more than S\$1,800 per month but lower than S\$2,500 per month, require an S Pass.

Central Provident Fund (CPF)

Singapore has excellent professional and skilled manpower. One significant labour cost relates to the compulsory contributions by employers to a Central Provident Fund (CPF) in respect of employees who are Singaporeans or Singapore permanent residents. The CPF is essentially a pension and savings fund. Contributions are required to be made by employers and employees at specified rates on the employees' remuneration subject to certain ceilings.

Every employer is liable to pay monthly CPF contributions for his employees, including those on temporary, probationary, part-time or piece-rated employment. This is a compulsory retirement fund established and managed by the Government for all local employees (both citizens and permanent residents). At present, employers contribute 14.5% of employees' gross remuneration into this pool. Employees also contribute 20% of their remuneration by way of pay deduction by employers. B

Since 1 August 1995, employers have been exempt from making mandatory CPF contributions for foreign employees on an Employment or S pass or Professional Visit Pass or three-year Work Permit. However, contributions may be made on a voluntary basis.

3. Foreign investment

Singapore's free enterprise economy welcomes foreign investments in biomedical sciences, manufacturing services and technological activities. Cabinet ministers and senior government officers regularly lead trade missions to other countries in order to promote mutual trade as well as the concept of Singapore as a Total Business Centre to capitalise on its well-developed infrastructure, including its reputation as one of the world's busiest and most efficient ports, its telecommunications services, its sophisticated financial market and commercial facilities.

Besides a diligent workforce, the other incentives for doing business in Singapore include:

- Political and economic stability
- Well-developed physical infrastructure
- Efficient port facilities
- A major air hub in the Asia Pacific region
- State of the art telecommunication facilities
- No restriction on foreign ownership
- No restriction on expatriate employment, subject to employment pass
- Freedom of repatriation of investment capital and profits;
- No foreign exchange control
- Extensive range of tax and investment incentives
- Financial assistance for small and medium-sized local companies
- Pre-export and export financing at favourable interest rates
- No restrictions on the remittance of interest earned by non-residents having accounts with banks operating in Singapore
- No capital gains tax and turnover tax
- Insurance protection against non-payment caused by political and / or commercial factors
- Double taxation treaties with over 50 countries
- Strong, cooperative relationship between Government, unions and employers.

Movement of funds

Singapore liberalised foreign exchange controls in 1978, removing restrictions on the movement of funds.

Restrictive trade practices

In Singapore, direct selling practices comes under the Multi-level Marketing and Pyramid Selling (Prohibition) (Amendment) Act 2000. An Exclusion Order was made at the same time that the Act was amended. Under the Exclusion Order, which was implemented in June 2002, direct selling companies that fulfil certain criteria are allowed to operate.

Money market incentives

Singapore is a major centre for the Asian Money Market.

Commercial banks and merchant banks with Asian Currency Unit (ACUs) operate the Asian Dollar Market. The main users of the Asian Dollar Market, besides banks, are government and multi-national corporations. The most common currency in the market is the US Dollar, followed by the Japanese Yen and Deutschmark. ACUs can borrow or lend in any currency other than the Singapore dollar.

The Asian Money Market is modelled after the Euro-Dollar Market centred in London. To strength the Republic's position, the following incentives are offered by the Government:

- Non-residents are exempt from withholding tax on interest earned from deposits placed with Asian Currency Units (ACUs)
- Abolition of the 20% liquidity ratio for Asian Currency Units (ACUs)
- Concessionary tax at 10% on transactions with non-residents;
- Abolition of tax on offshore income by non-resident investors from funds managed by ACUs
- To promote loan syndication activities, income of ACU arising from syndicated offshore loans where the syndication work is carried out in Singapore is exempt from tax.

Other measures include the relaxation of rules to enable local resident individuals and corporations to borrow up to certain limits from the Asian Dollar Market and to maintain accounts in foreign currencies, as well as granting of Asian dollar licenses and offshore branch licenses to various financial institutions in Singapore. The Singapore location enables international money dealers to communicate speedily with financial centres throughout the world.

Tax incentives

Singapore understands the importance of having a competitive tax regime in order to encourage business investments. As such, the government of

Singapore has also put in place various tax incentives to help enterprises start up and grow.

Governing Legislation	Types of Incentives	Where to Apply
ITA / S13F	Approved International Shipping Enterprise	MPA
ITA / S14B	Further deduction for expenses relating to Approved Trade Fairs, Trade Exhibitions or Trade Missions or to maintenance of overseas Trade Office	IE Singapore
ITA / S14E	Further deduction for expenditure on Research and Development Project	EDB
ITA / S14M	Deduction for expenditure on Approved Hotel Refurbishment Project	STB
ITA / S43A	Concessionary rate of tax for Approved Asian Currency Unit, Fund Manager and Securities Company	MAS
ITA / S43C	Concessionary rate of tax for Approved Insurance and Reinsurance of Risks outside Singapore	MAS
ITA / S43E	Concessionary rate of tax for Approved Operational Headquarters (OHQs)	EDB / MAS
ITA / S43G	Concessionary rate of tax for Approved Finance and Treasury Centre	MAS
EEIA / Part II	Pioneer Industries	EDB
EEIA / Part III	Pioneer Service Companies	EDB
EEIA / Part IIIB	Approved Shipping Logistics Enterprise	MPA
EEIA / Part IIIB	Development & Expansion Incentive	EDB
EEIA Part VII	International Trade Incentives	IE Singapore
EEIA / Part X	Investment Allowances	EDB
EEIA / Part XIII	Investment in New Technology Companies	EDB
EEIA / Part XIII A	Overseas Investment and Venture Capital Incentives	IE Singapore
EEIA / Part XIII B	Overseas Enterprise Incentive	IE Singapore

