

Doing Business Guide

Singapore

4th Edition

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About This Booklet

This booklet is produced by Paul Wan & Co Certified Public Accountants for the benefit of its clients and associate offices worldwide who are interested in doing business in the South East Asian city-state.

Its main purpose is to provide a broad overview of the various things that should be considered by organisations considering setting-up business in Singapore.

The information provided cannot be exhaustive and - as underlying legislation and regulations are subject to frequent changes - we recommend anyone considering doing business in Singapore or looking to the area as an opportunity for expansion should seek professional advice before making any business or investment decision.

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Whilst every effort has been made to ensure the accuracy of the information contained in this booklet, no responsibility is accepted for its accuracy or completeness.

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Introduction - The Republic of Singapore

History

Singapore, officially the Republic of Singapore, is a microstate and the smallest nation in South East Asia. It was founded by Sir Stamford Raffles as a British trading colony in 1819.

The islands came under the control of the British East India Company in 1823. It serves as the entry port as well as the centre for the exchange of products from Europe, India and China as well as other countries across South East Asia.

In 1963, it merged with Malaya, Sabah and Sarawak to form Malaysia but separated two years later and became independent. Singapore's standard of living has risen dramatically since then and it has subsequently become one of the world's most prosperous countries with strong international trading links.

Singapore Today

Singapore has an open business environment. It is relatively corruption-free and transparent, has stable prices and one of the highest per capita gross domestic products (GDP) in the world.

In the international arena, Singapore is recognised as a leading player in both the manufacturing and service industries. Along with Hong Kong, South Korea and Taiwan, Singapore is one of the "Four Asian Tigers". It has been rated as the most business-friendly economy in the world, with thousands of foreign expatriates working in, and contributing to, the success of multi-national corporations.

Singapore is politically stable, has excellent business infrastructure, enjoys a strategic location, boasts a skilled and disciplined workforce and a liberal trade policy – just some of the factors contributing to its success as the most competitive newly industrialised economy.

Population and Language

The current resident population of Singapore, comprising of Singaporean citizens and permanent residents, is approximately 5.18 million. Singapore is a multi-racial country, the predominant race being Chinese (75 per cent) followed by the Malays (16 per cent), Indians (seven per cent) and others (two per cent).

Four official languages are used: English, Mandarin, Malay and Tamil – with English being the language of business.

Geography

Singapore is strategically located at the regional hub of South East Asia. It is made up of the main Singapore Island and some 63 islands within its territorial waters. There are two man-made connections to Johor, Malaysia – the Johor-Singapore Causeway in the north, and Tuas Second Link in the west. Jurong Island, Sentosa, Pulau Ubin and Pulau Tekong are the largest of Singapore's many smaller islands. The combination of a supreme geographic location and the hard work, vision and tenacity of its residents has transformed Singapore into one of the world's most dynamic economies.

Climate

Singapore has a tropical rainforest climate with no distinctive seasons. The weather is characterised by a uniform temperature and pressure, high humidity and abundant rainfall. Temperatures usually range from 24 degrees celsius to 32 degrees celsius throughout the year. The average daily temperature is 27 degrees celsius. Monsoon in Singapore begins in November and normally ends in January.

