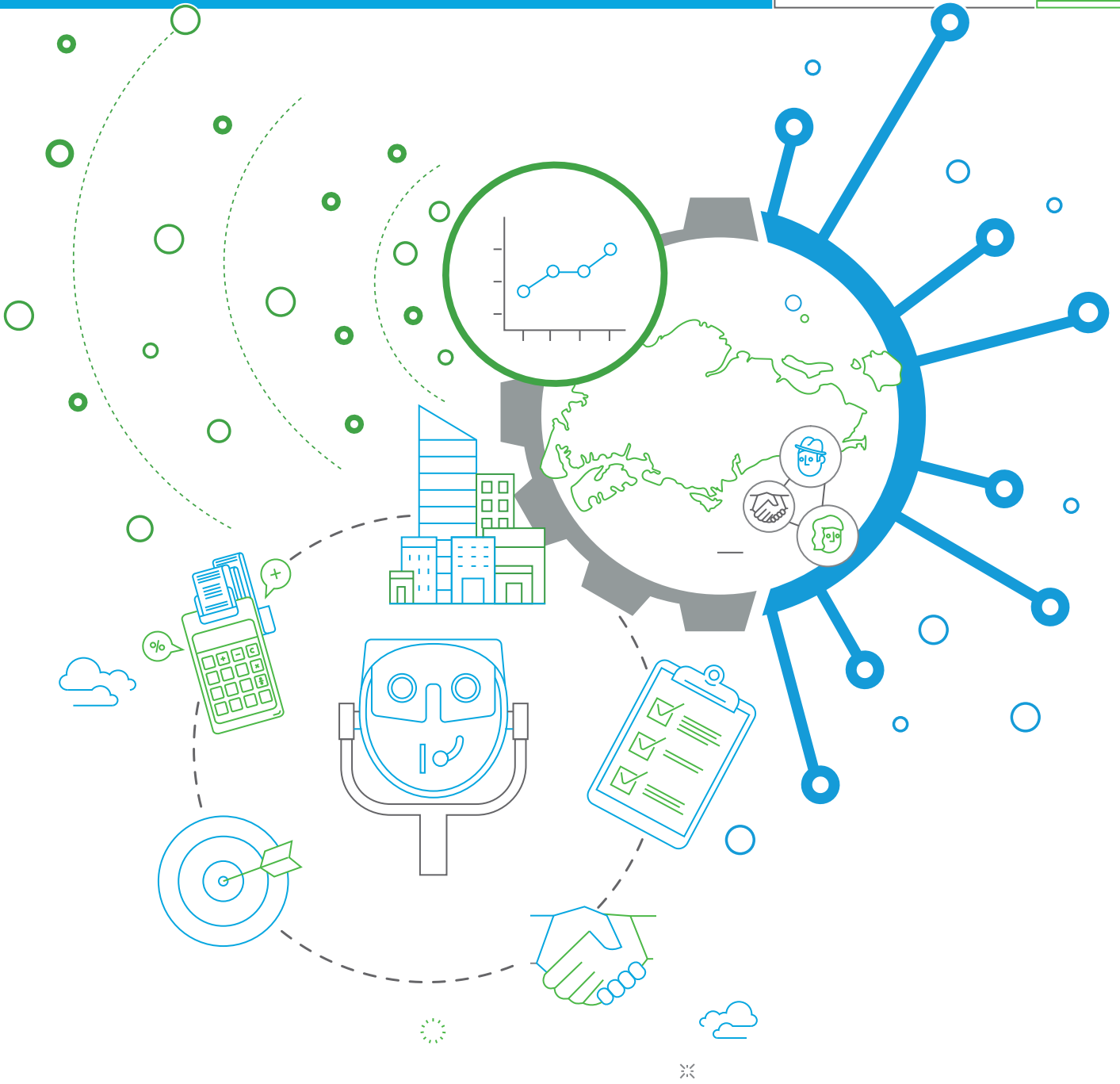
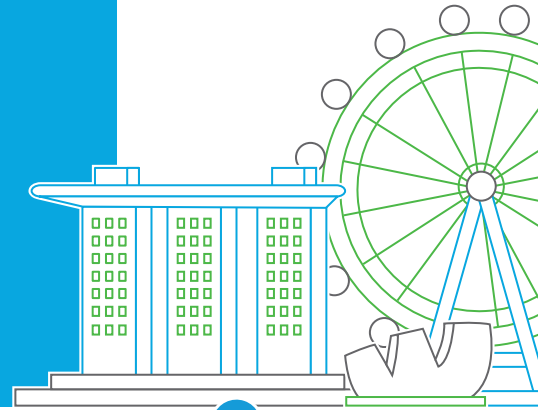


# Doing Business in Singapore



<b>FOREWORD</b>	<b>4</b>
<b>OVERVIEW OF SINGAPORE</b>	<b>5</b>
· Singapore as an Economic Hub and International Financial Centre	
· Singapore's Attractiveness as an Investment Destination	
<b>COMMERCIAL ENVIRONMENT</b>	<b>9</b>
· Singapore's Economy	
· Industries in Singapore	
· Emerging Businesses	
· Singapore and Trade	
· Investment Activities	
· Government Pro-business Schemes	
<b>TYPES OF BUSINESS ORGANISATIONS</b>	<b>19</b>
· Sole Proprietorship and General Partnership	
· Limited Liability Partnership	
· Limited Partnership	
· Company	
· Variable Capital Company	
· Joint Venture	
· Foreign Company	
· Representative Office	
· Incorporation of a Company	
· Annual Requirements for a Company	
· Registration of a Foreign Company	
· Registration of a Limited Liability Partnership (LLP)	
· Comparison of Sole Proprietorship, General Partnership, LLP and Company	
<b>TAXATION IN SINGAPORE</b>	<b>26</b>
· Introduction	
· Income Tax	
· Individual Tax and Corporate Tax	
· Dividend Payment	
· Withholding Tax	
· Transfer Pricing	
· Goods and Services Tax	
· Stamp Duty	
· Property Tax	
· Customs and Excise Duties	
· Estate Duty and Gift Tax	
· Exchange Control	
· Tax Incentives	
· International Agreements	

<b>LISTING IN SINGAPORE</b>	<b>40</b>
· The Singapore Advantage	
· Mainboard	
· Catalist	
· Professionals Help to Pave the Way	
· Costs Involved in a Listing Exercise	
<b>FINANCIAL REPORTING &amp; AUDITING</b>	<b>44</b>
· The Accounting Profession	
· Regulation of the Accounting Profession	
· Accounting Records	
· Financial Reporting Standards	
· Companies Act Requirements	
<b>MANPOWER</b>	<b>47</b>
· Employment Standards and Regulations	
· Singapore Labour Legislation	
· Statutory Board Contributions	
· Working in Singapore	
<b>SINGAPORE WITHIN ASEAN</b>	<b>56</b>
· Overview of ASEAN	
· Foreign Direct Investment in ASEAN	
· ASEAN Economic Community	
<b>ABOUT RSM INTERNATIONAL</b>	<b>60</b>
<b>ABOUT RSM SINGAPORE</b>	<b>61</b>
<b>ACKNOWLEDGEMENTS</b>	<b>63</b>

## Singapore as your Anchor in Asia

Singapore has been consistently ranked among the most preferred countries for finance, business, and commerce. This is mainly due to its strategic location, pro-business environment, and stable political atmosphere.

The city state has received credentials that include third placing in IMD's World Competitiveness Yearbook 2022 and being positioned sixth in the Global Financial Centres Index 2022. Being ranked fourth in the world on Transparency International's Corruption Perceptions Index 2021, the nation is well placed as the ideal choice for companies to consider expanding their operations.



Neighbouring Asian cities can be accessed from Singapore by air travel within seven hours. This enables Singapore to be an excellent springboard for business expansion in the region. Companies looking towards Singapore can easily establish their regional or operational headquarters here and even use this location for R&D and as intellectual property platforms. With low corporate tax and interest rates, as well as the presence of over 90 tax treaties with other countries, business costs are kept low. The nation also does not have foreign exchange controls. This makes it easier for investors to deal with foreign exchange risk. Corporate governance risk is also minimised with a transparent government and the authorities' backing to promote world-class practices.

RSM welcomes foreign investors to set up their base in Singapore and use it as an integral part of their expansion plans to grow their businesses and optimise their operations. With over 1,030 staff in Singapore/Malaysia and 260 in China, we have helped numerous foreign businesses in areas such as Cross-border Investment Advisory, International Tax Advisory, as well as Company Set Up in Singapore and other countries. Our affiliation to RSM International also facilitates connections on a global scale.

We hope this Guide will provide the necessary insights on how you can maximise the use of Singapore's resources.

Welcome to Singapore, and we welcome you to chat with us.

### **Chio Kian Huat**

Chief Executive Officer  
RSM in Singapore

## SINGAPORE AS AN ECONOMIC HUB AND INTERNATIONAL FINANCIAL CENTRE

Singapore is an island nation in Southeast Asia. Despite its small size with scarce natural resources, Singapore has taken advantage of its strategic geographical location and excellent connectivity to become one of the leading economic and financial centres in the world.

As an economic hub, Singapore's major trading partners include China, Malaysia, the European Union, the United States, Indonesia, and Hong Kong. Other major trading partners include Taiwan, South Korea, Japan and Thailand.

Singapore's total foreign workforce numbered about 1.4 million as at December 2022<sup>1</sup>, and its multicultural population mainly comprises Chinese, Malays, Indians, and Eurasians. English, Mandarin, Malay and Tamil are the four official languages in Singapore, with English widely used in business and education.

A key trend that is expected to offer vast opportunities for businesses in Singapore is the rapid urbanisation in Asia. The United Nations projects another 2.5 billion<sup>2</sup> people could be added to urban populations by 2050, with Asia and Africa accounting for close to 90% of the increase. Between 2014 and 2050, China alone is expected to add 292 million urban dwellers.

The rise in disposable incomes and consumerism in emerging Asian markets will also offer Singapore-based businesses with more opportunities to target a wider range of customer segments.

As an international financial centre, Singapore has over 1,900 financial institutions – including 4 local, 127 foreign and 21 merchant banks in 2022<sup>3</sup> – that offer many products and services across various asset classes. With assets under management at S\$5.4 trillion in 2021<sup>4</sup>, the banking sector is especially important to Singapore's role in financing local and regional growth, for example in facilitating infrastructure development.

In addition, Singapore is Asia's largest and the world's third-biggest (after the United Kingdom and the United States) foreign exchange trading centre, according to the 2022 Triennial Central Bank Survey by Bank for International Settlements<sup>5</sup>. This gives further evidence of Singapore's increasing standing and influence as a global financial centre.

Likewise, the city state also garnered the highest short- and long-term triple-A credit ratings from all three major credit rating agencies: Standard & Poor's, Moody's Investors Service, and Fitch Ratings. However, this continued development as a regional and international financial centre also comes with close surveillance by Singapore's central bank – the Monetary Authority of Singapore – and appropriate policy formulation.

<sup>1</sup> <https://www.mom.gov.sg/documents-and-publications/foreign-workforce-numbers>

<sup>2</sup> World Urbanization Prospects, 2019 Revision, United Nations

<sup>3</sup> <https://www.statista.com/statistics/624025/number-of-financial-institutions-in-singapore-by-type/#professional>

<sup>4</sup> <https://www.mas.gov.sg/-/media/mas/news-and-publications/surveys/asset-management/singapore-asset-management-survey-2021-1.pdf>

<sup>5</sup> Singapore Cements Position as Third Largest Global FX Centre (mas.gov.sg)

Singapore's financial services sector is governed by various Acts and regulations, such as:

### Monetary Authority of Singapore Act

The Monetary Authority of Singapore (MAS) Act gives MAS the full authority to regulate the financial services sector in the country.

### Banking Act

The Banking Act regulates banks and related financial institutions and their activities, including the credit card and charge card business of banks and other institutions, among others.

### Securities and Futures Act

The Securities and Futures Act regulates activities and institutions in the securities, futures and derivatives industry, including leveraged foreign exchange and derivatives trading.

### Regulations against Money Laundering and Financing of Terrorism

A member of the Financial Action Task Force, Singapore has established strict regulations to fight money laundering and the financing of terrorism.

### Payment Systems (Oversight) Act

The Payment Systems (Oversight) Act provides for the oversight of payment systems and stored value facilities, as well as related matters.

For more information on the Acts and regulations above, visit: <http://statutes.agc.gov.sg> or [www.mas.gov.sg](http://www.mas.gov.sg)

### Singapore Quick Facts

2022	Metrics
Land Area	733.1 sq km
Total Population	5.63 million
GDP	S\$643,546 million
Per Capita GDP	S\$114,165
Total Trade	S\$1,365.4 billion
Tourist Arrivals	6.3 million
Foreign Direct Investment in Singapore (2021)	S\$2,479.0 billion

Source: Singapore Department of Statistics

## SINGAPORE'S ATTRACTIVENESS AS AN INVESTMENT DESTINATION

Singapore's position as an attractive destination for foreign investors is due to factors such as:

- Political and Economic Stability
- Corporate Governance and Transparency
- Pro-business Environment
- Competitive Tax Rates
- Robust Intellectual Property Regime
- High Literacy Rate
- Extensive Network of Trade Agreements
- Excellent Connectivity and Infrastructure
- Relatively Hassle-free Immigration Processes for Foreign Investors

### **Political and Economic Stability**

Singapore is a parliamentary republic, with the People's Action Party (PAP) as the nation's ruling political party since 1959. Since 1978, Singapore has been largely strike-free and the nation's peaceful industrial relations have often been attributed to its tripartite model.

Established in 1972 to formulate wage guidelines to ensure Singapore's long-term economic growth, the National Wages Council (NWC) is a tripartite body comprising representatives from employers, trade unions, and the government. The NWC meets every year to deliberate wage and wage-related matters and issues related guidelines based on the tripartite consensus reached.

### **Corporate Governance and Transparency**

High corporate governance standards play an important part in maintaining Singapore's position as an international financial centre. The Monetary Authority of Singapore (MAS) and Singapore Exchange (SGX) have shared oversight of corporate governance of listed companies since September 2007. Singapore also has a revised Code of Corporate Governance issued by the MAS in 2018. While compliance with the Code is not mandatory, listed companies are required under the SGX Listing Rules to disclose their corporate governance practices and explain deviations from the Code in their annual reports.

Singapore is ranked among the world's least corrupt countries, taking fifth place worldwide in the Corruption Perceptions Index (CPI) 2022 released by the global anti-graft movement, Transparency International (TI).

### **Pro-business Environment**

Singapore has been recognised for its conducive pro-business environment. According to the World Bank Group's Doing Business 2021: Comparing Business Regulations in 190 Economies report, Singapore ranked second worldwide in terms of the ease of doing business.

The Country also has the third most competitive economy in the world, supported by factors such as its world-class infrastructure and strong focus on education, according to the IMD's World Competitiveness Ranking 2022.

### **Competitive Tax Rates**

Singapore's government believes in keeping tax rates competitive for both corporations as well as individuals. Such a policy aims to maintain Singapore's attractiveness as a foreign investment destination and encourage entrepreneurship.

### **Robust Intellectual Property Regime**

Singapore came in second worldwide in intellectual property (IP) protection, according to the 2021 Bloomberg Innovation Index report. Its robust IP regime is built on a trusted legal system and strong IP arbitration capabilities. To support IP dispute resolution in Asia, Switzerland-based World Intellectual Property Organisation established an Arbitration and Mediation Centre in Singapore, its only centre outside Geneva.

### **High Literacy Rate**

Figures by Singapore Department of Statistics showed that Singapore had a literacy rate of 97.6% among residents aged 15 years and older in 2021.

### **Extensive Network of Trade Agreements**

Singapore has an extensive network of Free Trade Agreements (FTAs) in Asia. These include bilateral FTAs and ASEAN regional FTAs (refer to "Singapore within ASEAN" section of this guide for more details) with key economies such as Australia, China, India, Japan and the United States.

### **Excellent Connectivity and Infrastructure**

Singapore is one of the world's top transportation hubs for sea and air cargoes. Connected to more than 600 ports in over 120 countries, Singapore is the busiest port in the world in terms of shipping tonnage, with an average of 130,000 vessel calls annually.

Singapore's Changi Airport is among the world's busiest international airports, serving more than 100 airlines that fly to some 400 cities in about 100 countries and territories worldwide. Air freight movements at the airport totalled 1.23 million tonnes in 2022.

There is also a wide range of state-of-the-art convention centres, exhibition halls and meeting venues in Singapore for various needs. Some major venues include Suntec Singapore Convention and Exhibition Centre, Singapore EXPO, and Raffles City Convention Centre.

### **Relatively Hassle-free Immigration Processes for Foreign Investors**

Eligible investors who wish to set up a business in Singapore may apply for the Singapore permanent residence status through the Global Investor Programme (GIP). For more information about the GIP, visit: <https://www.contactsingapore.sg/gip>.

Issued to eligible foreign entrepreneurs who wish to start a new business in Singapore, the EntrePass has a validity period of up to one year for a new pass or first renewal and two years for subsequent renewals. For more information about the EntrePass, visit: [www.mom.gov.sg](http://www.mom.gov.sg).

