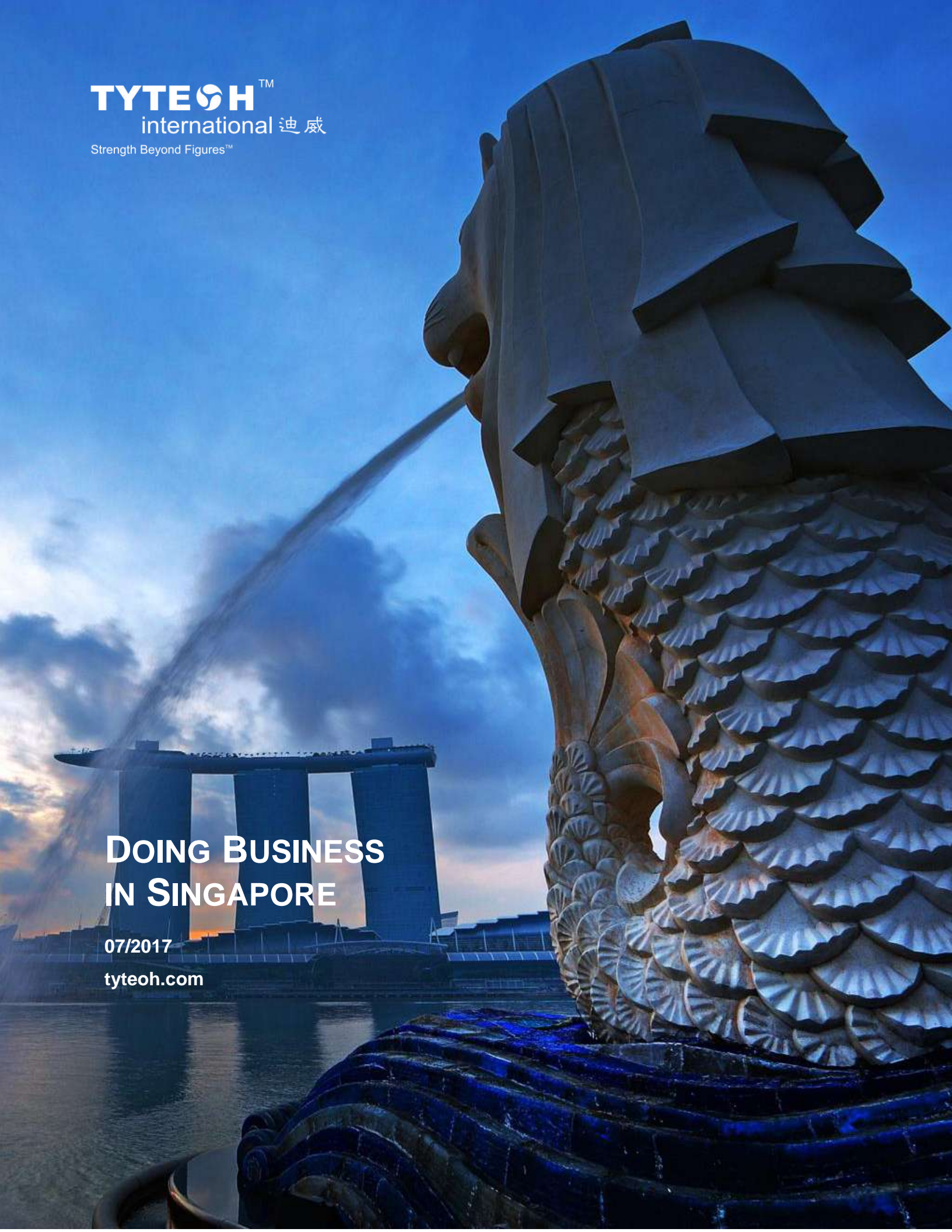


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DOING BUSINESS IN SINGAPORE

07/2017

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Content

Chapter 1 Singapore – An Introduction	3
Chapter 2 Types of Business Organisation	5
Chapter 3 Immigration Procedure	7
Chapter 4 Labour Force	7
Chapter 5 Taxation	8
Why TY TEOH International	9
Appendix I Investment Incentives	10
Appendix II Income Tax Rates Resident Individuals	11
Appendix III Income Tax Rebate for Resident Individuals	12
Appendix IV Double Taxation Agreement	13

Chapter 1: Singapore – An Introduction

1.1 Overview

Singapore, officially the Republic of Singapore. Founded as a British trading colony in 1819, the British obtained sovereignty over the island in 1824 and became one of the British Straits Settlement in 1826. Singapore was occupied by the Japanese in World War II and reverted to British after the war. Singapore becomes self-governing in 1959, united with other former British territories to form Malaysia in 1963. Subsequently, become fully independent state in 1965 after separation from Malaysia.