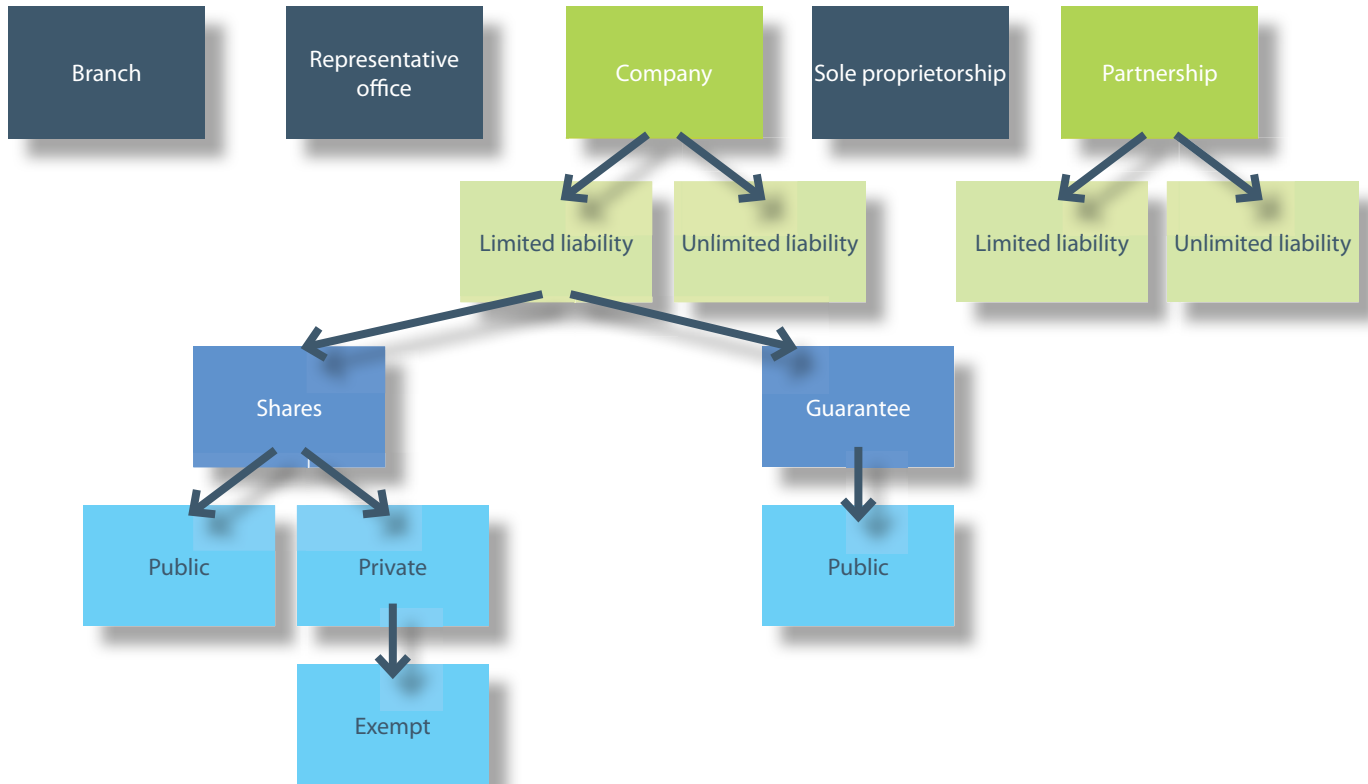
Constitution and Law

Singapore is a republic state ruled by parliamentary democracy. It currently consists of 93 members of parliament, headed by the president of Singapore who is the head of state. The president is elected by the people for a six-year term and voting is compulsory for all adults over the age of 21. An elected government may remain in power for a period of five years unless parliament is dissolved earlier.

The attorney-general heads the legal process and machinery of the administration of law. The highest court of the land is the permanent Court of Appeal which hears both civil and criminal appeals emanating from the High Court and the Subordinate Courts.



Table 1: Legal Structure of Business Organisations



Legal Structure of Business Organisations

Company

A company is an incorporated association and, once formerly registered, becomes a separate legal entity from its owners. An artificial person created by incorporation, a company can sue or be sued in its own name. It can also own property and incur debts and must comply with the legislations set out in the Companies Act, Cap. 50.

Limited Company

A limited company is one of the most common forms of business entity in Singapore and may be limited by shares or guarantees. Where its members' liability is limited to any amount unpaid, on its shares, it is known to be limited by shares, and where its members' liability is limited to the contribution undertaken, it is known as a company limited by guarantee.

Unlimited Company

An unlimited company is one where the members' liability is unlimited.

Private Company

A private company is one where:

- a. The transfer of its shares is restricted.
- b. The Memorandum and Articles of Association prohibits the company from inviting the public to subscribe for its shares or debentures.
- c. The number of members is limited to 50.

Further, a private company is an "Exempt Private Company" if:

- a. The number of members are limited to 20.
- b. The shares were not held directly or indirectly by corporations as beneficial shareholders.

Public Company

All other companies are public companies.

Branches of Foreign Companies

A foreign company which may not wish to incorporate a subsidiary in Singapore can consider setting-up a branch. As such, this would be an extension of the foreign company,

and therefore would not be formerly incorporated and would not be a separate legal entity.

Within two months of the annual general meeting of the company in the place of its incorporation or origin, the company must file a copy of its annual accounts and its audited Singapore branch's accounts with the Accounting and Corporate Regulatory Authority.

Sole-Proprietorship and Partnership

The other popular forms of business in Singapore – sole proprietorships and partnerships - have to be registered with the Accounting and Corporate Regulatory Authority under the Business Registration Act 1973. Though there are no statutory provisions governing these two forms of businesses, the English Partnership Act 1980 and general laws on partnership are applicable to partnerships in the absence of a partnership agreement.

Other formalities that need to be observed include the notification to the Registrar of Businesses and the Comptroller of Income Tax (for tax purposes) of any changes in the residential addresses, admission and retirement of partners (for partnerships).

Limited Liability Partnership (LLP)

An LLP is another vehicle for doing business in Singapore. In addition to registering a business or a company, interested parties may also choose to register an LLP to carry out their activities.