Regulatory bodies

Some of the government agencies and bodies responsible for promoting foreign investment and administering incentives to investors include:

Economic Development Board

The Economic Development Board (EDB) is the lead national agency responsible for planning and executing strategies to sustain Singapore's attractiveness as a global hub for business and investment. EDB deals with enquiries from prospective investors, and evaluates the feasibility of proposed projects particularly in manufacturing, industrial business hub development, promoting local enterprises, economic resource development and regionalisation. It administers a number of incentive schemes such as the Pioneer Incentive Scheme and the Development and Expansion Incentive Scheme.

It works closely with other agencies in order to promote innovation and also develop human, intellectual, financial and cultural capital in Singapore.

International Enterprise Singapore

Formerly the Singapore Trade Development Board, International Enterprise Singapore (IE Singapore) is the national agency to help Singapore-based companies who are willing and able to grow and internationalise successfully, and also to encourage the growth of Singapore's external economy.

Similarly, IE Singapore promotes Singapore as a hub for Small and Medium-sized Enterprises (SMEs) by attracting enterprises from other countries to be based here, so that they can collaborate with international Singapore Companies (ISCs) to venture into the region.

Jurong Town Corporation

Jurong Town Corporation (JTC) is Singapore's leading provider of industrial space solutions and specialised parks for various industries. There are 35 modern industrial estates in Singapore with good roads, drinking and industrial water supplies, electricity, power and transport facilities. Jurong Industrial Estate, which is the largest, has a deep water harbour. In addition, JTC's subsidiary, JTC International is involved in the development of industrial townships within the Asia Pacific region such as China, Vietnam, Philippines, India and Indonesia.

Monetary Authority of Singapore

The Monetary Authority of Singapore (MAS) regulates all elements of the monetary, banking and financial aspects of Singapore. It oversees a wide range of tax incentives specifically set for the financial sector.

SPRING Singapore

SPRING Singapore (Standards, Productivity and Innovation Board) is the national agency entrusted with the responsibility of sustaining Singapore's

productivity, growth and competitiveness. It assists organisations to systematically achieve world-class standards of business excellence. Its three key areas of focus are: productivity and innovations; standards and quality; and small and medium sized enterprises (SMEs).

Infocom Development Authority of Singapore

The Infocom Development Authority of Singapore (IDA) was founded in 1999 as a result of a merger between the Telecommunication Authority of Singapore and the National Computer Board. IDA is a developer, promoter and regulator of the information and communications industry in Singapore, and works closely with the private sector to create a vibrant environment for IT in Singapore by preparing residents for living and working in the “New Economy”.

It offers various sector-specific programs and schemes to both local and international IT companies and helps Singapore-based companies expand into the region and the world. All initiatives are aimed at positioning Singapore as a leading ‘Infocom’ hub in Asia.

Agency for Science, Technology and Research

Formerly known as the National Science & Technology Board, the Agency for Science, Technology and Research (A*STAR) has contributed to Singapore’s science and technology landscape by stimulating industry R & D, strengthening the technology infrastructure, promoting technopreneurship, developing R&D manpower and establishing international linkages.

The incentives administered by A*STAR include the Biomedical Research Council’s funding for research activities that will contribute to the vision of Singapore becoming a premier centre for biomedical research and development, and the Science and Engineering Research Councils’ funding for researcher and scientists in work related to the areas of science and engineering.

Workforce Development Agency

Established in September 2003, Workforce Development Agency offers several manpower development programmes to promote enhancement of human and intellectual capital. A number of funding schemes are available to encourage employers to train and upgrade the skills of workers and help employees acquire skills through lifelong learning initiatives. The agency also works with other economic agencies to help employers remain globally competitive, keep abreast of market developments and adapt the workforce to industry needs.

4. Setting up a Business

Basics of Business

Many people may not appreciate the differences between a **business firm** and a **company** because we tend to use both terms interchangeably. However, you should be aware of the distinction between the two, especially the difference in their legal status. Everything about a business firm, from registration to management, is simpler than that of a company.

A business firm exists in name and registration. As far as the law is concerned, it is not a legal entity because it is not a corporate body. It has no legal rights or obligations on its own. A business firm may not enter into contracts under its own name. It may not own assets, or another business firm, and may not sue or be sued in its own name. All legal contracts of a business firm have to be in the name of the owner(s) or the manager(s).

