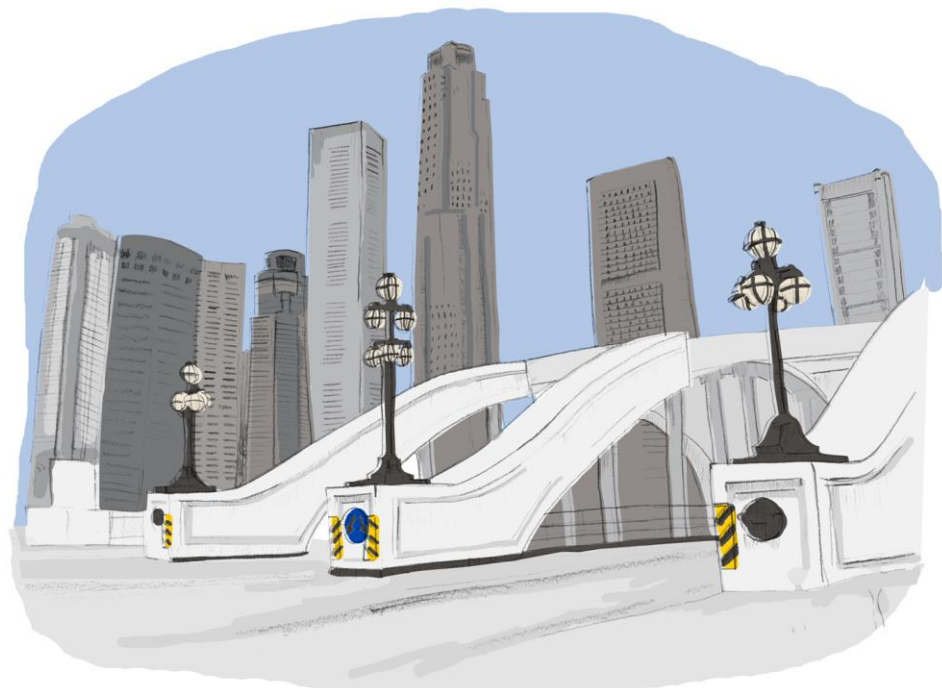


If you are planning on doing business in Singapore knowledge of the investment environment and information on the legal, accounting and taxation framework are essential to keep you on the right track...

Elgin Bridge with its elegant cast iron lamps built in 1929 was the first bridge built across the Singapore River; the two roads leading to it were named North Bridge Road and South Bridge accordingly. Today, towering office buildings in the financial and central business district can be seen against the skyline from Elgin Bridge.



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★ Strategically located at the southernmost tip of the Asian continent and at the crossroads of the world's global trading centres and in the heart of Asia, Singapore is the launch pad to the emerging markets of China, India and Southeast Asia.



Introduction

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to solve complex issues for privately owned, publicly listed and public sector clients. Over 31,000 Grant Thornton people, across 100 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

The strength of each local firm is reflected in the quality of the international organisation. All Grant Thornton International member firms share a commitment to providing the same high quality service to their clients wherever they choose to do business.

If you require any further information, please do not hesitate to contact your nearest Grant Thornton member firm.

This guide has been prepared for the assistance of those interested in doing business in Singapore. It does not cover the subject exhaustively but is intended to answer some of the important, broad questions that may arise. When specific problems occur in practice, it will often be necessary to refer to the laws and regulations of Singapore and to obtain appropriate accounting and legal advice. This guide contains only brief notes and includes legislation in force as of February 2012.

Grant Thornton in Singapore

Established in 1973, Foo Kon Tan Grant Thornton LLP is well recognised and trusted in the business community. We have been helping clients to seize growth opportunities and succeed in the changing business and regulatory environments. Today, many of our clients are listed on the Singapore Exchange as well as other international capital markets. Others have become leading brand names.

Founded as a traditional public accounting firm, we have grown and today, more than 300 professionals deliver a full range of services tailored to the needs of privately held businesses and public interest entities. Integrity, reliability and personal attention to client needs are the hallmarks of our practice. Doing the right thing is our mantra.

The firm invests significantly in professional and soft skills development programmes to fully realise the potential of our people. To broaden and deepen the competencies of our people talent, management proactively supports in-bound and out-bound secondment opportunities to and from Grant Thornton member firms. These experiences give our people the added dimensions that ultimately benefit our clients.

Community involvement is an essential part of our culture too. We fund scholarship grants and through partnership with CPA Australia (Singapore Division), we provide a head-start for promising second year undergraduates in their pursuit of a professional qualification. The firm's corporate social responsibility (CSR) programmes also include companionship day at homes for the disadvantaged. We believe in our duty to society, with the same passion that we honour our commitment to ethics and excellence in business.

As a member of Grant Thornton International we are able to combine the knowledge and experience of our local marketplace with the technologies, methodologies and specialists resources of a professional services organisation at the forefront of the global accounting professional.

Our ranges of services include:

- assurance
- advisory services
 - business risk services
 - corporate finance
 - recovery and reorganisation services
 - technology advisory services
 - transaction services
- tax compliance and advice
- other specialist services

Country Profile

Summary

- stable pragmatic government and economy
- excellent infrastructure and telecommunications network
- globally-competitive workforce
- one of the top trading and business destinations

Geography and population

The Republic of Singapore is made up of the main Singapore Island and some 54 islets. Some of these offshore islands have become important oil refinery centres for the multinational petroleum companies while others namely, Sentosa, has been developed into a resort island offering recreation and entertainment.

Strategically located at the southern most tip of the Asian continent and at the crossroads of the world's global trading centres and in the heart of Asia, Singapore is the launch pad to the emerging markets of China, India and Southeast Asia.

