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DOING BUSINESS IN SINGAPORE

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INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in nearly 100 countries throughout the world.

Business partners work together through the network to conduct transnational 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:

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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 as of January 2025.

We look forward to helping you do business in Singapore.

BUSINESS ENVIRONMENT

Singapore at glance

A dynamic hub in the heart of South-East Asia, Singapore is a place where many cultures come together. Singapore's population comprises Chinese, Malays, Indians, and Eurasians, but also includes many other smaller ethnic communities. Along the streets, in our schools and workplaces, it is also common to encounter people from many other countries and cultures.

After 60 years of nationhood, Singapore is a modern, multicultural society that continues to attract the world to our doorstep. Singaporeans also have opportunities to gain overseas experience, build networks and seek opportunities globally.

Being an open and multicultural society has enriched our community and our lives in many ways and helps us thrive in a global economy. Singapore attracts international trade, welcomes visitors from all over the world, and serves as an important financial and transport hub. Each week, 7,000 airplanes fly in and out of Changi Airport. Every two to three minutes, a ship arrives or departs from our ports.

Within our society, different languages, heritage, festivals, religions, cuisine, and arts co-exist. We celebrate diverse cultures and cherish social harmony

All these make us a small island with a big heart that embraces the world.

Singapore's System of Government

Singapore is a republic with a parliamentary system of government based on the British Westminster model.

The Head of State is the President, who is directly elected by the people every six years.

The Executive comprises the Cabinet led by the Prime Minister and is responsible for government policies and the running of the country.

The Legislature comprises the Parliament which enacts laws and checks on the governing party. Members of Parliament are voted in during General Elections which are typically held every five years.

The Judiciary, made up of the Supreme Court and State Courts, administers law independently.

Facts and Figures

Official Name	Republic of Singapore
Date of independence	9 August 1965
Land area	734.3 Km^2 With land reclamation, Singapore's land area has grown by 25% compared to 50 years ago
Population density	8,300 per Km^2

Social Indicators

Total Population	6.11 million (June 2025)
Singapore Residents	4.20 million, of which 3.66 million are Citizens and the remaining 0.54 million are Permanent Residents
Median Age	43.2 years old
Life expectancy at birth	83.5 years
Ethnic composition of resident population	Among Singapore Citizens and Permanent Residents, 73.9% (Chinese), 13.5% (Malays), 9% (Indians) and the remaining 3.5% are Eurasians and other communities
Language	Singapore has four official languages – English, Chinese, Malay and Tamil. English is the common language and Malay is the national language.
Literacy rate	97.6% of residents aged 15 years and above are literate
Major religions	Buddhism, Christianity, Hinduism, Islam, Taoism

Economic Indicators (2025)

Per capita GDP	$98,878 (USD)
Median Monthly Income	S$5,775
Labour force	
Labour force participation rate	67.9% of our population aged 15 and above
Unemployment rate (2025)	2.8% (PMETs) 2.8% (non-PMETs)
Total Tourist arrival	16.9 million
Resident home ownership rate	Nine in 10 Singapore residents (or 90.8%) own their homes in 2024
Resident population staying in HDB flats	77.2% (2024)

Infrastructure

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

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.

Singapore's Changi Airport is the primary civilian airport for Singapore, and one of the largest transaction hubs in Southeast Asia, serving more than 100 international airlines flying to some 250 cities in around 60 countries and territories worldwide. Singapore Changi Airport has been rated the World's Best Airport by several notable organisations, such as the Business Traveller Asia-Pacific Awards, Travel Weekly Asia Readers' Choice Awards, Business Traveller UK, and more. It is one of the world's busiest airports by international passenger and cargo traffic. Changi Airport serves more than 100 airlines flying to 380 cities in around 90 countries and territories worldwide. Each week, about 7,000 flights land or depart from Changi, or, about one every 90 seconds.

Singapore is also home to the world's largest transhipment hub port, with connections to more than 600 ports in 123 countries and generated 44.66 million twenty-foot equivalent units (TEU) of cargo in 2025. More than 3,000 vessels call on Singapore every week and Singapore is connected directly with all of Asia's largest cities. Currently the world's second-busiest port in terms of total shipping tonnage, it also trans-ships a fifth of the world's shipping containers and half of the world's annual supply of crude oil.

Dedicated intra-Asia services connect Singapore to many of the smaller ports, whereas the large vessels on the services from North America and Europe represent the main connections not only to the markets outside Asia but also to all the major ports in Asia (Shanghai, Hong Kong, Tokyo etc.). This includes daily sailings to every major port in the world.

Economic Growth

Singapore has a highly developed trade-oriented market economy. Singapore's economy has been ranked the first in the world in political and operational stability, and the 5th most competitive economy in the world. Singapore remains one of the world's strongest economies as it is anchored in political stability with low corruption rates and transparent public institutions. Singapore's tax-to-GDP ratio was 13.6% in 2023 and has one of the highest per capita GDPs in the world (US$98,878).