A company, on the other hand, is a legal entity. It is incorporated and is a 'legal person' under the law. A company may enter into transactions and contracts in its own name and may own assets as well as other companies and business firms. Also, it may sue or be sued, all in its own name.

Here are some highlights of the differences:

Criteria / Questions	Business	Company
<i>Legal Status</i>	A business firm is NOT a legal entity. The legal liabilities fall on the business owner(s) and manager(s).	A company is a legal entity. It can: <ul style="list-style-type: none"> • Sue or be sued; • Enter into transactions and contracts; and • Own assets and other companies all in its own name.
<i>Liability of members</i>	Sole-proprietor, partners and appointed managers have unlimited liability and can be sued.	Shareholders of a limited company are protected from legal suits. They cannot be named as defendants in suits against the company.
<i>Decision</i>	More informal. Sole-proprietor	More formal. Companies

Criteria / Questions	Business	Company
<i>Making</i>	and partners in agreement can make decisions more easily.	are managed by a Board of Directors and certain decisions can only be made at a meeting of the board.
<i>Do you need lawyers or accountants to register your firm?</i>	No. But you are advised to seek professional advice when in doubt.	No. You are however strongly advised to seek professional assistance.

The different types of business firms

A business firm is either a **sole proprietorship** or a **partnership**.

Individuals and companies, being 'legal persons', may set up and own a business firm. However, a business firm, not being a legal entity, cannot register another business firm. Individuals and companies registering business firms need not be Singaporeans or incorporated in Singapore. But in all cases, the manager of a business firm must be a Singaporean, a Singapore Permanent Resident, Singapore Employment Pass Holder or Dependant's Pass holder.

Companies may be formed by individuals or existing companies but not business firms. Most companies in Singapore are private companies limited by shares. There are also a small percentage of unlimited private companies and public companies. Private and public companies are incorporated and regulated under the Singapore Companies Act, Chapter 50.

A person or an organisation that wishes to do business in Singapore may choose to operate the business through any one of the following business organisation structures:

Sole proprietorship

A sole proprietorship is a business firm owned by one individual or an incorporated company. Since there are no partners, the sole proprietor has absolute say in the running of the business firm. This also means that he has absolute responsibility-from business transactions to legal matters. A sole proprietorship is usually set up by people who have enough financial resources to start a business entity on their own. Every business firm is encouraged to have a manager who is responsible for the management of the business. The manager, who needs not be the sole proprietor himself, is personally responsible for the discharge of all obligations attached to the

business firm under the Business Registration Act, Chapter 2. If any of the obligations are not met, the manager will be subject to the same responsibilities, liabilities and penalties as a sole-proprietor in the firm. It is compulsory to appoint a local manager under certain circumstances.

Partnership

A partnership is made up of more than one person or company. Generally, all partners have equal rights in the management of the partnership. To avoid possible disputes, it is preferable that a partnership agreement is drawn up. It is important that this document clearly addresses issues such as: the admission of new partners, transfer of ownership by existing partners, sharing of profits and the terms of dissolution of the partnership. In the absence of a partnership agreement, in general, all partners have equal rights in the management of the partnership.

Partnerships may have between two and twenty partners. Once there are more than twenty partners, the business entity must be registered as a company under the Companies Act, Cap.50. Every business firm is encouraged to have a manager who is responsible for the management of the business. The manager, who need not be one of the partners himself, is personally responsible for the discharge of all obligations attached to the business firm under the Business Registration Act, Cap 32. If any of the obligations are not met, the manager will be subject to the same responsibilities, liabilities and penalties as a partner in the firm.

Private Limited Companies

A company is an incorporated entity and once registered under the Companies Act, Chapter 50, has a legal personality. It is different from a business firm and usually has the words "Pte. Ltd." or "Ltd." as part of its name. Most companies in Singapore are private companies limited by shares. There are also a small percentage of unlimited private companies and public companies. The Companies Act allows a company to be incorporated with one director and one shareholder who may be the director himself.

A private company is one which has a small group of shareholders. Under the law, this group cannot be more than 50. A private company cannot ask the public to invest in it or to deposit money with it. Capital must be raised privately among the small group of shareholders and/or through bank loans. Also, most companies include share transfer rules as one of the items in the *Articles of Association*, the rules and regulations governing the internal affairs of a company. So, unlike public listed companies where shares are not only easily transferable but tradable as

well, shareholders of a private company usually have to seek approval of the directors before shares can be transferred or sold.

Exempt Private Company

There is another type of private company known as the exempt private company. Such a company does not have other companies as shareholders and does not have more than 20 individuals as shareholders. Exempt private companies may make loans to its directors. Also, they need not file their financial accounts with, but must still submit their annual returns to the Accounting & Corporate Regulatory Authority (ACRA), and a company director must sign a certificate to confirm that:

- The company is an exempt private company
- The company is able to meet its liabilities
- The annual accounts have been tabled before shareholders at its Annual General Meeting.

