

**DOING
BUSINESS
IN**

Singapore



HLB Singapore

*doing business in
Singapore*

foreword

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about HLB International

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general information

History

Singapore was founded in 1819 by Sir Stamford Raffles, a name still honoured in the Republic. The island came under the complete control of the British East India Company in 1823. Within a relatively short period, Singapore became commercially linked to Java, Sumatra, the Malay Peninsula, the Philippines, Celebes, Bali and other neighbouring islands. Its trade then was essentially entrepot, serving as the centre for the exchange of the products of Europe, India and China for the products of the Malay Archipelago and the other countries of South-East Asia.

In 1867, authority on the island was transferred to the British Colonial Officer who, besides developing the port, also used it as a naval base. During the Second World War, Singapore fell to the Japanese, who held it from 1942 to 1945. The British regained control of the island after the war. Singapore was granted self government in 1959. In 1963, Singapore merged with the Federation of Malaya, Sabah and Sarawak to form Malaysia but separated from Malaysia in 1965 and became a Republic.

Population

The population is multi-racial. Currently, there are three major ethnic groups - Chinese, Malays and Indians. Total population in 2004 was 4.2 million.

Singapore's literacy rate, estimated at 92.2%, is among the highest in Asia and is attributable to the Government's policy of free primary and secondary education. The Government recognises four official languages, namely, English, Malay, Mandarin and Tamil. The majority of the younger Singaporeans are bilingual. Malay is the national language but English is spoken by well over half the total population and is the language of commerce and also the language used in Government administration and official Government publications.

Geography and Climate

The Republic of Singapore is made up of the main Singapore island and some 54 islets. The focus of living and activity is on Singapore island itself which has a total land area of approximately 626 square kilometres with a coastline of around 136 kilometres. The island measures about 42 kilometres from east to west and about 23 kilometres from north to south. Singapore is strategically located at the southernmost tip of the Asian continent. The main island is linked to Peninsula Malaya in the north by a 1,058 metre causeway. Singapore is in the heart of South East Asia and at the crossroads of the main international trade routes.

Singapore is approximately 137 kilometres north of the equator. Its climate is characterised by uniformly high temperature and humidity. The temperature usually ranges between 24 degrees C and 31 degrees C throughout the year. The cooler months are November, December and January as they are the wettest months of the year. Rain falls the whole year round.

GATEWAY TO CHINA AND INDIA

China is still one of the world's fastest growing economies of today. Some analysts have estimated that by early next century, it will be the largest economy in the world. The rapid growth and industrialisation in the south of China, and along the eastern and northern coastline is spreading out into the hinterland. The move towards an open market economy by China will require modern technology and equipment, up-to-date management and financial systems, and consumer goods. These can only be met from overseas at the present stage of China's development. Singapore with its excellent infrastructure and services will be able to assist China in moving towards the open market economy.

In 2004, Singapore was the seventh biggest investor in China in terms of contractual foreign investments and number of projects.

Singapore has negotiated a Closer Economic Cooperation Agreement (CECA) with India, another fast-growing economy in Asia. This comprehensive free trade agreement is the first signed by India with any country.

Regional Base

Singapore is often used as the regional base for the Asian and international operations of overseas companies. Singapore is consistently ranked as one of the best places in the world for doing business. As well as other factors cited, such as infrastructure and telecommunications facilities, office rents and investment costs, investors find Singapore attractive because of the tax breaks they get for setting up regional headquarters here.

International Organisations

Singapore is a member of various international organisations such as :-

- Asia-Pacific Economic Cooperation (APEC) - APEC was established to facilitate better trade and economic cooperation among Asia-Pacific economies. Since its formation in 1989, APEC's membership has expanded to 21 economies.
- Association of Southeast Asian Nations (ASEAN) – As a founding member of ASEAN, Singapore fully supports the regional organisation and is committed to its activities. With its expansion to 10 members, ASEAN has made regional integration a key priority.
- World Trade Organisation (WTO) – As a small trading nation, Singapore strongly supports an open, rules-based multilateral trading system under the WTO.