Its climate is characterised by uniformly high temperatures and humidity but pleasantly moderated by prevailing sea breezes. The average maximum is 31°C and average minimum is 24°C. Rain falls the whole year through.

Singapore's multi-racial population is approximately 5.2 million comprising of four major ethnic groups – Chinese (74%), Malay (13%), Indian (9%) and Others (3%).

Political and legal system

The Republic of Singapore is social-democratic city state. Rated as the safest country in Asia, Singapore has a parliamentary system based on the British model. The organs of state comprise:

The Executive: Head of State and Head of Cabinet

The President who is the Head of State is elected for a fixed term of 6 years. The Cabinet is led by the Prime Minister.

Parliament

Parliament is elected by general election every five years. Legislation enacted through Bills is passed by Parliament and is assented to by the President.

The Judiciary: The Supreme Court and the Subordinate Courts

The judiciary is one of the three constitutional pillars of government along with the Legislature and the Executive. The Supreme Court comprises the Court of Appeal and the High Court. The Subordinate Court comprises several courts including the Small Claims Tribunals and courts for industrial arbitration and the military.

Language

Singapore has four official languages. English (language of administration) Chinese (Mandarin), Malay (National Language) and Tamil. Singapore has a high literacy rate of 96% of total population and more than half of the populace is literate in 2 or more languages.

Business hours/time zone

Business hours are generally from 8.30am or 9.00am – 5.00pm or 6.00pm; Mondays to Fridays and up to 1.00pm on Saturdays for government offices. Banks are open from 9.30am to 3pm; Mondays to Fridays and up to 1.00pm on Saturdays. Shopping malls are generally open the whole week from 10.00am – 10.00pm.

Singapore's time zone is GMT+8 hours and +13 hours US Eastern Standard Time.

Public holidays

Sundays and 11 national gazetted public holidays. When a holiday falls on a Sunday the following Monday will be a public holiday.

Economy

GDP per capita S\$63,050 (2011).

Singapore is an advanced, successful free-market economy, featuring an open and corruption-free environment. Globally connected, a pro-business environment with a strong and stable infrastructure to boost and sustain growth and success in a myriad of industries.

In recent years, emerging alongside the traditional engines of growth in the manufacturing and financial/business services, the economic landscape has moved to one that promotes knowledge-based and research-intensive industries. At the same time there has been a significant growth and development in the biomedical sciences, clean technologies and interactive digital media industries.

2011

Annual growth	4.9%
Annual inflation	5.2%

Major industries

Manufacturing including electronic, chemicals biomedical, precision/transport engineering; construction, wholesale & retail trade, transport & storage, hotels & restaurants, information & communications services, financial services, petroleum refining, ship repair, entrepot trade, business services and other services industries.

Major trading partners

Indonesia, Malaysia, Thailand, Hong Kong, Korea, Taiwan, China, Philippines, Saudi Arabia, United States of America and Australia France, Germany and United Kingdom.

Free Trade Agreements

ASEAN, Australia, China, European Free Trade Association, ESFTA (Switzerland, Liechtenstein, Norway and Iceland), GCC (Gulf Cooperation Council) Jordan, India, Japan, Korea, New Zealand, Panama, Peru, Trans-Pacific SEP (Brunei, New Zealand and Chile) and the United States.

Employment Levels

- employment : 3.23 m (Dec 2011)
- unemployment rate (SA): 2% (Dec 2011)

Living in Singapore

Singapore is one of the most welcoming cities in Asia for expatriates. It is safe and orderly with clean and green surroundings. Living standards are high with excellent facilities for shopping, sports and recreation. More than a dozen international schools cater to the needs of the expatriate children.

Visa and entry requirement

Foreigners holding travel documents issued by the following countries will require a visa to enter Singapore.

Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan), Egypt, Georgia, India, Iraq, Jordan, Lebanon, Libya, Morocco, Myanmar, Nigeria, People's Republic of China, Pakistan, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, Yemen.

Foreigners holding these travel documents also require a visa to enter Singapore:
Hong Kong Document of Identity, Macao Special Administrative Region (MSAR) Travel Permit, Palestinian Authority Passport, Refugee Travel Document issued by the Middle-East countries.
Temporary Passport issued by United Arab Emirates

For detail information please visit the Immigration & Checkpoints Authority website:
www.ica.gov.sg



Did you know?

Singapore is ranked first in the world as the city with the best investment potential?

Ref: BERI Report 2011-III (August 2011). Note: The POR is based on a combined score of the +5 years ratings derived by adding -i) Operations Risk Index (ORI), ii) Political Risk Index (PRI) and iii) Remittance and Repatriation Factor (R Factor) and dividing by three.

Some findings from www.edb.gov.sg on Singapore include:

Economic Performance

- Singapore is among the top 3 in foreign trade and investment

Competitiveness & Business Environment

- 1st for having the most open economy for international trade and investment
- world's easiest place to do business
- top 3 most competitive city in world
- best business environment in Asia Pacific and worldwide
- Asia's most "network ready" country

Business Legislation and Efficiency

- 1st in Asia and 2nd in the world for having the best protection of intellectual property
- least bureaucratic place for doing business in Asia

Government

- 7th in the world and 1st in Asia for having the least corruption in its economy
- most transparent country in Asia

Labour

- maintains top position in BERI's Labour Force Evaluation Measure
- top 10 in Asia for having the most motivated workforce
- among the top 10 in Asia for the best skilled labour
- top 5 in the world for the most business conducive labour regulations
- has the best labour/employer relations in Asia

Expatriate Living

- foreign talent rank Singapore as Asia's best country to work in
- first choice for Asian expatriates
- best place in Asia to live, work and play
- Singapore's immigration laws for foreign talent highly-regarded for being business-centric

Regulatory environment

Summary

- Singapore has always maintained a pro-business, pro-enterprise outlook. Government agencies with regulatory functions have close rapport with the private sector and often, major policies affecting the business community are adopted after consultations with the major trade and business bodies.
- to encourage private sector initiatives, red tapes are cut to a minimum and a whole host of grants and assistance are available
- Singapore's free enterprise economy welcomes foreign investments as well as skilled foreign talents.