Public Companies

A public company may have more than 50 members. It is also allowed to raise capital by offering shares or debentures (basically loans to companies with interest) to the public. These shares and debentures are transferable. However, a public company must register a prospectus with the ACRA before offering shares and debentures. A public company seeking listing on the Stock Exchange has to obtain the approval from the Singapore Exchange Limited (SGX) and the Monetary Authority of Singapore (MAS).

Branches of Foreign Companies

These are companies whose country of origin are outside Singapore and who wish to set up a branch in Singapore. The companies are to be registered, and not incorporated, under the Companies Act, Chapter 50.

Representative Office

Foreign companies in the manufacturing, trading, trade logistics and trade related services sectors may establish a representative office in Singapore in order to undertake promotional and liaison activities on behalf of its head office or overseas branches.

A representative office may not engage in any trading or business, lease any warehousing facilities, conclude contracts, issue invoices / receipts, open / receive letters of credit or provide services for a fee. It is supposed to be a temporary establishment for foreign companies to assess the business environment in Singapore before making investment decisions.

Operational Headquarter (“HQ”)

The Singapore Government encourages companies to use Singapore as a base to conduct HQ management activities. The HQ can be in the form of Regional Headquarters, International Headquarters, Operational Headquarters, Business Headquarters or Manufacturing Headquarters. There are certain investment incentives accorded to these HQs such as lower tax rate, group relief, Extension of Unilateral Tax Credit System (UTC) and Not Ordinarily Resident Taxpayer Scheme (NOR).

Limited Liability Partnership

A Limited Liability Partnership is a separate legal entity. It has the characteristics of a partnership and a company. Like a company, the Limited Liability Partnership has perpetual succession and it can own property in its own name. Members of a Limited Liability Partnership are also generally not personally liable for the debts of the Limited Liability Partnership. The members may agree on how profits and losses are to be shared as well as to how the business is to be run. This structure may appeal to professionals who wish to enjoy the benefit of limited liability whilst organised as partnership.

Determine the nature of the business firm / company

Each sole-proprietorship, partnership or company has to notify ACRA of the nature of the business activity, according to the Department of Statistics' (DOS) standard of industrial categorisations and description of business activities. These sets of industrial codes and business descriptions are known as the Singapore Standard Industrial Classification or SSIC codes.

Register a sole proprietorship / partnership

Business firms (sole proprietorships / partnerships) are registered under the Business Registration Act. Registration is done on-line and it may take ACRA only a few hours to register your business firm.

Register a local company

Companies are registered under the Companies Act Chapter 50. First, you will need to apply for approval to use the company name. Once the name has been approved, you may proceed to incorporate the company on-line. It is possible to incorporate a company within a day provided all the incorporation documents are in order.

Register a branch of a foreign company

A foreign company is one that is incorporated outside Singapore. A foreign company has to register its branch in Singapore under the Companies Act before it can commence business in Singapore. Branches of foreign companies are registered, not incorporated, under the Companies

Act, Cap 50. They need not be incorporated in Singapore as their legal existence has already been established in their place of origin. A subsidiary of a foreign company is a new legal entity incorporated under the Companies Act and hence would need to be incorporated. However, a branch being an extension of a company incorporated elsewhere is merely required to be registered in Singapore.

Register a representative office

A Representative Office (RO) is a temporary establishment registered to facilitate the promotion and liaison activities of its foreign parent company in Singapore. Only ROs from the manufacturing, trading, trade logistics and trade-related services sectors can be registered. The registration must be done with International Enterprise Singapore (formerly the Singapore Trade Development Board). As a RO is expected to be a temporary establishment, International Enterprise Singapore reserves the right not to renew the status when it is due for renewal annually.

Register a Limited Liability Partnership

A Limited Liability Partnership (LLP) is a relatively new vehicle for doing business in Singapore. The LLP gives the owners the flexibility of operating as a partnership whilst giving them limited liability. It combines the benefits of a partnership with those of a private limited company. To start a LLP, you must register under the Limited Liability Partnerships Act 2005 with ACRA.

Register an association / society

If you wish to start an association / society, you should register it with the Ministry of Home Affairs via their Registry of Societies Electronic System (ROSES).

Approval, Licences and Permits

Apart from registration with the ACRA, certain businesses are subject to further regulatory control by other government agencies in Singapore. Special approvals or licences may have to be obtained before the relevant business activity can commence. You will need to apply for other licences in order to conduct certain business activities such as finance and insurance business licence, public entertainment licence, food shop licence, advertisement licence, licence to operate residential based social activities (aged homes, children's home, etc.) and others.

5. Labour

Labour Force

Singapore has continuously emphasised and pursued a programme of maximum development of its human resources. For example, each year almost 20% of its entire budget is expended on education.

Singapore will continue to improve its attractiveness to new and more sophisticated investments, whilst also encouraging employers to use the Skills Development Fund to upgrade the skills of their employees. This is aimed at encouraging the retraining of managers and workers to upgrade their skills in keeping with the faster changes in technology now taking place.