Government

The Republic of Singapore adopts the basic constitutional pattern of Parliamentary Government. Voting is compulsory for those aged 21 years and over, and is based upon one-man one-vote. There are about 94 members of Parliament. In 1993, Singapore had its first elected President, the President previously being elected by Parliament. The executive functions of the Government are administered by a Cabinet comprising the Prime Minister and ministers appointed by the President on the recommendation of the Prime Minister. Legislation enacted through Bills is passed by Parliament and is assented to by the President.

Regulations

Regulation of business is kept to a minimum; the Government preferring to rely on market forces. Singapore's free enterprise economy welcomes foreign investment in manufacturing and service activities with no restriction on ownership. Foreign investors are given maximum encouragement and support for their success by the Government. There are also no restrictions on expatriate employment.

Legal System

Singapore's legal system is well-developed, following principles based upon those inherited from its former British colonial rulers. Freedom and liberty of its subjects are enshrined in the Singapore Republic's Constitution. The legal process and administration are vested in the Attorney-General's Chambers, which are given an independent status in accordance with the Constitution. In common with other countries in the Commonwealth, safeguards in the Constitution ensure the inviolability of judges in the exercise of their duties. The Supreme Court consists of the Chief Justice and Judges of the Supreme Court and is made up of the High Court, the Court of Appeal and the Court of Criminal Appeal. In addition to the Supreme Court, there are the Subordinate Courts and the Syariah Court. The Syariah Court applies Muslim Law to Muslims involved in disputes relating to marriage, divorce and maintenance.

Skills and Availability of Staff

Singapore has continuously emphasised and pursued a programme of maximum development of its human resources. Each year 20% of its budget is expended on education. Singapore will continue to improve its attractiveness to new and more sophisticated investments. Singapore encourages employers to use the Skills Development Fund to upgrade the skills of their employees. This is aimed at encouraging the retraining of managers and workers to upgrade their skills in keeping with the faster changes in technology now taking place.

International Communications

Singapore has a well-developed infrastructure that meets all the needs of business and industry. It is the hub of the telecommunications centre of Southeast Asia with state-of-the-art technology. It is possible to have fax, telex and international telephone services rapidly connected and thereafter have instantaneous telecommunications with all parts of the world. Facsimile transmission is widely used and readily available.

Singapore is served by more than 70 international airlines operating more than 3,700 flights per week to 175 cities in 55 countries. The Changi International Airport handled 30 million passengers in 2004, making it the airport with the largest international passenger handling capacity in the Asia Pacific.

The Port of Singapore Authority (PSA) Terminals is the world's largest container transshipment hub. It handles about one-fifth of the world's total container transshipment throughput. In 2004, PSA Singapore Terminals handled 20.6 million twenty-foot equivalent units (TEUS) of containers. PSA operates 4 container terminals and 2 multi-purpose terminals in Singapore, and links shippers to an excellent network of 200 shipping lines with connections to 600 ports in 123 countries.

Availability of Office Space

Prime office space in the Central Business District is the most popular. As the Government has set up four regional centres, there is a growing trend for offices to be sited outside the city.

Availability of Accomodation

Private accommodation can be secured on either a short or long term lease and varying in both size and level of luxury according to the preference of the occupant or corporate policy.

investment factors

Trade

The Singapore Government believes strongly in the free market mechanism and encourages the private sector to be competitive internationally.

During the 1960's and early 1970's, the main economic thrust came from export-oriented manufacturing operations set up by foreign companies with access to international markets. The focus then was on skills-intensive manufacturing activities. With a better trained workforce and higher industrial capabilities in the late 1970's, the economy shifted towards higher value-added technology intensive and service-based activities. By the mid 1980's, manufacturing and services were identified to be the twin engines of growth. In 1989, the financial and business services industry overtook the manufacturing sector for the first time and became the leading contributor to the economy.

To meet the challenge of globalisation, the government undertook to re-make Singapore. Opportunities are now opening in the new economy, in financial services, pharmaceuticals, IT and biomedical services.

