

Singapore - Business and Investment

LATEST INFORMATION

This country survey is based on information available up to 1 February 2008.

See [Tax News Service](#) for any later developments.

Author

This chapter is updated by Mei-June Soo,
IBFD Asia-Pacific.

GENERAL INFORMATION

Area

Total: 692.7 sq. km

Land: 682.7 sq. km

Population

4,553,009 (July 2007 est.)

Political structure

Parliamentary republic

Main resources

Fish, deep-water ports

Infrastructure

Excellent

Climate

Equatorial, two distinct monsoon seasons

Currency

SGD 1 = 100 cents

See Overview of Asia and the Pacific for exchange rates

Language

National: Malay

Official: Malay, English, Chinese, Tamil

Religion

Buddhist, Islam, Christian, Hindu, Confucian

Weights and measures

Metric system, but imperial and local systems are also in use

Calendar

Gregorian

Public holidays

1 January, Chinese New Year, Good Friday, 1 May, Vesak Day, Hari Raya Puasa, 9 August, Hari Raya Haji, Deepavali, 25 December

Time

From:

London (GMT)	+ 8
New York (EST)	+ 13
Hong Kong	0
Kuala Lumpur	0
Tokyo	- 1

Addresses

Ministry of Finance
100 High Street
#10-01 The Treasury
Singapore 179434
Tel.: 1800-226 0806
Fax: 65-6332-7435
E-mail: MOF_QSM@mof.gov.sg

Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987
E-mail: iras@iras.gov.sg

Economic Development Board
250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101
Tel.: 65-6832 6832
Fax: 65-6832 6565

Monetary Authority of Singapore
10 Shenton Way MAS Building
Singapore 079117
Tel.: 65-6225 5577
Fax: 65-6229 9491

Central Provident Fund Board
CPF Building
79 Robinson Road
Singapore 068897
Tel.: 65-6227 1188
Fax: 65-6225 8732
E-mail: cpfboard@cpf.gov.sg

1. INTRODUCTION

1.1. Business and investment environment

Foreign investment is actively encouraged, and the government does not object to the acquisition by foreign investors of an interest in Singapore enterprises. However, as a financial centre, Singapore is keen to uphold high standards of conduct on the part of companies operating there. Furthermore, the government is especially concerned to ensure that the rights of minority shareholders are adequately protected.

Singapore is a member of the WTO (World Trade Organization), the Commonwealth, ASEAN (Association of Southeast Asian Nations) and APEC (Asia-Pacific Economic Cooperation).

1.2. Regulatory framework

The legal system in Singapore is based on English common law.

Generally, the organization of corporate business entities in Singapore is regulated by the Business Registration Act and the Companies Act. Both Acts are administered by the Ministry of Finance through the Accounting and Corporate Regulatory Authority (ACRA). Banks, finance companies, insurance companies and stock-broking companies are regulated by the Monetary Authority of Singapore (MAS).

2. FORMS OF BUSINESS

Forms of business organization in Singapore include:

- limited liability company;
- partnership;
- sole proprietorship; and
- joint venture.

See [Corporate Taxation, 9.1.](#) for fees payable on setting up a business.

2.1. Limited liability company

Companies are incorporated under the Companies Act, as amended, and regulated by the Companies Regulations, as amended. Depending on the nature of the liability of their members, companies can be divided into companies limited by shares, companies limited by guarantee and unlimited companies.

The liability of the shareholders in a company limited by shares is limited to the extent of the nominal value of their shares. Companies limited by shares may be classified as follows:

- private company (Private Limited/Pte. Ltd.), i.e. a company which is restricted in the right to transfer its shares, has 50 members or less, and is prohibited from issuing any invitation to the public to subscribe to its shares or debentures, or to deposit money with the company;
- exempt private company, i.e. a private company with 20 members or less, and no beneficial interest in its shares is held directly or indirectly by a company; and
- public company (Limited/Ltd.), i.e. a company to which the restrictions applicable to private companies do not apply.

Subject to all relevant information being available, a company can be incorporated immediately upon submission via electronic filing with ACRA.