According to the Ministry of Trade and Industry (MTI), the manufacturing sector posted strong growth of 15.0 per cent on a year-on-year basis in the fourth quarter of 2025, accelerating from the 4.9 per cent expansion in

the previous quarter. Growth during the quarter was largely driven by output expansions in the biomedical manufacturing and electronics clusters. The former was primarily supported by robust output growth in the pharmaceuticals segment, while the latter was bolstered by sustained demand for AI-related semiconductors, servers and server-related products. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 9.2 per cent, extending the 11.1 per cent expansion in the third quarter.

Among the services sectors, the wholesale & retail trade and transportation & storage sectors collectively grew by 3.9 per cent year-on-year in the fourth quarter, extending the 3.7 per cent growth in the previous quarter. All sectors within the group expanded during the quarter. Growth in the wholesale trade sector was due to strong sales volumes in the machinery, equipment & supplies segment, led by the sales of telecommunications & computer equipment and electronic components amidst the AI boom. Meanwhile, growth in the transportation & storage sector was largely supported by the water and air transport segments. On a quarter-on-quarter seasonally-adjusted basis, the wholesale & retail trade and transportation & storage sectors as a whole grew by 0.4 per cent, a turnaround from the 1.0 per cent contraction in the third quarter.

The group of sectors comprising the information & communications, finance & insurance and professional services sectors expanded by 4.2 per cent year-on-year in the fourth quarter, extending the 4.5 per cent growth in the previous quarter. All sectors within the group grew during the quarter. Growth in the information & communications sector was primarily driven by the IT & information services segment, whereas that in the professional services sector was mainly supported by the head offices & business representative offices segment. Meanwhile, the finance & insurance sector grew on the back of growth across all segments, particularly the banking and insurance segments. On a quarter-on-quarter seasonally-adjusted basis, this group of sectors expanded by 5.6 per cent, accelerating from the 1.8 per cent expansion in the third quarter.

The remaining group of services sectors (i.e., accommodation & food services, real estate, administrative & support services and other services sectors) grew by 3.2 per cent year-on-year in the fourth quarter, slower than the 4.0 per cent growth in the preceding quarter. All sectors within the group posted growth during the quarter. In particular, the accommodation sector expanded on account of a rise in international visitor arrivals. On a quarter-on-quarter seasonally-adjusted basis, the sectors as a whole contracted by 0.5 per cent, a pullback from the 1.2 per cent growth in the third quarter.

Below is a list of Singapore's top industries according to their year 2024's GDP contribution:

Source: Department of Statistics Singapore (DOS)

The Singaporean government believes strongly in free market mechanisms 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. 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, and 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 Singapore and to use the country as a base for their regional expansion.

Trade Connections

Singapore has a diverse network of free trade agreements (FTAs) with key trading partners including the US, and countries in Asia, Europe and soon, the Middle East and South America. When all of these are in force, Singapore-based companies will have access to a large market representing some 90% 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 to succeed by the government. There are also no restrictions on expatriate employment.

Monetary System

Although the Singapore dollar (SGD) may not yet be an important currency in international finance, it has been accepted as a strong and stable currency. The SGD remained unscathed in the money markets during the years of turbulence in world currency movements. The SGD, which is backed by a basket of currencies including the US 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 who wish to work in Singapore must hold a valid work pass issued by the Ministry of Manpower (MOM) before commencing employment. Employers are responsible for ensuring that their foreign employees possess the appropriate work authorisation and may face penalties under the Employment of Foreign Manpower Act for non-compliance.

Singapore offers several types of work passes for foreign employees, with the most common being the Employment Pass (EP), S Pass, and Work Permit (WP).

Employment Pass (EP)

The Employment Pass is intended for foreign professionals, managers, executives and specialists. Applicants need to earn at least S$5,600 a month and meet the qualifying criteria prescribed by MOM. EP applications are also assessed under the Complementarity Assessment Framework (COMPASS), which considers factors such as salary, qualifications, diversity and support for local employment.

S Pass

The S Pass is designed for skilled foreign employees performing associate professional and technician roles. Applicants need to earn at least S$3,300 a month. Employers hiring S Pass holders are subject to quota restrictions and foreign worker levy requirements.

Work Permit (WP)

The Work Permit is generally issued to semi-skilled and skilled foreign workers employed in approved sectors such as construction, manufacturing, marine shipyard, process and selected service industries. Eligibility requirements, source countries, quotas and levy obligations vary depending on the industry and the type of Work Permit applied for.

As work pass policies and eligibility criteria are periodically reviewed by MOM, employers and applicants should refer to the latest guidelines published by the Ministry of Manpower before making any employment arrangements.

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 Singaporean 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/her 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 17% (up to 50 years of age) of employees' gross remuneration into this pool. Employees also contribute 20% (up to 50 years of age) of their remuneration by way of pay deduction by employers.

Since 1 August 1995, employers have been exempted from making mandatory CPF contributions for new foreign employees on an Employment Pass or S Pass or professional visit pass or three-year Work Permit. However, CPF contributions will continue to be payable for foreign employees already in employment until their passes or permits expire. Upon renewal of the passes or permits, employers and their employees will be exempted from paying mandatory CPF. However, contributions may be made on a voluntary basis.