In the international arena, Singapore has been endorsed as one of the top exporters and importers in the world's merchandise trade and trade of commercial services. Singapore's reputation as a global distribution centre stems from its excellent infrastructure and strategic location at the crossroads of major shipping routes. Good banking and financial services; an efficient telecommunications network; a stable government; a skilled and disciplined workforce together with a liberal trade policy are among the factors contributing to Singapore's success as the most competitive newly-industrialised economy.

Monetary System

Although the Singapore dollar may not yet be an important currency in international finance, it has been accepted as a strong and stable currency. The Singapore dollar remained unscathed in the money market during the years of turbulence in world currency movements. The Singapore dollar, which is backed by a basket of currencies including the U.S. dollar, Japanese Yen and Euro has attained an enviable position internationally.

Exchange Control

There are no exchange control regulations in Singapore and banks are permitted to trade freely in foreign exchange with residents and non-residents. They are free to quote their own exchange rates for all currencies. Daily rates are usually displayed in the banking halls but major customers may call the dealing rooms of banks for more favourable rates.

Banking System

Singapore is served by many financial institutions of international repute. They provide an effective mechanism to direct the flow of surplus funds into productive investments. Most of the top banks in the world are represented in Singapore. Some of these operate as full, restricted or offshore banks, others maintain representative offices or operate as merchant banks.

Employment Passes

Foreigners entering Singapore to take up or continue employment require permission from the Comptroller of Immigration under the Immigration Act. Persons who are neither citizens nor permanent residents require an employment pass, S pass or a work permit, depending on the educational and professional qualifications or specialist skills and basic salary.

Central Provident Fund (CPF)

Every employer is liable to pay monthly CPF contributions for his employees, including those on temporary, probationary, part-time or piece-rated employment. This is a compulsory retirement fund established and managed by the Government for all local employers (both citizens and permanent residents). Employers contribute 13% of employee's gross remuneration into this pool. Employees also contribute 20% of their remuneration by way of deduction by employers.

International Headquarters Incentive

Singapore aims to become the location of choice for global companies wishing to set up a regional or international base for their operations. This incentive confers tax breaks to companies which make investments to establish or expand their headquarters operations in Singapore. This incentive is also available to Singapore firms to encourage them to grow their roots here even as they expand their overseas operations. Companies with headquarters status enjoy tax rates of 15% or less, compared with the 20% levied on all other firms in Singapore. By creating a diverse network for global companies, Singapore hopes to make itself even more attractive as a hub for other investors.

In 2004, 54 companies were awarded headquarters status, double that in 2003. Currently, a total of about 360 firms from diverse industries and geographies have been granted headquarters status.

Free Trade Agreement (FTA)

The USA – Singapore FTA will serve as a major driver of trade as significant access for the services sector is now available. Tariff on many manufactured and agricultural goods are already low.

Singapore has also concluded FTAs with a number of strategic trading partners including Australia, Japan, South Korea and New Zealand and is negotiating FTAs with the People's Republic of China, Canada and Mexico.

types of business organisations

The different types of business entities in Singapore are:

- Private Limited Company
- Branch Office/Foreign Company
- Representative Office
- Limited liability partnerships
- Sole Proprietorship and Partnerships

Companies may be formed by individuals or existing companies but not business firms. Most companies in Singapore are private companies limited by shares. There are also a small percentage of unlimited private companies and public companies. Private and public companies are incorporated and regulated under The Companies Act, Cap. 50.

Private Limited Company

The main features of a private limited company are as follows:

- The liability of a shareholder is limited by Memorandum of Association to the amount, if any, unpaid on his shares.
- Minimum of one shareholder and a maximum of fifty.
- The right to transfer shares in the company is restricted.
- The invitation to the public to subscribe for any shares or debentures is prohibited.