As at March 2009, the estimated number of employed persons was 2.95 million and the average unemployment rate was 3.2%. The various major industries that provide employment are as follows:

Employment by sector	Percent (%)
Manufacturing	17.0
Financial Services	6.1
Business Services	12.4
Others	64.5

Based on data collected from Singapore Department of Statistics, average house income among employed households (households with at least one working person) saw a rise from S\$6,890 in 2007 to S\$7,750 in 2008.

6. Taxation

In Singapore, taxes are levied upon the income of companies, individuals and property. In addition, taxes are also levied upon the users of property and consumption, which are known as property tax and goods and services tax respectively.

Singapore operates a territorial basis of taxation. Residents and non-residents are taxed on income accruing in, derived from or received in Singapore. However, non-resident individuals are not liable to tax on foreign income remitted to Singapore.

Direct Tax

There are two principal direct taxes designed to tax income derived from Singapore:

- Income tax on companies
- Income tax on individuals.

Income tax on companies is levied on the income of companies based on the prevailing corporate rate, whilst income tax on resident individuals is levied on the income of resident individuals based on a progressive scale of rates. There is no capital gains tax in Singapore.

Indirect Tax

The Goods & Services Tax (GST), a value-added tax introduced on 1 April 1994, at the prevailing rate of 7%, is charged on all domestic consumption. GST is essentially a multi-stage tax, which is passed onto the end consumer. Other taxes include property tax, skills development levy, foreign workers levy and stamp duty.

Administration

The income tax system in Singapore is administered by the Inland Revenue Authority of Singapore (IRAS) under the direction of the Comptroller of Income Tax. It is possible to obtain a ruling from the IRAS on the interpretation of the provisions of the Income Tax Act and the tax effects of certain transactions. The IRAS began issuing Interpretation and Practice Notes in 1993. These rulings and notes do not have the binding effect of law, but outline the IRAS' interpretation of certain provisions of the tax law as well as the administrative practices which it adopts when applying the law. Income tax is assessed annually in Singapore on a preceding year basis. The Year of Assessment begins on 1 January and ends on 31 December. In the case of a trade, business, profession or

vocation, the accounting year forms the basis period for a Year of Assessment.

Tax Treaties

Tax treaties entered into by Singapore are based on the Organisation for Economic Co-operation and Development (OECD) model. The tax relief pattern is a combination of territorial taxation and exemption of foreign income, unless received in Singapore. Presently, comprehensive double taxation agreements for the avoidance of double taxation have been concluded with the following countries:

Australia	France	Malaysia	Portugal
Austria	Germany	Mauritius	Republic of Korea
Bangladesh	Hungary	Mexico	Romania
Belgium	India	Myanmar	Sri Lanka
Bulgaria	Indonesia	Netherlands	South Africa
Canada	Israel	New Zealand	Sweden
China	Italy	Norway	Switzerland
Czech Republic	Japan	Pakistan	Taiwan
Denmark	Kuwait	Papua New Guinea	Thailand
Egypt	Latvia	Philippines	Turkey
Finland	Luxembourg	Poland	United Kingdom
Vietnam	United Arab Emirates	Bahrain	Cyprus
Mongolia	Lithuania	South Africa	

Income Tax on Companies

Company profits are subjected to tax in Singapore if the following criteria are satisfied:

- The company must be carrying on business in Singapore
- The relevant profits must be earned in or derived from Singapore or received in Singapore from outside of Singapore.

With effect from 1 January 2003, a one-tier corporate taxation system has replaced the then existing full imputation system. Under the full imputation system, tax paid by a company on its profits was passed on as a tax credit to its shareholders on distribution of profits as dividends. Under the new one-tier system, corporate profits will be taxed at the corporate level of 18%. That is, tax will only be imposed at the corporate level and Singapore dividends, in the hands of the company's shareholders, are tax exempt.

Corporate income tax	18% (17% wef YA 2010)
Capital gains tax	not taxable
Withholding tax -Dividends	not taxable
Withholding tax-Interest	15%
Withholding tax-Royalties	10%
Net operating losses (years)-Carry forward	Unlimited, subject to continuity of ownership requirement
Net operating losses (years) – Carry back	With effect from the year assessment 2006, company can elect to carry back losses up to S\$100,000 from one year back

The tax rate of 17% will come into effect in the year of assessment 2010. It applies to both Singapore-incorporated subsidiaries as well as branches of foreign companies. It applies equally to resident and non-resident companies.

Resident Companies

A company is considered to be resident in Singapore if its control and management are exercised there. Control and management are normally considered to be exercised at the place where the directors' meetings are held.

Business Expenses

Deductions are allowed for all expenses wholly and exclusively incurred in producing the income being assessed, unless specifically disallowed in the tax law. Deductions are not allowed for domestic or private expenses; income or other similar taxes; pre-incorporation, preliminary or start-up expenses; expenses associated with cessation of business, capital withdrawn; or capital employed in improvements.