### **Contributed by:**

#### **RSM**

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6538 7600

Email: [MKTG@RSMSingapore.sg](mailto:MKTG@RSMSingapore.sg)

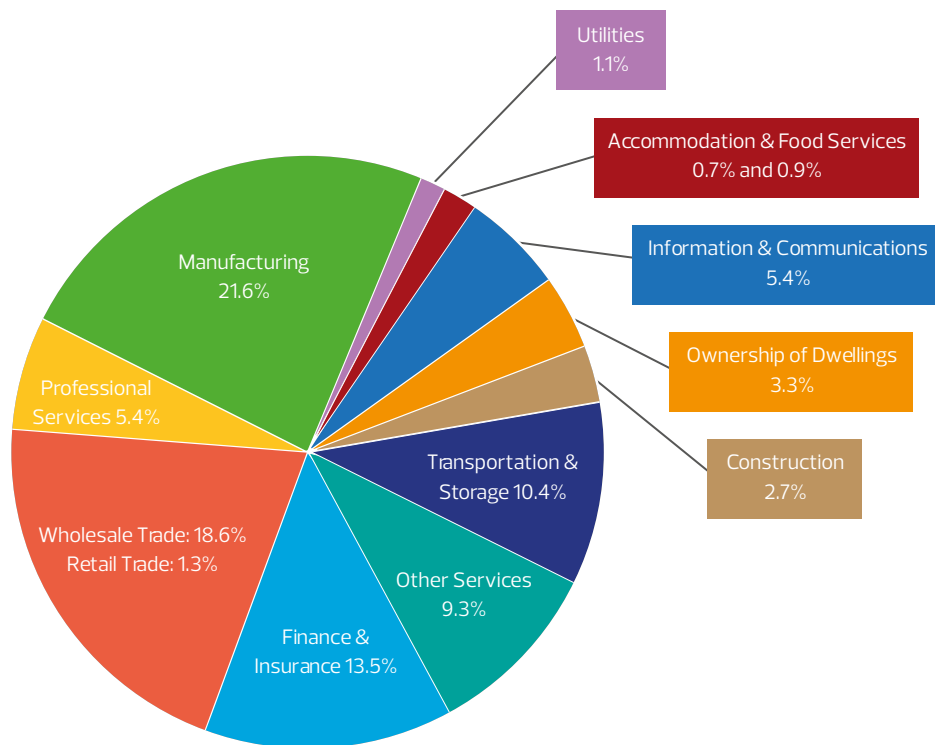
Website: [www.RSMSingapore.sg](http://www.RSMSingapore.sg)



## SINGAPORE'S ECONOMY

Singapore has a highly developed free-market economy that depends heavily on exports. In 2022, it recorded a GDP of S\$643,546 million (about US\$480,636 million). Its per capita GDP is also among the highest in the world at S\$114,165 (about US\$85,264) in 2022.

### Singapore's GDP Composition by Sector (2022)



Source: Singapore Department of Statistics

## INDUSTRIES IN SINGAPORE

### Aerospace Engineering

Singapore is the most comprehensive aerospace hub for Maintenance, Repair and Overhaul (MRO) in Asia, accounting for a quarter of the region's MRO output. Its existing capabilities in precision engineering and electronics also support production of complex aero-engine components.

Singapore's Seletar Aerospace Park provides a conducive environment for aerospace companies to operate and collaborate.

### Clean Energy

There is a strong focus on solar energy in Singapore, given its strategic location in the tropical sunbelt and strong semiconductor capabilities. Other areas of focus include wind energy, biomass, tidal energy, smart grids, green buildings, and energy efficiency and carbon services.

Major energy players have set up operations in Singapore, attracted by factors such as its strong capabilities in electronics, precision engineering and chemicals, mass manufacturing know-how, and robust intellectual property protection regime.

## Chemicals

Singapore is one of the leading energy and chemical industry hubs in the world. Many of the world's leading energy and chemical companies have operations on Singapore's Jurong Island, which has attracted more than S\$50 billion (about US\$35.94 billion) worth of investments.

## Consumer Business

Singapore is well-positioned to support consumer businesses in innovation and regional growth strategies due to its central location in Asia, strong scientific and brand management capabilities, as well as conducive business environment.

Institute on Asian Consumer Insight conducts research and education programmes to help in innovating brands and products to meet Asian consumers' needs.

## Content & Media

Singapore's content and media sector consists of various industries, including media owners, games, animation, visual effects, and publishing. Favourable factors for content and media companies include the country's world-class talent, developed infrastructure and research capabilities. With its strong intellectual property laws and multilingual talent pool, Singapore is also an ideal location for creating and deploying new content.

## Electronics

Singapore is a choice location for electronics companies to create and manage new markets. The Country is home to:

- 15 of the world's top 25 fabless semiconductor companies;
- 11 of the world's top 20 integrated device manufacturers;
- The world's top three hard disc media manufacturers; and
- Four of the world's top five electronics manufacturing services providers.

## Energy

Singapore is Asia's leading oil trading hub as well as an oil and oil product pricing centre in the region. It is also the leading bulk liquids logistics hub in Asia and a major marine bunkering centre.

## Cities, Infrastructure & Industrial Solutions

Singapore is a leading one-stop hub for engineering solutions and home to a growing number of global engineering design firms. Nine of the world's top 10 control and automation companies already have a significant presence in the country.

## Environment & Water

There are about 70 water companies in Singapore that represent the entire value chain from upstream component players, Original Equipment Manufacturers (OEMs) and system integrators to downstream Engineering, Procurement and Construction (EPC) players and project developers.

The country also nurtures the environmental industry, which includes environmental consultancy, waste management and pollution control.

## Healthcare

Singapore's standard of medical practice ranks among the best in the world. There are strategic partnership opportunities for healthcare service providers to develop and test innovative healthcare solutions and systems.

### **International Non-Profit Organisations**

Singapore is home to about 140 International Non-Profit Organisations (INPOs), and it is well-positioned to support them as a financial hub with strengths in logistics and telecommunications.

### **Infocomm Services**

Singapore was ranked second in network readiness worldwide, according to the World Economic Forum's Global Information Technology Report 2022. Its excellent infrastructure, strong intellectual property protection regime, good connectivity and easy access to global talent attract infocomm services companies to the country.

### **Infocomm Products**

Leading infocomm product companies have set up their global and regional headquarters in Singapore, covering the full value chain from research and development and supply chain management to manufacturing, logistics and shared services.

Some key products manufactured in Singapore include mission-critical and secure computing products such as high-end servers, automated teller machine (ATMs), point-of-sales systems, networking equipment and smart cards.

### **Logistics & Supply Chain Management**

Singapore is a trusted and reliable supply chain hub with highly efficient customs and business-friendly import/export procedures.

Its sea and air ports are readily accessible through a well-planned domestic road network. Singapore's world-class and specialised infrastructure includes the Airport Logistics Park of Singapore, the Changi International LogisPark and the Banyan LogisPark.

### **Marine & Offshore Engineering**

Singapore builds more than 50% of the world's high-specification oil rigs and has close to 70% of the global market for the conversion of floating production storage and offloading units, according to the Singapore Economic Development Board.

### **Medical Technology**

Singapore is Asia's leading location for medical technology, with commercial-scale plants set up by over 60 medical technology companies to produce medical devices for the regional and global markets.

Singapore's strong network of top universities and innovative start-ups create an environment conducive for MedTech companies to thrive in a competitive ecosystem. Over 25 R&D centres have been established in the country by multinational MedTech companies looking to tap into new ideas that can develop next-generation products and solutions.

### **Pharmaceuticals & Biotechnology**

More than 30 of the world's leading biomedical sciences companies have operations in Singapore.

Some local biomedical research institutes include the Bioinformatics Institute, Bioprocessing Technology Institute, Genome Institute of Singapore, and Institute of Bioengineering and Nanotechnology.

### **Precision Engineering**

Singapore's precision engineering industry comprises companies that range from contract manufacturers to full solution providers with design, prototyping, production and supply chain management capabilities.

### **Professional Services**

MNCs from a wide range of industries and geographies have established their regional or global headquarters in Singapore, which has also driven demand for professional services.

### **Urban Solutions & Sustainability**

Singapore collaborates with some of the largest innovative global companies that have set base in Singapore to develop and commercialise sustainable urban solutions for Asia.

*Source: Singapore Economic Development Board*

## **EMERGING BUSINESSES**

### **Automotive**

Almost all major Original Equipment Manufacturers and Tier 1 automotive suppliers use Singapore to oversee their regional operations.

Singapore's strengths in electronics, info-communications and mechanical engineering also support growth of related automotive research and development.

### **Safety & Security**

Three Safety and Security test-bed projects have been completed under the Singapore Government's Safety and Security Industry Programme (SSIP) 2020. The SSIP 2020 is led by the Ministry of Home Affairs (MHA), Singapore Economic Development Board (EDB) and done in collaboration with JTC Corporation.

Through this collaboration, platforms are created whereby companies can work with the public sector through public-private partnerships on their innovative solutions in a live operational environment in Singapore.

### **Natural Resources**

Singapore aims to be a nerve centre that plays a part in fulfilling global demand for aquaculture, agriculture, metals and minerals.

### **Lifestyle Products & Services**

Growing lifestyle businesses in Singapore include those relating to art, collectibles, performing arts, and sports.

### **Robotics**

Singapore's manufacturing industry has the highest robot density in the world after South Korea, with 605 robots per 10,000 employees in 2020. About 75% of the robots are installed in Singapore's electronics industry, which has increased its number of robot installations significantly in recent years.

### **Spaces**

Established by the government in 2013, the Office for Space Technology and Industry serves as the designated office to develop Singapore's space industry.

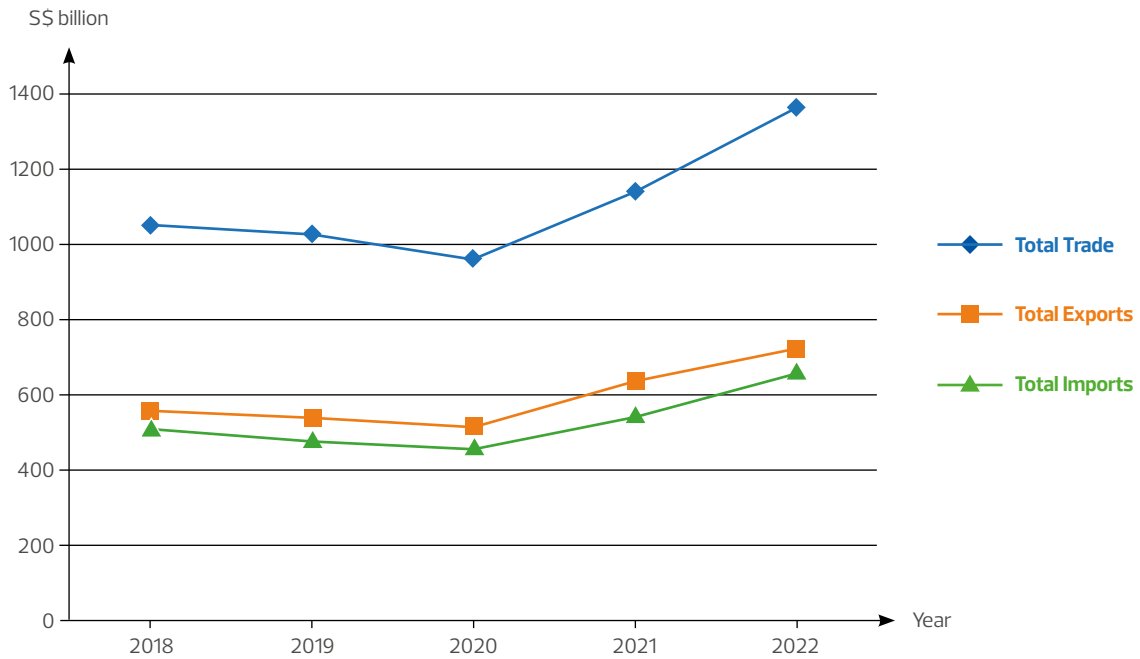
*Sources: Singapore Economic Development Board and International Federation of Robotics*

## SINGAPORE AND TRADE

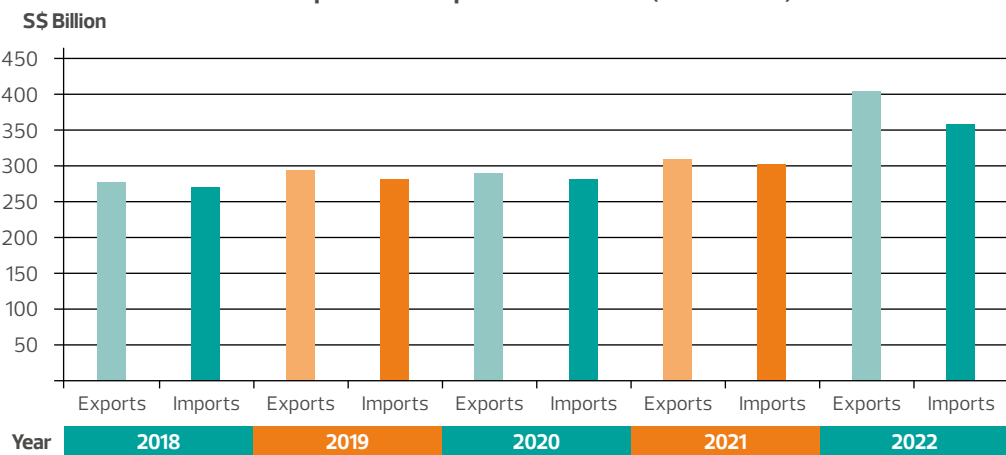
Trading is highly important to Singapore's economy. According to the World Trade Organisation, Singapore's trade to GDP ratio was 338.31% in 2021. Most imports enter the country duty free.

Singapore's total trade at current prices amounted to S\$1,160.0 billion (about US\$865 billion) in 2021.

**Singapore's Merchandise Trade Performance at Current Prices (2018–2022)**



**Overall Exports and Imports of Services (2018–2022)**



**Compound Annual Growth Rates (from 2018 to 2022)**

9.4%  
Exports

7.1%  
Imports

**Services Trade Balance**

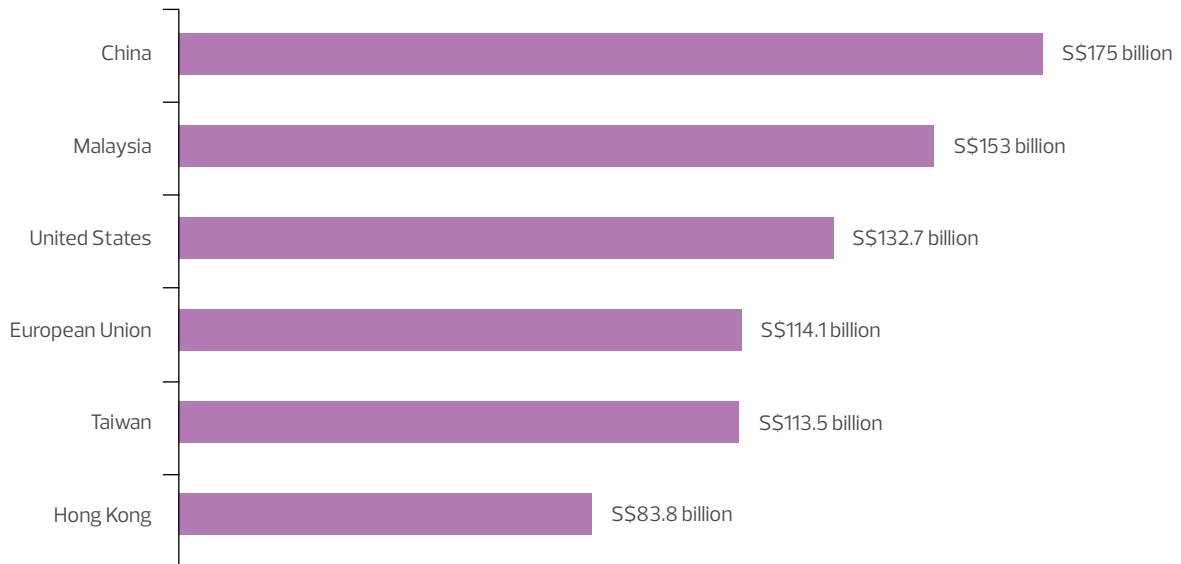
S\$45 Billion  
in 2022

Source: Singapore Department of Statistics  
<https://www.singstat.gov.sg/modules/infographics/singapore-international-trade>  
<https://www.macrotrends.net/countries/SGP/singapore/trade-gdp-ratio>

## Top Trading Partners

China was Singapore's largest trading partner in 2022, followed by Malaysia, the United States, Taiwan, the European Union and Hong Kong. Other major trading partners include Indonesia, South Korea, Japan and Thailand.

### Singapore's Top Trading Partners in 2022 (Share of Total Merchandise Trade)



Source: Singapore Department of Statistics

## Global Maritime Hub

Singapore is a global maritime hub strategically located at the southern tip of the Malay Peninsula. Connected to 600 ports in over 120 countries, Singapore is the busiest port in the world in terms of shipping tonnage, with more than 130,000 vessel calls each year. More facts and figures about Singapore's position as a global maritime hub are highlighted below.

### Facts and Figures

- Singapore remains as the world's top maritime centre in the Xinhua–Baltic International Shipping Centre Development (ISCD) Index 2022
- More than 5,000 maritime establishments, contributing about 7% to Singapore's gross domestic product, and employing more than 170,000 personnel
- Home to over 140 of the world's top shipping groups
- Top bunkering (ship refuelling) port in the world, with sales amounting to 49.8 million tonnes in 2020
- Commands about 70% share of the world's jack-up rig-building market and 70% of the global Floating Production Storage and Offloading platforms market
- Maritime and Port Authority of Singapore offers assistance in setting up a maritime businesses as well as in expanding existing operations
- Singapore Registry of Ships among top five largest registries in the world and currently has over 4,400 vessels registered with it
- Green Initiatives (enhanced programmes)
  - Green Ship Programme (GSP)
  - Green Awareness Programme
  - Green Port Programme (GPP)
  - Green Energy & Technology Programme

Sources: Maritime and Port Authority of Singapore and PSA Singapore

## Free Trade and Other Agreements

Free Trade Agreements (FTAs) may allow Singapore-based exporters and investors to enjoy various benefits such as tariff concessions, preferential access to certain sectors, faster entry into markets and Intellectual Property (IP) protection.