Incorporation of a Private Limited Company

A company incorporated in Singapore must comply with certain registration requirements, and the most important requirements are:

- The company's name must be approved by the Registrar of Companies. The approved name will be reserved for two months or for an extended period upon request. For specialised business activities, prior approval from the relevant government authorities must be obtained.
- The registered office must be in Singapore. Any changes made should be lodged with the Registrar of Companies within fourteen days.

The registration fees for incorporating a private company in Singapore is a flat fee of S\$300.

Shareholders

From 1 April 2004, the statutory minimum for a company is one member. There is no restriction on the citizenship or residence status of the subscribers.

Directors of Secretary

There must be at least one director who is a natural person, ordinarily resident in Singapore (Singapore citizen, permanent resident or having a valid employment pass).

The secretary must be a natural person who is resident in Singapore. A secretary of a public company must possess certain prescribed professional qualifications.

Where a company has only one director, he must not be the secretary of the company.

Annual General Meeting

The Directors of a company are required to present audited financial accounts to the members. Private companies that are dormant and exempt private companies with an annual turnover of S\$5 million or less are exempted from having their accounts audited. The First Annual General Meeting (AGM) must be held within eighteen months of incorporation of the company. Subsequent AGMs are to be held every calendar year and not more than fifteen months after the holding of the last preceding AGM.

Branch Office/Foreign Company

Foreign companies wishing to operate in Singapore may set up subsidiaries or register branches. Both are under the legislation of the Companies Act, Cap. 50. Under the Companies Act, an overseas company must register by filing the following documents with the Registrar of Companies:

A certified copy of the Certificate of Incorporation and charters, statute or memorandum and articles of the foreign company.

A memorandum of appointment of two or more local agents of the foreign company.

A statutory declaration in the prescribed form made by the agent of the company.

Representative Office

A foreign company may establish a presence in Singapore by setting up a representative office. A representative office, as the name suggests, should operate as the representative of the foreign company. It must confine its activities to promotion or acting as a liaison office on behalf of its parent company. And it must not engage in any trading (including import and export) or business activities directly or on behalf of the parent company.

Sole Proprietorship and Partnership

Persons carrying on business under a sole proprietorship or partnership are required to register under the Business Registration Act. A partnership cannot have more than twenty members.

Limited Liability Partnership (LLP)

A Limited Liability Partnership (LLP) is a body corporate formed by being registered under the LLP Act. It is essentially a separate legal entity from that of its partners, meaning that any change in the partners of the LLP will not affect its existence, rights or liabilities. A LLP can also enter into contracts and hold property. Combining the benefits of partnerships with those of companies, a LLP offers much flexibility in its operation.

Although a LLP remains fully liable to its clients for the actions of its partners, the LLP gives the benefit of limited liability to its partners. Nevertheless, a partner may be held personally liable for claims from losses resulting from his/her own negligence. For other partners who were not negligent, their liabilities will be limited only to the amount they have contributed to the LLP. A LLP must have at least 2 partners, who may be individuals or a body corporate. A business or company may convert to LLP, following the conditions and conversion process as set out in the Act.

Accounts

All Singapore-incorporated companies are required under the Companies Act to comply with Financial Reporting Standards (FRS). The FRS are based on International Accounting Standards or International Financial Reporting Standards issued by international Accounting Standards Board.

taxation

Generally, tax-residents and non-residents are taxed on income accruing in or derived from, or received in Singapore. However, the following are not taxable:-

Foreign income remitted to Singapore by individuals.

Foreign dividends, branch profits and service income remitted to Singapore by companies.

Direct Taxation

There are two principal direct taxes designed to tax income derived from Singapore:

- Income tax on companies.
- Income tax on individuals.

There is no capital gains tax in Singapore.

Indirect Taxation

The Goods & Services Tax (GST), a value-added tax, was introduced on 1 April 1994. Other taxes include property tax, skills development levy, foreign workers levy and stamp duty.

Tax Treaties

Tax treaties entered into by Singapore are based on the Organisation for Economic Co-operation and Development (OECD) model. The tax relief pattern is a combination of territorial taxation and exemption of foreign income unless received in Singapore. Presently, Singapore has tax treaties with 49 countries and tax exemption agreements relating to aircraft and shipping income with UAE, Saudi Arabia, Chile, Oman, Hong Kong, Bahrain and the USA.