Incentives for business

- Singapore is consistently ranked as one of the best places in the world for businesses
- political and economic stability
- well-developed physical infrastructure
- efficient port facilities and a major air hub in the Asia Pacific region
- state of the art telecommunications facilities
- no restriction on foreign ownership
- no restriction on expatriate employment, subject to employment pass
- freedom of repatriation of investment capital and profits
- extensive range of tax and investment incentives
- financial assistance for small and medium-sized local companies
- pre-export and export financing at favourable interest rates
- no restrictions on the remittance of interest earned by non-residents having accounts with banks operating in Singapore
- no capital gains tax, turnover tax
- double taxation treaties with over 50 countries
- strong, co-operative relationship between Government, unions and employers.

Government approvals and registration

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. ACRA's role is to achieve synergies between the monitoring of corporate compliance with disclosure requirements and regulation of public accountants performing statutory audit.

ACRA was formed as a statutory board on 1 April 2004, following the merger of the then Registry of Companies and Businesses (RCB), and the Public Accountants' Board (PAB).

All businesses must be registered with ACRA. This includes any business carried out in Singapore by foreign individual or corporation.

A foreign company that wants to set up a branch in Singapore will need to appoint two local agents to act on its behalf. These agents must be Singapore residents, that is, either citizens or permanent residents, or foreigners with employment or dependant passes.

Special licenses are needed for some businesses such as banking, insurance and stock broking, the manufacture of goods such as cigars and firecrackers.

Competition rules/consumer protection

Competition is a key tenet of Singapore's economy strategy. There are controls to prevent anti-competitive activities that unduly prevent, restrict or distort competition.

Import and export controls

Singapore is virtually a free port and tariffs are imposed on few dutiable items. For health, safety or security reasons certain goods are subject to control.

Exchange control

There are no exchange controls and funds may be freely remitted into and out of Singapore.

Government incentives

The government has established a number of incentives programmes to help companies improve efficiency, strengthen capabilities and explore new opportunities in their business. Some programmes cater to the needs of start-ups and local enterprises, while others are designed for global companies with large-scale needs such as the set up of regional/international headquarters in Singapore. The schemes of incentive range from assistance in manpower development, technological/equipment upgrading, to R&D, intellectual property and industry development. The type of assistance can be in the form of loans, grants, reduction of tax rates, equity financing as well as non-financial assistance

Some key government agencies which assist and support the business-friendly environment in Singapore include:

Economic Development Board (EDB)

EDB is the lead national agency responsible for planning and implementation of economic strategies to enhance and sustain Singapore's position as a global hub for business, investment and talent. In this respect, EDB liaises with other government agencies and banks which provide medium and long term finance and with Jurong Town Corporation in connection with land and factory space to assist investors. In short, EDB is responsible for the continued economic success of Singapore and the companies on its shores. For more information visit www.edb.gov.sg

SPRING Singapore

SPRING Singapore is the national agency entrusted with the responsibility of sustaining Singapore's productivity, growth and competitiveness. It assists SMEs to systematically achieve world-class standards of business excellence. Together with other agencies like EDB and IE Singapore, SPRING works to strengthen the business infrastructure, review rules and regulations to cut red tape, and facilitate better access for enterprises to financing and other resources such as land and labour. For more information visit www.spring.gov.sg

International Enterprise Singapore (IE Singapore)

Formerly known as the Singapore Trade Development Board (TDB), International Enterprise Singapore or IE Singapore for short – helps Singapore-based companies grow and internationalise. At the same time IE Singapore works to position Singapore as a base for foreign businesses to expand into the region in partnership with local companies.

IE Singapore focuses on:

- seeking greater international market access for Singapore's exports
- facilitating local companies efforts to internationalise
- enhancing efficiency in international trade operations and procedures
- attracting foreign investment and facilitating their participation with local companies.

For more information visit www.iesingapore.gov.sg

Workforce Development Agency (WDA)

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

Did you know?



Singapore is now home to high value-add financial activities such as treasury activities, commodities trading, and infrastructure trading and wealth management.

Factors that have contributed to Singapore's position as a regional financial hub are its transparent regulatory regime, low tax system, stable political environment, and availability of top-class finance professionals.

Finance

Summary

- a highly developed and well-regulated financial centre of international repute
- a major wealth management centre in Asia and is rated “AAA” by Fitch Ratings and Moody’s
- more than 700 local and foreign financial institutions offering a wide range of financial products and services.

Singapore’s financial sector has been built on the highest regulatory and prudential standards. It has a thriving financial centre of international repute, serving its domestic economy, the wider Asia Pacific region and the world. In 2011, the financial and insurance services accounted for about 11.9% of Singapore’ GDP.

Monetary Authority of Singapore (MAS)

The Monetary Authority of Singapore (MAS) is the central bank of Singapore. It supervises and regulates all elements of monetary, banking and financial aspects of Singapore. As banker and financial agent to the Government, MAS has been entrusted to promote monetary stability, credit and exchange policies conducive to the growth of the economy. Following its merger with the Board of Commissioners of Currency in October 2002, the MAS also assumed the role of currency issuance.

Credit Facilities

Banks, merchant banks and finance companies grant credit facilities and structure them in accordance with the requirements of each customer.