The LLP will give 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. However, this comes with safeguards in law to minimise abuse and provide protection to parties who deal with an LLP.

The LLP is a body corporate and has a legal personality separate from its partners and has perpetual succession. Any change in the partners of a LLP shall not affect its existence, rights or liabilities.

An LLP is capable of:

- Suing and being sued in its name.
- Acquiring and holding property in its name.
- Having a common seal in its name.
- Doing such other acts and things in its name, as bodies corporate may lawfully do and suffer.

The partners of the LLP will not be held personally liable for any business debts incurred. However, a partner may be held personally liable for claims from losses resulting from his

own wrongful act or omission but not for wrongful acts or omissions of any other partner of the LLP.

An LLP is required to keep such accounting and other records that will sufficiently explain the transactions and financial position of the LLP. This will enable profit and loss accounts and balance sheets to be prepared to give a true and fair view of the state of affairs. If the LLP does not do so, the LLP and every partner shall be guilty of an offence. The punishment may be a fine or imprisonment, or both. In addition, the LLP shall submit to the Registrar an annual declaration of solvency or insolvency. Such solvency status reported shall be available to the public.

Representative Offices

Foreign companies keen on exploring the viability of doing business in Singapore, or interested in using Singapore as a launch pad into Asia Pacific, may wish to set up a Representative Office (RO).

Registration of a RO should be considered when a foreign company wants to test the business environment in Singapore before making investment decisions.

ROs are not legal entities and are usually not intended to be permanent establishments. A RO is designed to be a temporary facility for foreign companies wishing to explore business opportunity in Singapore and beyond and should be in existence for no more than two to three years.

Within this time scale, it is expected that an RO would have sufficient opportunity to decide on the legal status of its Singapore office, either by registering a branch office or incorporating a subsidiary company in order to maintain their operations in the long term.

Applications must be made to the government body - International Enterprise Singapore (www.iesingapore.com) - for the setting up of a representative office and it takes the board approximately four to six weeks to process and approve applications.

Table 2 – Statutory Requirements

	Company	Branch	Sole Proprietorship/ Partnership	Limited Liability Partnership	Representative Office
Personnel requirements	<ol style="list-style-type: none"> At least one shareholder/ member At least one locally resident director At least one locally resident company secretary At least one auditor unless exempt from audit 	At least two local agents	<p>Sole proprietorship - no more than one owner</p> <p>Partnership - not less than two or more than 20 partners</p>	<ol style="list-style-type: none"> At least one manager Not less than two or more than 20 partners 	At least one local agent
Capital requirements	With effect from 30 January 2006, the concept of par value and authorised capital have been abolished. There is no minimum capital requirement	-	-	-	-
Annual filing requirements	<ol style="list-style-type: none"> Annual return Tax return 	<ol style="list-style-type: none"> Annual return Tax return 	Tax return	<ol style="list-style-type: none"> Annual declaration Tax return 	-
Other requirements	Registered office address	Registered office address	Registered business address	Registered business address	-
Legislation	Companies Act	Companies Act	Business Registration Act	Limited Liability Partnership Act	No legislation, however, it is regulated by IE Singapore

Labour and Personnel

Workforce in Singapore

Out of a total population of 5.18 million, approximately 2.08 million aged 16 years and above are economically active as of June 2011.

Immigration

Like most countries, Singapore has legislation controlling the admission and employment of foreigners.

The Singapore Employment Act prohibits any foreigners to work in Singapore unless they are in possession of either a valid employment pass, known as the S Pass, work permit or EntrePass.

The foreign worker entitlement (quota) is based on the size of the local workforce in the company/business. 'Local workforce' refers to those full-time employees (Singapore citizens or permanent residents) who have worked for a full month and are receiving prompt monthly salary/CPF (Central Provident Fund) contributions similar to the industry norm. Two part-time employees are considered as one local employee.

The guideline on computation of a company's quota balance can be found at the Ministry of Manpower's website www.mom.gov.sg.

Table 3 (overleaf) shows the basic requirements for each type of pass.