A company must have at least one member. There is no minimum capital requirement for a private company, although a minimum of two shares must be subscribed. For a public company, at least 5% of the nominal amount of the shares on every public offer must be paid-up.

With effect from 1 April 2004, a company may have only one director who must be "ordinarily resident in Singapore" i.e. a Singapore citizen, a Singapore Permanent Resident, or a person who has been issued an Employment Pass/Approval-In-Principle letter or a Dependant Pass.

2.2. Partnership

The Partnership Act 1890 of the United Kingdom applies. Secs. 4(1)(a) and 5 of the Singapore Civil Law Act, as amended, provide for the application of the entire UK Act.

A partnership is not regarded as a separate legal entity, and the liability of each partner is unlimited. There are no capital requirements. The minimum number of partners is 2 and the maximum is 20.

Partnerships must be registered with the Registrar of Business (ROB) under the provisions of the Business Registration Act. Societies duly registered under the Co-operative Societies Act, or registered or exempted under the Societies Act, need not be registered. Professional partnerships need not be registered if the professional partners are registered otherwise than under the Business Registration Act.

The Limited Liability Partnership Act came into effect on 11 April 2005. A limited liability partnership (LLP) is regarded as a "body corporate" and has a legal personality separate from its partners (however, for tax purposes an LLP is treated as a transparent partnership). There are no capital requirements. The minimum number of partners is 2 with no maximum limit.

An LLP gives its owners the flexibility of operating as a partner while giving them limited liability, combining the benefits of a partnership with those of private limited companies. However, this comes with safeguards in law to minimize abuse and provide protection to parties who deal with LLPs.

2.3. Sole proprietorship

A sole proprietorship carrying on a business must be registered under the Business Registration Act. Professional businesses need not be registered if the name of the professional is otherwise registered (e.g. under the Legal Profession Act, Accountants Act or Architects Act).

2.4. Joint venture

Two types of joint ventures are commonly found in Singapore:

- contractual joint ventures, which are treated as partnerships for tax purposes; and
- equity joint ventures, which are incorporated and taxed as businesses.

3. FOREIGN INVESTMENT

3.1. Regulation of foreign investment

There are no special laws governing foreign investment.

The following government bodies are concerned with the administration of investment matters generally:

- the Economic Development Board (EDB), which is responsible for the planning and promotion of industrial development in the manufacturing and service sectors, and the development and nurturing of small and medium-sized enterprises in Singapore. The EDB provides a number of services to industrial investors, including the evaluation of applications for tax and other incentives, assistance in seeking industrial land or suitable operational facilities and services for a quick start-up in Singapore, assistance in obtaining long-term project financing, locating suppliers, subcontractors and joint venture partners, and providing skilled personnel;
- International Enterprise Singapore (IE Singapore), which is responsible for developing Singapore's international trade, and promoting Singapore as a centre of international trading activities and as a base for foreign business to expand into the region;
- the Standards, Productivity and Innovation Board (SPRING Singapore), which focuses on three main areas, i.e. productivity and innovation, standards and methodology, and small and medium-sized enterprises and domestic sectors; and
- the Export Credit Insurance Corporation of Singapore (ECICS), which is responsible for the promotion of Singapore's exports. The ECICS provides credit insurance protection to exporters in Singapore, guarantees to banks, either directly or by the assignment of claims, and bond issues support facilities to contractors and engineers.

3.2. Forms of business for foreign investment

Foreign investors may use any of the business forms listed in 2 to carry on a business in Singapore. A foreign company may also operate through a branch.

A representative office of a foreign company must be registered with IE Singapore. The representative office cannot carry on business activities in Singapore, and may only engage in promotional and liaison activities.

3.3. Repatriation of income and capital

There are no restrictions on inward or outward remittances, whether income or capital.

4. INVESTMENT RESTRICTIONS

4.1. Restrictions on foreign investment

All industries are open to foreign investment in Singapore's free enterprise economy, with an emphasis on industries with worldwide markets and scope for progressive growth in technology.

Public utilities and telecommunications services are reserved for the government, although the trend is towards privatization.

There are restrictions to regulate the acquisition of shares in Singapore-incorporated banks by foreigners. The acquisition of residential property by foreigners is prohibited (see 7.3).