1.2 Geography and Climate

Singapore is made up of the Main Island, widely known as Singapore Island and some islets. Singapore lies at the southernmost of South East Asia and has tropical rainforest climate with no distinctive seasons. Singapore has a total land size of approximately 694 km².

Singapore is approximately 137 kilometres north of the equator. Therefore its climate characterised by uniformly high temperatures and humidity. Temperatures usually range from 23°C to 32°C throughout the year.

1.3 Population

Singapore is a multi-cultural population country. Singapore has approximately 5.61million population of which 3.4million are Singapore citizens and 0.53million permanent residents (PR) and 1.67 non-residents (based on 2016 census. Singapore's literacy rate estimated at 97% is one of the highest among Asia countries.

1.4 Government and Politics

The Republic of Singapore is a sovereign republic, with a legal system based on English common law. Singapore has a parliamentary system based on Westminster.

Executives comprise the Cabinet, which is responsible for the direction of the Government and accountable to parliament.

The President who is also the Head of State elected by general election for a fixed term of 6 years, the Cabinet is led by the Prime Minister. Parliament is elected by general election every five (5) years.

1.5 Language and Currency

The Government recognises four official languages, namely, English, Malay, Mandarin and Tamil. Malay is the national language. English is the first language for business, government and medium of instruction in public school. Mandarin, Malay and Tamil are the next commonly spoken.

The official currency of Singapore are Dollar (S\$). One Singapore Dollar = 100 cents. Larger establishments and major hotel readily accept foreign currency. Foreign currency also can exchange at licensed money changer or banks.

1.6 Transportation and Communication

Singapore has one of the best developed transport and communication system in South East Asia.

Airport

Changi Airport is the main airport of Singapore. Changi airport has awarded one of the best airports in the world.

Ports

In Singapore, there are four major ports located at Tanjong Pagar, Keppel, Brani and Pasir Panjang with a total of 54 container berths.



Road and Railway

There are three Mass Rapid Transit (MRT) lines. MRT is the common public transport used by Singaporean. Other than MRT, public cab and bus also serve as common transport for Singaporean.

Postal Services

Singapore Post provides full range of post service.

Telecommunication

Singapore has several telco's and networks facilities providers support full range of services consists of voice, data and other advanced communication services. Singapore is linked to the rest of the world through various satellite and fibre optic.

1.7 Utilities

Electricity and Water

Singapore enjoys ample supply of electricity throughout the country. Singaporean enjoys a 24-hours supply of water and water is fully treated and reliable in safe in term of quantity and quality.

1.8 Exchange Control

There is no exchange control in Singapore.

1.9 Banking System

Singapore is served by many financial institutions include of international reputable financial institutions.

1.10 Free Trade Agreement (FTA)

Singapore has concluded FTA with several trading partners including Australia, Japan, South Korea, New Zealand, People's Republic of China, Canada, Mexico and United States of America.

1.11 Singapore Business Number

Individuals, companies and other entities that carry on business in Singapore require registering with the Accounting and Corporate Regulatory Authority ("ACRA"). ACRA will issue the registrant with a Unique Entity Number ("UEN"). The UEN is the identification number for dealings with all government agencies.

1.12 Employment Pass

Foreigners entering Singapore to take up and continue employment require permission from the Controller of Immigration under the Immigration Act. Persons who are not citizens or permanent resident require an employment pass S pass or work permit. Educational, professional qualifications, specialist skills and basic salary is main core to determine the class of employment pass.

1.13 Central Provident Fund (CPF)

Central Provident Fund (CPF) is one of the significant labour cost relates to the compulsory contributions by employers in respect of employees who are Singaporeans or Singapore Permanent Residents (PRs). CPF is a pension and saving fund required contributions from employers and employees a specified rate on the employee's remuneration and subject to certain limits.