Table 3 – Work Passes

Types of Pass	Salary Requirements	Qualification / Other Requirements	Required Documents
Employment Pass	Minimum of S\$2,500	Degrees, professional qualifications or specialists skills	<ol style="list-style-type: none"> 1. Form 8 – Employment and 'S' Pass Application 2. Copies of applicant's academic and/ or professional qualifications 3. Copies of applicant's employment testimonials 4. Documents evidencing employer registration in Singapore 5. One recent passport size photograph 6. One copy of particulars page of applicant's travel documents; and 7. Declaration by a local sponsor
'S' Pass	Minimum of S\$1,800	Diplomas or degrees, technical qualifications	Refer to Employment Pass application
EntrePass	-	<ul style="list-style-type: none"> • Ready to start a new company or business and will be actively involved in the operations of the company or business in Singapore; or • Owns an existing company or business registered with the Accounting and Corporate Regulatory Authority for no longer than six months at the point of application submission 	<ol style="list-style-type: none"> 1. Form 8 – EntrePass Scheme 2. Declaration by a local sponsor or Banker's Guarantee of S\$3,000 3. Copies of applicant's employment testimonials 4. Comprehensive business plan 5. Documents evidencing company or business registration in Singapore 6. One recent passport size photograph; and 7. One copy of particulars page of applicant's travel documents
Work Permit	Applicants who do not qualify for the above passes		<ol style="list-style-type: none"> 1. Form – Work Permit Application 2. Copies of applicant's academic qualifications 3. Documents evidencing employer registration in Singapore 4. One recent passport size photograph; and 5. One copy of particulars page of applicant's travel documents

Statutory working conditions

The Employment Act provides the statutory working conditions for employees earning less than S\$1,600 per month. These are as follows:

a. Working hours

An employee should not be required to work more than eight hours a day or 44 hours per week. Where overtime work has been performed the employee should be paid one and a half times the hourly rate of pay and two and half times the hourly rate if he worked on a public holiday or a normal week day off. Employees are not permitted to work more than 72 hours of overtime per month without the prior approval of the Ministry of Manpower.

b. Annual leave

Minimum of seven days for employees with less than 10 years of service with an additional one day of annual leave for every additional year of service with the same employer up to a maximum of 14 days.

c. Medical leave

A minimum of 14 days per year is to be given (provided the employee has completed one year of service). This period can be extended to a maximum of 60 days if hospitalisation is involved.

Female employees are entitled to maternity leave of four weeks before and eight weeks after child birth, provided she has been employed for more than 180 days prior to confinement.

d. National Service leave (Reservist Training)

This must be granted to all employees (currently only male citizens are required to undertake national service) who have been called up to report for Reservist Training.

During the period of training, the reservist will be paid:

- i. His National Service pay (from his unit).
- ii. The difference between his civilian pay and his National Service pay. The employer is entitled to claim reimbursement of this sum paid from the government.

e. Medical fees

Where the employee has at least 12 months of service with the company, the company is legally required to bear the normal employee's medical fees.

Central Provident Fund (CPF)

The employer has a grace period of 14 days to make payment of CPF contributions after the end of the month for which CPF contributions are due. If the due date falls on a Sunday or public holiday, contributions must be paid by the next working day.

The employer is required to pay the employer's and employee's share of CPF contributions monthly for all employees at the rates set out in the CPF Act. The contributions payable should be based on the employee's actual wages earned for the month.

Allocation of CPF Contributions

The CPF contributions are allocated to the Ordinary, Special and Medisave Accounts based on the ratio of contributions shown below. Contributions are first allocated to the Medisave Account, followed by the Special Account. The balance is then allocated to the Ordinary Account.

Table A

For: 3rd year onwards Singapore Permanent Resident (SPR)

(1) Private sector employees

Employee age (years)	Contribution by employer (% of wage)	Contribution by employee (% of wage)	Total contribution (% of wage)	Credited into		
				Ordinary Account (ratio of con)	Special Account (ratio of con)	Medisave Account (ratio of con)
35 & below	14.5	20	34.5	0.6667	0.1449	0.1884
Above 35 - 45	14.5	20	34.5	0.6088	0.1739	0.2173
Above 45 - 50	14.5	20	34.5	0.5509	0.2028	0.2463
Above 50 - 55	10.5	18	28.5	0.4562	0.2456	0.2982
Above 55 - 60	7.5	12.5	20	0.575	0	0.425
Above 60 - 65	5	7.5	12.5	0.28	0	0.72

Table B

For: 1st year Singapore Permanent Resident (SPR)

(1) Private sector employees

Employee age (years)	Contribution by employer (% of wage)	Contribution by employee (% of wage)	Total contribution (% of wage)	Credited into		
				Ordinary Account (ratio of con)	Special Account (ratio of con)	Medisave Account (ratio of con)
35 & below	4	5	9	0.6667	0.1449	0.1884
Above 35 - 45	4	5	9	0.6088	0.1739	0.2173
Above 45 - 50	4	5	9	0.5509	0.2028	0.2463
Above 50 - 55	4	5	9	0.4562	0.2456	0.2982
Above 55 - 60	4	5	9	0.575	0	0.425
Above 60 - 65	3.5	5	8.5	0.28	0	0.72

Table C

For: 2nd year Singapore Permanent Resident (SPR)