### Singapore's Involvement in FTAs

#### Bilateral FTAs

- [Agreements signed between Singapore and a single trading partner](#)
  - China–Singapore Free Trade Agreement (CSFTA)
  - European Union–Singapore Free Trade Agreement (EUSFTA)
  - India–Singapore Comprehensive Economic Cooperation Agreement (CECA)
  - Japan–Singapore Economic Partnership Agreement (JSEPA)
  - Korea–Singapore Free Trade Agreement (KSFTA)
  - New Zealand–Singapore Comprehensive Economic Partnership (ANZSCEP)
  - Panama–Singapore Free Trade Agreement (PSFTA)
  - Peru–Singapore Free Trade Agreement (PeSFTA)
  - Singapore–Australia Free Trade Agreement (SAFTA)
  - Singapore–Costa Rica Free Trade Agreement (SCRFTA)
  - Singapore–Jordan Free Trade Agreement (SJFTA)
  - Sri Lanka – Singapore Free Trade Agreement (SLSFTA)
  - Turkey–Singapore Free Trade Agreement (TRSFTA)
  - United Kingdom–Singapore Free Trade Agreement (UKSFTA)
  - United States–Singapore Free Trade Agreement (USSFTA)

#### Regional FTAs

- [Agreements signed between Singapore and a group of trading partners](#)
  - ASEAN–Australia–New Zealand Free Trade Area (AANZFTA)
  - ASEAN–China Free Trade Area (ACFTA)
  - ASEAN–Hong Kong, China Free Trade Area (AHKFTA)
  - ASEAN–India Free Trade Area (AIFTA)
  - ASEAN–Japan Comprehensive Economic Partnership (AJCEP)
  - ASEAN–Korea Free Trade Area (AKFTA)
  - ASEAN Free Trade Area (AFTA)
  - Comprehensive and Progressive Agreement for Trans–Pacific Partnership (CPTPP)
  - EFTA–Singapore Free Trade Agreement (ESFTA)
  - GCC–Singapore Free Trade Agreement (GSFTA)
  - Trans–Pacific Strategic Economic Partnership (TPSEP)

As at April 2021, Singapore has signed over 90 double taxation agreements (DTAs) and 43 investment guarantee agreements (IGAs) with various countries. More information on these are found in the Taxation section of this guide..

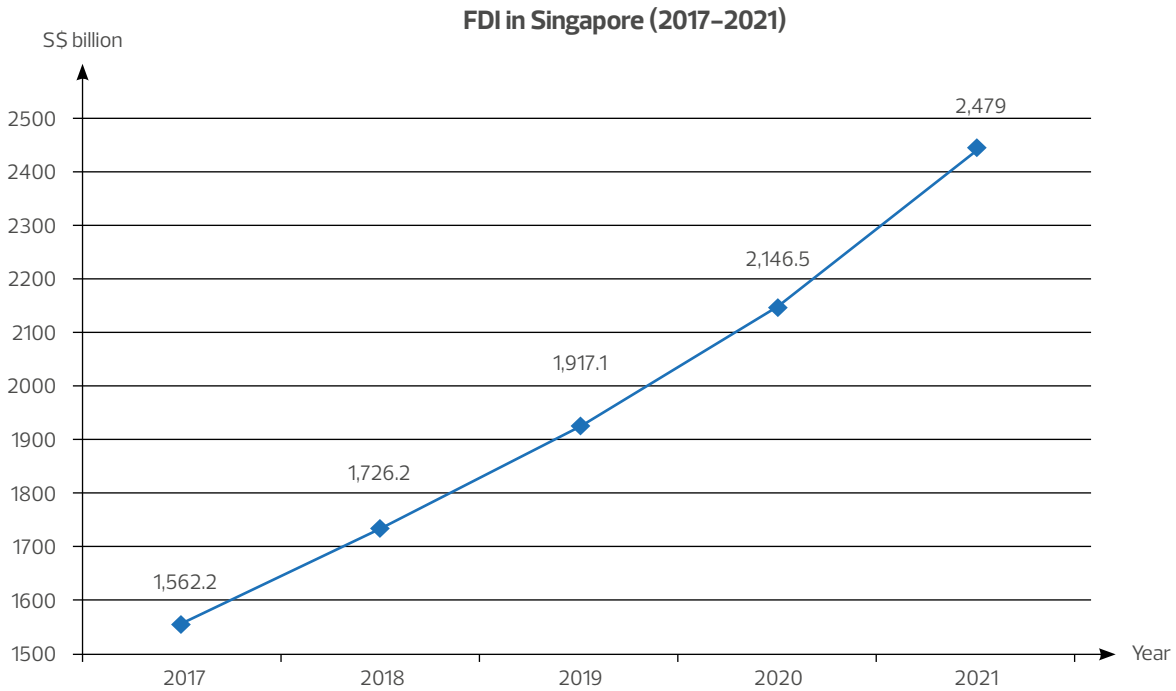
Source: Ministry of Trade & Industry

<https://www.mti.gov.sg/Trade/International-Investment-Agreements>

## INVESTMENT ACTIVITIES

### Foreign Direct Investment in Singapore

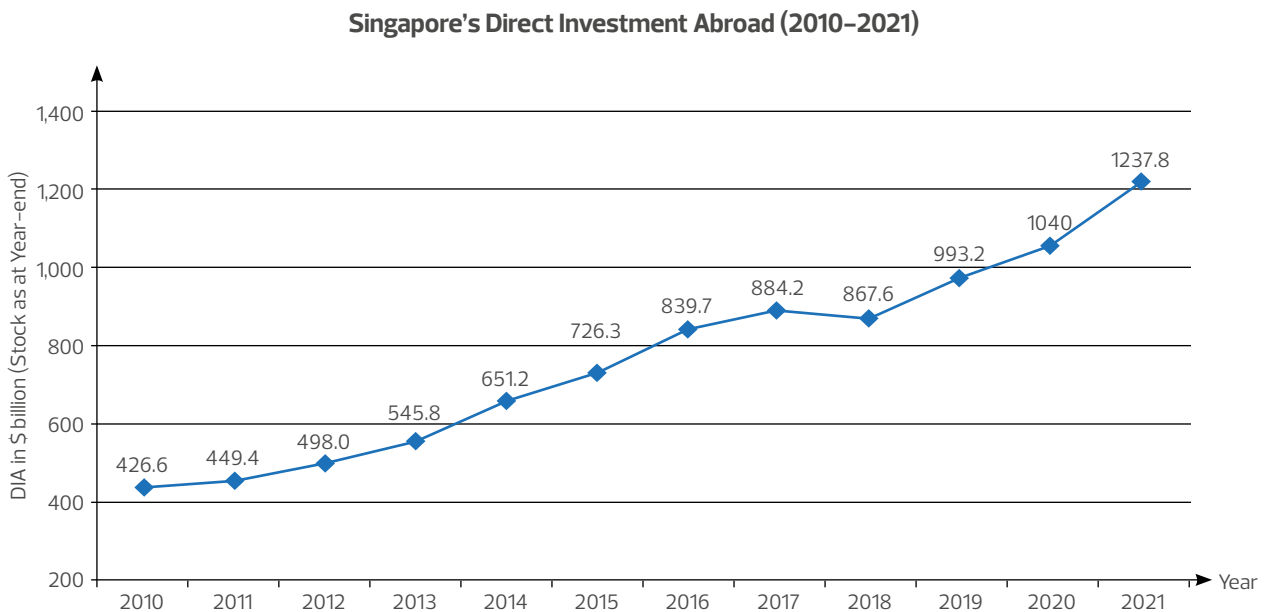
Foreign Direct Investment (FDI) in Singapore totalled approximately S\$2,479 billion in 2021. Of this, S\$2,372.5 billion, or about 95.7%, were in the form of direct equity investment. The remaining S\$106.5 billion, or 4.3%, was net lending from foreign direct investors.



Source: Singapore Department of Statistics

### Singapore's Direct Investment Abroad

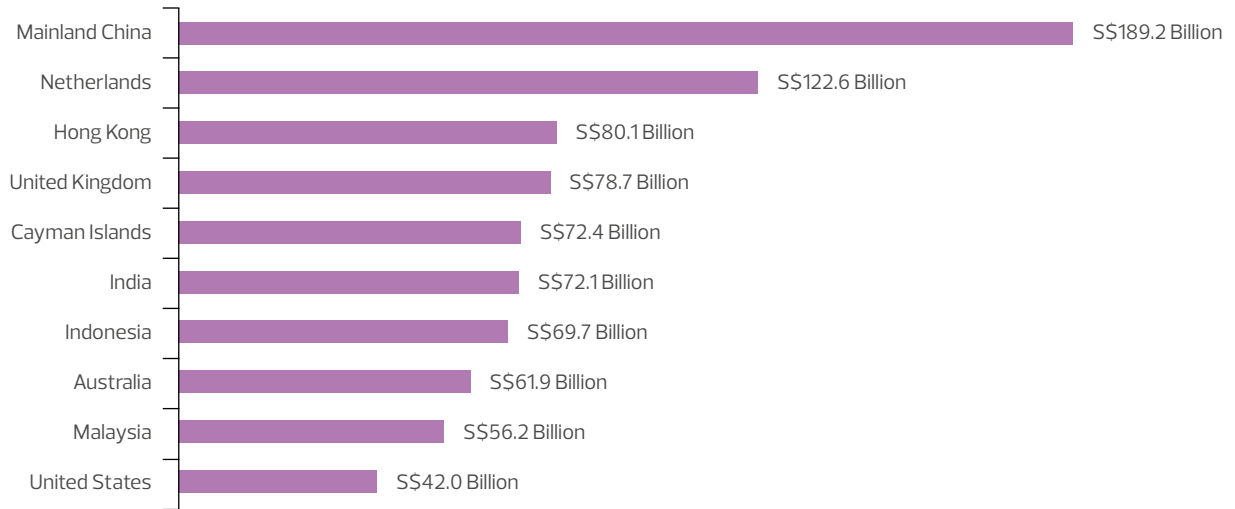
Singapore's direct investment abroad increased 7.8% compared to the previous year, reaching S\$1,237.8 billion in 2021.



Source: Singapore Department of Statistics



**Top 10 Destinations for Singapore's Direct Investment Abroad in 2021**



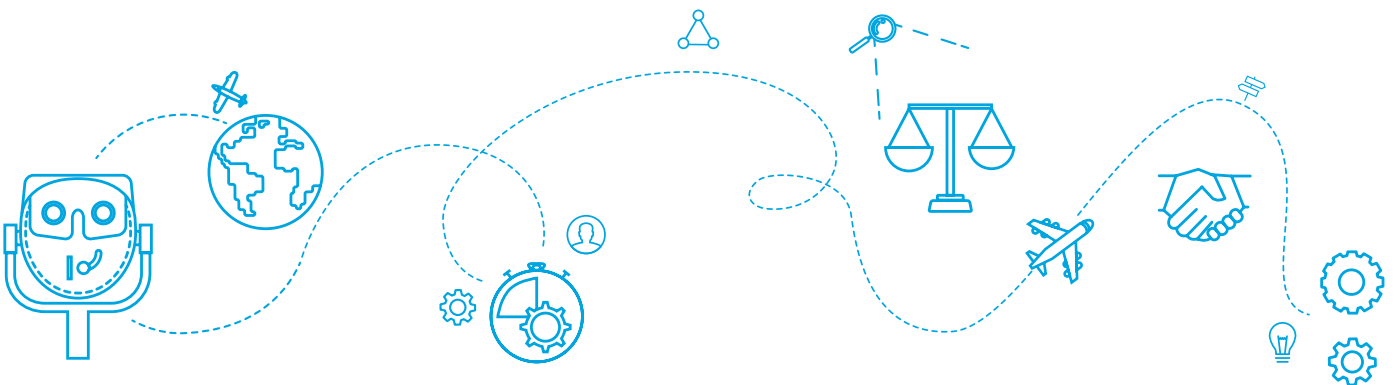
Source: Singapore Department of Statistics

**GOVERNMENT PRO-BUSINESS SCHEMES**

Singapore's government offers various schemes to support businesses in the country. Some of these schemes are administered by the Singapore Economic Development Board (EDB).

EDB's corporate investment arm, EDBI Pte Ltd (EDBI), invests in globally competitive companies with high-growth potential, especially those in the biomedical sciences, information & communication technology, and smart & sustainable technology sectors. For more information about EDBI, visit [www.edbi.com](http://www.edbi.com).

Other government bodies, such as the Enterprise Singapore and the Info-communications Media Development Authority (IMDA), also support eligible businesses.



Some pro-business government schemes in Singapore are shown in the following table. More information can be found on the government bodies' respective websites.

<b>Singapore Economic Development Board</b> <a href="http://www.edb.gov.sg">www.edb.gov.sg</a>	<b>Enterprise Singapore</b> <a href="http://www.enterprisesg.gov.sg">www.enterprisesg.gov.sg</a>	<b>Inland Revenue Authority of Singapore</b> <a href="http://www.iras.gov.sg">www.iras.gov.sg</a>
<ul style="list-style-type: none"> <li>▪ Pioneer Certificate Incentive (PC) &amp; Development and Expansion Incentive (DEI)</li> <li>▪ Finance &amp; Treasury Centre (FTC) Incentive</li> <li>▪ Global Investor Programme (GIP)</li> <li>▪ The Overseas Networks &amp; Expertise Pass (ONE Pass)</li> <li>▪ Tech@SG Programme</li> <li>▪ Tech.Pass</li> <li>▪ Research and Innovation Scheme for Companies (RIS(C))</li> <li>▪ Training Grant for Company (TGC)</li> <li>▪ Intellectual Property (IP) Development Incentive (IDI)</li> <li>▪ Resource Efficiency Grant for Energy (REG(E))</li> <li>▪ Land Intensification Allowance (LIA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Startup SG Founder</li> <li>▪ Startup SG Tech</li> <li>▪ Productivity Solutions Grant (PSG)</li> <li>▪ Market Readiness Assistance (MRA) Grant</li> <li>▪ Enterprise Development Grant (EDG)</li> <li>▪ Energy Efficiency Grant (EEG)</li> <li>▪ International Co-Innovation Programmes</li> <li>▪ SkillsFuture Enterprise Credit (SFEC)</li> <li>▪ Local Enterprise and Association Development (LEAD) Programme</li> <li>▪ PACT Programme</li> <li>▪ Startup SG Accelerator</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enterprise Innovation Scheme (EIS)</li> <li>▪ Wage Credit Scheme (WCS)</li> <li>▪ Corporate Volunteer Scheme</li> </ul>

Sources: Singapore Economic Development Board, Enterprise Singapore, and Inland Revenue Authority of Singapore

### Contributed by:

#### RSM

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6538 7600

Email: [MKTG@RSMSingapore.sg](mailto:MKTG@RSMSingapore.sg)

Website: [www.RSMSingapore.sg](http://www.RSMSingapore.sg)

# TYPES OF BUSINESS ORGANISATIONS

---

## SOLE PROPRIETORSHIP AND GENERAL PARTNERSHIP

All sole proprietorships and partnerships must be registered with the Accounting and Corporate Regulatory Authority (ACRA) under the Business Names Registration Act 2014. ACRA must be notified of any changes in the particulars of the proprietor, authorised representative or partners of business firms within the prescribed timeline.

Sole proprietorships and general partnerships are not corporate bodies, i.e. sole proprietors and partners of partnerships have unlimited liability for the debts and obligations that arise from the businesses.

## LIMITED LIABILITY PARTNERSHIP

A Limited Liability Partnership (LLP) must be registered with ACRA under the Limited Liability Partnerships Act 2005.

An LLP is essentially a partnership with limited liability. It is a body corporate and has a legal personality separate from that of its partners. The partners of an LLP have limited liability for the debts and obligations incurred by the LLP. A partner may, however, be held personally liable for claims from losses resulting from his own wrongful act or omission, but will not be held personally liable for such wrongful acts or omissions of any other partner of the LLP.

An LLP has perpetual succession and any change in the partners of an LLP will not affect its existence, rights, and liabilities. An LLP can sue and be sued in its own name. It can acquire, own, hold and develop properties, and incur debts.

## LIMITED PARTNERSHIP

A Limited Partnership (LP) must be registered with ACRA under the Limited Partnerships Act 2008. An LP is not a separate legal entity. It must have at least two partners with at least one general partner and one limited partner. A general partner is liable for all debts and obligations of the LP whilst a limited partner is not liable for the debts and obligations of the LP beyond the amount of his agreed contribution. Limited partners do not take part in the management of the LP.

An individual or a corporation may be a general partner or a limited partner.

## COMPANY

A limited liability company is the most common form of business entity in Singapore. It is incorporated under the Companies Act 1967 and registered with ACRA. A limited company may be limited by shares or limited by guarantee. A company may be registered as a private company if it does not have more than 50 shareholders and its Constitution restrict the right to transfer shares. Otherwise, the company must be registered as a public company.

A company is a body corporate and has a separate legal personality from its shareholders. The company can sue and be sued in its own name. It can own properties and incur debts. The liability of shareholders, if any, is limited to any amount unpaid on their shares. When the shares are fully paid up, the shareholders have no further liability to contribute towards the debts of the company.