Losses

A loss-transfer system of group relief has also been introduced in Year of Assessment (YA) 2003. Under this system, 100% of a company's current year unutilised capital allowance and losses may be used to set off the taxable profits of another company in the same corporate group. Certain allowances or losses are not transferable under this system including investment allowances and foreign losses. Losses arising from the carrying on of a trade or profession are deductible and may be set off against income from other sources. The balance may be carried forward indefinitely subject to continuity of ownership. Capital losses are not deductible. However, with effect from Year of Assessment 2006, carry-back for one year of assessment, immediately preceding the year of assessment in which trade loss and capital allowance arose, is allowed subject to:

- Maximum amount of S\$100,000
- Due Claim
- Shareholding test and same business test where applicable.

There must be continuity in ownership of the company, failing which the losses will be disregarded. The shareholders of the company must be substantially the same on the last day of the year in which the loss was incurred and on the first day of the Year of Assessment in which the loss is relieved. The shareholders of a company cannot be considered as substantially the same unless, on both dates above, 50% of the paid-up capital of the company was held by or on behalf of the same persons or not less than 50% of the nominal value of the allotted shares of the company was held by or on behalf of the same persons.

Capital Allowances

Accelerated depreciation allowance of 33.3 % is available for all plant and equipment in all sectors of the economy. The accelerated depreciation allowance will, however, not be given on motor cars, motor cycles and light goods vehicles. 100% allowance is available in the year of purchase for expenditure incurred on any robot, generator, efficient pollution control equipment and devices and certified energy efficient or approved energy saving equipment, computer or prescribed automation equipment.

Unabsorbed capital allowances are available for carry forward for deduction against future income of all kinds. Capital allowances cease to be eligible for carry forward in the event of a substantial change in shareholders and shareholdings of the company and a change in the trade, business or profession. The gain on realising depreciable assets is taxable as a balancing charge.

Tax Rate

Singapore's headline corporate tax rate is a flat 18% at present. In order to make Singapore as an attractive investment destination, corporate tax rates in Singapore have been going down consistently as seen below.

Effective YA 2010, corporate income tax rate will be reduced from 18% to 17% to help maintain Singapore's competitiveness.

1997-00	2001	2002	2003-04	2005-06	2007-09	2010
26%	25.5%	24.5%	22%	20%	18%	17%

Headline company tax rate in Singapore as in many other jurisdictions does not necessarily provide an accurate indication of effective corporate tax rate. The effective rate is normally lower than the headline tax rate due to applicable tax exemptions and tax incentives, depreciation rules, etc.

General Tax Incentives

Listed below are general tax exemptions/incentives currently available to Singapore resident companies. Once these tax exemptions are applied to the taxable income, the effective tax rates for small to medium sized companies in Singapore is reduced significantly.

0% tax on S\$100K taxable income

The corporate tax rate is 0% on the first S\$100,000 taxable income for each of the first three tax filing years for a newly incorporated company that meets the following conditions:

- be incorporated in Singapore
- be tax resident in Singapore

- has no more than 20 shareholders of which at least one is an individual shareholder holding at least 10% of shares.

9% tax on taxable income of up to S\$300K

All Singapore resident companies are eligible for partial tax exemption which effectively translates to about 9% tax rate on taxable income of up to S\$300,000 per annum. The taxable income above S\$300,000 will be charged at the normal headline corporate tax rate of 18%.

Effective Corporate Tax Rate

The above general tax incentives mean very attractive tax rates for small-to-midsize companies. For example, a typical Singapore resident company with S\$400,000 annual taxable income will be taxed as below:

First Three Years of Income Tax Filings

Taxable Income (S\$)	Tax Rate
0-100,000	0%
100,001-300,000	9%
300,000-400,000	18%

After First Three Years of Income Tax Filings

Taxable Income (S\$)	Tax Rate
0-300,000	9%
300,000-400,000	18%

Industry Specific & Special Purpose Tax Incentives

In addition to the general tax exemptions/incentives listed above, there are many industries specific and special purpose tax incentives & concessionary tax rates offered under the Singapore Income Tax Act.

Dividends

Singapore is now on the one-tier corporate tax system which became fully operational on 1 January 2008. Under the one-tier system, the income tax levied on a company's taxable profits is a final tax and the dividends

distributed by the company are not taxable in the hands of its shareholders.

Non-Resident Companies

The Singapore tax laws apply equally to resident companies, non-resident companies and branches of foreign companies in regard to the method of taxation or the rate at which tax is charged. Non-resident companies have the same obligations and rights under the Income Tax Act, are entitled to claim all of the deductions provided in the Act and generally enjoy the same privileges as resident companies.

To attach liability to a non-resident company in Singapore, it is necessary to establish that it is carrying on a trade or business within Singapore. A trade carried on with Singapore will not expose the non-resident company to tax here. All of the relevant facts have to be reviewed to decide the question whether a person is carrying on a trade within Singapore or with Singapore.

Income Tax on Individuals

Individuals resident in Singapore, whether citizens or non-citizens, are liable to income tax in respect of income accruing in or derived from Singapore and income received in Singapore from outside of the country. Taxable income would include:

- Profit from trade, business or profession
- Earnings from employment in Singapore
- Dividends, interests or discounts
- Pensions, charge or annuity
- Rents, royalties, premiums and any other profits arising from property
- Any gains or profits of an income nature not covered by the above paragraphs.