(1) Private sector employees

Employee age (years)	Contribution by employer (% of wage)	Contribution by employee (% of wage)	Total contribution (% of wage)	Credited into		
				Ordinary Account (ratio of con)	Special Account (ratio of con)	Medisave Account (ratio of con)
35 & below	9	15	24	0.6667	0.1449	0.1884
Above 35 - 45	9	15	24	0.6088	0.1739	0.2173
Above 45 - 50	9	15	24	0.5509	0.2028	0.2463
Above 50 - 55	9	15	24	0.4562	0.2456	0.2982
Above 55 - 60	6	12.5	18.5	0.575	0	0.425
Above 60 - 65	3.5	7.5	11	0.28	0	0.72

Withdrawal of CPF

On reaching the age of 55, the employee may withdraw the balance after setting aside the minimum statutory amount required. When reaching the statutory retirement age of 65, he could either opt to receive a monthly sum from the amount set aside, withdraw the full sum and use it to buy a life annuity, or deposit with a bank.

However, the exceptions in which the sum may be withdrawn prior to the retirement age are:

- a. In the event of permanent disablement or migration, or the completion of the period of assignment in Singapore in the case of expatriates.
- b. For the purpose of the employee's main residence, or non-residential properties other than undeveloped land having an unexpired lease of at least 75 years.
- c. The maximum amount that can be withdrawn is 150 per cent of the valuation of the property or purchase price.
- d. CPF savings can be used to pay 10 per cent of the down-payment for a private property.
- e. CPF members may invest his full Ordinary Account balance under the CPF Investment Scheme – Ordinary Account (CPFIS-OA) and his full Special Account balance under the CPF Investment Scheme – Special Account (CPFIS-SA) with selected field.

Supplementary Retirement Scheme (SRS)

SRS is a voluntary scheme to encourage working individuals to save for retirement, over and above their CPF savings. Employers are not allowed to make SRS contributions. Employees and self-employed individuals can voluntarily contribute to their SRS account with any of the appointed SRS operators i.e. The Development Bank of Singapore Ltd, OCBC Bank and United Overseas Bank Ltd.

Withdrawal can only be made on or after the statutory retirement age or upon death.

Currently the maximum contribution ceiling for a Singaporean/Singapore Permanent Resident is 15 per cent of annual remuneration and 35 per cent of annual remuneration for foreigners.

Foreign Workers' Levy Scheme

This is payable by employers in respect of each foreign worker, including domestic servants, that he employs.

The current rates of levy per foreign worker per month are shown in the table on the following page.

Type of worker	Unskilled	Skilled
Domestic Servant	S\$200 - \$295	-
Construction	S\$300	S\$150
Manufacturing	S\$240 to S\$450	S\$150
Marine	S\$295	S\$150
Harbour Craft & Service Sector	S\$240	S\$100
Process Industry Maintenance	S\$300	S\$150

Skill Development Fund

Where the employee's remuneration in any month is S\$2,000 or less, the employer is required to make a Skill Development Fund (SDF) contribution based on one per cent of the employee's remuneration or S\$2 whichever is the greater. The fund was set up to promote, develop and upgrade the skills of the labour force of Singapore through education and retraining.

Termination and Dismissal

Termination of contract of service given in notice by either party is covered either under the contract of employment or by provision of statute.

The Employment Act makes the following provisions for notice of termination where none is made in the contract of employment:

- One day's notice: For service of less than 26 weeks
- One week's notice: For service of 26 weeks or more but less than two years
- Two weeks' notice: For service of two years or more but less than five years
- Four weeks' notice: For service of five years or more.

The Act allows parties to specify a period of notice different from the above.

Where a notice of termination (or resignation) is given by an employee involuntarily, the termination may amount to a wrongful dismissal. He may write to the Minister for Manpower alleging that he has been dismissed "without just cause or excuse" and ask the Minister to order the employer to reinstate him or order the employer to pay compensation

Office Premises, Factory and Industrial Land

Office Premises

There is an ample supply of office premises in Singapore and space can either be purchased or leased from the developer or owner.

Generally rental prices vary depending on location. Offices in the Central Business District (CBD) command a higher rental. The prime financial and business areas in the CBD are at Raffles Place and in the Shenton Way/Robinson Road area. Rental in prime financial district centres are more price competitive as compared to the other CBD area. Offices located outside the CBD area are more economical. Sale prices of office premises also vary, depending on location.

Factory and Industrial Land

The majority of factory space and industrial land available in Singapore is provided by Jurong Town Corporation (JTC) - a government development agency. Industrial land is owned by the state.

The JTC usually grant leases for an initial period of 30 years with an option to renew for a further 30 years provided fixed asset expenditure on machinery and building meets JTC requirements. Property tax on the land or factory is payable by the lessee.