There is a limit on the amount of CPF contributions Singaporeans and permanent residents can make. In addition, non-Singaporeans and non-permanent residents are not allowed to contribute to CPF. From 2016, CPF contributions (including voluntary contributions) will be limited to mandatory contributions of S$37,740 per year. This limit is applicable to all Singaporean and permanent residents.

FOREIGN INVESTMENT

Singapore's free enterprise economy particularly welcomes foreign investments in biomedical sciences, manufacturing services and technological activities.

Cabinet ministers and senior government officers regularly lead trade missions to other countries to promote mutual trade and the concept of Singapore as a total business centre where businesses can capitalise on its well-developed infrastructure, the world's busiest and most efficient ports, its telecommunications services, its sophisticated financial market and commercial facilities.

Besides having a diligent workforce, other incentives for doing business in Singapore include the country's:

- Political and economic stability
- Well-developed physical infrastructure
- Efficient port facilities
- Major air hub in the Asia-Pacific region
- State-of-the-art telecommunication facilities

Businesses can also take advantage of the following benefits:

- No restriction on foreign ownership
- No restriction on expatriate employment, subject to employment passes
- Freedom of repatriation of investment capital and profits
- No foreign exchange controls
- An 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 more than 70 countries
- Strong, cooperative relationships between government, unions, and employers.

Business Activities

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 come under the Multi-level Marketing and Pyramid Selling (Prohibition) (Amendment) Act 2000. An Exclusion Order was made while 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 money markets of Asia.

Commercial banks and merchant banks with Asia currency units (ACUs) operate the Asia dollar market. The main users of the Asia 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 the Deutschmark. ACUs can borrow or lend in any currency other than the Singaporean dollar.

The Asian money market is modelled after the euro–dollar market centred in London. To strengthen 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 ACUs
- Abolition of the 20% liquidity ratio for 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 Asia dollar market and to maintain accounts in foreign currencies, as well as the granting of Asian dollar licences and offshore branch licences to various financial institutions in Singapore. Singapore's 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 to encourage business investments. As such, the government of Singapore has put in place various tax incentives to help enterprises start up and grow.

TABLE 1
Tax incentives

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 an overseas trade office	IE Singapore
ITA/S14E	Further deduction for expenditure on research and development projects	EDB
ITA/S14M	Deduction for expenditure on approved hotel refurbishment projects	STB
ITA/S43A	Concessionary rate of tax for approved Asian currency units, fund managers and securities companies	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 enterprises	MPA
EEIA/Part IIIB	Development & expansion incentives	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 XIIIA	Overseas investment and venture capital incentives	IE Singapore
EEIA/Part XIIIB	Overseas enterprise incentives	IE Singapore

- Economic Development Board (EDB)
- Monetary Authority of Singapore (MAS)
- International Enterprise Singapore (IE Singapore)
- Maritime and Port Authority of Singapore (MPA)
- Singapore Tourism Board (STB)

Regulatory Bodies

Some of the main government agencies and bodies responsible for promoting foreign investment and administering incentives to investors are listed below.

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. The EDB deals with enquiries from prospective investors and evaluates the feasibility of proposed projects particularly in manufacturing, industrial business hub development, while promoting local enterprises, economic resource development and regionalisation. It administers several incentive schemes such as the pioneer incentive scheme and the development and expansion incentive scheme.

It works closely with other agencies 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 grow and internationalise successfully, and 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 Singaporean Companies (ISCs) to venture into the region.

Jurong Town Corporation

The 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 and power and transport facilities. The 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 in 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.

Enterprise Singapore

International Enterprise Singapore and SPRING came together on 1 April 2018 as a single agency to form Enterprise Singapore. Enterprise Singapore is the government agency championing enterprise development. They work with committed companies to build capabilities, innovate, and internationalise. They also support the growth of Singapore as a hub for global trading and start-ups.

Infocomm Media Development Authority

The Infocomm Media Development Authority of Singapore (IMDA) was formed in 1999 as a result of a merger between the Telecommunication Authority of Singapore and the National Computer Board. The IDA and the Media Development Authority (MDA) merged to form the Info-communications Media Development Authority (IMDA) in 2016. The IMDA develops and regulates the infocomm and media sectors to create a dynamic, holistic and exciting ecosystem filled with growth opportunities through talent, research, innovation and enterprise.

As a statutory board in the Singapore government, the IMDA seeks to deepen regulatory capabilities for a converged infocomm media sector to safeguard the interests of consumers and foster pro-enterprise regulations. The statutory board also charts Singapore's digital transformation efforts by building the foundations of its digital infrastructure and driving digital innovation for a vibrant digital workforce within a safe and inclusive digital society.

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 techno-preneurship, developing R&D manpower and establishing international linkages.

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

SETTING UP A BUSINESS

Business Basics

Many people may not appreciate the differences between a business firm and a company because the terms tend to be used interchangeably.