The facilities that banks grant range from overdrafts and short-term advances to medium and long-term loans. They also grant import and export financing facilities. Such facilities include letters of credit, discounting of bills of exchange, trust receipt financing and acceptance financing. Other facilities include financial guarantees, shipping guarantees, repurchase agreements and currency swaps. Some banks assist customers in raising funds directly from investors and other banks and underwriting any amounts that are not taken up by such investors and banks.

Subject to the limits imposed by the Banking Act, credit facilities may be granted on a secured basis with or without third party guarantees depending on the bank's assessment of each customer's credit worthiness. Security may take such forms as mortgage of properties and other assets, fixed and floating charges over assets and pledge of property title deeds, shares or other marketable collateral.

Merchant banks usually grant the same types of credit facilities as banks except that they do not grant overdraft facilities and some do not provide letters of credit and other trade financing facilities. Like banks, they are permitted to provide credit facilities in any currency on a secured or unsecured basis.

Interest Rates

There are no interest cartels in Singapore. All banks, merchant banks and finance companies are free to quote the interest they pay for deposits or charge for credit facilities.

Commercial Banks

In line with the Government's policy to develop Singapore as a major financial centre in Asia, foreign banks of international repute have been invited to establish branches here. Many of the world's well-known banks are thus represented in Singapore. In addition, local banks have many branches established throughout the island. There are presently four types of banking licences in Singapore.

Full Banking Licences are issued to local banks and a number of foreign banks. These banks offer a whole suite of banking services to their retail and corporate clients. Foreign banks holding this licence enjoy less flexibility than their local counterparts in their branch and automated teller machine (ATM) networks. There are 31 full-licensed banks, five of which are locally-incorporated.

Qualifying Full Banking Licences were first awarded in 20 October 1999. This licence is open only to non-Singaporean banks and allows those issued with the licence to have additional branches and/or off-premise ATMs as well as to share ATMs among themselves. There are 8 qualifying full banks as at 3 April 2012.

Wholesale Banking Licences first came into being on 1 January 2002. Wholesale banks can only accept Singapore dollar fixed deposits of more than S\$250,000. As at 3 April 2012, there are 52 wholesale banks.

Offshore Banking Licences came into effect in 1973 and operate mainly in the foreign exchange market and in wholesale banking with non-Singapore residents. There are 38 offshore banks in Singapore as at 3 April 2012.

Finance Companies

Finance companies are regulated under the Finance Companies Act, and operate under licences granted by the MAS. They may be classified into two groups; affiliated to commercial banks and independent institutions. They are allowed to accept time and savings deposits. They cannot provide current account facilities, or deal in foreign exchange or gold. The types of financing provided include housing loans, real estate construction loans, hire-purchase, block discounting, accounts receivable financing, factoring, commercial loans, shipping loans and leasing.

Merchant Banks

Merchant banking activities are provided by a number of organisations, most of which are subsidiaries of foreign banks or joint ventures of foreign and local banks. Merchant banks' activities include financial and advisory investment services, portfolio management, underwriting, investment banking and corporate financing. Funds provided to borrowers are either the merchant bank's own resources or sourced from the inter-bank market or from lenders for whom the merchant bank acts as the intermediary.

Capital markets

Singapore Exchange (SGX)

On 1 December 1999, the Singapore Exchange (SGX) was officially launched as the first demutualised, integrated securities and derivatives exchange in the Asia-Pacific. It was a result of a merger between the Stock Exchange of Singapore (SES), and the Singapore International Monetary Exchange (SIMEX) effected by the Exchanges (Demutualisation and Merger) Act. In November 2000, SGX became the first exchange in Asia-Pacific to be listed via a public offer and a private placement.

The operations of the SGX, via its subsidiary, Singapore Exchange Securities Trading Limited (SGX-ST), and its member companies are regulated by the Securities and Futures Act and is administered by MAS.

It is the intention of the Government and the role of the SGX to promote the listing of local and international companies, as well as to encourage organisations of foreign governments to raise funds through the floating of bonds. The Government appointed Securities Industry Council (SIC) functions as an advisory and consultative body to the Government and the SGX. SIC also administers and enforces a non-statutory code on take-overs and mergers.

A company seeking listing on the SGX requires approval from the MAS and SGX-ST.

Equity Market

SGX-ST provides an electronic platform for the trading of equities and also provides a market in a wide range of domestic and foreign securities which are traded on a scripless basis.

Listed companies are quoted on the SGX Main Board or Catalist (the transformed second board of SGX, previously known as SESDAQ). Catalist is the first sponsor-supervised listing platform in Asia for both local and international growth companies. Established in November 2007, Catalist has less stringent listing requirements.

Derivatives Market

The trading of derivative products is carried out on the SGX through its subsidiary, Singapore Exchange Derivatives Trading Limited (SGX-DT). SGX-DT is one of the world's leading derivatives exchanges, providing regional and international investors with an effective global risk-management and trading facility.

Venture Capital (VC)

One major category of private equity investment is venture capital (VC).

To encourage venture capital activity in Singapore, the Economic Development Board has established the "Venture Capital Fund Incentive" an incentive scheme that allows partial or full corporate tax exemption on income from divestment of share, foreign dividends and foreign interest income.

Imports

Summary

- Singapore is virtually a free port, very few imports are dutiable or under control
- Most goods can be imported or exported freely into and from Singapore with the required import/export permits obtainable from the Singapore Customs & Excise Department and International Enterprise Singapore.

Dutiable items

The broad categories of dutiable items are

- petroleum products
- tobacco and liquor products
- motor vehicles

Import restrictions

For health, safety or security reasons certain goods are subject to control and require approval or licence from IE Singapore or other relevant government agencies prior to importation or exportation. Examples are:

- telecommunications and audio communications and equipment
- animals, birds, plants
- meat products, fish and seafood products
- weapons and explosives, toy guns
- publications, audio and video tapes and games
- films
- medical products.