### VARIABLE CAPITAL COMPANY

The Variable Capital Company (VCC) is a new corporate structure for investment funds constituted under the Variable Capital Companies Act 2018, which took effect on 14 January 2020. All VCCs must be managed by a Permissible Fund Manager. Fund managers are able to constitute investment funds as VCCs across both traditional and alternative strategies, and as open-ended or closed-ended funds.

Fund managers may also incorporate new VCCs or re-domicile their existing investment funds with comparable structures by transferring their registration to Singapore as VCCs.

### JOINT VENTURE

A joint venture may take the form of equity investment in a limited liability company, limited liability partnership or general partnership. Joint ventures are governed by the laws of companies, limited liability partnerships or general partnerships, as applicable.

### FOREIGN COMPANY

A foreign company that wishes to establish a place for business or carry on business in Singapore may set up a branch. A subsidiary is a new legal entity incorporated under the Companies Act 1967, whilst a branch is an extension of a company incorporated elsewhere (i.e. the head office). A foreign company or a branch has to be registered with ACRA under the Companies Act 1967.

Whether or not an overseas corporation is deemed to be carrying on business through a branch in Singapore depends on the nature of the activities proposed. In order to determine whether the proposed activities require the registration of a Singapore branch, it is advisable to obtain advice from professionals.

### REPRESENTATIVE OFFICE

A foreign company may establish a representative office in Singapore to undertake market research and feasibility studies on behalf of its parent company. A representative office is not permitted to engage in businesses, conclude contracts, and open or negotiate any letters of credit. Approval for the establishment of a representative office must be obtained from Enterprise Singapore.

### INCORPORATION OF A COMPANY

Reservation and approval of a name for the company is the first step in the incorporation procedure. This is done by submitting the proposed company name and relevant information online to ACRA together with payment of the requisite fee.

Once the company name is approved, the incorporation information and documents, when ready, can be e-filed with ACRA. The company can commence business once it receives an e-notification of incorporation from ACRA, usually on the same working day of its successful e-filing. A hard copy of the Certificate of Incorporation can be purchased from ACRA for a fee.

A Singapore company can be incorporated with a minimum of one director, who must be a natural person. Every company must have at least one director who is ordinarily a resident in Singapore. Likewise, a company can have a minimum of one shareholder who may be an individual or a corporate entity. There is no restriction on foreign equity participation in a Singapore company.

There must be at least one company secretary who is a natural person and has his principal or only place of residence in Singapore. The sole director cannot, at the same time, act as the company secretary. Every company must have a registered office in Singapore where all communications and notices to the company may be addressed.

The pre-incorporation procedures for the formation of a public limited company are essentially similar to those of a private limited company. The additional documents to be filed with ACRA are a statement in lieu of prospectus and a statutory declaration of compliance by the director(s) that the company has not issued a prospectus.

In addition to the e-notification of incorporation, ACRA will issue a notification stating that the company is allowed to commence business.

A public company is required to hold a statutory meeting within a period of not less than one month and not more than three months after the date when the company is allowed to commence business. A copy of the statutory report and the auditors' report, if any, must be lodged with the Registrar at least seven days before the date of the statutory meeting.

### ANNUAL REQUIREMENTS FOR A COMPANY

Every private limited company is required to hold an Annual General meeting (AGM) within six months after the end of each financial year.

The directors of the company are required to present an audited or unaudited (as the case may be) set of financial statements that give a true and fair view of the company's affairs in the preceding financial year.

The audited or unaudited accounts (as the case may be) are required to be laid before the shareholders at the AGM.

A private company may dispense with the holding of AGMs. All matters to be done at the AGM, such as laying of accounts and appointment of auditors, can be resolved or done via written resolutions.

Every company is required to file its annual return, including where applicable, its audited accounts and/or financial statements in XBRL format with ACRA, after the AGM or in the case where a company do not need to hold an AGM after the financial statements are sent within seven months after the end of each financial year.

### REGISTRATION OF A FOREIGN COMPANY

#### Procedures

The first step in the registration of a branch of a foreign company in Singapore is to seek ACRA's approval of the name of the company. Once the name is approved, the registration documents and information, when ready, can be e-filed with ACRA to register the Singapore branch of the foreign company.

Under the requirements of the Companies Act 1967, a Singapore branch must have at least one authorised representative who must be an ordinarily resident in Singapore.

The authorised representative of the foreign company is answerable for the execution of all acts and matters required to be done by the foreign company under the Companies Act 1967. The authorised representative is also personally liable for penalties imposed on the foreign company for any contravention.

### **Annual Requirements for Foreign Companies**

A foreign company is required to lodge the following documents with the Registrar:

- Financial statements made up to the end of its financial year together with a declaration in the prescribed form (i.e. head office accounts)
- Duly audited statement showing its assets used in and liabilities arising out of its operations in Singapore, duly audited Profit & Loss account in respect of its operations in Singapore, and a statement of the name of the auditor i.e. branch accounts

The financial statements of the Singapore branch and the company (i.e. head office) are to be e-filed with ACRA within 60 days after the date of the AGM of the corporation. If the company is not required to hold an AGM in its country of incorporation and to prepare its balance sheet, it shall e-file with the Registrar its financial statements in such form and containing such particulars as the directors of the company would have been required to prepare or obtain if the foreign company is a public company incorporated in Singapore, within a certain prescribed deadline. The company may, however, apply to the Registrar in writing for an order relieving the foreign company from the requirements of the Companies Act 1967 relating to the form and content of the accounts or report.

In addition to the annual filing requirements, the Singapore branch is required to e-file any changes in the particulars of the foreign company with ACRA, i.e., any change of directors and their particulars, change of capital, amendments of its constitution, or change of authorised representative.

### **REGISTRATION OF A LIMITED LIABILITY PARTNERSHIP (LLP)**

To register an LLP, the following information must be submitted to ACRA electronically:

- The proposed name of the LLP, its proposed principal activities, and registered office address
- The name and personal particulars of each partner, and if the LLP partner is a corporate entity the name of the company, registration number, date of registration, registered office, country of incorporation/registration
- The name and personal particulars of the resident manager

At least one resident manager, who is a natural person has to be appointed, and his role is prescribed by the LLP Act. He is answerable for the execution of all acts and matters required to be done by the LLP relating to annual declaration of solvency or insolvency, the publication of the name and limited liability, and the registration of changes in the particulars of the LLP. The manager is also personally liable for all penalties imposed on the LLP for any contravention of those sections under the LLP Act unless he satisfies the court hearing the matter that he should not be liable. In addition, the manager is responsible for the submission of the LLP's tax return to the Inland Revenue Authority of Singapore (IRAS).

## COMPARISON OF SOLE PROPRIETORSHIP, GENERAL PARTNERSHIP, LLP AND COMPANY

	Sole Proprietorship	General Partnership	LLP	Company
Legislation	Business Names Registration Act 2014	Business Names Registration Act 2014	Limited Liability Partnerships Act 2005	Companies Act 1967
Legal status	Not a legal person	Not a legal person	A legal person (can enter into contracts, hold property, sue and be sued, and exists irrespective of the change of partners)	A legal person (can enter into contracts, hold property, sue and be sued, and exists irrespective of change of shareholders)
Number of owners/ shareholders	One	Minimum: Two Maximum: 20 (except for professional firms)	Minimum: Two No maximum number of partners	Minimum: One director and one shareholder (who may be the same person)
Perpetual succession	No	No	Yes	Yes
Liability of owners/ shareholders	Sole proprietor has unlimited liabilities	Partners have unlimited liabilities	Not personally liable for the conduct of other partners, transactions or liabilities of the LLP unless it is for his own wrongful acts or negligence	Limited: The shareholder is not liable for the debts of the company
Audited accounts requirement	No	No	No	Yes, unless the company qualifies for audit exemption
Filing of financial statements (and/or financial statements prepared in XBRL format) with ACRA	No	No	No	Yes (with some exceptions)

## TYPES OF BUSINESS ORGANISATIONS

	Sole Proprietorship	General Partnership	LLP	Company
Filing of annual return	No	No	No	Yes
Annual declaration of solvency	No	No	Yes	Yes: An exempt private company needs to provide a solvency statement if the financial statements are not filed with ACRA
Compliance with Financial Reporting Standards	No	No	No: Legislation does not prescribe the accounting standards to be used. The LLP Act mandates proper record keeping of accounts to enable true and fair view of accounts to be presented	Yes
Appointment of an authorised representative/ manager who is an ordinarily resident in Singapore	Yes	Yes	Yes	NA
Appointment of a company secretary who is ordinarily resident in Singapore	NA	NA	NA	Yes
Income tax	Where the sole proprietor is an individual, his income from the sole proprietorship will be taxed based on personal income tax rate	Where a partner is an individual, his share of income from the general partnership will be taxed based on personal income tax rate	Where a partner is an individual, his share of income from the LLP will be taxed based on personal income tax rate	Corporate tax rates



	Sole Proprietorship	General Partnership	LLP	Company
Closing of business	Simple: File a notice of cessation of business with the ACRA upon payment of a prescribed fee	Simple: File a notice of cessation of business with the ACRA upon payment of a prescribed fee	Complex: Must under-go legal procedures of winding up; professional charges will be incurred; strike-off application is available if the conditions stipulated by ACRA can be met	Complex: Must undergo legal procedures of winding up; professional charges will be incurred; strike-off application is available if the conditions stipulated by ACRA can be met

*Note: Information stated in the table above is correct as at the date of publication.*

**Contributed by:**

**Stone Forest**

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6594 7999

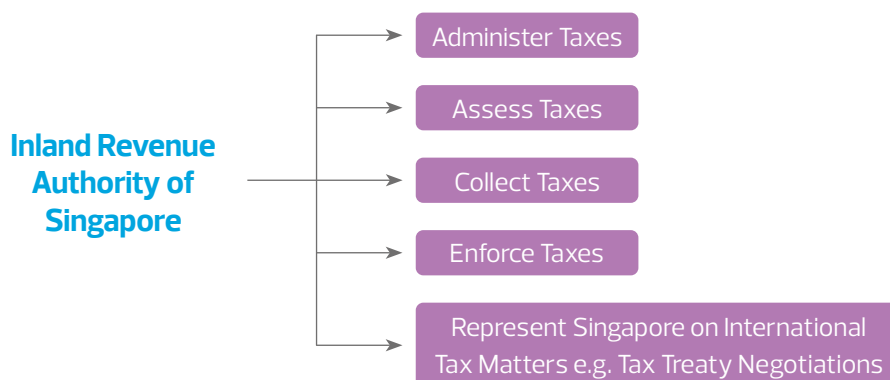
Email: [Info@StoneForest.com.sg](mailto:Info@StoneForest.com.sg)

Website: [www.StoneForest.com.sg](http://www.StoneForest.com.sg)

## INTRODUCTION

The major types of taxes that affect businesses and companies in Singapore are income tax, goods and services tax, stamp duty, property tax and customs and excise duties. Singapore has no capital gains tax.

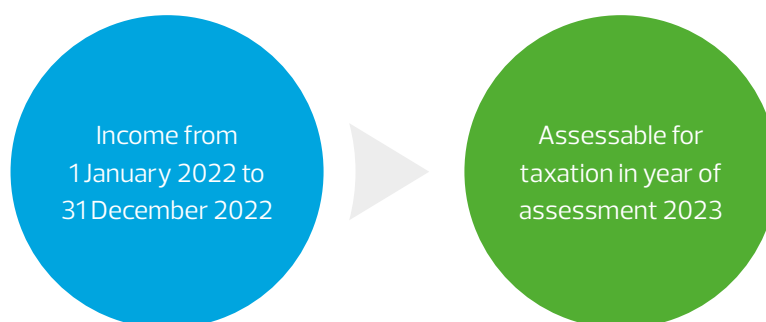
The Inland Revenue Authority of Singapore (IRAS) acts on behalf of the Singapore government and its roles are shown in the following diagram:



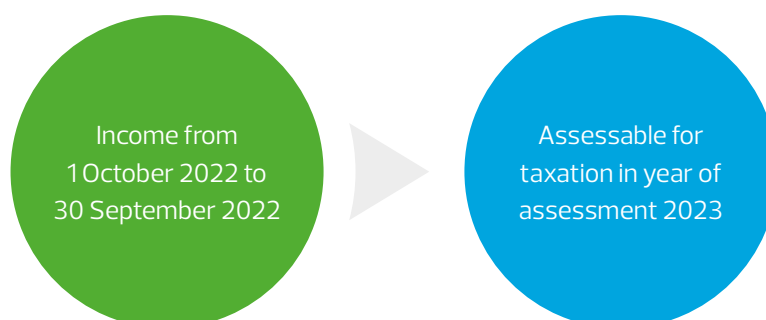
## INCOME TAX

Income accruing in or derived from Singapore, or received in Singapore from outside Singapore, is subject to income tax in Singapore unless the income is specifically exempt from tax. The types of income subject to tax include income from trade, business, profession or vocation, employment, dividends, interest, rentals, royalties and other gains or profits that are of an income nature.

For taxation purpose, income is assessed on a preceding calendar year basis as follows:



However, companies whose accounts are made up to a date other than December 31 are permitted to adopt the financial year end as their basis period as illustrated in the following example:



There are differences in income tax treatment between a tax resident and a non-tax resident of Singapore. A tax-resident individual is one who is physically present or exercising employment in Singapore (other than a company director) for 183 days or more during the calendar year preceding the year of assessment, or who resides in Singapore except for temporary absences from Singapore that are reasonable and consistent with a residency claim on the grounds of qualitative factors such as a domicile or family present in Singapore. A company is a tax resident in Singapore if control and management of its business are exercised in Singapore. The place of incorporation is irrelevant for the purpose of determining tax residency.

The major advantage of being considered a tax resident of Singapore is the ability to enjoy tax treaty benefits accorded in more than 90 comprehensive double taxation agreements that Singapore has with various countries around the world. Typical tax treaty benefits include reduction of withholding tax rates in respect of dividend, interest and royalty payments to non-residents and the ability to avoid double taxation on cross-border income via the claim for total tax exemption or foreign tax credit relief. Also, certain tax-exemption claims are only accorded to Singapore tax residents such as the exemption of specified foreign-sourced income (e.g. dividends) received in Singapore if the stipulated conditions are met.

## INDIVIDUAL TAX AND CORPORATE TAX

### Individual Tax

Individuals, regardless of their resident status, are subject to individual income tax on income accruing in or derived from Singapore. On the other hand, individuals' foreign-sourced incomes are only taxable if the incomes are received in Singapore by residents through a partnership in Singapore.

### Business Income

Profits of trades, businesses or professions operating through sole proprietorships, partnerships or limited liability partnerships are not subject to tax at the entity level, but are subject to tax in the hands of the sole proprietors or partners. If the sole proprietor or partner is an individual, the profits from the sole proprietorship, partnership or limited liability partnership will be subject to personal income tax, but if the business structure takes the form of a limited liability company, the profits will be subject to corporate income tax.

### Expense Deductions

Revenue expenses that are wholly and exclusively incurred in the production of income are generally tax deductible, unless specifically disallowed under the Singapore Income Tax Act ("SITA"). Capital allowances on qualifying expenditures incurred on fixed assets used for the purposes of the taxpayer's trade, business or profession may be claimed.

### Employment Income

Employment income is deemed sourced in Singapore if the employment is exercised in Singapore.

Salaries, wages, leave pay, commissions, bonus, gratuity, pension, perquisites or allowances paid or granted, whether in money or otherwise, in respect of the employment exercised in Singapore, are generally subject to tax in Singapore.

Benefits-in-kind (i.e. benefits provided in lieu of cash) provided by employers are taxable in the hands of the employees unless they are specifically exempt from tax or covered by the administrative concessions granted by the IRAS. Fringe benefits such as education allowance, provision of accommodation, home leave passage and cars, long-service awards, and overseas pension contributions are generally taxable.

In respect of housing benefits, if a cash allowance is paid to the employee to meet his housing cost, the full allowance is considered a taxable income. But if the employer provides a furnished accommodation to the employee, the assessable benefit is computed based on certain prescribed formulas/rates. The housing benefits provided in a place of residence or serviced apartments not within a hotel building will generally be taxed based on the annual value of the rented property.

An employee can claim certain revenue expenses – such as subscriptions to a professional body as well as travelling and entertainment expenses – that are incurred in the course of exercising his employment for tax deduction against his employment income. The onus is on the employee to prove to the satisfaction of the IRAS that the expenses in question are necessarily incurred in the discharge of his employment duties.

### **Personal Reliefs**

Resident individuals are entitled to claim personal reliefs such as the following if certain prescribed conditions are met. The total amount of personal income tax reliefs is capped at S\$80,000 per year of assessment.

- Earned income relief ranging from S\$1,000 to S\$8,000 depending on the age of the taxpayer.
- Spouse relief of S\$2,000 if the spouse was living and supported by the taxpayer and the spouse's annual income did not exceed S\$4,000 in the previous year.
- Child relief of S\$4,000 per child if the unmarried child maintained by the taxpayer is below 16 years of age or studying full time and did not have an annual income of more than S\$4,000 in the previous year.
- Relief on employee's compulsory contributions to the Singapore Central Provident Fund.
- Life insurance relief on annual insurance premiums paid for life assurance policies. (The total quantum of the individual's employee CPF contribution and life insurance relief should not exceed S\$5,000.)
- Course fee relief of up to S\$5,500.
- Foreign maid levy relief of twice the amount of the domestic foreign worker levy paid in the previous year on one foreign domestic worker. (Applicable only to married female taxpayer/separated, divorced or widowed female taxpayer who had children living with her and on whom she could claim child relief.)