Over the past three decades, JTC has developed some 7,000 hectares of industrial land and four million square metres of ready-built factories for more than 7,000 local and multinational companies. Among these are specialised parks and facilities for technology and the life science industries.

Banking and Finance

An Overview

Singapore's development as an international financial centre began in the late 1960s. Over the years, its sound economic and financial fundamentals, conducive regulatory and business environment, strategic location, skilled and educated workforce, excellent telecommunications and infrastructure, and high living standards have attracted many reputable international financial institutions to set up operations.

There is a large and diversified group of local and foreign financial institutions, numbering about 700, located in Singapore and offering a wide range of financial products and services. These include trade financing, foreign exchange, derivative products, capital market activities, loan syndication, underwriting, mergers and acquisitions, asset management, securities trading, financial advisory services, and specialised insurance services. The presence of these leading institutions has contributed to the vibrancy and sophistication of Singapore's financial industry.

Types of Institutions

Commercial banks in Singapore are licensed under and governed by the Banking Act. Besides commercial banking, which includes deposit taking, the provision of cheque services and lending, the banks may also carry on any other business regulated or authorised by Monetary Authority of Singapore (MAS), including financial advisory services, insurance broking and capital market services.

Commercial banks and their representatives do not have to be separately licensed to carry out such activities, but must comply with the business conduct requirements prescribed in the Financial Advisers Act (FAA), Insurance Act (IA) and Securities and Futures Act (SFA).

Presently, there are 123 commercial banks in Singapore, operating as full banks, wholesale banks or offshore banks.

Full Banks

Full banks may provide the whole range of banking business approved under the Banking Act.

Currently, there are 29 full banks in Singapore. Six of these are locally-incorporated entities under the three local banking groups, and one is a locally incorporated subsidiary of a foreign bank, while the remaining 23 are branches of foreign-incorporated banks. Seven of these 23 foreign bank branches have been awarded Qualifying Full Bank (QFB) privileges.

Foreign banks with QFB privileges may operate a total of 25 locations for sub-branches and/or off-premise automated teller machines (ATMs). They may also share ATMs among themselves and relocate their sub-branches freely. QFBs can provide debit services through an EFTPOS network, offer Supplementary Retirement Scheme and CPF Investment Scheme accounts, and accept fixed deposits under the CPF Investment Scheme and Minimum Sum Scheme.

Wholesale Banks (formerly known as Restricted Banks)

Wholesale banks may engage in the same range of banking business as full banks, except that they do not carry out Singapore Dollar retail banking activities. They operate within the guidelines for operations of wholesale banks issued by MAS.

Currently, there are 43 wholesale banks in Singapore, all of which are branches of foreign banks.

Offshore Banks

Offshore banks can engage in the same activities as full and wholesale banks for businesses transacted through their Asian Currency Units (ACUs). The ACU is an accounting unit which the banks use to book all their foreign currency transactions conducted in the Asian Dollar Market (ADM). The banks' Singapore dollar transactions are separately booked in the Domestic Banking Unit (DBU).

The scope of business transacted in offshore banks' DBU has slightly more restrictions on dealings with residents as compared with wholesale banks. They operate within the Guidelines for Offshore Banks issued by MAS.

Currently, there are 41 offshore banks in Singapore, all of which are branches of foreign banks.

Merchant Banks

Besides the three categories of commercial banks, financial institutions may also operate as merchant banks. These are approved under the Monetary Authority of Singapore Act and their operations are governed by the Merchant Bank Directives. Their ACU operations are also subject to the Banking Act.

The typical activities of merchant banks include corporate finance, underwriting of share and bond issues, mergers and acquisitions, portfolio investment management, management consultancy and other fee-based activities. There are currently 50 merchant banks in Singapore.

Finance Companies

Finance companies focus on providing small-scale financing, including instalment credit for motor vehicles and consumer durables, and mortgage loans for housing. Finance companies are licensed under and governed by the Finance Companies Act.

Finance companies may not offer deposit accounts, which are repayable on demand by cheque, draft or order. They are also not allowed to grant unsecured credit facilities exceeding S\$5,000 to any person or deal in any foreign currency, gold or other precious metals or acquire foreign currency denominated stocks, shares or debt securities. There are currently three finance companies in Singapore.

Insurance

The insurance industry in Singapore is a very competitive and progressive one, contributing to the development of Singapore as a premier insurance centre in Asia. It is regulated under the Insurance Act with the MAS acting in a supervisory role to ensure compliance with the Act.

The law requires all insurance businesses to be carried out only by companies incorporated in Singapore except where:

- a. The foreign company has an established place of business in Singapore.
- b. The entity is a co-operative society registered under the Co-operative Societies Act.
- c. The unincorporated company was established in the United Kingdom before 1862 and was carrying on insurance business in Singapore before January 1967 (prior to the introduction of the Insurance Act).