Certain products are prohibited. These products include chewing gum, chewing tobacco, controlled drugs, endangered wild-life species and related products, firecrackers, reproduction of copyright publications, toy coins and currency notes.

Business entities

Structure of business entities

The most common business structures in Singapore are:

- sole-proprietorship
- partnership
- company

Most foreigners find it easy to start a business in Singapore as we have a very pro-business environment. You just need to be aware of additional regulations and permits that apply to non-Singapore citizens. Tax implications vary according to the structure and professional advice is essential before commencing business.

Types of business organisations:

Sole-proprietorship

A sole-proprietorship is a business owned by one person or one locally incorporated company. It is the simplest and most flexible business structure. A sole-proprietor has unlimited liability.

Partnerships

Partnerships can be:

1 General Partnership

Like a sole-proprietor, the business of a partnership has to be registered under the Business Registration Act. A partnership may consist of individuals or companies, the minimum number of partners is two and the maximum is twenty. Once there are more than twenty partners, the business must be registered as a company under the Companies Act. As general partnership is not a separate legal entity, members of the partnership are jointly and severally liable for the debts of the partnership.

2 Limited Liability Partnership (LLP)

A LLP is a business structure that offers all its members limited liability while allowing them to retain the flexibility of operating the LLP as a traditional partnership. A partner of an LLP is not personally liable for the malpractice of other partners in the firm. The partner is however personally liable for his own negligence and personal misconduct. LLPs are commonly used by professional firms and start-ups.

3 Limited Partnership (LP)

A LP consists of one or more general partners and one or more limited partners. Limited partners of an LP enjoy limited liability but are unable to take part in the management of the firm.

The LLP structure would appeal to investors who wish to be “silent partners” in a business, and whose liability is limited to the extent of their investment in the LLP. LPs are increasingly used for private equity and fund investment businesses.

Company incorporation

Under the Companies Act, a business may be incorporated as one of the following:

1 Private Company limited by shares

Most companies in Singapore are private companies limited by shares and bear the suffix “Pte Ltd” or “Private Limited” to its name. A private company which wishes to maintain than 50 shareholders must be converted to a public company limited by shares.

2 Exempt Private Company (EPC)

An Exempt Private Company (EPC) is one with less than 20 individual shareholders and with no corporate shareholder. An EPC does not need its accounts to be audited if revenue is less than S\$5million for the financial year. However, professional firms filing on behalf of EPC may still require the hardcopy exempt certificates from directors as evidence of compliance and for record purposes.

3 Public Company limited by guarantee

A public company limited by guarantee is one which carries out non-profit making activities that have some basis of national or public interest, such as for promoting art, charity etc. There is no share capital.

4 Public Company limited by shares

A public company limited by shares is one where the number of shareholders can be more than 50. The company may raise capital by offering shares and debentures to the public. A public company must register a prospectus with the Monetary Authority of Singapore before making any public offer of shares and debentures.

Branch Office of Foreign Company

Foreign companies may conduct business in Singapore by establishing a branch office. Any foreign company wishing to register a branch has to engage a professional firm such as a corporate secretarial firm or a legal firm to assist in the application.

Representative Office

A foreign company may establish a representative office in Singapore to undertake promotional and liaison activities on behalf of its parent company. The office, however, directly or on behalf of its parent company, must not be engaged in business, conclude contracts, provide consultancy for a fee, undertake transshipment of goods, or open or negotiate any letter of credit.

Approval for the establishment of a representative office must be obtained from IE Singapore.

Operational Headquarters (HQ)

The Singapore Government encourages companies to use Singapore as a base to conduct headquarters management activities to oversee, manage and control their regional and global operations and business. The HQ can be in the form of Regional Headquarters, International Headquarters, Operational Headquarters, Business Headquarters or Manufacturing Headquarters.

Labour

Summary

- Singapore offers a globally top-ranked working populace recognised for its high level of productivity and efficiency
- Singapore is a meritocratic society, and implementing fair and merit-based employment practices is the right thing to do. The Tripartite Guidelines on Fair Employment practices will not only help prevent discrimination at the workplace but encourages employers to adopt progressive HR practices that will benefit both the employers and employees
- the tripartite alliance of the government, employer groups and the employee federation of trade unions (National Trades Union Congress) work to promote and advance the national interest, contributing to the virtual absence of industrial unrest
- Singapore's workforce is noted for its high literacy rate, competency levels and the ability to bridge Asian and western cultures arising from its multi-cultural, racial and religious society
- Singapore adopts an open policy in the employment of foreigners.

Non-residents must hold a valid work-pass before they can work in Singapore. Employers who hire foreigners without valid work passes can be prosecuted under the Employment of Foreign Manpower Act.

Below are some of the work pass categories available to professionals:

Employment Pass

The Employment Pass allows foreign professionals to work in Singapore. It applies to foreigners who earn a fixed monthly salary of between \$2,800 to \$3000.00 and have recognised qualifications. Employers must make applications for Employment Passes on behalf of a job candidate. Any change of employer will require a new application.

Personalised Employment Pass (PEP)

The Personalised Employment Pass (PEP) is for certain group of existing Employment Pass holders and overseas foreign professionals. Unlike an Employment Pass, which must be cancelled when the pass holder leaves the employer, the PEP is not tied to the employer and is granted on the strength of the applicant's merit. A PEP holder can remain in Singapore for up to six months between jobs to evaluate new employment opportunities. The PEP is issued only once and valid for 5 years and is not renewable.