### **Central Provident Fund (CPF) Contributions**

Contributions to the CPF are mandatory for employees who are either citizens or permanent residents of Singapore.

In most cases, the employee's CPF contribution is based on 5% to 20% of his gross emolument depending on his age. The employer is also required to contribute a corresponding 7.5% to 17% to the employee's CPF account. The monthly ordinary wage ceiling ("OWC") for CPF contributions is S\$6,000. The CPF monthly OWC will be raised from S\$6,000 to S\$8,000 by 2026 in four steps. The first increase takes place from 1 September 2023 to 31 December 2023 where the monthly OWC will be increased to S\$6,300.

Both the employee and employer are entitled to claim tax deduction for the contributions made so long as the contributions are within statutory limits.

### **Employee Share Option Plans**

Any gains or benefits arising from employee share options in relation to Singapore employment are taxable when the share options are exercised. The taxable gain is generally the difference between the open market price of the share on the date of exercise (or date when the selling restriction is lifted, if applicable) and the price paid by the employee for the shares (i.e. exercise price). Expatriates with unexercised share options who are ceasing employment or leaving Singapore permanently are subject to deemed exercise rules under certain circumstances.

### Taxation of Personal Investment Income

Singapore-sourced investment income, such as rental and loan interest, is generally taxable. However, interest on deposits with approved banks or licensed finance companies in Singapore is tax-exempt. Dividends received from Singapore resident companies are also tax-exempt in Singapore.

All foreign-sourced income received in Singapore is not subject to tax in Singapore, unless the income is received or deemed received by resident individuals through a partnership in Singapore.

### Tax Resident versus Non-tax Resident Individual Comparison

	Tax Resident	Non-tax Resident
Income tax rates	Progressive tax rates ranging from 0% to 22% (0% to 24% from Year of Assessment 2024)	15% or progressive resident rates (whichever is higher) for employment income (except for board directors' fees/remuneration)
Personal reliefs and rebate	Applicable	Not applicable
Singapore-sourced employment income	Taxable	Not taxable if arising from short-term employment in Singapore that does not exceed 60 days in the basis period
Foreign-sourced income received in Singapore	Tax-exempt, unless the income is received or deemed received by resident individuals through a partnership in Singapore	Tax-exempt
Board directors' fees / remuneration	Progressive tax rates ranging from 0% to 22% (0% to 24% from Year of Assessment 2024)	22% (24% from Year of Assessment 2024)
Tax treaty benefits	Yes	No

### Filing of Individual Income Tax Returns

Personal income tax returns must be submitted by individuals to the IRAS by April 15 of each tax year. For example, employment income earned by an individual for the calendar year ending 31 December 2022 is to be reported in the year of assessment 2023 income tax return, which will be due for filing on 15 April 2023.

Married couples are required to file their income tax returns separately.

### Payment of Income Tax

Generally, there is no requirement for employers to withhold income taxes from an individual employee's monthly salary.

Once an individual files his income tax return, the IRAS will raise a notice of assessment to the individual to collect the amount of tax due. The tax due in the notice of assessment must be paid within one month from the date of the notice of assessment, notwithstanding any objection. Taxpayers may request for the amount of tax due to be settled by monthly instalments (up to a maximum of 12 instalments), subject to IRAS's approval.

If the taxpayer does not agree with the tax assessed in the notice of assessment, the taxpayer may lodge a notice of objection with the IRAS within 30 days from the date of the notice of assessment.

### Cessation of Employment in Singapore and Departure from Singapore

Non-Singapore citizens ceasing employment in Singapore or departing Singapore for a period of more than three months (unless the employee is required in the course of his employment to leave Singapore at frequent intervals) are subject to tax clearance. A written notice is to be lodged with IRAS about the employee's cessation/ departure and salary withholding has to be done by the employer until tax clearance is issued by IRAS. The notice must be made at least one month before the cessation of employment/ departure of the employee.

### Table of Individual Income Tax Rates

Resident individual personal income tax rates from year of assessment 2017 to year of assessment 2023 are as follows:

Chargeable Income (S\$)	Tax Rate (%)	Tax Payable (S\$)
On the first 20,000	-	-
On the next 10,000	2	200
On the first 30,000	-	200
On the next 10,000	3.50	350
On the first 40,000	-	550
On the next 40,000	7	2,800
On the first 80,000	-	3,350
On the next 40,000	11.5	4,600
On the first 120,000	-	7,950
On the next 40,000	15	6,000
On the first 160,000	-	13,950
On the next 40,000	18	7,200
On the first 200,000	-	21,150
On the next 40,000	19	7,600
On the first 240,000	-	28,750
On the next 40,000	19.5	7,800
On the first 280,000	-	36,550
On the next 40,000	20	8,000
On the first 320,000	-	44,550
In excess of 320,000	22	

Resident individual personal income tax rates from year of assessment 2024 are as follows:

Chargeable Income (S\$)	Tax Rate (%)	Tax Payable (S\$)
On the first 20,000	-	-
On the next 10,000	2	200
On the first 30,000	-	200
On the next 10,000	3.50	350
On the first 40,000	-	550
On the next 40,000	7	2,800
On the first 80,000	-	3,350
On the next 40,000	11.5	4,600
On the first 120,000	-	7,950
On the next 40,000	15	6,000
On the first 160,000	-	13,950
On the next 40,000	18	7,200
On the first 200,000	-	21,150
On the next 40,000	19	7,600
On the first 240,000	-	28,750
On the next 40,000	19.5	7,800
On the first 280,000	-	36,550
On the next 40,000	20	8,000
On the first 320,000	-	44,550
On the next 180,000	22	39,600
On the first 500,000	-	84,150
On the next 500,000	23	115,000
On the first 1,000,000	-	199,150
In excess of 1,000,000	24	

Non-resident individuals deriving employment income (apart from board directors' fees and remuneration) are taxed at a flat rate of 15% or the resident rates above, whichever gives rise to a higher tax payable. Non-resident individuals deriving directors' fees and remuneration and other sources of income are taxed at the rate of 22% (24% from year of assessment 2024).

### Corporate Tax

Income of a company (whether tax resident or not) accruing in or derived from Singapore or received in Singapore from outside Singapore is subject to corporate income tax, unless the income is specifically exempt from tax under the SITA.

### Corporate Income Tax Rate

The prevailing corporate income tax rate is 17% with a partial tax exemption on normal chargeable income (excluding Singapore franked dividends) of up to S\$200,000 as follows:

- 75% exemption on the first S\$10,000 of normal chargeable income; and
- 50% exemption on the next S\$190,000 of normal chargeable income.

Accordingly, the effective tax rate on the first S\$200,000 of normal chargeable income is close to 8%. The balance of chargeable income in excess of S\$200,000 would then be fully taxable at the prevailing rate of 17%.

### Start-up Companies

Subject to the following conditions, resident start-up companies (excluding investment holding companies and property development companies incorporated after 25 February 2013) are granted tax exemption on normal chargeable income (excluding Singapore franked dividends) of up to S\$200,000 for their first three consecutive years of assessment upon incorporation as follows:

- 75% exemption on the first S\$100,000 of normal chargeable income; and
- 50% exemption on the next S\$100,000 of normal chargeable income.

The effective tax rate on the first S\$200,000 of chargeable income is therefore close to 6%.

The prescribed conditions for the tax exemption scheme are as follows:

- The company must be incorporated in Singapore;
- The company must be tax resident in Singapore for that year of assessment; and
- The company has no more than 20 shareholders throughout the basis period for that year of assessment where:
  - a. all the shareholders are individuals beneficially and directly holding the shares in their own names; or
  - b. at least one shareholder is an individual beneficially and directly holding at least 10% of the issued ordinary shares of the company.

### Corporate Income Tax Rebate

All companies (regardless of their tax residency) were entitled to a 25% corporate income tax rebate for year of assessment 2020 (capped at S\$15,000). No corporate income tax rebate has been given for the years of assessment 2021 to 2023. The rebate does not apply to income of a non-resident company that is subject to final withholding tax.

### Expense Deductions and Capital Allowances Claim

Revenue expenses that are wholly and exclusively incurred in the production of income are generally tax deductible, unless specifically disallowed under the Income Tax Act.

Book depreciation charges are not deductible for tax purposes. Capital allowances are instead granted on qualifying capital expenditures incurred on fixed assets used for the purposes of the taxpayer's trade, business or profession. Qualifying capital expenditure incurred on small-value items and certain specific fixed assets (e.g. computer and computer-related equipment) may be fully written off in the year incurred, while other qualifying fixed assets are generally written off on a straight-line basis over three years.

The writing down allowance for qualifying intellectual property rights is granted over five years on a straight line basis up to year of assessment 2016, and election can be made for a writing-down period over five, 10 or 15 years for qualifying acquisitions made within the basis periods for years of assessment 2017 to 2025. Land intensification allowance (LIA) may be claimed on qualifying expenditure incurred for the construction of a qualifying building or structure, if the said expenditure is incurred on or after 23 February 2010 up to the completion date of the construction or renovation/extension of the approved LIA building or structure, subject to conditions.

Balancing adjustments must be made on the fixed assets, which were granted capital allowances and are sold or under certain circumstances, such as when the qualifying assets cease to belong to the taxpayer or permanently cease to be used for the taxpayer's trade, business or profession.



### **Tax Exemption on Specific Foreign-sourced Income**

A Singapore-resident company may enjoy tax exemption for its foreign-sourced dividends, foreign-branch profits and foreign-sourced service income (i.e. income where the services are rendered in the course of the taxpayer's trade, business or profession through a fixed place of operation in a foreign jurisdiction) received in Singapore if the following conditions are met:

- In the year when the income is received in Singapore, the headline tax rate of the foreign jurisdiction from which the income is received is not less than 15%;
- The income is subject to tax in the foreign jurisdiction; and
- The IRAS is satisfied that the tax exemption would be beneficial to the Singapore-resident company.

### **Tax Exemption on Gains of Equity Investment Disposals**

The Singapore government has introduced a "safe-harbour" rule whereby gains derived from equity disposals during the period 1 June 2012 to 31 December 2027 by a qualifying divesting company will not be taxed if the following conditions are met:

- The shareholding interest in the investee company is at least 20%;
- The shares in question had been held for at least 24 months before their disposals; and
- The gains did not arise from a disposal of shares of a preferential nature or shares with redeemable or convertible features, or shares in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development).
- The gains did not arise from a disposal of shares where the gains or profits of which are included as part of an insurance company's income, or shares by a partnership, limited partnership or limited liability partnership where one or more of the partners is a company or are companies.

From 1 June 2022 to 31 December 2027, to ensure consistency in the tax treatment of property-related businesses, the "safe-harbour" rule will not apply to disposals of unlisted shares in an investee company that is in the business of trading, holding or developing immovable properties in Singapore or abroad. The tax treatment of such share disposals will be based on the facts and circumstances of the case.

### **Foreign Tax Credit**

A Singapore-resident company may be entitled to claim foreign tax credit in respect of the foreign tax suffered on the foreign-sourced income received and subject to tax in Singapore. The computation of the foreign tax credit is on a source-by-source and country-by-country basis.

With effect from the year of assessment 2012, a Singapore-resident taxpayer, subject to conditions, can elect for the foreign tax credit pooling system whereby the foreign taxes paid (including any underlying tax, where applicable) on any items of the foreign-sourced income will be "pooled" together. The amount of foreign tax credit to be granted will be computed on an aggregate basis, rather than a source-by-source and country-by-country basis. The foreign tax credit is capped at the lower of the aggregate foreign taxes paid on all the streams of foreign income and the pooled Singapore tax payable on the aggregate foreign income.

### **Unabsorbed Capital Allowances, Trade Losses and Donations**

Companies may carry forward their unabsorbed capital allowances, trade losses and donations for offset against future taxable income provided at least 50% of their ultimate shareholders and their respective shareholdings are the same as at certain relevant comparison dates. For the utilisation of unabsorbed capital allowances, there must also be no change in trade from which the allowances arose.

Unabsorbed donations can only be carried forward for up to five years for offset against the taxpayer's future taxable income.

Companies may also choose to carry back their current year's unabsorbed capital allowances and trade losses of up to S\$100,000 to offset against the assessable income of the immediate preceding year of assessment.

### **Group Relief**

Under the group relief system, a company within a group (the transferor) is allowed to transfer its current-year unabsorbed trade losses, capital allowances and donations for offset against the current year's assessable income of another company (the claimant) within the same group.

To qualify for the group relief, both the transferor and claimant must be Singapore-incorporated companies, belong to the same group of companies on the last day of the basis period and have the same financial year end. The transferor and claimant companies are considered members of the same group if at least 75% of the total number of issued ordinary shares in one company are beneficially held, directly or indirectly, by the other, or at least 75% of the total number of issued ordinary shares in each of the two companies are beneficially held, directly or indirectly, by a third Singapore-incorporated company.

### **Filing of Estimated Chargeable Income and Corporate Income Tax Return**

Every company has to submit an estimated chargeable income (ECI) to the IRAS within three months from the end of the company's financial year. Companies must also submit their corporate income tax returns to the IRAS by November 30 each tax year.

To illustrate, a company with a financial year ended 31 December 2022 must file its year of assessment 2023 ECI and corporate income tax return to the IRAS by 31 March 2023 and 30 November 2023 respectively.

### **Payment of Corporate Income Tax and Objection to Assessments Raised**

Upon receipt of the notice of assessment from the IRAS, the tax due in the notice of assessment must be paid within a month from the date of the notice of assessment unless payment by instalments has been arranged, notwithstanding any objection. A maximum of 10 instalments may be obtained to settle the tax payable, subject to the IRAS's approval.

If the taxpayer does not agree with the tax imposed in the notice of assessment, the taxpayer may lodge a notice of objection with the IRAS within two months from the date of the notice of assessment.

## **DIVIDEND PAYMENT**

Dividend paid to shareholders are not subject to Singapore withholding tax. Furthermore, dividends paid by Singapore resident companies are tax-exempt in Singapore in the hands of the shareholders.

## **WITHHOLDING TAX**

There is a requirement to withhold tax when certain specified payments, such as interest, royalty and service fees (in respect of services performed in Singapore), are made to non-Singapore tax residents. The domestic withholding tax rates are generally 15%, 10% and 17% for interest, royalty and service fee payments respectively. The rates may be reduced under the provisions of existing tax treaties between Singapore and the relevant countries.

The tax withheld must be paid to the IRAS by the 15th day of the second month following the date of payment to the non-Singapore tax resident. Late-payment penalties will be imposed if the tax withheld is not remitted to the IRAS on time.

## TRANSFER PRICING

All transactions with related parties must be carried out on an arm's length basis. A transaction is considered to be transacted at arm's length when the price charged is the same as that which would have been charged to third parties under similar conditions. Businesses are required to prepare contemporaneous transfer pricing documentation to substantiate that their related party transactions are at arm's length, with the exception of specific situations where transfer pricing documentation is not necessary.

## GOODS AND SERVICES TAX

Goods and services tax (GST) is a broad-based tax on local consumption and chargeable on goods and services sold in Singapore as well as goods imported into Singapore.

Until 31 December 2022, a supply of goods or services made in Singapore was subject to GST at the standard rate of 7% unless the supply is zero-rated (i.e. GST at 0%) or exempt under the GST Act. Thereafter, the GST rate will be increased in 2 steps:

- From 7% to 8% with effect from 1 January 2023; and
- From 8% to 9% with effect from 1 January 2024

Standard-rated supplies comprise sale of goods or services supplied in Singapore, while the provision of international services and exports is mainly zero-rated.

Exempt supplies include the sale and lease of residential properties as well as the supply of financial services and investment in precious metals.

A person must register for GST if his taxable supplies for the last 12 months exceeded S\$1 million or if he expects to make taxable supplies exceeding S\$1 million in the next 12 months. However, a person may apply for GST registration on a voluntary basis even if his taxable supplies are not expected to exceed S\$1 million.

Notwithstanding that there is an obligation to register for GST, the person may apply for exemption from GST registration if he is making wholly or substantially zero-rated supplies.

A GST-registered person is able to claim the GST incurred on his business expenses as an input tax credit, subject to conditions.

GST-registered traders may apply for certain GST schemes (such as Major Exporter Scheme, Group Registration) to help reduce GST compliance costs and/or mitigate cash flow problems.

In keeping up with the increasingly digitalised world, GST is payable on digital services provided by GST-registered overseas service providers since 1 January 2020.

Additionally, from 1 January 2023, GST applies to all remote services (i.e. digital services and non-digital services) purchased by consumers in Singapore from GST-registered overseas service providers. From the same date, GST will also apply on goods valued at S\$400 or below which are imported into Singapore via air or post and purchased from GST-registered suppliers.

## STAMP DUTY

Stamp duty is payable only in relation to the acquisition or disposal of property, lease/tenancy of property and transfer of shares/stocks. Stamp duty exemption/relief is available on certain transactions such as corporate restructuring and mergers, subject to conditions.

## PROPERTY TAX

Payable by all property owners, property tax is a tax on immovable properties, calculated based on a percentage of the annual value of the properties.

Property tax is levied based on 10% of the annual value of the immovable commercial or industrial property. For owner-occupied and non-owner occupied residential properties, the property tax rate is on a progressive basis depending on the annual value of the properties.