As effective from 1 January 2004, all foreign sourced income received in Singapore by resident individuals (excluding foreign income received in Singapore through a partnership in Singapore) is exempt from tax.

Resident Individual

An individual is resident in Singapore if he or she resides here, except for such temporary absence there from as may be reasonable and not inconsistent with a claim to be resident in Singapore. An individual who is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding a year of assessment is treated as a resident for that year of assessment. An individual who is in Singapore for some temporary purpose only, with no intention to establish residence there and who has not actually resided there for at least six months in the year of assessment is not regarded as a resident for tax purposes in Singapore.

Employment Services

Employment income includes salaries, bonuses, allowances, prerequisites and benefits-in-kind. Most minor benefits are valued at standard scale rates, which may be less than the actual cost to the employer. The benefit of housing is normally calculated at 10% of the employment income or, the annual value of the property, whichever the lower. Leave passage is considered as a benefit-in-kind and is subject to tax.

Short-term Employees

Short-term visiting employees are not subject to tax on income from an employment exercised in Singapore if the employment does not exceed sixty days. (This exemption is not applicable to public entertainers or company directors.)

Tax Rates

The income bands and tax rates with effect from YA2007 are as follows:

Chargeable Income (S\$)		Marginal Tax Rate (%)
From	To	
0	20,000	0
20,001	30,000	3.5
30,001	40,000	5.5
40,001	80,000	8.5
80,001	160,000	14
160,001	320,000	17
320,001 +		20

One-off Personal Income Tax Rebate of 20% for resident individuals up to a cap of SGD 2,000, for the tax payable for YA 2009.

Removal of Income Tax on Net Annual Value of all residential properties from YA 2010.

Non-resident individuals (Employees only)

Non-resident individuals are normally taxed at 20%, except for Singapore employment income, which qualifies for the reduced rate of 15%. Non-resident directors do not qualify for the reduced rates. Tax at 20% has to be deducted from their remuneration. Non-resident individuals are not entitled to any personal reliefs. However, certain non-residents are eligible for special relief under S40 of the Singapore Income Tax Act to help ease the burden of Singapore tax.

Income tax rates applicable to non-resident individuals:

Taxpayer	Applicable tax rate
Non-resident employee (excluding company directors)	15% or resident rates, whichever is higher
Non-resident partner, company director, sole proprietor, professional	20% from YA 2005
Non-resident public entertainer	15% net of expenses

Other Taxes

Goods & Services Tax (GST)

The Goods & Services Tax (GST) was implemented on 1 April 1994 as part of a major tax structure reform. The current tax is 7%. The Comptroller of GST is responsible for the administration of the GST.

The Singapore GST is a classic (invoice method) GST. The GST Act states that GST must be charged whenever a registered business supplies goods or services in the course of its business where that supply is a taxable supply made by a taxable person in the course or furtherance of any business carried on by that person ("output tax"). A credit may be claimed by the business for GST paid on goods or services purchased in the course of that activity ("input tax").

The excess of "output tax" over "input tax" is payable to the IRAS. If the "input tax" exceeds "output tax", the IRAS will be required to refund the difference.

Exported goods and international services are zero-rated. Goods and services which are zero-rated are not subject to GST and the relevant business is able to obtain a credit for "input tax". The sale and lease of residential land and financial services are exempt from GST. Activities

which are exempt do not have their outputs subject to GST, but no credit is available for "input tax".

Property Tax

Property tax is levied on immovable property. The annual tax payable is computed as a percentage applied to the annual value, which is the gross amount for which the property is expected to be let from year to year. Property tax is currently assessed at a rate of 10% on the property's annual value, which is the expected gross annual rent. One property occupied by individual owners enjoys a concessionary tax rate of 4%.

Withholding Tax

Payments of the following nature are subject to withholding tax:

- Interest, commission or fee in connection with any loan or indebtedness;
- Royalty or other payment in one lump sum or otherwise for the use of, or the right to use, any movable property;
- Fee for use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;
- Fee for the management or assistance in the management of any trade, business or profession;
- Rent or other payment for the use of any movable property;
- Remuneration paid to a non-resident director;
- Fees paid to a non-resident professional (other than employee) for services rendered in Singapore.

The rates of withholding tax are set out below. Subject to certain exceptions, withholding tax has to be accounted to the Inland Revenue Authority of Singapore by the 15th of the month following the date of payment of the income to the non-resident.

No withholding tax is required for royalty payments made to a non-resident for:

- Shrink-wrap software;
- Downloadable software for end user;
- Site license;
- Software bundled with computer hardware.