However, it is important to 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 transactions or 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 business transactions of a business firm must 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 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.

TABLE 2

Overview of key differences between business firms and companies

CRITERIA/QUESTIONS	BUSINESS	COMPANY
Legal status	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: • Sue or be sued • Enter transactions and contracts • Own assets and other companies all in its own name
Liability of members	Sole proprietor, partners and appointed managers have unlimited liability and can be sued.	Shareholders of a private limited company are protected from legal suits. They cannot be named as defendants in suits against the company.
Decision making	Informal. Sole proprietor and partners in agreement can make decisions easily.	Formal. Companies are managed by a board of directors and certain decisions can only be made at a meeting of the board.
Are lawyers or accountants needed to register the firm?	No, but firms are advised to seek professional advice when in doubt.	Yes. Companies are strongly advised to seek professional assistance.

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, a Singapore employment pass holder or dependants 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 Companies Act, Cap. 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 listed below.

Sole proprietorship

A sole proprietorship is a business firm owned by one person 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/she has absolute responsibility over business transactions and 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 does not need to be the sole proprietor himself/herself, is personally responsible for the discharge of all obligations attached to the business firm under the Business Registration Act, Cap 32. If any 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, and the 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 20 partners. Once there are more than 20 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 does not need to be one of the partners himself/herself, 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.

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.

Private limited companies

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.

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 with it or to deposit money with it. Capital must be raised privately among the small group of shareholders and through bank loans. 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. Unlike public listed companies where shares are not only easily transferable but tradable as well, shareholders of a private company usually must seek approval of the directors before shares can be transferred.

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 their 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 can meet its liabilities
- The audited accounts have been tabled before shareholders at the 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 must 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 to undertake promotional and liaison activities on behalf of their head offices 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. These offices are supposed to be a temporary establishment for foreign companies to assess the business environment in Singapore before making investment decisions.

Operational headquarters (HQ)

The Singaporean government encourages companies to use Singapore as a base to conduct HQ management activities. The HQ can be in the form of a regional, international, operational, business or manufacturing HQ. There are certain investment incentives accorded to these HQs such as lower tax rates, group relief, the extension of unilateral tax credit system (UTC) and the 'not ordinarily resident taxpayer scheme' (NOR).

Limited Liability Partnership

A limited liability partnership (LLP) is a separate legal entity. It has characteristics of a partnership and a company. Like a company, the LLP has perpetual succession, and it can own property in its own name. Members of an LLP are also generally not personally liable for the debts of the LLP. 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 must notify ACRA of the nature of its business activity, according to the Department of Statistics' (DOS) standard of industrial categorisations and description of business activities. This set of industrial codes and business descriptions is known as the Singapore standard industrial classification (SSIC) codes.

COMPANY REGISTRATION

Registering a sole proprietorship/partnership

Business firms (sole proprietorships/partnerships) are registered under the Business Registration Act. It takes ACRA approximately 24 hours to register these business firms.

Registering a local company

Companies are registered under the Companies Act. There are two parts to the registration process. Firstly, a company name needs to be registered. Secondly, once the name has been approved, the company will need to be incorporated.

Registering a branch of a foreign company

A foreign company is one that is incorporated outside Singapore. A foreign company must 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 Act; hence it would need to be incorporated. However, a branch being an extension of a company incorporated elsewhere is merely registered.

Registering a Representative Office

A representative office (RO) is a temporary establishment registered to facilitate the promotion and liaison activities of its 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 representative office 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.

Registering a Limited Liability Office

An 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 private limited companies. To start an LLP, it must be registered under the Limited Liability Partnerships Act 2005 with ACRA.

Registering an association/society

Associations/societies should be registered with the Ministry of Home Affairs via their Registry of Societies Electronic System (ROSES).

Approval, licences and permits

Apart from registration with 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. Application for other licences may be needed to conduct certain business activities such as finance and insurance, public entertainment, food shops, advertising and residential based social activities (old-aged homes, children's homes, etc.) and others.

LABOUR

LABOUR FORCE

Singapore has continuously put emphasis on pursuing a programme of maximum development of its human resources.

For example, each year almost 20% of the country's 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 ever-faster changes in technology now taking place.

In the Ministry of Manpower's report released in January 2022, the estimated number of employed persons was 3.60 million and the average unemployment rate was 2.1%. The various major industries that provide employment in Singapore are shown in the table below.

TABLE 3
Employment by sector (2020)

SECTOR	% OF EMPLOYMENT
Services	74.1
Manufacturing	12.1
Construction	13.2
Other	0.6

Structurally, the labour force continued to age, and there were more degree holders than in the past. Despite the increase in degree graduates, their employment rate and income growth remained favourable. Many degree graduates were keen in their jobs, commonly indicating reasons such as being able to utilise their skills and had abundant learning opportunities, interesting work, promising career prospects, pay meeting expectations and job stability.