At present, employers contribute 17% of employee gross remuneration and employees contribute 20% of the remuneration by way of deduction by employers.



Chapter 2: Types of Business Organisation

2.1 Different Type of Business Entities in Singapore

- Sole Proprietorship
- Partnership
- Limited Partnership
- Limited Liability Partnership
- Private Limited Liability Company
- Public Limited Liability Company
- Branch Office (Foreign Company)
- Representative Office
- Operational Headquarter

2.2 Sole Proprietorship

Sole proprietor is a business entity only one owner. It is the most flexible and simple business organisation. All sole proprietorships must be register with the Accounting and Corporate Regulatory Authority (ACRA).

2.3 Partnership

Partnership is a business entity owned by at least 2 and limited to 20 partners. Partnership is not a legal entity and cannot be sue or be sued in its own name. Partnership cannot own or hold any property. Partners of the partnership are personally accountable for business debts and losses including the loss caused by another partner.

2.4 Limited Partnership

Limited Partnership is a business structure that owned by minimum of 2 partners, with at least one (1) limited partner and one (1) general partner to operate and function as a partnership without separate legal personality from the partner.

General partner who has unlimited liability and limited partner enjoys limited liabilities. The partner of the Limited Partnership can be individuals, Singapore registered companies or unregistered foreign companies.

2.5 Limited Liability Partnership

Limited liability partnership is a business entity that allows businesses to function and operate as a partnership while giving the status of a separate legal entity. Limited liability partnership will be regarded in law as “Corporate Bodies” which is formed and registered under the Limited Liability Partnership Act.

2.6 Private Limited Liability Company

A Company incorporated under Companies Act, Chapter 50. Usually has the words “Pte. Ltd. or “Ltd.” It can be incorporated with one director and one shareholder and are exempted from appointing professionally qualified secretaries.

The minimum shareholder is one (1) and maximum is fifty (50). The liability of a shareholder is limited by Memorandum of Association to the amount if any and unpaid on his shares. Transfer is share is restricted and prohibited from asking public to invest with it.

Every Singapore incorporated company must have a registered office in Singapore at which service of process and notices can be served.

The registered office need not be the place of business of a company.



2.7 Public Limited Liability Company

Public Limited Liability Company is a Company with more than 50 shareholders and must be registered or converted from a private limited liability company.

As a public company, it's allowed to raise capital by offering shares and debentures to the public. A public company must register a prospectus with the Monetary Authority of Singapore before any public offer of shares and debentures.

Every Singapore incorporated company must have a registered office in Singapore at which service of process and notices can be served.

The registered office need not be the place of business of a company.

2.8 Branch Office (Foreign Company)

Any person who wish to register a Singapore Branch of a foreign company, require engaging a professional service firm to with the registration. The Company Act requires a foreign company to appoint at least one local resident as its authorised representative.

2.9 Representative Office

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

2.10 Operational Headquarter

The Singapore Government encourages companies to use Singapore as a base to conduct Headquarter (HQ) management activities. The HQ can be in the form of Regional Headquarter, International Headquarter, Operational Headquarter, Business Headquarter or Manufacturing Headquarter.

There are certain investment incentives for these HQs such as group relief, lower tax rate, extension of unilateral tax credit system and not ordinarily resident taxpayer scheme.

2.11 Incorporating Company

Investors may engage professional service provider to assist with the incorporation of company or acquire a shelf company. Shelf Company is a company has been incorporated but has not commenced its business or operation. Investor may then change the company name, secretary and director and increase of the capital as required.

2.12 Approval / Licence / Permit

Other than registration with Accounting and Corporate Regulatory Authority ("ACRA"), some businesses are regulated by other government agencies in Singapore such as finance and insurance, food shop, advertisement and etc. Special approval or licence must be obtained before the business activity can commence.



Chapter 3: Immigration Procedure

3.1 Passport Requirement

All persons entering Singapore must possess valid national passport or other internationally recognised travel documents valid for travel to Singapore. These travelling documents must be valid for at least six months beyond the date of entry into Singapore.