The property tax rates for owner-occupied residential properties are as follows:

	Annual Value S\$	Tax Rates from 1 January 2023 to 31 December 2023 %	Tax Rates from 1 January 2024 onwards %
On the first	8,000	0	0
On the next	22,000	4	4
On the next	10,000	5	6
On the next	15,000	7	10
On the next	15,000	10	14
On the next	15,000	14	20
On the next	15,000	18	26
Annual value in excess of	\$100,000	23	32

	Annual Value S\$	Tax Rates from 1 January 2015 until 31 December 2022 %
On the first	8,000	0
On the next	47,000	4
On the next	15,000	6
On the next	15,000	8
On the next	15,000	10
On the next	15,000	12
On the next	15,000	14
Annual value in excess of	130,000	16

The property tax rates for non-owner occupied residential properties are as follows:

	Annual Value S\$	Tax Rates from 1 January 2023 to 31 December 2023 %	Tax Rates from 1 January 2024 onwards %
On the first	30,000	11	12
On the next	15,000	16	20
On the next	15,000	21	28
Annual value in excess of	60,000	27	36

	Annual Value S\$	Tax Rates from 1 January 2015 until 31 December 2022 %
On the first	30,000	10
On the next	15,000	12
On the next	15,000	14
On the next	15,000	16
On the next	15,000	18
Annual value in excess of	90,000	20

## CUSTOMS AND EXCISE DUTIES

In Singapore, customs and excise duties are imposed principally on intoxicating liquors, tobacco products, motor vehicles and petroleum products based on certain prescribed rates.

## ESTATE DUTY AND GIFT TAX

There are no estate duties (for deaths after 15 February 2008) or gift taxes in Singapore.

## EXCHANGE CONTROL

There are generally no exchange control restrictions in Singapore.

## TAX INCENTIVES

The Singapore government offers multinational companies and investors a variety of tax incentives in order to attract investments into Singapore. The incentives may come in the form of income tax exemption or taxation at certain concessionary rates, usually at 5% or 10% for a specified number of years.

Applications for tax incentives are subject to the approval of the relevant government bodies. The success of applications greatly depends on the merits of each case, the potential economic spin-offs for Singapore and the extent of investors' commitments in terms of total business spending, headcount (quality of people hired) and fixed asset investment (if applicable).

Some common tax incentives currently available are listed below.

### **Financial Sector Incentives**

In order to encourage the development of high-growth and high value-add financial activities in Singapore, the Monetary Authority of Singapore and/or the IRAS offers various tax incentives for the financial services sector.

For example, income derived from either a Singapore or offshore fund could potentially be exempt from tax on all its sources of income and gains if such a fund is managed by a Singapore resident fund manager, subject to conditions.

Singapore-based fund managers could also secure a concessionary tax rate of 10% (compared with the usual tax rate of 17%), subject to conditions, for qualifying fee income earned from the management of qualifying funds.

There are also other financial sector incentives covering the debt capital market, equity market and derivatives market. Subject to certain conditions, qualifying income could be taxed at a concessionary rate of between 5% and 13.5%.

### **Marine Sector Incentives**

Singapore has a suite of tax incentives for the maritime sector. The Maritime Sector Incentive (MSI) Scheme offers various awards such as the MSI-Approved International Shipping Enterprise (MSI-AIS) Award, which is meant for international shipping companies with established worldwide networks, strong track records, demonstrable business plans and a commitment to expand their shipping operations in Singapore.

Subject to conditions, an MSI-AIS company will enjoy tax exemption on qualifying shipping income for either:

- a ten-year renewable period; or
- a five-year non-renewable period, with the option of graduating to the ten-year renewable award at the end of the five-year period.

### **Global Trader Programme**

The Global Trader Programme is granted to well-established international players in their industry with good track records in international trading, procurement, distribution and transportation of qualifying commodities and products.

Depending on the anticipated turnover and business spending of the applicant, as well as the number of qualified staff it will employ, an approved global trading company could enjoy a concessionary tax rate of 5% or 10% on its qualifying offshore trading income for a period of three or five years.

## **INTERNATIONAL AGREEMENTS**

### **Double Taxation Agreement**

A double taxation agreement (DTA) signed between Singapore and another country serves to relieve double taxation of income earned in one country by a resident of the other country. The DTA specifies the taxing rights between Singapore and the treaty country on certain cross-border income and may also provide for reduction or exemption of tax.

Only Singapore tax residents and tax residents of the treaty country can enjoy DTA benefits. Singapore has a wide tax treaty network that, as at January 2023, involves more than 90 countries including Japan, China, Malaysia, Indonesia, and the United Kingdom.

### Country-by-Country Reporting (CbCR)

In line with the OECD's recommendations, CbCR is implemented in Singapore for financial years beginning on or after 1 January 2017 for Singapore-headquartered multinational enterprises (MNEs) that meet certain criteria.

The ultimate parent entity of the Singapore MNE group will be required to prepare and file a CbC Report to IRAS for all entities in the group. The MNE group is required to submit the CbC Report if it meets all of the following conditions:

- The ultimate parent entity of the MNE group is tax resident in Singapore;
- Consolidated group revenue for the MNE group in the preceding financial year is at least S\$1,125 million; and
- The MNE group has subsidiaries or operations in at least one foreign jurisdiction.

### Common Reporting Standard (CRS)

CRS is an internationally agreed standard for the automatic exchange of information (AEOI) on financial accounts between jurisdictions for tax purposes. The objective of AEOI is to enhance tax transparency, and detect and deter tax evasion through the use of offshore bank accounts. Singapore has commenced AEOI under the CRS from 2018.

Under the CRS, Singapore-based Financial Institutions (SGFIs) are required to establish the tax residency status of all their account holders, and report the financial account information of relevant account holders to IRAS. Such information is then exchanged with the jurisdictions with which Singapore has a Competent Authority Agreement under the CRS. Similarly, overseas FIs must identify their account holders who are Singapore tax residents and report their financial accounts to IRAS through their respective local tax authorities.

### Investment Guarantee Agreement

An investment guarantee agreement (IGA) is designed to promote greater investment flows between two countries by providing a legal framework that clearly sets out investment norms and protection when investing in the other country. The usual provisions of an IGA include the principle of fair and equitable treatment, the principle of non-discrimination, compensation in the event of expropriation, free transfer of funds, and an investor-state dispute settlement mechanism.

As at January 2023, Singapore has 43 effective IGAs with locations such as ASEAN, China, France, and the United States.

### Free Trade Agreement

A Free Trade Agreement (FTA) is a legally binding agreement between two or more countries to reduce or eliminate trade barriers and facilitate cross-border movement of goods and services by eliminating or reducing import tariff rates, providing preferential access to services sectors, easing investment rules, improving intellectual property regulations, and opening government procurement opportunities.

As at January 2023, Singapore has 27 regional and bilateral FTAs.

*Note: All information contained in this article is correct as of November 2022. Readers should not rely solely on this article for their tax planning or fulfilment of regulatory obligations within or outside Singapore. Readers should consult their own professional tax advisors who are familiar with their specific situation for advice before making any decisions on their investments.*

### Contributed by:

#### RSM

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6538 7600

Email: MKTG@RSMSingapore.sg

Website: www.RSMSingapore.sg

## THE SINGAPORE ADVANTAGE

Entrepreneurs and investors favour Singapore as an ideal destination with its pro-business environment, established infrastructure, transparent regulations, political stability and investor-friendly government policies. Companies considering a listing on the Singapore Exchange (SGX) are also attracted by the following factors:

- High international representation**
  - Foreign listings constitute about 40% of companies listed on SGX.
  - Companies listed on SGX are perceived to have good corporate governance.
  
- Door to international investors and global market**
  - Assets managed by Singapore-based asset managers totalled S\$5.4 trillion as at end 2021<sup>1</sup>.
  - SGX has strategic alliances with major stock exchanges.
  
- Choice of accounting standards**

For primary listings, companies may prepare their financial statements in compliance with:

  - Singapore Financial Reporting Standards (International) (SFRS(I)s); or
  - International Financial Reporting Standards (IFRS); or
  - US Generally Accepted Accounting Principles (US GAAP).

Source: <sup>1</sup>Monetary Authority of Singapore, 2021 Singapore Asset Management Survey

Singapore's equity market provides an important avenue for local and foreign companies to raise long-term capital through public issue of their shares on either the SGX Mainboard or Catalist.

## MAINBOARD

The Mainboard caters to the needs of established companies and companies that wish to list on SGX, and they must satisfy the quantitative admission requirements for financial performance, operating track record and market capitalisation under any one of the three criteria as shown below.

Criterion 1	Criterion 2	Criterion 3*
<ul style="list-style-type: none"> <li>▪ Minimum consolidated pre-tax profit of at least <b>S\$30 million</b> for the latest financial year; and</li> <li>▪ Operating track record of at least <b>3 years</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Profitable in the latest financial year; and</li> <li>▪ Has a market capitalisation of not less than <b>S\$150 million</b> based on the issue price and post-invitation share capital; and</li> <li>▪ Operating track record of at least <b>3 years</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Operating revenue in the latest completed financial year; and</li> <li>▪ Has a market capitalisation of not less than <b>S\$300 million</b> based on the issue price and post-invitation share capital</li> </ul>

\* Real Estate Investment Trusts and Business Trusts that have met the S\$300 million market capitalisation test but do not have historical financial information may apply under this rule if they are able to demonstrate that they will generate operating revenue immediately upon listing.

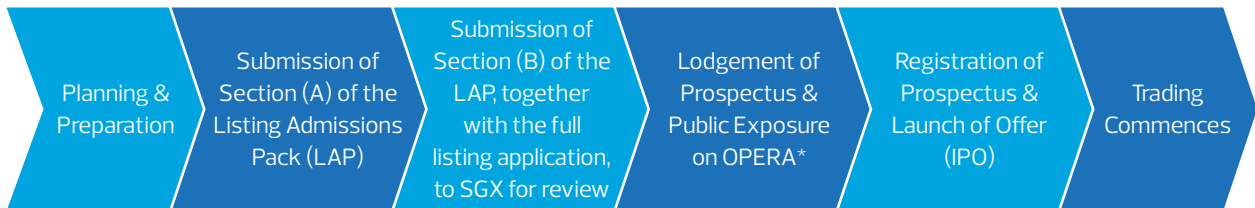
In addition, companies with an IPO market capitalisation of less than S\$300 million that seek a primary listing must have at least 25% of the post-invitation share capital in the hands of at least 500 public shareholders. For companies with a higher IPO market capitalisation of S\$300 million or more, the shareholding spread requirement varies between 12–20%. Companies that are listing on the Mainboard are also required to allocate to retail investors at least 5%, or S\$50 million, whichever is lower, of their offer size.



There are also other qualitative requirements, such as appointing directors and executive officers who have relevant experience and expertise in managing the group's business, and appointing at least two non-executive directors who are independent and free of any material business or financial connection with the listing applicant.

### Process of Listing on the Mainboard

The initial stage of planning and preparation depends on how ready the company is for a public listing, and typically takes about six to nine months or longer.



\* OPERA (Offers and Prospectuses Electronic Repository and Access) is an online database that can be accessed at <https://eservices.mas.gov.sg/opera>.

## CATALIST

Catalist caters to the needs of fast-growing companies. A company seeking admission on the Catalist must do so through an authorised full sponsor. Although there are no minimum quantitative admission criteria required by SGX, the full sponsor will assess whether the company is suited for listing based on its own selection criteria.

Companies seeking a listing on Catalist must have a minimum of 15% of post-invitation share capital in the hands of at least 200 public shareholders. Other qualitative requirements will also apply to a listing on the Catalist.

### Process of Listing on the Catalist

Listing on the Catalist generally requires a shorter period of time. However, the initial stage of planning and preparation may still take about six to nine months or longer, depending on how ready the company is for a listing.



\* Catalodge can be accessed at [www.sgx.com](http://www.sgx.com).

Note: The timelines to listing on the Mainboard or Catalist that is shown serve only as a general guide and may vary according to each company's processes.

Minerals, oil and gas companies that are not yet in production may also apply for a listing on either the Mainboard or Catalist and will be subject to additional admission requirements.

In 2021, SGX launched the Special Purpose Acquisition Companies (SPACs) Framework that enables SPACs to list on the Mainboard and provide companies an alternative capital fund raising route with greater certainty on price and execution.

Companies are encouraged to consult professional advisors to have a comprehensive understanding of the relevant admission requirements that may apply to them. More information on the listing processes and requirements is also available on the SGX website ([www.sgx.com](http://www.sgx.com)).

## PROFESSIONALS HELP TO PAVE THE WAY

The key professionals that a listing aspirant will require include:

### **Issue Manager (Mainboard)**

The listing process kicks off with the appointment of an issue manager who will assume the position as the company's sponsor. The issue manager is usually a member company of SGX, a merchant bank or another similar institution accredited by SGX. The issue manager plays an active role in priming the company for listing. In addition to managing the initial public offering (IPO), the issue manager also submits the listing application on behalf of the company and coordinates with SGX on all matters arising from the listing application.

### **Sponsor (Catalist)**

Applicant applying for listing on the Catalist must do so through a full sponsor. Sponsors are qualified professional companies experienced in corporate finance and compliance advisory work. They are authorised and regulated by SGX through strict admission and continuing obligation rules. The sponsor's main role at an IPO is to assess the company's suitability for listing and prepare it for this process. After the IPO, sponsors advise and supervise listed companies on responsibilities in a public market. Sponsors are also expected to whistle-blow to SGX when there is an evident or suspected breach of rules.

### **Legal Advisers**

The company has to appoint a legal adviser to undertake the legal aspects of listing. Foreign legal counsels are also required if the company has overseas subsidiaries. The issue manager may also require another legal adviser to advise the issue manager on the listing.

### **Independent Auditors**

The role of a certified public accountant is to audit the accounts of the company and highlight any weaknesses in the company's internal controls.

### **Business Advisors**

Business advisors assist the listing applicant in the entire IPO preparation process. They will conduct a preliminary appraisal of the company's readiness to undertake a listing exercise. The business advisors will also prepare the company for the IPO by guiding them through business restructuring (if necessary), helping to identify and resolve issues, analysing its financial statements, assisting the management in the preparation of the business plan, as well as facilitating the process of strengthening the company's internal control procedures.

### **Public Relations Consultant**

Before and during the IPO launch, the company may also engage a public relations firm to assist in increasing investor awareness of the company.

## COSTS INVOLVED IN A LISTING EXERCISE

	Mainboard	Catalist
Initial listing fee	S\$100,000 – S\$200,000	S\$30,000 – S\$100,000
Annual listing fee	S\$35,000 – S\$150,000	S\$15,000 – S\$50,000
Professional fees	From S\$700,000	
Miscellaneous expenses	From S\$200,000	
Underwriting commission, placement commission & brokerage	Typically 1% to 5% of gross proceeds raised	

All Catalist companies must retain a continuing sponsor for as long as they are listed and pay an annual sponsorship fee.

### Contributed by:

#### RSM

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6594 7866

Email: MKTG@RSMSingapore.sg

Website: www.RSMSingapore.sg

## THE ACCOUNTING PROFESSION

With more than 33,000 members, the Institute of Singapore Chartered Accountants (ISCA) is the national body representing the accounting profession in Singapore. ISCA was officially appointed as the administrator of the Singapore Chartered Accountant Qualification Programme (SCAQ) on 1 April 2013 by the Singapore Accountancy Commission. Candidates who successfully complete the SCAQ will be conferred the globally recognised Chartered Accountant of Singapore – CA (Singapore) – designation.

## REGULATION OF THE ACCOUNTING PROFESSION

Singapore's Accounting and Corporate Regulatory Authority (ACRA) administers the Companies Act and Accountants Act. Pursuant to this, it monitors directors' compliance with approved accounting standards and requirements in connection with the preparation and filing of statutory financial statements required under the Companies Act. ACRA also ensures that public accountants, who perform statutory audits, audit these financial statements in compliance with relevant auditing and quality control standards.

The Registrar of Public Accountants of ACRA licenses and registers accountants who wish to practise as public accountants. ACRA also handles practice monitoring and disciplinary matters, as well as regulates the professional conduct of public accountants.

## ACCOUNTING RECORDS

All companies incorporated under the Companies Act must keep books of accounts that sufficiently explain the transactions and financial position of the company. The records must also enable true and fair financial statements to be prepared from time to time. Companies can choose their financial year end.

The books may be kept either at the company's registered office or at another place that is considered by the directors to be appropriate. If the books are kept outside Singapore, sufficient records must be maintained in Singapore to facilitate the preparation and/or audit of financial statements that accurately reflect the company's financial position.

The accounting records must be kept for a minimum of five years from the end of the financial year in which the transactions or operations to which the records relate were completed.

## FINANCIAL REPORTING STANDARDS

Singapore's Financial Reporting Standards (FRS) are prescribed and issued by the Accounting Standards Council (ASC), which issues accounting standards applicable to both the corporate and non-corporate sectors.

While the ASC tracks closely the introduction of new International Financial Reporting Standards (IFRS) for possible application in Singapore, it will also take into account the local economic and business circumstances and context, as well as the entity to which the accounting standards would apply.

The FRS issued by the ASC are closely modelled on as well as largely aligned and compliant with the IFRS, except for certain modifications to the interpretations of financial reporting standards, effective dates and transitional provisions.

Compliance with FRS is a statutory requirement whereby any non-compliance amounts to a breach of the Companies Act by the directors.

Public listed companies are subject to financial statement and disclosure requirements as prescribed by the Singapore Exchange (SGX). In addition, all public listed companies will have to comply with the Singapore financial reporting framework that is identical to IFRS for financial periods beginning on or after 1 January 2018.