TAXATION

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

Singapore operates a territorial basis of taxation. In other words, companies and individuals are taxed mainly on Singaporean sourced income. Foreign sourced income (branch profits, dividends, service income, etc.) will be taxed when it is remitted or deemed remitted into Singapore unless the income has already been subjected to taxes in a jurisdiction with headline tax rates of at least 15%.

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 during 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 (YA) 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.

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 (currently capped at 17%). By keeping corporate rates competitive, Singapore continues to attract a good share of foreign investment. Singapore follows a single-tier corporate tax system, where tax paid by a company on its profits is not imputed to the shareholders (i.e. Dividends are tax free).

Personal income tax on resident individuals is levied on the income of resident individuals based on a progressive scale of rates. The rates start at 0% and are capped at 22% (above SGD 320,000) for residents and a flat rate of 15% for non-residents.

INDIRECT TAX

Goods & Services Tax

The goods and services tax (GST) is a value-added tax introduced on 1 April 1994 at the prevailing rate of 9% (as of 1 January 2024 onwards) and 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.

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.

INCOME TAX ON COMPANIES

Under Singapore Laws, a company is liable to pay tax on income accrued in or derived from Singapore or income received/deemed received in Singapore from outside Singapore if the following criteria are satisfied:

- Gains or profits from any trade or business
- Income from investment such as dividends, interest, and rental
- Royalties, premiums, and any other profits from property
- Other gains of an income nature

TABLE 4

Summary of company taxes

TAX FACTS FOR SINGAPORE COMPANIES	
Corporate income tax	17%, with partial exemption on the first S$200,000 of chargeable income
Capital gains tax	Not taxable
Basis	Territorial, but foreign-source income may be taxable if received or deemed received in Singapore
Participation exemption	Yes, safe harbour provisions apply in respect of gains from disposals of equity securities, subject to certain conditions.
Double taxation relief	Yes
Transfer pricing rules	Yes
Withholding Tax	
• **Dividends**	Not taxable
• **Interest**	15%
• **Royalties**	10%
• **Technical service fee**	17%
• **Branch remittance tax**	Not taxable
Net Operating Losses Relief	
Carry forward	Unlimited
Carry Back	1 year
Real Estate Tax	Progressive up to 20% for non owner-occupied residential property; 10% flat for other properties.
Stamp Duty	Varies
GST	9% (As of 1 January 2024 onwards)
Tax Reporting Period	Preceding accounting/financial year
Advance Payment of Tax	3 months from financial year end, instalment payments available
Return Due Date	By 30 November of the assessment year (Can be extended to 15 December for e-filing)

The tax rate of 17% came into effect from 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.

There is no tax on capital gains in Singapore. Examples of capitals gains include gains on sale of fixed assets, gains on foreign exchange on capital transactions etc.

Resident companies

A company is considered 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.

A resident company is entitled to the benefits conferred under the Avoidance of Double Taxation Agreements that Singapore has concluded with treaty countries.

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
- Capital employed in improvements.

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. Capital losses, however, are not deductible.

With effect from YA 2006 the carry-back for one year of assessment immediately preceding the year of assessment in which a trade loss and capital allowance arose, is allowed subject to:

- A maximum amount of SGD 100,000
- Due claim
- A shareholding test and same business test where applicable.

A loss-transfer system of group relief was 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 if there is no substantial change in ownership at the relevant comparison dates and the same business for which the loses continues to be carried on. Certain allowances or losses are not transferable under this system including investment allowances and foreign losses.

To qualify, the transferor company and the claimant company must be incorporated in Singapore; at least 75% of one company must be owned by the other, or both companies must be at least 75% owned by another company in the group that is incorporated in Singapore; and the companies must have the same accounting year. Losses from foreign branches of qualify company are not transferable.

Capital allowances

Accelerated depreciation allowance of 33⅓% 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 17% at present. In order to make Singapore an attractive investment destination, corporate tax rates in Singapore have been going down consistently as shown in Table 5 below.

Effective from the YA 2010, the corporate income tax rate was be reduced from 18% to 17% to help maintain Singapore's competitiveness. With a corporate tax rate of 17% and an indirect tax rate (GST) of 7%, Singapore's headline rates are below the global average.

TABLE 5

Tax rates

1997–2000	2001	2002	2003–04	2005-06	2007–09	2010–20
26%	25.5%	24.5%	22%	20%	18%	17%

The headline company tax rate in Singapore as in many other jurisdictions does not necessarily provide an accurate indication of the 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

Singapore operates a one-tier corporate tax system, under which corporate tax paid on a company's profit is final. There is no tax different between a business carried on in Singapore by residents or by non-residents. All Singapore-source income earned by non-resident is taxable, unless domestic or tax treaty exemptions apply.