Administration

The income tax system in Singapore is administered by the Inland Revenue Authority of Singapore (IRAS) under the direction of the Comptroller of Income Tax. Income tax is assessed annually in Singapore on a preceding year basis. The Year of Assessment begins on 1 January and ends on 31 December. In the case of a trade, business, profession or vocation, the accounting year forms the basis period for a Year of Assessment.

Income Tax on Companies

Company profits are subjected to tax in Singapore if the following criteria are satisfied:

- The company must be carrying on business in Singapore.
- The relevant profits must be earned in or derived from Singapore or received in Singapore from outside Singapore.

Residence

A company is considered to be resident in Singapore if its control and management are exercised there. Control and management are normally considered to be exercised at the place where the directors' meetings are held.

Business Expenses

Deductions are allowed for all expenses wholly and exclusively incurred in producing the income being assessed, unless specifically disallowed in the tax law.

Deductions are not allowed for domestic or private expenses; income or other similar taxes; pre-incorporation, preliminary or start-up expenses; expenses associated with cessation of business, capital withdrawn; motor car expenses; or capital employed in improvements.

Losses

Losses arising from the carrying on of a trade or profession are deductible and may be set off against income from other sources. The balance may be carried forward indefinitely. Carry back is allowed for one year and limited to S\$100,000. Capital losses are not deductible.

There must be a continuity in ownership of the company, failing which the losses will be disregarded. The shareholders of the company must be substantially the same on the last day of the year in which the loss was incurred and on the first day of the Year of Assessment in which the loss is relieved.

The shareholders of a company cannot be considered as substantially the same unless, on both dates above, 50 percent of the paid-up capital of the company was held by or on behalf of the same persons or not less than 50 percent of the nominal value of the allotted shares of the company was held by or on behalf of the same persons.

Capital Allowances

An accelerated depreciation allowance of 33¹/₃ percent is available for all plant and equipment in all sectors of the economy. The accelerated depreciation allowance will, however, not be given on motor cars, motor cycles and light goods vehicles. A 100 percent allowance is available in the year of purchase for expenditure incurred on any robot, generator, efficient pollution control equipment and devices and certified energy-efficient or approved energy-saving equipment, computer or prescribed automation equipment and websites.

Unabsorbed capital allowances are available for carry forward for deduction against future income of all kinds and for carry back for one year (limited to S\$100,000). Capital allowances cease to be eligible for carry forward and carry back in the event of a substantial change in shareholders and shareholdings of the company and a change in the trade, business or profession. The gain on realising tax depreciable assets is taxable as a balancing charge.

Group Relief

Under group relief, losses of one company may be utilized for tax purposes by another company in the same group.

For group relief purposes, a group is to consist of a Singapore incorporated parent company and all its Singapore incorporated subsidiaries. Two Singapore incorporated companies will also be members of the same group if one is 75% owned by the other, or if both are 75% owned by another Singapore incorporated company.

Group companies will be able to transfer their current year unutilized capital allowances and losses. Investment allowances and foreign losses may not be transferred.

Tax Rate

The corporate tax rate is 20%. There is a partial exemption on the first S\$100,000 of taxable income. Qualifying companies enjoy exemption on the first S\$100,000 for Years of Assessment 2005 to 2009.

One-Tier Corporate Tax system

Prior to 1 January 2003, Singapore company taxation was based on an imputation system. Under such a system, the tax paid by a company on its profits is regarded as advance tax paid by its shareholders in respect of the dividends they would receive out of these profits. The shareholders are in turn assessed on the dividends, with a credit passing to them for the tax paid by the company.

Under the new one-tier corporate taxation system, tax paid by a company on its profits is not imputed to the shareholders; dividends paid are not taxable on the shareholders. This means that tax is only paid at the company level.