4.2. Local participation requirements

In general, there are no local participation requirements. Wholly owned foreign subsidiaries may be formed, but joint ventures with local capital are encouraged.

For investment in retail and marine services, the Department of Trade usually insists on majority local participation unless sufficient reasons are given for the non-fulfilment of this requirement.

5. INVESTMENT INCENTIVES

The government offers various forms of assistance to companies operating in Singapore. The assistance is provided in the form of funding assistance and grants through its agencies, including:

- EDB, which provides assistance, funding and grants to companies through various schemes/programmes;
- IE Singapore, which provides financial assistance to Singapore companies entering the export market through the Market and Investment Development Assistance Scheme (MIDAS);
- SPRING Singapore, which offers various financial assistance schemes;
- the Design Centre, a division of the Trade Development Board, which administers the Design Ventures Programme to help Singaporean manufacturers in their design ventures;
- the Skills Development Fund, which operates under the Singapore Workforce Development Agency to provide incentive grants to defray the costs of training employees and retraining retrenched or redundant workers;
- the Agency for Science, Technology and Research (A*STAR), which provides grant-fundings for research and development programmes through The Biomedical Research Council (BRC) and the Science and Engineering Research Council (SERC), to encourage research and development for the advancement of specific objectives, emphasizing technical innovation and training of research staff; and
- MAS, which administers the Export Bills Re-discounting Scheme (EBRS) to provide easy access to short-term financing for exporters of eligible locally-manufactured export products, at favourable interest rates through the exporter's bank.

See Corporate Taxation, 1.7. for tax incentives.

6. INVESTMENT GUARANTEE AND PROTECTION

6.1. General

There is no law guaranteeing against the expropriation of property by the government. Nevertheless, there are no nationalized industries in Singapore.

6.2. Investment protection agreements

Singapore has concluded investment guarantee agreements with Bahrain, Bangladesh, Belarus, Belgium and Luxembourg, Bulgaria, Cambodia, Canada, China, the Czech Republic, Egypt, France, Germany, Hungary, Indonesia, Jordan, Laos, Latvia, Mauritius, Mongolia, the Netherlands, Pakistan, Peru, Poland, the Riau Archipelago, Saudi Arabia, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Ukraine, the United Kingdom, the United States, Uzbekistan, Vietnam and Zimbabwe.

A multilateral investment protection agreement exists among the ASEAN members.

7. OTHER BUSINESS AND INVESTMENT CONSIDERATIONS

7.1. Commercial registration and licensing requirements

There is no special approval procedure for investment. However, approval is required in the following cases:

- banks and financial institutions, which are regulated by the Banking Act and the Finance Companies Act;
- insurance companies, which require a special licence from the Minister of Finance;
- retail trade and shipping activities;
- newspapers which require a special licence from the Minister of Culture; and
- the manufacture of goods listed in the Control of Manufacture Act, which require a special licence from the Registrar of Manufacturers.

Factories must be registered under the Factories Act.

Every local company with a paid-up share capital of SGD 0.5 million or above, and every foreign company with an authorized share capital of SGD 0.5 million or above, which is registered with ACRA is required to become a statutory member of the Singapore Business Federation (SBF). The SBF acts as an intermediary between the government and businesses in Singapore to promote a conducive business environment.

7.2. Exchange control

No foreign exchange controls are currently enforced.

Since 1 June 1978, the operation of the Exchange Control Act has been suspended as a result of a circular

issued by the MAS dated 25 May 1978. This circular exempts all persons from the provisions and obligations imposed by the Act, and abolished requirements for approval and any limits or restrictions in respect of all forms of payments or capital transfers.

However, banks have been requested to observe the official policy to discourage the internationalization of Singapore's currency when they consider granting credit facilities to non-residents. Banks are also required to obtain MAS's approval for granting Singapore currency credit facilities exceeding SGD 5 million to non-residents, or to residents where the funds are to be used outside Singapore.

7.3. Foreign ownership of land and property

No restriction is imposed on the foreign acquisition of:

- land in zones demarcated for industrial and commercial use; or
- residential flats or apartments in buildings of not less than six floors.