Singapore incorporated companies can enjoy the partial tax exemption and tax incentives for new start-up companies, as provided below:

Tax incentive for new start-up companies:

- Some private companies are 75% exempt from tax on the first SGD 100,000 of normal chargeable income and 50% exempt on the next SGD 100,000 of chargeable income. This tax incentive applies to a new company for its first 3 consecutive years of assessment (For FA 2020 onward). To qualify, the company must be an exempt private company that meets the following requirements:
  - Is incorporated in Singapore
  - Is a tax resident in Singapore for the year of assessment; and
  - Has no more than 20 shareholders of which at least one is an individual shareholder holding at least 10% of shares

Partial tax exemption for Companies

As other support for companies to build capabilities is being strengthened, it was announced in Budget 2018 that the tax exemption under the scheme will be revised. The changes will take effect from YA 2020 for all qualifying companies that claim the tax exemption under the scheme.

- All Singaporean resident companies are eligible for partial tax exemption, which effectively translates to a tax exemption of 75% is granted on the first SGD 10,000 of normal chargeable income and a 50% exemption is granted on the next SGD 190,000. The taxable income above SGD 200,000 will be charged at the normal headline corporate tax rate of 17%.

Once these tax exemptions are applied to the taxable income, the effective tax rates for small to midsize Singaporean companies (including companies limited by guarantee) is reduced significantly.

Wage Credit Scheme

The wage credit scheme (WCS) is part of the three-year transition support package introduced in the Budget 2013. Under the WCS, the government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of up to SGD 4,000. Only employers are eligible for the co-funding.

In Budget 2020, the government co-funding ratios for wage increases in 2019 and 2020 were raised from the current 15% and 10%, to 20% and 15% respectively. The qualifying gross wage ceiling was also raised from $4,000 to $5,000 for both years.

In Budget 2021, the scheme was extended by one year to 2021, with the government co-funding ratio remaining at 15% and the qualifying gross wage ceiling at $5,000.

Effective Corporate Tax Rate

The aforementioned general tax incentives meant very attractive tax rates for small to midsize companies. For example, a typical Singaporean resident company with an SGD 2,000,000 annual taxable income will be taxed as shown in the tables below.

TABLE 6

First three years of income tax filings

TAXABLE INCOME (SGD)	TAX RATE
0 – 100,000	75% exemption
100,001 – 200,000	50% exemption
200,001 – 2,000,000	17%

TABLE 7

After first three years of income tax filings

TAXABLE INCOME (SGD)	TAX RATE
0 – 10,000	75% exemption
10,001 – 290,000	50% exemption
300,001 – 2,000,000	17%

Corporate Income Tax (CIT) Rebate is given to all companies* to help them deal with rising business costs. The Minister for Finance had announced in Budget 2017 that the CIT Rebate cap for YA 2017 will be raised from $20,000 to $25,000 to help companies cope with the economic uncertainty and continue restructuring. The rebate percentage will remain unchanged, at 50% of the corporate tax payable. In addition, the CIT rebate will be extended to YA 2019 at a reduced rate of 20% of the corporate tax payable, subject to a cap of $10,000.

The table below summarises the CIT Rebate percentage and cap given.

Year of Assessment (YA)	Corporate Income Tax Rebate	Capped at
2020	25%	$15,000
2019	20%	$10,000
2018	40%	$15,000

2017	50%	$25,000
2016	50%	$20,000
2013 to 2015	30%	$30,000

** The rebate will not apply to income derived by a non-resident company that is subject to final withholding tax.*

Industry specific & special purpose tax incentives

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

Dividends

Singapore follows a single-tier corporate tax system, where tax paid by a company on its profits is not imputed to shareholders and therefore dividends are tax free.

Non-resident companies

Singapore's tax laws apply equally to resident companies, non-resident companies and branches of foreign companies when regarding the method of taxation or the rate at which tax is charged. Non-resident companies have the same obligations and rights under the Act, are entitled to claim all 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 to tax here. All the relevant facts have to be reviewed to decide whether a person is carrying on a trade within Singapore or with Singapore.

Income Tax on Individuals

Individual residents 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 a trade, business, or profession
- Earnings from employment in Singapore
- Dividends, interests, or discounts
- Pensions, charges, or annuity
- Rents, royalties, premiums, and any other profits arising from property
- Any gains or profits of a nature not covered by the above.

With effect 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/she resides here, except for any temporary absence 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 a residence and who has not actually resided in Singapore for at least six months in the year of assessment is not classed as a resident.

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 at the annual value of the property, whichever is lower. Leave passage is considered as a benefit-in-kind and subject to tax.

Short-term employees

Short-term visiting employees are not subject to tax on income from 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

Individual residents in Singapore are taxed on a progressive tax rate as shown in Table 8. Filing of personal tax returns is mandatory if an annual income is SGD 20,000 or more. Individuals do not need to pay tax if their annual income is less than SGD 20,000. However, they may still need to file a tax return if they have been informed by the Singaporean tax department that they must submit a tax return.