EntrePass

Foreign entrepreneurs who would like to start businesses in Singapore should apply for the EntrePass. The business must be registered as a Private Limited Company with the Accounting and Corporate Regulatory Authority (ACRA) in Singapore.

Employment Pass Eligibility Certificate

The Employment Pass Eligibility Certificate (EPEC) allows foreigners to stay in Singapore for up to one year to facilitate their job search in Singapore. It is not a work pass and does not allow the holder to work.

S Pass : for mid-level skilled workers

The S Pass allows mid-level skilled foreigners who earn a fixed monthly salary of at least \$2,000 to work in Singapore. Employers must make S Pass applications on behalf of a job candidate.

S Pass applications are assessed on multiple criteria including salary, education qualification, skills, job type and work experience.

Work Permit (WP) : for skilled & semi-skilled workers

A Work Permit (WP) is generally issued to foreign workers from an approved source ie country/territory (depending on the industry sector in which the foreign worker will be employed in) with a monthly basic salary of not more than \$1,800.

The duration of a Work Permit is generally two years, subject to the validity of the worker's passport, the Banker's/Insurance Guarantee, and the worker's employment period, whichever is shorter. The worker is only allowed to work for the employer and in the specified occupation.

Specific variants of Work Permits allow foreigners to work as **domestic helpers, confinement nannies** and **performing artistes**.

Dependent's Pass : for foreigners' dependants

Employment Pass holders and selected S Pass holders can apply for Dependant's Passes for their spouse or unmarried/legally adopted children under 21 years of age.

Long Term Visit Pass

Employment Pass holders (P1, P2) can apply for Long Term Visit Passes for their common-law spouse, unmarried daughters above 21 years of age, parents, parents-in-law, step-children under 21 years of age or handicapped children above 21 years of age.

Short-term passes

Miscellaneous Work Pass

The Miscellaneous Work Pass is for foreigners working in Singapore on short-term assignments that fall into certain specific activity categories.

Work Permit for Performing Artistes

This work pass is for foreign artistes performing at any Public Entertainment Licenced bar, discotheque, lounge, night club, pub, hotel, private club or restaurant for a maximum of six months.

For students & foreigners undergoing training

Foreign students in Singapore are not allowed to work during term time or vacation time unless they are granted Work Pass exemption. The Training Work Permit, the Training Employment Pass or the Work Holiday Programme must be applied for foreign students who wish to take up any work.

Work Holiday Programme

The Work Holiday Programme (WHP) allows foreign university students and recent graduates, between 17 to 30 years old, from approved countries to come to Singapore to live and work for up to six months.

Training Employment Pass

Foreigners undergoing practical training attachments for professional, managerial, executive or specialist jobs in Singapore should apply for a Training Employment Pass.

Training Work Permit

The Training Work Permit allows unskilled or semi-skilled foreign trainees undergoing practical training in Singapore to work for up to six months.

For further information and also categories for non-professionals, please visit www.mom.gov.sg

Wages

Singapore has no statutory minimum wage. The National Wages Council (NWC) in consultation with the representatives of employer organisations, (mainly, the Singapore National Employers' Federation and the Chambers of Commerce and Industry); the National Trades Union Congress and the government recommends national guidelines for annual wage adjustments.

Social security

Working Singaporeans and Singapore permanent residents and their employers contribute to the Central Provident Fund (CPF). Over the last 55 years, the CPF system has evolved from a simple compulsory savings plan into a complex social savings scheme that provides for retirement, healthcare and housing needs of both Singaporeans and permanent residents.

Unions

The most prominent feature of Singapore's industrial relations is the absence of labour unrest. Employee groups may be represented by trade unions but membership is not compulsory. The federation of employee trade unions, National Trades Union Congress works closely with the government and business sectors to look after workers' interests.



Financial reporting and audit

Financial Reporting Requirements

The annual financial statements of both private and public companies, including branches of foreign companies, are required to be audited by independent certified public accountants. Exemptions are available under the Companies Act for the financial statements of dormant private companies and exempt private companies with annual revenue of S\$5m or less from audits. Sole proprietorships, partnerships and representative offices are not required to prepare audited accounts.

Reporting Standards

Financial statements are to be prepared in accordance with a comprehensive framework referred to as the “Singapore Financial Reporting Standards” (SFRS), unless approval is sought from the companies regulator, The Accounting and Corporate Regulatory Authority (ACRA).

The Accounting Standards Council (ASC) is empowered under the Accounting Standards Act to prescribe accounting standards for use by companies, co-operatives societies and societies in Singapore.

The SFRS are based largely on the International Financial Reporting Standards (IFRS). While the ASC will track closely the introduction of new 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 IFRS would apply. While SFRS are virtually compliant with IFRS, Singapore signed an MOU with the International Accounting Standards Board to be fully compliant by 2012.

The Chairman and members of the ASC are appointed by the Minister of Finance. Council members comprise representatives from the stakeholder groups such as the accounting profession, the users and preparers of financial information, academia and the Government.

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

The ASC has adopted the IFRS for SMEs as the SFRS for Small Entities without modification, except for the adoption of qualifying criteria. The SFRS for Small Entities would be available for eligible entities to apply for financial periods beginning on or after 1 Jan 2011.

Tax

As taxation legislation can be complex investors are advised to seek professional advice before undertaking business transactions in Singapore.

Introduction

In Singapore, taxes are levied on income of companies, individuals and property. In addition, taxes are levied on use of property and consumption which are known as property tax and goods and services tax respectively. However, there is no capital gains tax.

Basis of assessment

The tax year, known as the year of assessment (YA) is from 1 January to 31 December. Tax is assessed on a preceding year basis (i.e. on income earned in the preceding calendar or financial year).