3.2 Visa Requirements

Foreigners who want to work and live in Singapore can choose one of the following alternatives:

- Permanent residence
- Professional Visas
- Visas for entrepreneurs

Chapter 4: Manpower

4.1 Introduction

Singapore emphasised maximum development on human resource. The government allocated approximately \$12.9bil of its annual budget for education. Besides continue its attractiveness for business, the government encouraging the employers to utilise the Development Fund to upgrade their employees' skills.

Presently, Singapore has approximately 3.6mil employed person and unemployment rate is about 2.2%.



Chapter 5: Taxation

5.1 Introduction

Singapore imposes income tax upon the income on taxable persons such as individuals and companies. Singapore operates territorial taxation basis. Resident and non-resident are taxed on income derive from, received in and accruing in Singapore. However non-resident individuals are not liable to tax on foreign income remitted to Singapore. Singapore also imposes Goods and Services Tax (GST) on the purchase of goods and services. Gains of a capital nature are not subject to any tax in Singapore. There are other indirect taxes such as property tax, skill development levy, foreign worker levy and stamp duty.

5.2 Act

The Income Tax Act is the legislation that imposes income tax and regulates the collection of income tax. The Comptroller of Income Tax is Inland Revenue Authorities of Singapore (IRAS).

5.3 Tax Rate

Corporate income tax rate is 17% for the Year of Assessment 2010 (i.e. financial year ending in 2009) onward. Partial tax exemption is granted to all companies for the first SGD300,000 of qualifying taxable income resulting effective tax rate of about 8.35% on the first SGD300,000. Newly incorporated companies may qualify for separate tax exemption. Tax rate vary from 0% - 5.6% on the first SGD300,000. Corporate income tax rebate is given to all companies to help them with rising business costs and is applicable for YA 2013 to YA 2018. For YA2017, the corporate income tax rebate is 50% (capped at \$25,000) and for YA2018, the corporate income tax rebate is 20% (capped at \$10,000)

5.4 Tax Incentive

Singapore has put various tax incentives in place to help enterprises start up and grow. Please refer to [APPENDIX I](#).

5.5 Individual Tax

Individual resident in Singapore taxed on a progressive tax rate. Annual income SGD22,000 or more are requiring to tax return filing. Please refer to [APPENDIX II](#).

5.6 Tax Treaties

Singapore has entered into Double Taxation Agreement (“DTA”) with various countries. Please refer to [APPENDIX III](#).

5.7 Custom and Excise Duty

Singapore is a free port and only imposes excise and import duties on limited list of item. Excise mainly imposed on tobacco, petroleum product and liquors and import duties are mainly on motor vehicles, tobacco, liquors and petroleum products.

5.8 Estate Duty

No estate duty effect from 15 February 2008.

5.9 Stamp Duty

Stamp duty is tax on executed documents relating to interest in real properties or real properties and shares or interest in shares.

5.10 Property Tax

Property tax is tax on immovable properties, payable by the owner of the immovable property. The property tax rates varies from 0% to 16% for owner-occupier of residential properties, from 10% to 20% for non-owner occupier of residential properties and 10% for non-residential properties such as commercial and industrial buildings and land.

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Page 9 of 14

Investment Incentives

- Approved International Shipping Enterprise
- Approved Venture Company
- Exemption of Income of Shipping Investment Enterprise
- Further Deduction for Expenses Relating to Approved Trade Fairs, Trade Exhibitions, Trade Missions or To Maintain of Overseas Trade Office
- Further Deduction for Expenses on Research and Development Project
- Tax Incentives for Insurance Companies
- Concessionary Rate of Tax for Approved Operational Headquarters (OHQs)
- Concessionary Rate of Tax for Approved Finance and Treasury Centre
- Concessionary Rate of Tax for Financial Sector Incentive Companies
- Approved Global Trading Company
- Concessionary Rate of Tax for Shipping Investment Manager
- Concessionary Rate of Tax for Container Investment Enterprise
- Concessionary Rate of Tax for Container Investment Manager
- Concessionary Rate of Tax for Shipping Related Support Services
- Pioneer Industries
- Pioneer Service Companies
- Development & Expansion Incentive
- Investment Allowances
- Productivity and Innovation Credit
- International / Regional Headquarters Award (IHQ RHQ)
- Land Intensification Allowance (LIA)
- Integrated Investment Allowance (IIA)
- Approved Foreign Loan Incentive
- Market Readiness Assistance (MRA) Grant
- Mergers & Acquisitions (M&A) Scheme
- International Growth Scheme
- Pioneer Incentive
- Aircraft Leasing Scheme (ALS)
- Research Incentive Scheme for Companies (RISC)
- Initiatives in New Technology (INTECH)
- Approved Royalty Incentive
- Land Productivity Grant (LPG)
- Increase SME Productivity With Infocomm Adoption & Transformation (iSPRINT)
- Finance & Treasury Centre (FTC) Tax Incentive
- Training Assistance Scheme (TAS)
- Technology Enterprise Commercialisation Scheme (TECS)