Payment to non-resident	Withholding tax rates
Director's fee	20%
Management fee	20%
Technical fee for services performed in Singapore	20%
Professional fee (of non-resident individual or foreign firm)	15% on gross or election for 20% on net
Rental or other income from movable property	15%
Royalties	10%
Interest	15% (10% from 1/1/2005)
Charter income	0%-3%

The rate of withholding tax on interest, royalties and rents for any movable property is 15% of the gross amount. The tax of 15% is a final tax. This reduced rate of tax will not apply if such income was derived by the non-residents through their operations carried out in or from Singapore. The withholding tax rates may be reduced for those non-resident recipients of countries that have entered into double tax agreements with Singapore

Special Indirect Taxes

Singapore is mainly duty free, but customs duty and excise are levied on certain products, which are considered to be luxuries or anti-social. These include motor vehicles, wines and spirits, petroleum and tobacco products. There are also protective tariffs on certain goods in order to encourage local manufacture. Equipment, machinery and raw materials required by industrial enterprises are not subject to customs duty.

Estate Duty

Estate duty is levied on all property that passes upon the death of a person and includes real estate, life assurance policies and stocks and shares. The estate of a person domiciled in Singapore would include all immovable property in Singapore and all movables wherever situated. The personal representative of the estate is liable to pay tax at 20% on the income derived by the estate during the period of its administration. Personal representatives are not entitled to personal relief. Property exempted from estate duty includes trust property, assets disposed of by the deceased for valuable consideration, Government securities and marriage settlements.

All debts lawfully due from the deceased are deductible from the gross value of assets. Funeral expenses deductible is limited to \$6,000. CPF monies are completely exempted. Exemption up to \$9 million is given to dwelling houses. The estate duty rate is 5% on the value of the estate up to \$12 million. The excess is taxed at 10%.

Assets exempt from estate duty:

Assets exempt from estate duty	Exemption value
Residential properties	Up to S\$9,000,000
All movable assets (including CPF balances)	Up to S\$600,000
If CPF balances > S\$600,000	The excess of S\$600,000

Estate duty for death occurring on or after 15 February 2008 has been abolished to encourage high net worth individuals to bring their assets into Singapore and thus supporting the growth of the wealth management industry.

Stamp Duty

With effect from 28 February 1998, only documents relating to immovable property and stocks or shares need to be stamped and these include lease and mortgage agreements, conveyances and re-conveyances.

Transfer of shares: 0.2%

Transfer of real property

- on 1st S\$180,000 1.0%
- on next S\$180,000 2.0%
- over S\$360,000 3.0%

7. Accounting & reporting

Prior to January 2003, accounting standards setting in Singapore was entrusted to the Institute of Certified Public Accountants of Singapore (ICPAS), whose practising members are regulated by the Public Accountants Board (PAB). ICPAS used its leverage over its practising members, who are auditors of companies, to enforce compliance with accounting standards.

The accounting standards issued by ICPAS were known as Statements of Accounting Standard (SAS) and Interpretations of Statements of Accounting Standard (INT). The SASs and INTs were based on the International Accounting Standards (IAS) and the Interpretations of the Standing Interpretations Committee (SIC) issued by the International Accounting Standards Board (IASB). The SASs and INTs were similar to their counterparts in IAS and SIC except for a few IASs which were slightly modified to meet local requirements before adoption as SASs and few interpretations of SIC which were not adopted.

Effectively from 1 January 2003, a government body titled Council on Corporate Disclosure and Governance (CCDG) took over the responsibility of accounting standards setting from the ICPAS which then ceased to issue accounting standards in Singapore. The accounting standards issued by the CCDG are described as Financial Reporting Standards (FRS).

All Singapore-incorporated companies are required under the Singapore Companies Act Chapter 50 to comply with FRSs for financial periods beginning on or after 1 January 2003. It is to be noted that the accounting standards issued by CCDG, in effect become part of the Singapore Companies Act and hence, compliance with FRSs is now legally enforceable.

The Accounting Standard Act was passed in Parliament on 27 Aug 2007 and the Act came into effect on 1 Nov 2007. With the enactment of the Accounting Standard Act, the Accounting Standards Council (ASC) took over the task of prescribing accounting standards from CCDG.

Financial reporting requirements

The annual financial statements of both private and public companies, including branches of foreign companies, are required to be audited by independent certified public accountants. Exemptions are available under the Companies Act for the financial statements of dormant private companies and exempt private companies with annual revenue of S\$5m or

less from audits. Sole proprietorships, partnerships and representative offices are not required to prepare audited accounts.

Public listed companies are subject to the financial statement and disclosure requirements promulgated by the Singapore Exchange Limited (SGX).

8. UHY firms in Singapore

UHY Lee Seng Chan & Co
6001 Beach Road #14-01
Golden Mile Tower
Singapore 199589

Tel: +65 6395 5100
Fax: +65 6298 6263
E-mail: info@lsc CPA.com.sg
Website: www.lsc CPA.com.sg

UHY Diong
158 Cecil Street
#08-01 Dapenso Building
Singapore 069545

Tel: +65 6235 1633
Fax: +65 6333 1633
E-mail: dtp@uhydiong.com.sg
Website: www.uhydiong.com

9. UHY offices worldwide

For contact details of UHY offices worldwide, or for details on how to contact the UHY executive office, please visit www.uhy.com