TABLE 8

Income bands and tax rates effective YA 2019

Chargeable Income (SGD)	From Year of Assessment 2018/2019 (%)*
0 -20,000	0.0
20,001 – 30,000	2.0
30,001 – 40,000	3.5
40,001 – 80,000	7.0
80,001 – 120,000	11.5
120,001 – 160,000	15.0
160,001 – 200,000	18.0
200,001 – 240,000	19.0
240,001 – 280,000	19.5
280,001 – 320,000	20.0
Above 320,000	**22.0**

** For Year of Assessment 2019, all tax residents will receive an income tax rebate of **up to $200***

Non-resident individuals (employees only)

Non-resident individuals are normally taxed at 20%, except where Singaporean employment income is concerned, which qualifies for the reduced rate of 15%. Non- resident directors do not qualify for the reduced rates; tax at 20% must be deducted from their remuneration.

Non-resident individuals are not entitled to any personal relief. However, certain non-residents are eligible for a special relief under Section 40 of the Singapore Income Tax Act (SITA) to help ease the burden of Singaporean tax.

TABLE 9

Income tax rates applicable to non-resident individuals

Types of Income	Applicable tax rate
Employment income	15% or resident rates, whichever is higher
Director's fee, consultation fee & other Singapore-sourced income	22%

OTHER TAXES

Goods & Services Tax (GST)

The goods and services tax (GST) was implemented on 1 April 1994 as part of a major tax structure reform. The current tax is 8%. The Comptroller of GST is responsible for the administration of the GST.

Singapore's GST is a classic (invoice method) GST. The GST Act states that GST must be charged whenever a registered business supplies goods or services during 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 during 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 (AV), which is the gross amount for which the property is expected to be let from year to year. Property tax rates on owner-occupied and non-owner-occupied residential properties are applied on a progressive scale. For example, one property occupied by individual owners enjoys a concessionary tax rate of 4%.

All other property tax is currently assessed at a rate of 10% on the property's annual value, which is the expected gross annual rent.

Withholding tax

Payments of the following nature are subject to withholding tax:

- Interest, commission, or fees in connection with any loan or indebtedness
- Royalty or other payments 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 an employee) for services rendered in Singapore.

The rates of withholding tax are set out in Table 11 below. Subject to certain exceptions, withholding tax must be accounted for 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 users
- Site licences
- Software bundled with computer hardware.

TABLE 11

Withholding tax rates applicable to non-resident individuals

Payment to non-resident	**Withholding tax rates**
Dividends	Not taxable
Director's fee	22%
Professional fee (of non-resident individual or foreign firm)	15% on gross or election or 22% on net
Rental or other income from movable property	22%
Non-resident public entertainers	10%
Royalties	10%
Interest	15%
Charter income	0–3%

The rate of withholding tax on interest, royalties and rents for any movable property is 10%-15% of the gross amount. 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 transferred 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. Deductible funeral expenses are limited to SGD 6,000. Central provident fund (CPF) money is completely exempted. Exemptions up to SGD 9 million are given to dwelling houses. The estate duty rate is 5% on the value of the estate up to SGD 12 million. The excess is taxed at 10%.

TABLE 12

Assets exempt from estate duty

Assets exempt from estate duty	Exemption value
Residential properties	Up to SGD 9,000,000
All movable assets (including CPF balances)	Up to SGD 600,000
If CPF balances > SGD 600,000	The excess of SGD 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 to Singapore, thus supporting the growth of the wealth management industry.

Stamp Duty

The Stamp Duties (Amendment) Bill (the "Bill") was introduced in Parliament on 9 May 2022. The Bill will introduce ad valorem stamp duty on the renunciation of interest in residential property by a beneficiary where the residential property was held in a bare trust. This change as proposed in the Bill has been effective since 10 May 2022.

Stamp Duties Act

When the terms of the document do not state who is liable to pay Stamp Duty, the party to pay Stamp Duty will follow that as specified in the Third Schedule of the Stamp Duties Act.

Types of Documents	Party to Pay Stamp Duty
Conveyance duty for documents such as:	
• **Sale and Purchase Agreement** ○ **Buyer's Stamp Duty** ○ **Additional Buyer's Stamp Duty**	Purchaser / Transferee
• **Sale and Purchase Agreement** ○ **Seller's Stamp Duty (if applicable)**	Seller / Transferor
• **Document of Transfer (where contracts and agreements are not applicable)** • **Transfer of property by way of gift** • **Distribution of assets**	Transferee
• **Trust Deed / Declaration of Trust** • **Settlement**	Trustee / Transferee
• **Renunciation of interest in a Residential Property held under Bare Trust (IRAS' s 22C Notice)** ○ **Buyer's Stamp Duty** ○ **Additional Buyer's Stamp Duty**	Settlor / Transferee
• **Renunciation of interest in a Residential Property held under Bare Trust (IRAS' s 22C Notice)** ○ **Seller's Stamp Duty**	Beneficiary / Transferor
• **Partition of property** • **Exchange of property**	Parties involved in the partition and exchange
• **Leases with premium**	Lessee
• **Novation or Assignment of Lease with additional consideration**	Incoming tenant
• **Surrender of Lease with payment**	Landlord
Lease duty for documents such as:	
• **Lease or Tenancy Agreement** • **Agreement for Lease** • **Agreement for Variation of Lease** • **Acceptance to the Letter of Offer**	Lessee or Tenant
Mortgage duty:	
Mortgages for Properties	Mortgagor

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

- Transfer of shares 0.2%
- Transfer of real property
  - On first SGD 180,000 1.0%
  - On next SGD 180,000 2.0%
  - Over SGD 360,000 3.0%

ACCOUNTING AND REPORTING

Compliance with accounting standards and enforcement presently rest with the Institute of Singapore Chartered Accountants (ISCA). It is the national accountancy body of Singapore and the designated entity to confer the Chartered Accountant (Singapore) designation.