Offshore Companies

Singapore has a territorial tax system as it taxes only income derived from Singapore and overseas income remitted into Singapore. If a company can prove that its trading income is not derived from Singapore, it will not be subject to Singapore tax.

The Singapore company should not have any business operations ie no staff/office/warehouse or bank account in Singapore.

To strengthen its case, the management and control of the company should also be outside Singapore, ie directors' and shareholders' meeting held outside Singapore.

Service Companies

Singapore has a “service company” (“105”) concept whereby a private limited company only renders services to its related companies and has its expenses reimbursed by the companies. It may or may not receive a fee for these services. A 5% profit is deemed earned for tax purposes where there is no fee charged.

Non-Resident Companies

The Singapore tax laws apply equally to resident companies, non-resident companies and branches of foreign companies regarding the method of taxation or the rate at which tax is charged. Non-resident companies have the same obligations and rights under the Act, are entitled to claim all the deductions provided in the Act and generally enjoy the same privileges as resident companies.

To attach liability to a non-resident company in Singapore, it is necessary to establish that it is carrying on a trade or business within Singapore. A trade carried on with Singapore will not expose the non-resident to tax here. All the relevant facts have to be reviewed to decide the question whether a person is carrying on a trade within Singapore or with Singapore.

Income Tax on Individuals

Residence

An individual is resident in Singapore if he or she resides here except for such temporary absence therefrom as may be reasonable and not inconsistent with a claim to be resident in Singapore. An individual who is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding a year of assessment is treated as resident for that year of assessment. An individual who is in Singapore for some temporary purpose only and not with any intent to establish residence there and who has not actually resided here for at least six months in the year of assessment is not resident in Singapore.

Employment Services

Employment income includes salaries, bonuses, allowances, perquisites and benefits-in-kind. Most minor benefits are valued at standard scale rates, which may be less than the actual cost to the employer. The benefit of housing is normally calculated at 10 percent of the assessable emoluments or, if less, the annual value of the property. By concession, only 20 percent of the cost of one leave passage per year is assessed on the employee.

Not Ordinary Resident (“NOR”)

To attract talent to relocate to Singapore, the NOR scheme was introduced whereby NOR resident taxpayers will enjoy tax concessions, such as time-apportionment of income.

Short-Term Employees

Short-term visiting employees are not subject to tax on income from an employment exercised in Singapore if the employment does not exceed sixty days. (This exemption is not applicable to public entertainers or company directors.)

Tax Rates

Resident individuals' taxable income in excess of S\$20,000 is subject to tax at progressive rates which start at 3.5%. The top tax rate is 20%.

Non-resident individuals are normally taxed at 20 percent, except for Singapore employment income which qualifies for the reduced rate of 15 percent. Non-resident directors do not qualify for the reduced rates. Tax at 20 percent has to be deducted from their remuneration.

Withholding Tax

Tax must be withheld from payments made to non-resident taxpayers at the following rates:

NATURE OF PAYMENT	WITHHOLDING TAX RATE
Dividends	NIL
Director's remuneration	20%
Interest, commissions, fees and other loan-related payments	15%
Know-how payments for the right to use scientific, technical, industrial or commercial knowledge or information	10%
Management fees(for services provided within Singapore)	20%
Technical assistance fees or service fees	20%
Rent or other income from movable property	15%
Royalties or other lump sum payments for use of movable property	10%

The above rates may be reduced where the recipients are residents of countries with which Singapore has concluded tax treaties.

Other Taxes

Goods and Service Tax (GST)

The Goods & Services Tax (GST) was implemented as part of a major tax structure reform. The rate is 5%. The Comptroller of GST is responsible for the administration of the GST.

The Singapore GST is a classic (invoice method) GST. The GST Act states that GST must be charged whenever a registered business supplies goods or services in the course of its business where that supply is a taxable supply made by a taxable person in the course or furtherance of any business carried on by that person ("output tax"). A credit may be claimed by the business for GST paid on goods or services purchased in the course of that activity ("input tax").