Appendix II

Income Tax Rates – Resident Individuals

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	2	200
First \$30,000	-	200
Next \$10,000	3.5	350
First \$40,000	-	550
Next \$40,000	7	2,800
First \$80,000	-	3,350
Next \$40,000	11.5	4,600
First \$120,000	-	7,950
Next \$40,000	15	6,000
First \$160,000	-	13,950
Next \$40,000	17	6,800
First \$200,000	-	20,750
Next \$120,000	18	21,600
First \$320,000	-	42,350
Above \$320,000	20	

For YA 2017 onwards

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	2	200
First \$30,000	-	200
Next \$10,000	3.5	350
First \$40,000	-	550
Next \$40,000	7	2,800
First \$80,000	-	3,350
Next \$40,000	11.5	4,600
First \$120,000	-	7,950
Next \$40,000	15	6,000
First \$160,000	-	13,950
Next \$40,000	18	7,200
First \$200,000	-	21,150
Next \$40,000	19	7,600
First \$240,000	-	28,750
Above \$40,000	19.5	7,800
First \$280,000	-	36,550
Above \$40,000	20	8,000
First \$320,000	-	44,550
Above \$320,000	22	



Appendix III

Personal Relief for Resident Individual

Main Allowance for Individual are:	YA2015 onward
Earned Income - Below 55 years old	S\$1,000
From 55 – 59 years old	S\$6,000
From 60 years old and above	S\$8,000
Handicapped earned Income – Below 55 years old	S\$4,000
From 55 – 59 years old	S\$10,000
From 60 years old and above	S\$12,000
Spouse	S\$2,000
Handicapped Spouse Reliefs	S\$5,500
Qualifying Child Relief (each)	S\$4,000
Handicapped Child Relief (each)	S\$7,500
Parent, grandparent or great grandparent each (up to 2 Persons) (Living in / not living in same household)	S\$9,000 / S\$5,500
Handicapped parent, grandparent or great grandparent each (up to 2 Persons) (Living in / not living in same household)	S\$14,000 / S\$10,000
NSman Relief Self (Active / Unactive) Wife Parent (each)	S\$3,000 / S\$1,500 S\$750 S\$750
Handicapped brother/sister (including in-law) relief (living in the same household)	S\$5,500 for each handicapped sibling/sibling in-law



Appendix IV

Double Taxation Agreement

Albania	Kazakhstan	Slovak Republic
Australia	South Korea	Slovenia
Austria	Kuwait	South Africa
Bahrain	Laos	Spain
Bangladesh	Latvia	Sri Lanka
Barbados	Libya	Sweden
Belarus	Liechtenstein	Switzerland
Belgium	Lithuania	Taiwan
Brunei	Luxembourg	Thailand
Bulgaria	Malaysia	Turkey
Canada	Malta	Ukraine
China	Mauritius	United Arab Emirates
Cyprus	Mexico	United Kingdom
Czech Republic	Mongolia	Uruguay
Denmark	Morocco	Uzbekistan
Ecuador	Myanmar	Vietnam
Egypt	Netherlands	Bahrain*
Estonia	New Zealand	Brazil*
Fiji	Norway	Chile*
Finland	Oman	Hong Kong*
France	Pakistan	Oman*
Georgia	Panama	Saudi Arabia*
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Indonesia	Qatar	Ethiopia***
Ireland	Romania	France***
Isle of Man	Russian Federation	Ghana***
Israel	Rwanda	Latvia***
Italy	San Marino	Nigeria***
Japan	Saudi Arabia	Sri Lanka***
Jersey	Seychelles	

Note:

* Limited Treaties

** Exchange of Information Arrangements

*** Agreements Which Are Signed But Not Ratified



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