ISCA uses its leverage over its practising members, who are auditors of companies, to enforce compliance with accounting standards.

The current accounting standards for all Singaporean incorporated companies (i.e. private, public, listed, and unlisted) are the Singaporean accounting standards (SASs) promulgated by the ISCA. The SASs are based almost entirely on the international accounting standards (IASs) issued by the International Accounting Standards Committee (IASC). Since the ISCA has initiated the process of totally aligning SASs with IASs, the two standards are identical in almost all instances. In the few instances where there are differences, these are minor. This being the case, compliance with SASs would to a large extent mean compliance with IASs.

The Committee is of the view that IASs should be adopted as the accounting standards for Singapore. Such a change should not increase compliance costs since the SASs are substantially identical to the IASs. Each IAS should be carefully considered and a deliberate decision made to adopt the IAS for Singapore. The standards which are adopted would be the prescribed accounting standards and be termed the International Accounting Standards (Singapore) or IAS (Singapore). This would remove the perception that the financial statements of Singaporean incorporated companies are deficient when measured against international accounting standards. Although this is not expected, there could be occasions where a particular IAS was deemed to be unsuitable for Singapore, for example, in terms of having to allow enough time for transition to the new IAS. In such instances, there could be a delay or deferral in the adoption of the new IAS as an IAS (Singapore). However, such a delay in adoption should only be in exceptional circumstances and for the shortest possible time.

In Singapore, these functions are currently undertaken, in varying degrees, by various bodies such as the MAS, Singapore Exchange Limited (SGX) and ISCA (through its Financial Statements Review Committee). The review by ISCA is restricted to financial statements and offering documents issued by listed companies and is normally conducted sometime after the issuance of such documents. In view of the lack of timeliness in such reviews, this may not be effective for an efficient and adequate flow of timely and meaningful information to the investing public.

Financial reporting requirements

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

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 from audits are available under the Companies Act for the financial statements of dormant private companies and exempt private companies with annual revenues of SGD 10 million or less. Sole proprietorships, partnerships and representative offices are not required to prepare audited accounts.

Reporting standards

In most cases financial statements are prepared in accordance with a conceptual framework referred to as the generally accepted accounting principles (GAAP).

The Council on Corporate Disclosure and Government (CCDG) has the responsibility and ultimate authority for prescribing accounting standards in Singapore. The CCDG is also responsible for strengthening the framework on disclosure practices and reporting standards, as well as updating the Code of Corporate Governance to ensure that it remains useful and relevant.

It is essential that specific professional advice be obtained before any business decisions are made. There is no substitute for professional advice which is up-to-date and addresses a company's particular circumstances.

UHY IN SINGAPORE

UHY Lee Seng Chan & Co

Singapore

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- Facebook: https://www.facebook.com/uhylsc
- LinkedIn: https://www.linkedin.com/company/3966362

Year established:	1967
PCAOB revistered?	Yes
Number of partners:	8
Total staff:	102

OTHER IN-COUNTRY OFFICE LOCATIONS AND CONTACTS

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BRIEF DESCRIPTION OF FIRM

UHY Lee Seng Chan & Co has developed into a multi-disciplinary services provider, with a strong foundation in external audit. The Firm continues to develop its specialties in internal audit and risk management.

SPECIALIST SERVICE AREAS

Business solutions: business process re-engineering, ERP Implementation, and business intelligence

PRINCIPAL OPERATING SECTORS

Property development and construction
Freight forwarding and logistics services
Health care and cosmetics
Electronic industries
Food processing
Furniture and upholstery
IT services
Importers, exporters and general traders

LANGUAGES

English, Chinese, Bahasa Melayu.

CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure of clients in this document.

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

Australia, China, Germany,Hong Kong, Indonesia, India, Japan, Korea, Taiwan, UK, USA, Vietnam,Malaysia,France, Netherlands, Dubai, Thailand,Philippines, Turkey, Poland.

BRIEF HISTORY OF FIRM

Established since 1967, UHY Lee Seng Chan & Co is one of the oldest and most established Chartered Accountants firms in Singapore. We have grown over the past five decades from an accounting firm to become a mullti-disciplinary organisation offering diversified business advisory and consulting services across the region. Our business alliances now allow us to serve our clients in many locations throughout both the region and internationally. This ensures that we can provide local, flexible and timely services to our valued clients.

The firm joined UHY in 1999, re-branding to add the UHY initials to the firm name in 2007.

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