The excess of "output tax" over "input tax" is payable to the IRAS. If the "input tax" exceeds "output tax" the IRAS will be required to refund the difference.

Exported goods and international services are zero-rated. Goods and services which are zero-rated are not subject to GST and the relevant business is able to obtain a credit for "input tax". The sale and lease of residential land and financial services are exempt from GST. This is because these sectors of the economy are very difficult to tax. Activities which are exempt do not have their outputs subject to GST but no credit is available for "input tax".

Property Tax

Property tax is assessed at a rate of 10 percent on the property's annual value, that is the expected gross annual rent.

Indirect Taxes

Singapore is mainly duty free, but customs duty and excise are levied on certain products which are considered to be luxuries or anti-social. These include motor vehicles, wines and spirits, petroleum and tobacco products. There are also protective tariffs on certain goods in order to encourage local manufacture. Equipment, machinery and raw materials required by industrial enterprises are not subject to customs duty.

Estate Duty

Estate duty is levied on all property that passes upon the death of a person and includes real estate, life assurance policies and stocks and shares. The estate of a person domiciled in Singapore would include all immovable property in Singapore and all movables wherever situated. Property exempted from estate duty includes trust property, assets disposed of by the deceased for valuable consideration, Government securities and marriage settlements. All debts lawfully due from the deceased are deductible from the gross value of assets. Funeral expenses deductible are limited to \$1,000 or 5% of the value of estate, whichever is lower. CPF monies are completely exempted. Exemption up to \$9 million is given to dwelling houses. The estate duty rate is 5% on the value of the estate up to \$12 million. The excess is taxed at 10%.

Stamp Duty

Stamp duty has been abolished since 1998 on all instruments except for those relating to stock and shares, and immovable properties. Stamp duty on contract notes was also suspended from 1998.

listings on the singapore stock exchange

At June 2005 there were 493 companies listed on the Singapore Exchange ("SGX") Mainboard and 166 companies on SGX Sesdaq. Total market capitalisation of the companies was S\$398 billion.

Foreign or local incorporated companies may list on the Mainboard or Sesdaq. Sesdaq was established to aid smaller companies in raising funds. Quarterly reporting is required for listed companies with market capitalization above S\$75 million.

Mainboard Entry Requirements

A company seeking a primary or secondary listing on the Mainboard may list via any of the 3 criteria below:-

Alternative 1

- Cumulative pre-tax profit of at least S\$7.5 million over the last 3 consecutive years, with a pre-tax profit of at least S\$1 million in each of those 3 years.
- Operating track record and continuity of management for 3 years.

Alternative 2

- Cumulative pre-tax profit of at least S\$10 million for the latest 1 or 2 years.
- Continuity of management for 1 or 2 years.

Alternative 3

- Market capitalization of at least S\$80 million at the time of the initial public offering, based on the issue price.

For all companies, 25% of issued shares must be in the hands of at least 1,000 shareholders (For market capitalization > \$300 million, shareholding spread will vary between 12% – 20%). There must be at least 2,000 shareholders worldwide in the case of a secondary listing.

It is intended that the alternative listing criteria cater to a wider spectrum of companies with different business models. Companies such as fast growing high-technology companies which have a short but strong profit record, or which have yet to make profits, are also allowed to list on the Mainboard under the Alternative 3 criteria. However, companies seeking a listing under such criteria will still have to appoint issue managers who must satisfy themselves that the companies are suitable for listing.

Sesdaq Entry Requirements

The requirements for a listing on SGX-Sesdaq are as follows:-

- Pre-tax profits – Business is expected to be viable and profitable, with good growth

prospects.

- Track record – A company with no track record has to demonstrate that it requires funds to finance a project or develop a product, which must have been fully researched and costed.
- Shareholding spread – At least 500,000 shares or 15% of issued shares (whichever is greater) in the hands of at least 500 shareholders.

Companies listed on the SGX-Sesdaq may apply for transfer to the SGX-Mainboard when it meets the Mainboard requirements in the future.

hllb in singapore

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