The ASC, in November 2010, adopted the IFRS for SMEs as the Singapore Financial Reporting Standard for Small Entities (SFRS for Small Entities). This is intended to provide an alternative financial reporting framework for small entities. The SFRS for Small Entities is effective for financial reporting periods beginning on or after 1 January 2011.

The SFRS for Small Entities adopts similar applicability criteria under the IFRS for SMEs for identifying a small entity. A small entity is one that:

- Does not have public accountability; and
- Publishes general purpose financial statements for external users.

However, the SFRS for Small Entities introduces an additional element to the definition above. To be defined as a small entity, the business must also satisfy at least two of the three following quantitative criteria:

- Total annual revenue of not more than S\$10 million
- Total gross assets of not more than S\$10 million
- Total number of employees does not exceed 50

## COMPANIES ACT REQUIREMENTS

The Companies Act requires that an audited set of a company's financial statements, prepared no more than six months before every Annual General Meeting (AGM), must be distributed to all shareholders and presented at the meeting. Generally, if a company incorporated in Singapore has one or more subsidiaries, it must prepare consolidated financial statements unless it meets certain criteria as provided for in FRS 110 Consolidated Financial Statements.

A complete set of financial statements comprises:

- a statement of financial position;
- a statement of profit or loss and other comprehensive income;
- a statement of changes in equity;
- a cash flow statement;
- explanatory notes; and
- other information where required under FRS 1 Presentation of Financial Statements

The financial statements must be accompanied by the directors' and auditors' reports. The directors must also declare that the financial statements show a true and fair view and that it is reasonable to believe the company can reasonably pay its debts as they become due.

A branch of a foreign company has to e-file its audited financial statements, as well as the audited financial statements of the foreign company, with ACRA within two months from the AGM date of the foreign company.

### Appointing Auditors

The Companies Act requires every company, including branches of foreign companies, to appoint one or more auditors qualified for appointment under the Accountants Act to report on the company's financial statements. This requirement does not apply to those exempted in accordance with the provisions in the Companies Act (see Audit Exemption below).

The auditor(s) has to be appointed within three months of the company's incorporation and is responsible for ascertaining whether proper books of accounts have been kept and whether the financial statements agree with the company's records. Following this, the auditor(s) will report to shareholders at the AGM on the trueness and fairness of the financial statements.

### **Audit Exemption**

The following companies that meet specific provisions in the Companies Act may be exempted from audits of their financial statements. However, they are still required to prepare financial statements (and consolidated financial statements where applicable) that comply with the Companies Act and FRS.

### **Dormant Companies**

A dormant company is exempted from appointing auditors and audit requirements if it has been dormant either (a) from the time of its formation or (b) since the end of the previous financial year. A company is considered dormant during a period in which no accounting transaction occurs and the company ceases to be dormant when such a transaction occurs. For this purpose, transactions arising from the following are disregarded:

- Taking of shares in the company by a subscriber to the memorandum
- Appointment of company secretary
- Appointment of auditor
- Maintenance of a registered office
- Keeping of registers and books
- Fees, fines or default penalties paid to ACRA

### **Small Private Companies/Group**

Private companies (including all entities within the group) that meet any two of the following three criteria for the immediate past two consecutive financial years ("FY") may qualify for audit exemption:

- Total revenue for each FY does not exceed S\$10 million
- Total assets at the end of each FY does not exceed S\$10 million
- Total employees at the end of each FY is not more than 50

### **Contributed by:**

#### **RSM**

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6538 7600

Email: MKTG@RSMSingapore.sg

Website: www.RSMSingapore.sg

## EMPLOYMENT STANDARDS AND REGULATIONS

As Singapore's primary asset is its highly educated and professionally qualified workforce, the government has gone to great lengths to ensure excellent employment standards and practices. In order to uphold these standards, the Singapore government has tasked the following government organisations with regulating labour standards alongside the cooperation of industry leaders:

### **Ministry of Manpower (MOM) (Government Agency)**

As the governing authority for Singapore's workforce, the Ministry of Manpower enforces regulations and guidelines set forth by the Employment Act to ensure and maintain high standards in all aspects of employment. The Ministry of Manpower is also the issuer of work passes for foreigners.

### **SkillsFuture Singapore (SSG)**

The SkillsFuture Singapore is the government agency that enables Singaporean employees to be current in their industries. The Agency achieves this by making industry-accredited upgrading courses readily accessible to the workforce, through the synergy of continuing education and training (CET) and pre-employment training (PET) to meet the demands of different sectors of the economy as part of the national skills framework.

### **Workforce Singapore (WSG) (Government Agency)**

The Workforce Singapore is a government agency that assists businesses in different economic sectors to create quality jobs, develop a manpower pipeline to support industry growth, and match industry-skilled people with relevant jobs. The WSG ensures all sectors of the economy are supported by a strong Singaporean core.

### **Tripartite Alliance Limited (TAL)**

The Tripartite Alliance Limited is an organisation set up by the Ministry of Manpower (MOM), National Trades Union Congress (NTUC), and Singapore National Employers Federation (SNEF) to foster close collaboration between the Government and industry leaders for progressive workplaces with fair practices and harmonious work relations to achieve practical and sustainable standards. This is done through the following sub-organisations;

- **Tripartite Alliance for Fair & Progressive Employment (TAFEP)**

The TAFEP assists employers to build workplaces where employees are respected and valued. This organisation provides tools, resource materials, and assistance to implement fair and progressive policies at workplaces. In addition, the TAFEP provides assistance and advice to employees and individuals who encounter workplace discrimination or harassment.

- **Tripartite Alliance for Dispute Management (TADM)**

The TADM offers advisory and mediation between employees and employers prior to escalating the case to the Employment Claims Tribunals (ECT) on issues ranging from salary to wrongful dismissal claims. It also offers basic legal advice to employees with support from The Law Society of Singapore and The State Courts of Singapore.

- **Workplace Safety and Health Council (WSH)**

The WSH works closely with industries, unions, professionals, trade associations, and government agencies to raise workplace safety and health standards in Singapore. It provides resources, programmes, outreach campaigns, codes of practice, and guidelines.

## SINGAPORE LABOUR LEGISLATION

*Note: All information contained in this article is correct as of January 2023. Readers should not rely solely on this article in their fulfilment of regulatory obligations within or outside Singapore.*

### Employment Act Coverage

The Employment Act is Singapore's primary labour legislation. The Act primarily covers every employee (regardless of nationality) who is under a contract of service in Singapore except:

- Seafarers
- Domestic workers
- Person employed by a statutory board or the Government

### Contract of Service and Termination

A contract of service is defined by the Ministry of Manpower as any written or verbal agreement (expressed or implied) that establishes an employer–employee relationship. The employer under the law is not allowed to change the terms and conditions of employment unless the employee agrees to it. Terms or conditions that are less favourable than provisions under the Employment Act are illegal, null, and void.

Essential clauses of contracts of service are:

- Commencement of employment
- Appointment – job title and job scope
- Hours of work
- Probation period (if any)
- Remuneration
- Employee benefits (e.g. sick leave, annual leave, maternity leave)
- Termination of contract – notice period
- Code of conduct

### Employment Records

Employers are required to maintain detailed employment records of all employees covered by the Employment Act. Records such as Itemised payslips and Key Employment Terms (KETs) in-lieu of written employment contracts/employment agreement. It is recommended to retain the aforementioned records for five years.

Termination of a contract of service may be effected either by the employer or the employee. An employer cannot reject an employee's resignation. Employees have the right to resign at any time by serving the required notice period or compensating the employer with salary in lieu of notice.





## Salary

The Ministry of Manpower's definition of salary covers all aspects of remunerations, including allowances payable to an employee with respect to work done under the contract of service. It excludes accommodations, pensions, travelling allowances, gratuity payments upon discharge, as well as retirement and retrenchment benefits.

There is no minimum salary in Singapore. Salary is subject to negotiation and mutual agreement between the employer and the employee.

## Frequency of Salary Payment

Employees must be paid at least once a month. However, salaries paid at shorter intervals are allowed. All salary components must be paid **within seven days** following the end of the salary period, with the following exceptions:

Situation	Salary must be paid
Overtime work	<b>Within 14 days</b> after the end of the salary period
Dismissal/Termination by Employer, if <ul style="list-style-type: none"> <li>▪ the employee is dismissed on grounds of misconduct, or</li> <li>▪ the contract of service is terminated by the employer.</li> </ul>	On the <b>last day of employment</b>  If this is not possible, it must be paid within <b>three working days</b> from the date of dismissal/termination.
Termination by Employee, if <ul style="list-style-type: none"> <li>▪ the employee terminates the contract by resigning and has served the required notice period.</li> </ul>	On the <b>last day of employment</b>
Termination by Employee, if <ul style="list-style-type: none"> <li>▪ the employee terminates the contract by leaving the employment without notice or without serving the required notice period.</li> </ul>	Within <b>seven working days</b> of the last day of employment

## Salary Deductions

Employers are only permitted to deduct salaries for reasons stipulated under the Act, or by court order.

Deductions that are permitted include: absence from work, damage or loss of goods entrusted to the employee, accommodation, amenities, services, and recovery of advances (each instalment must not exceed 25% of the salary due for the salary period).

The maximum amount of deductions should not exceed 50% of the employee's total salary for a salary period.

*Note: Compensation should generally be recovered directly from employees, rather than through a salary deduction.*

## Contractual Hours of Work, Overtime, and Rest Days

Employees covered under the Employment Act, section IV:

- a. Workmen earning not more than S\$4,500 basic monthly salaries\*
- b. Employees earning not more than S\$2,600 basic monthly salaries\*

\* The aforementioned salaries exclude overtime, bonuses, Annual Wage Supplement, productivity incentives, and allowances.

### Contractual Hours of Work

The MOM defines "hours of work" as the period during which the employee is expected to carry out duties assigned by the employer, excluding rest and meal breaks. Under the Employment Act, an employee is not allowed to work more than 12 hours a day or more than 44 hours a week.

Working Hours	Lunch Break	Hours Worked for the Day	Hours Worked for the Week (assuming 5.5-day week)
9:00am to 6:00pm	One hour	Eight hours	8 x 5.5 = 44 hours

- The limit of eight hours a day may be exceeded when an employee is required to work more than five days a week. However, the employee is not required to work for more than nine hours a day or 44 hours a week.
- If the number of hours worked is less than 44 hours every alternate week, the limit of 44 hours a week may be exceeded in the other week. However, this must be stated in the contract of service and it is subject to a maximum of 48 hours in one week or 88 hours in any continuous two-week period.

A shift worker is allowed to work up to 12 hours a day, provided that the average number of working hours each week does not exceed 44 hours over a continuous three-week period.

Generally, employees are not required to work more than six consecutive hours without a break, up to a maximum of eight consecutive hours. As stipulated by the MOM, breaks should be no less than 45 minutes.

### Overtime

Overtime work for employees should not exceed 72 hours in a month, unless the MOM grants special approval for this limit to be exceeded.

Overtime pay is mandatory for a non-workman if his/her basic monthly salary is S\$2,600 or less, and for a workman if his/her basic monthly salary is S\$4,500 or less. Hourly and daily overtime pay calculations are listed by the MOM. No less than 1.5 times the hourly rate should be paid for overtime work.

### Rest Days

A rest day (24 continuous hours) must be granted each week to an employee. A "week" is defined by the MOM as a continuous period of seven days. Generally, a rest day is on a Sunday, but it may be any other day. Rest days should be made known to an employee at the beginning of each month. It is important to note that an employer cannot compel employees to work on their rest days, unless under exceptional circumstances.

Payment for work done on a rest day as stipulated by the MOM is as follows:

Hours Worked	Half Day or Less		More than Half Day to Full Day	
	At employer's request	At employee's request	At employer's request	At employee's request
Situation	At employer's request	At employee's request	At employer's request	At employee's request
Pay (Basic Rate)	One day's pay	Half day's pay	Two days' pay	One day's pay

If an employee works beyond the normal daily working hours on a rest day, he/she should be paid at least 1.5 times the hourly basic rate of the pay.

### **Public Holidays and Leave**

All employees are entitled under the Employment Act for Public Holidays and Leave.

*\* The aforementioned employees include managers and executive regardless of salary.*

#### **Public Holidays**

There are 11 gazetted public holidays in Singapore:

- New Year's Day
- Chinese New Year (two days)
- Hari Raya Puasa
- Hari Raya Haji
- Good Friday
- Labour Day
- Vesak Day
- National Day
- Deepavali
- Christmas Day

An employee is entitled to his/her gross rate of pay on a public holiday, provided the employee does not absent himself/herself from the work day immediately preceding or following a public holiday, without consent or reasonable excuse. An employee is not entitled to public holiday pay if he/she is on approved no-pay leave. The rate of payment for overtime work beyond normal work hours on a public holiday shall be at least 1.5 times the employee's hourly basic rate of pay.

#### **Leave**

Leave is an entitlement of an employee covered under the Law. Types of leave covered are: Annual leave, sick leave, maternity leave, childcare leave, paternity leave, shared-parental leave, adoption leave, and infant-care leave.

Employees are entitled to annual leave if they are covered under the Employment Act and have been working for at least three months. The minimum annual leave entitlement is seven days, with increments of one day per year of service with the employer up to a cap of 14 days. If an employee has worked less than a year, his/her annual leave should be proportional to the number of completed months of service.

Employees are entitled to 60 days of hospitalised and 14 days of non-hospitalised sick leave. Employers are legally obligated to bear the medical consultation fees of employees if they have been employed for at least three months. For costs such as ward charges and medication, the employer is obliged to bear such costs in accordance with the medical benefits stipulated in the employee's contract of service or the collective agreement between the company and the union.

Please refer to [www.mom.gov.sg](http://www.mom.gov.sg) for more information.

## **STATUTORY BOARD CONTRIBUTIONS**

### **Central Provident Fund (CPF)**

The CPF is a compulsory and comprehensive social security savings scheme to which both employers and employees (citizens and permanent residents) contribute. The aim of the Fund is to provide financial security for wage-earners in their retirement. In addition, the CPF Board has introduced various schemes for members that cater to home-ownership, insurance, hospitalisation, investments, and education at approved local institutions.

Employers and employees are required to pay monthly contributions to the CPF at rates stipulated by the CPF Act.

Contributions are payable based on the employee's actual salary earned for the month.

Accurate as at 1 January 2023, the maximum contributions by employees and employers are 20% and 17% of wages respectively, for employees aged 55 and below.

The maximum total contribution is 37% for employees aged above 50 to 55, 29.5% for those aged 55–60, 20.5% for those aged above 60–65, 15.5% for those aged 65 to 70, and 12.5% for those aged above 70.

*Note: Contributions paid into the CPF are allocated primarily to an employee's Ordinary Account in the CPF. Additional accounts are the Special Account and Medisave Account.*

CPF withdrawals may be made when the CPF member:

- reaches the age of 55 after setting aside his/her CPF Minimum Sum and Medisave Required Amount;
- is permanently disabled; or
- leaves Singapore and West Malaysia permanently.

### **Skills Development Fund**

Employers are subject to a Skills Development Levy (SDL) of 0.25% on the employees remuneration up to the first S\$4,500 a month (maximum payable SDL of S\$11.25 per month), or subject to a minimum of S\$2, whichever is higher. This SDL is used to fund training for skills relevant to Singapore's economic restructuring efforts and training grants for companies to upgrade the skills of their employees. The CPF Board collects the levy on behalf of SkillsFuture Singapore (SSG).

Please refer to [www.cpf.gov.sg](http://www.cpf.gov.sg) for more information.

## **WORKING IN SINGAPORE**

Foreigners entering Singapore to work must obtain a work pass from the Ministry of Manpower (MOM) in one of the following categories: Employment Pass, S Pass, or Work Permit.

### **Types of Employment Passes**

#### **Employment Pass**

An Employment Pass is meant for a foreigner whose fixed monthly salary is S\$4,500 (S\$5,000 for Financial Services Sector) and above with requirements depending on his/her qualifications and experience.

- Older applicants have to command higher salaries to qualify, commensurate with the work experience and quality expected of them.

#### **Personalised Employment Pass (PEP)**

While an individual's employment pass is tied to an employer, the PEP allows its holder to remain in Singapore without a job for up to six months while evaluating employment opportunities. It is issued only once with a validity period of three years and it is non-renewable. The PEP holders must earn an annual salary of at least S\$144,000 in each calendar year of the PEP.

#### **S Pass**

A foreigner whose fixed monthly salary is at least S\$3,000 (for all sectors except Financial Service) or \$3500 (for Financial Service Sector) is eligible for an S Pass. S Pass applicants will be assessed on a points system, taking into account various criteria such as salary, educational qualifications, skills, job type, and work experience. Mandatory to the employer is the provision of medical insurance of coverage not less than S\$15,000 per year.

With effect from 1 January 2023, the number of S Pass holders a company in the services sector can hire is capped at 10% of the total workforce respectively and 15% in construction, manufacturing, marine shipyard and process sectors.

### **Overseas Networks & Expertise Pass**

A foreigner whose fixed monthly salary is at least S\$30,000 is eligible for an Overseas Networks & Expertise Pass. Applicants with outstanding achievements in arts, sports, science and/or academia may still qualify without meeting the S\$30,000 monthly salary criterion. The Overseas Networks & Expertise Pass allows its holder to concurrently start, operate and work for multiple companies at any one time. Holders of the Overseas Networks & Expertise Pass will not be subject to COMPASS and not subject to the Fair Consideration Framework job advertising requirement.