Opening a Bank Account

Normally a company needs to open a Singapore bank account after its incorporation. Each bank has different requirements for opening an account and the minimum balance and charges may vary.

These standard documents are required by a bank in order to open an account:

- a. Certified extract of directors' resolution to approve the opening of the account.
- b. Account application forms and signature cards duly executed in the presence of bank officer (Note: all directors and authorised signatories will be required to execute the application forms).
- c. Copy of Memorandum and Articles of Association and Notice of Incorporation of the Company must be certified by director/company secretary.
- d. Company profile purchased from the Accounting and Corporate Regulatory Authority (ACRA).

Getting Bank Facilities

Financiers normally need to satisfy themselves as to both the security of the loan and the ability of the borrower to service the interest and the loan repayment commitments. The size of the loan and security offered will determine how much information the financiers need to obtain. Basically, the information required is summarised as:

- Background history of the borrower.
- Purpose of loan.
- Draw down requirements, repayment provisions, interest only or debt reduction.
- Security available.
- Ability to service both the interest and debt repayment.
- Copies of financial accounts for past few years.
- Certified extract of directors' resolution for acceptance of bank facilities.



Statutory Requirements for Companies

Accounting Records

The Companies Act requires companies to keep and maintain proper accounting records and books of accounts to explain the transactions and financial position of the company. These records and books are to be kept for a minimum period of seven years (for year of assessment 2008 and each subsequent year of assessment, the record-keeping period is reduced from seven to five years). Where the books are maintained outside Singapore, the company must ensure sufficient records are maintained in Singapore to reasonably ascertain the company's financial position.

Audit of Accounts

The Companies Act requires companies to appoint an independent approved auditor(s) within three months of incorporation. An auditor is required to express his opinion on the financial statements and to report to the company's shareholders.

The exception to the above requirement is with dormant and small exempt private companies, who shall be exempt from audit requirements in respect of a financial year, if its revenue in that year, does not exceed the prescribed amount of S\$5million, except that in respect of a financial year starting on or after May 15, 2003 but before June 1, 2004, the prescribed amount is S\$2.5million.

Financial Statements and Annual General Meeting

Every company (except dormant and small exempt private companies if its revenue in the financial year beginning on or after May 15, 2003 does not exceed S\$2.5 million) must have its financial statements containing the income statement and balance sheet audited and presented to its members at the annual general meeting that must be held:

- a. Within six months after the financial year end.
- b. At intervals of not more than 15 months since the previous annual general meeting.

Where the company is newly incorporated it must hold its first annual general meeting within 18 months from the date of incorporation. However, application may be made to the Accounting and Corporate Regulatory Authority for an extension of time. In addition to the income statement and balance sheet, the financial statements must include a directors' report and a statement by the directors confirming:

- i. That the financial statements reflect a true and fair view of the results for the period and the financial position of the company.
- ii. That there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due.

An annual return must be filed with the Accounting and Corporate Regulatory Authority, together with a set of audited financial statements, within one month of the annual general meeting. The annual return covers the financial highlights of the company, details of the members, officers and directors of the company, charges given and the amount outstanding at the date of the annual return.

From May 15, 2003, the Companies Act allowed private companies to elect, by unanimous agreement, to dispense with the holding of annual general meetings.

Loans to Directors

The Act prohibits a company from lending funds to directors or to a company connected with the directors unless the company is an exempt private company.

However, the Companies Amendment Act 2003 allows a director who is a full-time employee of the company to take out one loan at any point in time to finance the purchase of a home for his own use (not for investment purposes).

Retirement Age of Directors

The Act requires a director of a public company or a subsidiary of a public company to seek annual approval by at least 50 per cent of the shareholders present and consent to be appointed or re-appointed as a director, if he/she is 70 years of age or above.

Disqualification of Directors

The Act provides that a person may be disqualified from acting as a director or taking part in the management of a company for a period of five years where:

- a. He is/has been a director of a company for the previous three years prior to the company going into insolvent liquidation and taking into consideration his conduct as a director of the company and other directorship.
- b. He is guilty of persistent failures to file documents with the Accounting and Corporate Regulatory Authority.

Official Agencies Providing Assistance to Enterprises

Over the years, various official agencies have been set up to look into the needs of, and provide assistance to, enterprises in Singapore. Some of these are government institutions whilst others are semi-government institutions.

The principal agencies are:

- The Economic Development Board (EDB)
- International Enterprise Singapore (IE SINGAPORE)
- The Jurong Town Corporation (JTC)
- Standards, Productivity and Innovation Board (SPRING SINGAPORE)
- Ministry of Manpower (MOM)

The Economic Development Board (EDB)

The Economic Development Board was established in 1961 and is the lead agency in planning and executing strategies to sustain Singapore as a compelling global hub for business and investment.