Taxation of Companies

Singapore's taxation system is territorial. Companies in Singapore are subject to tax on income accruing in or derived from Singapore and foreign income received in Singapore from outside Singapore.

Foreign sourced dividends, foreign branch profits and foreign-sourced service income received in Singapore by a Singapore resident company is exempt from income tax if the following conditions are met:

- the income is subject to some form of income tax in the foreign country
- the income is remitted from a country with a headline tax rate of not less than 15%; and
- the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the Singapore resident company.

Under the group relief system, group companies are allowed to transfer current year's tax losses and current year's unutilised capital allowances (but cannot transfer investment allowances and foreign losses) to another company in the same group. A group consists of a Singapore incorporated parent company and all its Singapore incorporated subsidiaries. Two Singapore incorporated companies could be members of the same group if one is 75% owned by the other or both are 75% owned by another Singapore incorporated company. The group companies must have the same accounting period to qualify for the relief.

All businesses will be allowed a one year carry-back of current year unutilised capital allowances and trade losses (qualifying deductions) up to a cap of S\$100,000 subject to meeting the requisite conditions.

Singapore has a one-tier corporate tax system. Under the one-tier system, corporate profits will be taxed at the corporate level and the corporate tax paid is a final tax. Singapore dividends distributed from the corporate profits are tax exempt.

Singapore has an extensive range of tax incentives for companies. There are two main categories of tax incentives:

- those administered by the various statutory authorities (such as Economic Development Board, International Enterprise Singapore, The Maritime and Port Authority of Singapore) under the authority of the Economic Expansion Incentives (Relief from Income Tax) Act, and
- those granted under the Singapore Income Tax Act itself.

Corporate income tax rates

The corporate tax rate from the YA 2011 is 17%.

Companies (resident and non-resident) are subject to the corporate tax rate after partial tax exemption of up to \$152,500 on their normal chargeable income up to \$300,000 as follows:

- i Up to the first \$10,000 of such income, 75% of the income or an amount to \$7,500 will be exempt from tax
- ii Up to the next \$290,000 of such income, 50% of the income or an amount up to \$145,000 will be exempt from tax

The exemption scheme does not apply to:

- income that is subject to tax at concessionary tax rates; and
- income earned by a non-resident company that is subject to a final withholding tax.

To encourage entrepreneurs to start up new companies to pursue their business ideas, qualifying new start-up companies are granted tax exemption of up to \$200,000 on the first \$300,000 of their normal chargeable income for each of their first three consecutive YAs as follows:

- 100% tax exemption for the first \$100,000 chargeable income
- 50% tax exemption for the next \$200,000 chargeable income.

The conditions to qualify for the start-up exemption are that the company must be a Singapore incorporated resident company with no more than 20 shareholders and of which at least one is an individual shareholder beneficially and directly holding at least 10% of the total number of issued ordinary shares.

Taxation of Individuals

Individuals (residents and non-resident), whether citizens or non-citizens, are liable to income tax in respect of income accruing in, or derived from Singapore. Foreign sourced income received by an individual in Singapore from outside the country is exempt from tax.

Taxable income would include:

- profits from trade, business or profession
- earnings from employment in Singapore
- dividends, interests or discounts
- pension, charge or annuity
- rents, royalties, premiums and other profits arising from property
- any gains or profits of an income nature not covered by the above paragraphs

Residence

An individual would be treated as a resident for Singapore tax purposes if he normally resides in Singapore except for temporary absences or if he is physically present or exercises an employment in Singapore for 183 days or more in a calendar year.

Non-resident individuals (Employees only)

- income from an employment exercised for a period or periods which together do not exceed 60 days in a calendar year is exempt from tax. This does not apply to professional entertainers, individuals exercising a profession and non-resident directors of Singapore resident companies
- income from an employment exercised for more than 60 days but less than 183 days is taxed at 15% on the full amount of emoluments provided the tax payable is not less than that which would be payable by a resident in the same circumstances.
- non-resident directors of Singapore resident companies who are here for less than an aggregate period of 183 days in a calendar year are assessable to tax at a flat rate of 20% on any remuneration received
- interest income from deposits in approved banks in Singapore is not taxable. Income received in Singapore from outside Singapore is tax exempt.

Concessionary tax treatment as a resident is available to a non-resident employee where the period of less than 183 days in a year forms part of a continuous employment period of at least 183 days which straddles over 2 calendar years.

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

Area Representatives

An "Area Representative" is usually an employee of a foreign enterprise attached to a representative office in Singapore. Such an employee is normally required to perform his duties on a regional basis. The tax liability of such an employee is, generally, computed on the basis of time spent in Singapore.

Not Ordinarily Resident Taxpayer (NOR) Scheme

This scheme is available to individuals who are not ordinarily resident in Singapore and who has a Singapore employment income threshold of at least \$160,000. To qualify for the NOR scheme, the individual must be a tax resident for that YA and a non-resident for the three consecutive years of assessments immediately before that. Subject to meeting the requisite conditions, a resident individual may enjoy the following tax concessions under the Not Ordinarily Resident (NOR) Scheme:

- i if he spends at least 90 days outside of Singapore for business reasons pursuant to his Singapore employment, he needs to pay tax only on the portion of his employment income apportioned based on the number of days spent in Singapore and/or
- ii exemption from tax on the employer's contributions to non-mandatory overseas social security schemes or pension funds (subject to capping rules) for non-Singapore citizens and non-Singapore permanent residents. A tax deduction on such contributions must not have been claimed by and allowed to the employer to qualify for this concession under the new NOR scheme.