However, the Residential Property Act prohibits the acquisition or holding of other residential properties by foreign individuals and companies. Such properties can only be acquired and held by Singapore companies and citizens without restriction. A "Singapore company" is a company in which all the shareholders and directors are Singapore citizens.

Acquisition of residential properties by non-citizens and non-Singapore companies requires approval from the Land Dealings (Approval) Unit.

7.4. Intellectual property protection

Singapore is a member of the World Intellectual Property Organization (WIPO). Although Singapore is not a member of any convention relating to intellectual property, it is indirectly affected by the various treaties to which the United Kingdom is a signatory due to its reliance on UK legislation for the protection of certain intellectual property (i.e. patents and registered designs).

Singapore is a signatory to the WTO's Agreement on Trade Related Aspects of Intellectual Property (TRIPs) in 1994, following the Uruguay round GATT agreement.

A foreign owner of intellectual property does not have special rights or a priority to registration in Singapore (except for the registration of trademarks). However, once he registers in Singapore, he will generally obtain the same rights to protection as local owners enjoy.

There is no patent processing system in Singapore. An applicant has to first register a patent in the UK under the UK Patents Act 1977 (UKPA), and then apply to register the patent in Singapore under the Patents Act 1994 for protection in Singapore. The effect of registration in Singapore is that privileges and rights are conferred on the applicant similar in all respects to those of a patentee in the UK under the UKPA.

Similarly, there is no system for the registration of an industrial design. The UK Designs (Protection) Act (Cap. 339) is the law which confers monopoly over designs. It provides that once a design is registered in the UK under the Registered Designs Act 1949, it will receive the same privileges and protection in Singapore. The design protection regime under the UK Designs (Protection) Act complements the copyright protection under the Copyright Act.

Trademarks and service marks are regulated by the Trade Marks Act.

Trade secrets and know how are not afforded statutory protection although the common law of confidence applies. Furthermore, Singapore is obligated under the TRIPS Agreement to provide protection to undisclosed secret information, misappropriation of information and unfair commercial use of information provided to member governments.

Generally, there are no regulatory controls on the import and export of intellectual property. Specifically, no approvals are required for sale arrangements, and licence agreements or assignments, involving intellectual property, even where foreign parties are involved.

7.5. Employment of foreign personnel

The employment of foreign workers is regulated by the Employment of Foreign Workers Act and the Immigration regulations. Workers who are not Singapore citizens or permanent residents must have valid work passes in order to take up employment or do business in Singapore.

There are no restrictions on the number of expatriate employees.

8. ECONOMIC AND TRADE AGREEMENTS

Singapore has concluded agreements with the following countries:

- free trade agreements with Australia, Jordan, Korea (ROK), Panama and the United States;
- a free trade agreement with the European Free Trade Association (EFTA, comprising of Switzerland, Iceland, Liechtenstein and Norway);
- a Comprehensive Economic Cooperation Agreement with India;
- the Economic Agreement for a New Age Partnership with Japan;
- the Closer Economic Partnership with New Zealand; and
- the Trans-Pacific Strategic Economic Partnership Agreement with Brunei, Chile and New Zealand.

Singapore is a member of the ASEAN Free Trade Area (AFTA), which was initiated in 1992. AFTA seeks to eliminate tariff barriers among the ASEAN countries, and the key to this is the Common Effective Preferential Tariff (CEPT) Scheme, under which tariffs are gradually reduced to 0-5% by 2010 or 2015.

Singapore is also a signatory to the ASEAN Framework Agreement on Services (AFAS), which is aimed at strengthening the cooperation among service suppliers in the ASEAN region, the reduction of restrictions to trade in services and to progressively liberalize trade in services among ASEAN countries. In addition, Singapore is also a party to the Framework Agreement on the ASEAN Investment Area (AIA), which is aimed at establishing the ASEAN region as a competitive investment area by 1 January 2010, and a liberal and transparent investment environment and free flow of investments in the region by 2020.

As a member of ASEAN, Singapore is a party to the following:

- the ASEAN-China Free Trade Agreement; and
- the ASEAN-Korea Framework Agreement on Comprehensive Economic Cooperation.