It enables multinational and Singapore-based companies to enhance and upgrade to higher value-creating operations across manufacturing and internationally traded services in a knowledge-driven globalised economy.

Potential investors in Singapore normally contact the EDB before finalising plans to set up in Singapore as the EDB can advise on almost all the aspects of investing locally through its various divisions.

The EDB normally offer advice on:

- a. Finance and tax matters, the financing of projects, financial assistance and tax incentives.
- b. Manpower requirements.
- c. Factory and office space.
- d. Technical advice from representatives of the various industries and businesses. (This is handled by one of the largest division of EDB with specialist staff in major groups).

International Enterprise Singapore (IE Singapore)

IE Singapore is the lead agency under the Ministry of Trade and Industry spearheading the development of Singapore's external economic wing. Its main mission is to develop Singapore

as a premier international trading hub. It promotes goods and services overseas, pioneers entry into new markets, attracts international traders to base in Singapore and advances the nation's external trade interests with the purpose of increasing prosperity through trade expansion.

IE Singapore also regulates the representative offices (ROs) that foreign companies set up in Singapore.

Standards, Productivity and Innovation Board (SPRING Singapore)

SPRING Singapore was established in 2002 to enhance competitiveness and economic growth and to promote a better quality of life.

Its main areas of focus are:

- Productivity and innovation (i.e. promotion, organisational excellence and the development of skills, knowledge and talent).
- Standards and conformance (i.e. standardisation and conformity assessment, and the measurement of infrastructure development).
- Small and medium-sized enterprises (SMEs) and the domestic sector (i.e. broad-based assistance, enterprise upgrading and domestic cluster development).

Ministry of Manpower (MOM)

The Ministry of Manpower aims to develop both a globally-competitive workforce and a great workplace for a cohesive society and to secure the economic future of all Singaporeans. It aims to create an environment applauded by others and recognised by investors as commanding a premium, and one that is admired for its global practices and outstanding organisational culture.

Expatriates Living in Singapore

Immigration Requirements

All foreign nationals entering Singapore to take up employment or establish a business must apply for employment passes from:

- i. The Singapore High Commissioner in their respective countries, or
- ii. Employment Pass Department
Ministry of Manpower
18 Havelock Road
Singapore 059764

All dependents (spouse and children) of the employment pass holder would also have their passports stamped as dependent pass holders. It should be noted that dependent pass holders are not allowed to work in Singapore without the consent of the Controller of Immigration but most of those who have applied are allowed to work.

Living Conditions

Generally, living conditions in Singapore are some of the best in Asia, with moderate cost of living and low inflation.

Accommodation

The type of accommodation available in Singapore is varied ranging from private apartments (which come in various sizes) to terraced houses, semi-detached houses and bungalows.

Private apartment are at affordable prices, whereas the rates of terrace and semi-detached houses are marked slightly higher. Rental of the average fully furnished bungalow would be at premium rates, very much on the upscale.

Food

Singapore may be small, but there are many ethnic varieties of food available. Due to its diverse cultural and geographical influences, many regional and international cuisines are represented.

Recreation and Shopping

There are numerous leisure activities available in Singapore ranging from sports like water-skiing, sailing, golf, cricket, squash and tennis to the various forms of arts and culture. There are many cinemas in Singapore screening current British, American and Chinese films as well as many private social and sports clubs that normally have restaurants and lounges

for members. Membership fees vary depending on the location and the range of facilities offered.

Shopping in Singapore is convenient and cheap with many malls and centres housing hundreds of shops selling a wide variety of goods and clothes.

Schooling

There are a number of private schools in Singapore with some catering specifically for an international community. Amongst the more established are:

- a. Singapore American School
- b. Australian International School
- c. The Japanese School
- d. United World College of South East Asia

Foreign nationals must obtain student passes for attending school in Singapore from the Ministry of Education. School fees are not expensive, except for the more established schools where they are generally slightly higher. Children of expatriates can also be placed in government schools.

Transportation

Excellent transportation reflects the rapid development of the city-state with easy access offered to every corner of the island, either by bus, Mass Rapid Transit (MRT), Light Rapid Transit (LRT), taxis, cars and motorbikes. A multi-usable card is valid for travel on the MRT, LRT and buses and can even be used for purchasing goods and services in some retail and food outlets.

Private transportation, especially cars, are expensive in Singapore and, to further curb road congestion, there is an Electronic Road Pricing (ERP) system.

The Next Step

Contact Paul Wan & Co to discuss your needs.

Paul Wan & Co

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