Income tax rates applicable to resident individuals

Chargeable income	YA 2011*onwards	YA 2012 onwards
On the first \$20,000	0%	0%
On the next \$10,000	3.5 %	2%
On the next \$10,000	5.5 %	3.5%
On the next \$40,000	8.5 %	7%
On the next \$40,000	14 %	11.5%
On the next \$40,000	14%	15%
On the next \$40,000	17 %	17%
On the next \$120,000	17%	18%
Above \$320,000	20 %	20%

* For YA 2011, a one-off income tax rebate of 20%, capped at \$2,000 will be given to resident taxpayers.

Income tax rates applicable to non-resident individuals

Taxpayer	Tax Rate
Non-resident employee (excluding non executive directors)	15% or resident rates, whichever is higher
Non-resident partner, non executive director, sole proprietor, professional	20%
Non-resident public entertainer / athlete	**15% /10%

** 10% if income is received by non-resident during period from 22 Feb 2010 to 31 March 2015.

Personal reliefs for resident individuals

Main allowances for individuals are:	YA 2012	YA 2013
	S\$	S\$
Earned income - Below 55 years old	1,000	1,000
- 55 to 59 years old	3,000	6,000
- 60 years old and above	4,000	8,000
Spouse	2,000	2,000
Child (each)	4,000	4,000
Parent, grandparent or great grandparent each up to 2 persons (Living in / not living in same household)	7,000 / 4,500	7,000 / 4,000
Handicapped sibling relief	3,500	3,500
Course fees	*5,500	*5,500

Property Tax

Property tax is levied on immovable property. The annual tax payable is computed as a percentage applied to the annual value which is the gross amount for which the property is expected to be let from year to year. The property tax rate on industrial, commercial and let out residential properties is 10% of the annual value, which is the expected gross annual rent. Properties occupied by individual owners enjoy a concessionary tax rate of 4%. With effect from 1 January 2011, owner occupied residential properties are subject to the following rates:

	Annual value	Tax rate
First	\$6,000	0%
Next	\$59,000	4%
Above	\$65,000	6%

Goods and service tax

The Goods and Service Tax (GST) is a tax on domestic consumption. The standard rate of tax is 7%. Business with annual taxable supplies of over S\$1 million must register for GST. The sale and lease of residential properties and financial services are exempted from GST.

Withholding tax

Payments of the following nature are subject to withholding tax:

- interest, commission or fee in connection with any loan or indebtedness
- royalty or other payments in one lump sum or otherwise for the use of, or the right to use, any movable property
- fee for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information
- fee for the management or assistance in the management of any trade, business or profession
- rent or the payment for the use of any movable property
- remuneration paid to a non-resident director
- fee paid to a non-resident professional (other than employee) for services rendered in Singapore
- proceeds from the sale of real property by a non-resident property trader
- fee paid to a non-resident public entertainer or athlete.

The rates of withholding tax are set out below. Subject to certain exceptions, withholding tax has to be accounted to the Comptroller of Income Tax by the 15th of the month following the date of payment of the income to the non-resident. For payments made on or after 1 July 2012, the due date of accounting for the withholding tax is the 15th of the second month following the date of the payment to the non-resident.

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

- shrink-wrap software
- downloadable software for end user
- site license

- software bundled with computer hardware

Withholding tax rates

Payment to non-resident	Rates
Director's remuneration	20%
Management fee for services performed in Singapore	17%
Technical fee for services performed in Singapore	17%
Professional fee (of non-resident individual or foreign firm)	15% on gross or election for 20% on net
Public entertainer's fee	15% /10%*
Interest	15%
Rental or other payments for movable property	15%
Royalties	10%
Charter fees	2% **
Real estate investment trust (REIT) distribution of taxable income to non-individuals	10%

* 10% applies for payment made during period from 22 Feb 2010 to 31 March 2015.

** Nil withholding tax rate for payments made on or after 17 February 2012.

The above rates of withholding tax on interests, royalties and rents for any movable property are final taxes which are applicable if such incomes are not derived by the non-residents through their business operations carried out in Singapore. For operations carried out in Singapore, the normal prevailing corporate tax rate of 17% will apply to non-resident persons other than individuals and 20% will apply to non-resident individuals. The above withholding tax rates may be reduced under tax incentives or the relevant double taxation agreements with Singapore.

Gift tax

There is no gift tax in Singapore.

Estate tax

Estate duty has been abolished for deaths occurring on and after 15 February 2008.

Stamp duty

Stamp duty is payable on all instruments relating to the conveyance, assignment or transfer of stocks and shares in Singapore companies and immovable properties in Singapore. Transfer of shares under the scripless trading system on the Singapore Stock Exchange is not subject to stamp duty.

Stamp duty rates:	
Transfer of shares	0.2%
Transfer of real property	
on 1 st \$180,000	1%
on next \$180,000	2%
over \$360,000	3%

Singapore tax treaties in effect



Comprehensive double taxation agreements for the avoidance of double taxation have been concluded with the following countries:

Albania	Italy	Romania
Australia	Japan	Russian Federation
Austria	Kazakhstan	Saudi Arabia
Bahrain	Kuwait	Slovak Republic
Bangladesh	Latvia	Slovenia
Belgium	Libya	Spain
Brunei	Lithuania	Sri Lanka
Bulgaria	Luxembourg	South Africa
Canada	Malaysia	South Korea
China (People's Republic)	Malta	Sweden
Cyprus	Mauritius	Switzerland
Czech Republic	Mexico	Taiwan
Denmark	Mongolia	Thailand
Egypt	Myanmar	Turkey
Estonia	Netherlands	Ukraine
Finland	New Zealand	United Kingdom
Fiji	Norway	Uzbekistan
France	Oman	United Arab Emirates
Germany	Pakistan	Vietnam
Georgia	Portugal	
Hungary	Panama	
India	Papua New Guinea	
Indonesia	Philippines	
Ireland	Poland	
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