### **Tech.Pass**

To be eligible for a Tech.Pass, foreigners must meet any two of the following criteria:

- Earned a minimum fixed monthly salary of S\$20,000 in the previous year;
- Have at least five cumulative years of experience in a leading role in a tech company with a valuation/market cap of at least US\$500 million or at least US\$30 million funding raised AND/OR;
- Have at least five cumulative years of experience in a leading role in the development of a tech product that has a minimum of 100,000 monthly active users or at least US\$100 million in annual revenue. A leading role can be defined as having made major contributions to the design, development and/or deployment of a tech product.

The Tech.Pass is valid for two years. Existing EP, PEP, or EntrePass holders who meet the Tech.Pass criteria may apply for the same if they meet the prevailing eligibility or renewal criteria of their respective work passes, and if they require the flexible advantages provided by the Tech.Pass. If their existing pass is sufficient for the activities they undertake in Singapore, there is no need to convert to the Tech.Pass.

### **Work Permit**

A foreigner whose fixed monthly salary is not more than S\$2,500 will need to apply for a Work Permit. The Permit can be categorised into 'semi-skilled' and 'unskilled' depending on the educational level and industry sector the applicant is employed under. There is no minimum qualifying salary. The Permit duration is valid for two years. Mandatory to the employer is to provide medical insurance of coverage no less than S\$15,000 per year.

An employer who wishes to bring workers from North Asian Sources, Non-Traditional Sources, and the People's Republic of China into Singapore needs to furnish a security bond of S\$5,000 per worker, and pay foreign worker levies for them.

Please refer to <https://www.mom.gov.sg/passes-and-permits/work-permit-for-foreign-worker/sector-specific-rules/security-bond> for more information.

### **Foreign Worker Levy**

The Foreign Worker Levy is a mechanism to regulate the number of foreigners employed in Singapore. The number of S Pass and Work Permit holders that a company is allowed to hire is limited by quota (or Dependency Ratio Ceiling) and subject to levy. The levy rates vary across industries and are skill tiered. In general, the more foreign workers a company hires, the higher its foreign workers' levy rate and levy bill.

Levy rate per company is dependent on two factors;

1. Worker's Qualification
2. Number of Work Permit or S Pass holders hired

The levy is with respect to the following categories;

- Construction
- Manufacturing
- Marine Shipyard
- Process
- Services

### Foreign Worker Levy (as on 13 January 2023)

#### S Pass

Pass Type	Tier	Percentage	Levy Rate (Higher-skilled/Basic-skilled)
<b>Manufacturing</b> Quota: 15%	Basic/Tier 1	≤ 10%	\$450
	Tier 2	> 10% – 15%	\$650
<b>Construction, Marine Shipyard &amp; Process</b> Quota: 15%	Basic/Tier 1	≤ 10%	\$450
	Tier 2	> 10% – 15%	\$650
<b>Services</b> Quota: 10%	Basic/Tier 1	≤ 10%	\$450

#### Work Permits

Pass Type	Tier	Percentage	Levy Rate (Higher-skilled/Basic-skilled)
<b>Manufacturing</b> Quota: 60%	Basic/Tier 1	≤ 25%	\$250 / \$370
	Tier 2	> 25% – 50%	\$350 / \$470
	Tier 3	> 50% – 60%	\$550 / \$650
<b>Services</b> Quota: 35%	Basic/Tier 1	≤ 10%	\$300 / \$450
	Tier 2	> 10% – 25%	\$400 / \$600
	Tier 3	> 25% – 35%	\$600 / \$800
<b>Construction</b> Quota: 87.5%	Higher-skilled / Basic-skilled on MYE	≤ 87.5%	\$300 / \$700
	Higher-skilled / Basic-skilled on MYE-wavier		\$600 / \$950
<b>Process</b> Quota: 87.5%	MYE	≤ 87.5%	\$300 / \$450
	MYE-wavier		\$600 / \$750
<b>Marine Shipyard</b> Quota: 77.8%	Basic tier	≤ 77.8%	\$300 / \$400

DR: Dependency Ratio

MYE: Man-Year Entitlement, a work permit allocation system for workers from Non-Traditional Sources (India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines) and the People's Republic of China

**Contributed by:**

**Stone Forest**

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6594 7999

Email: [Info@StoneForest.com.sg](mailto:Info@StoneForest.com.sg)

Website: [www.StoneForest.com.sg](http://www.StoneForest.com.sg)

## OVERVIEW OF ASEAN

Formed in 1967, the Association of Southeast Asian Nations (ASEAN) is a 10-member political and economic bloc, of which Singapore, Indonesia, Malaysia, the Philippines and Thailand are founding members. The bloc, which also includes Brunei Darussalam, Cambodia, Lao People's Democratic Republic, Myanmar and Vietnam, aims to accelerate economic growth, social progress and cultural development in the region, while promoting regional peace and stability.

### ASEAN Quick Facts (2022)

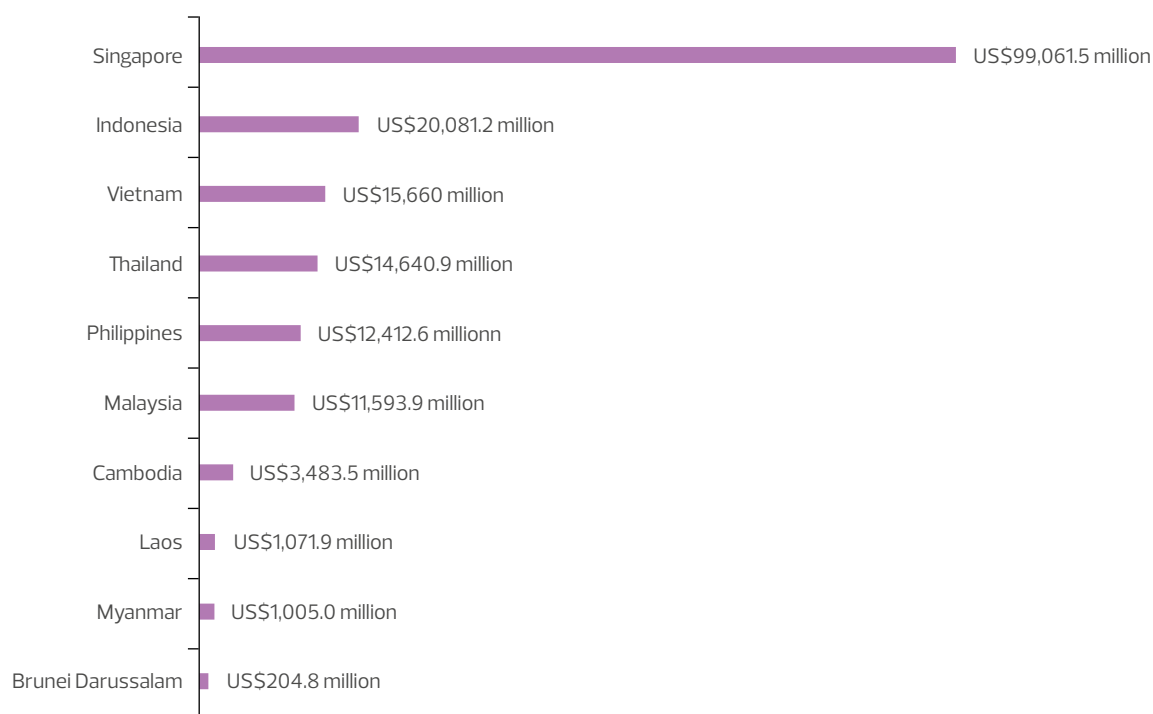
- Total Land Area: 4.50 million square kilometres
- Total Population: 663.9 million
- GDP: US\$3.3 trillion (about S\$4.4 trillion)
- Per Capita GDP: US\$5,024.2 (about S\$6,769)
- International Merchandise Trade: US\$3,340.1 billion (about S\$4,502 billion)
- Foreign Direct Investment Inflow: US\$179.2 billion (about S\$241.54 billion)

Source: <https://www.aseanstats.org/wp-content/uploads/2022/12/ASEAN-Highlights-2022-v03.pdf>

## FOREIGN DIRECT INVESTMENT IN ASEAN

Singapore accounted for the largest share of ASEAN's foreign direct investments (FDI) inflow in 2022. During that year, Singapore's FDI inflow totalled US\$99,061.5 million or 55.3% of the total amount for ASEAN. This reflects the country's attractiveness as an investment destination in the region.

### ASEAN FDI Inflow (2022)



Source: <https://www.aseanstats.org/wp-content/uploads/2022/12/ASEAN-Highlights-2022-v03.pdf>



## ASEAN ECONOMIC COMMUNITY

Establishment of the ASEAN Economic Community (AEC) in 2015 was a major milestone in the region's economic integration agenda. The AEC envisages a single market and production base, a competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. Various elements of these objectives are shown in the following diagram.

### Four Pillars of the AEC

#### Single Market and Production Base

- Free-flow of goods, services, investment, capital and skilled labour
- Identify priority integration sectors for accelerated economic integration
- Food, agriculture and forestry

#### Competitive Economic Region

- Competition policy
- Consumer protection
- Intellectual property rights
- Infrastructure development
- Taxation
- E-commerce

#### Equitable Economic Development

- SME development
- Initiative for ASEAN Integration aims to narrow development gaps between ASEAN member states as well as between ASEAN and other parts of the world

#### Integration into Global Economy

- Coherent approach towards external economic relations
- Enhanced participation in global supply networks

Source: Association of Southeast Asian Nations

### AEC-related Agreements

To support realisation of the AEC and its objectives, ASEAN member states have signed several agreements that foreign investors in Singapore may benefit from. These agreements aim to:

- Facilitate the movement of goods, services, investments, capital and skills;
- Increase trade and investments among member states;
- Promote and expand regional production sharing and networks; and
- Promote a higher level of transparency and predictability for business planning through easier access to information from ASEAN

Key AEC-related agreements include:

- ASEAN Trade in Goods Agreement
- ASEAN Framework Agreement on Services
- ASEAN Comprehensive Investment Agreement
- ASEAN Framework Agreement on Intellectual Property Cooperation
- ASEAN Framework Agreement on Mutual Recognition Arrangements
- ASEAN Regional Free Trade Agreements

**ASEAN Trade in Goods Agreement**

The ASEAN Trade in Goods Agreement (ATIGA) aims to achieve a free flow of goods in the region to strengthen economic linkages between member states, lower business costs and increase trade.

Commitments under the ATIGA will be reviewed and refined to further lower remaining tariff barriers in the region, among other objectives. This is one of the strategic measures in ASEAN Economic Community Blueprint 2025.

**ASEAN Framework Agreement on Services**

The ASEAN Framework Agreement on Services (AFAS) aims to enhance cooperation among member states in improving the efficiency and competitiveness of their service suppliers within and outside ASEAN. It also seeks to substantially eliminate restrictions to trade in services among member states and expand the depth and scope of liberalisation beyond those undertaken by member states under the General Agreement on Trade in Services.

**ASEAN Comprehensive Investment Agreement**

The ASEAN Comprehensive Investment Agreement (ACIA) seeks to create a free and open investment environment in the context of an integrated economic community and enhance the region's attractiveness as a single investment destination.

It is expected to create a more conducive investment environment, encourage foreign investors to do business in the region, increase intra-ASEAN investment, and encourage greater industrial complementation and specialisation among ASEAN member states.

**ASEAN Framework Agreement on Intellectual Property Cooperation**

Intellectual property (IP) protection is an important factor in the establishment of a favourable climate for investment. As a signatory of the ASEAN Framework Agreement on Intellectual Property Cooperation, Singapore is committed to ensuring a robust IP protection and enforcement regime.

The ASEAN Framework Agreement on Intellectual Property Cooperation provides for a broad scope of cooperative activities such as:

- Activities to enhance IP protection, including cooperation in cross-border measures
- Activities to strengthen ASEAN IP administration
- Activities to strengthen IP legislation
- Activities to promote public awareness of IP rights

A statutory board under the Ministry of Law, the Intellectual Property Office of Singapore (IPOS) advises on and administers IP laws, as well as promotes IP awareness.

IPOS provides businesses with tools and information to help them effectively capitalise on their existing IP. It also seeks to upgrade IP professionals' expertise and promotes cross-border IP cooperation.

**ASEAN Framework Agreement on Mutual Recognition Arrangements**

The ASEAN Framework Agreement on Mutual Recognition Arrangements (MRAs) stipulates general principles for developing sectoral MRAs among member states and other related cooperative activities to facilitate elimination of technical barriers to trade within ASEAN.

An MRA is an international agreement by which two or more countries agree to recognise one another's conformity assessments. These are activities that determine whether a process, product or service meets relevant requirements.

Besides eliminating technical barriers to trade, international harmonisation of standards through MRAs may also increase market access opportunities for businesses in Singapore.

### **ASEAN Regional Free Trade Agreements (FTAs)**

ASEAN regional FTAs support the AEC's objective of integration into the global economy. As part of ASEAN, Singapore also enjoys such FTAs with other countries, including:

- ASEAN–Australia–New Zealand FTA
- ASEAN–China FTA
- ASEAN–India FTA
- ASEAN–Japan Comprehensive Economic Partnership Agreement
- ASEAN–Republic of Korea FTA

For more information on the ASEAN agreements, visit: <http://asean.org> or <http://investasean.asean.org>.

### **Contributed by:**

#### **RSM**

8 Wilkie Road

#03–08 Wilkie Edge

Singapore 228095

Tel: +65 6533 7600

Fax: +65 6538 7600

Email: [MKTG@RSMSingapore.sg](mailto:MKTG@RSMSingapore.sg)

Website: [www.RSMSingapore.sg](http://www.RSMSingapore.sg)

## ABOUT RSM INTERNATIONAL

---

RSM International is the 6th largest network of independent accounting and consulting firms in the world, with revenues over US\$8 billion for 2022. There are over 51,000 staff operating in over 860 offices across 123 countries. RSM International professionals commit high-level skills, worldwide standards and a common work ethic of innovative thinking to develop results for clients.

RSM International is also a member of Forum of Firms (FoF). The objective of the FoF is to promote consistent and high quality standards of financial and auditing practices worldwide.

### **RSM International**

Global Executive Office

50 Cannon Street

London EC4N 6JJ

United Kingdom

Tel: +44 (0) 20 76011080

Email: [RSMCommunications@RSM.Global](mailto:RSMCommunications@RSM.Global)

Website: [www.RSM.Global](http://www.RSM.Global)

# ABOUT RSM SINGAPORE

RSM is the largest professional services firm outside the Big Four in Singapore, and the sixth largest globally.

We focus on growing businesses, helping them to improve profits, enhance business value and internationalise.

We provide audit, tax, corporate and advisory, as well as business support services.

Some quick facts about us:

- International ISO 9001:2015 certified
- Ranked as a leading tax firm in Singapore by World Tax (a Euromoney publication) since 2006
- Public accounting arm registered with the Public Company Accounting Oversight Board in the USA
- Accounting and payroll outsourcing units are SSAE 18 Compliant\*
- Awarded the highest accreditation tier – “Advocate” of the Cyber Trust Mark by the Cyber Security of Singapore (CSA) for organisations with leading digital maturity level
- Awarded ISO27001 certification by the BSI Group and the Cyber Security of Singapore

*\* An SSAE 18 Compliant status conferred on a service organisation is a testimony that the service provider has adequate controls and safeguards in place to host and process the data of its clients.*

Our expertise covers the following areas:

## RSM

### Audit

- Certifications
- Financial Due Diligence
- Other Non-statutory Audits
- Regulatory Compliance Reporting
- Reporting Accountants
- Special Reviews
- Statutory Audit

### Tax

- Corporate Tax
- Funds Practice
- GST
- International Tax Advisory
- Personal Tax
- Transfer Pricing

### Corporate Advisory

- Business Grooming
- M&A Advisory
- Transaction Support
- Valuation Advisory

### Business Consulting

- Business Risk Consulting
- Technology Consulting (Digital Trust)

### **Restructuring & Forensics**

- Corporate Restructuring & Insolvency
- Individual Insolvency
- Crisis Management & Rehabilitation
- Litigation Support & Forensics

### **Specialisations & Country Desks**

- Energy & Commodities
- Financial Services
- F&B, Retail & Consumer Products
- Healthcare
- Industrial Manufacturing
- Logistics & Transportation
- Not-for-Profit
- Private Client Services
- Private Equity Group
- Professional & Business Services
- Real Estate & Construction
- Technology, Media & Telecommunications
- ASEAN Desk
- Japan Desk
- China Practice

For more information, please visit: [www.RSMSingapore.sg](http://www.RSMSingapore.sg)



# ACKNOWLEDGEMENTS

---

RSM wishes to express its heartfelt thanks to the Stone Forest group of companies for their support and contributions to the content in the guide.

For more information, please visit: [www.StoneForest.com.sg](http://www.StoneForest.com.sg)

## **Disclaimer**

RSM Chio Lim LLP and all contributors (herein referred to as "the authors") in this Doing Business in Singapore guide (herein referred to as the "guide") do not accept any liability to any organisation or user of the guide. The authors cannot accept any responsibility or liability for the outcomes or results of using the guide. While every effort has been made to ensure the contents of the guide are accurate at the time of publication, the authors are not responsible for any inaccuracies, errors or omissions in the guide. Organisations and users of the guide are required to exercise judgement when referring to the guide. They should seek additional independent and/or professional advice if necessary, when determining the adequacy or effectiveness of actions taken to do business in Singapore. In using this guide, organisations and users acknowledge that they hold the authors harmless against any claims, liabilities, costs and expenses that may arise.

8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095  
T +65 6533 7600 F +65 6538 7600  
MKTG@RSMSingapore.sg www.RSMSingapore.sg

*UEN: T09LL0008J*

RSM entities in Singapore are collectively members of the RSM network and trade as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London, EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2023