

The Guide to Corporate Establishment in Singapore

By **ASIA Briefing**

Editor: Maxfield Brown

Renowned for its highly skilled workforce and competitive business environment, Singapore is a valuable entry point to ASEAN, and filled with investment opportunities for firms seeking to establish themselves within Southeast Asia.

One key advantage of establishment within the cities states' borders are its streamlined requirements for set up and continuation of operations. As of 2013, in conjunction with ASEAN's growing competitiveness over China, the predictable and efficient nature of corporate establishment guidelines within Singapore has resulted in its retention of a 49 percent share of inward regional FDI stock.

While also ranked within the top 5 nations globally by the world economic forum in its "global business competitiveness report", successful investment strategy within Singapore continues to require careful due diligence. All firms considering investment within the city state should be sure to conduct a careful review of their opportunities and maintain clear a understanding of regulatory responsibilities. In the event that questions arise, relevant government officials or professional services should be contacted to ensure compliance.

Options for Investment

The following article outlines the initial steps required to set up Representative Offices and Private Limited Companies (Pte Ltd) – two of the most effective investment vehicles for foreign companies seeking to establish a presence within Singapore. The decision on which type of investment to make is largely determined by the nature of activities that a given firm is hoping to accomplish.

For those seeking to conduct fact finding, market research, or negotiations within Singapore, Representative offices allow for a streamlined form of entry. Although largely prevented to from conducting operations pertaining to the generation of profit, limited compliance requirements for representative offices mitigate regulatory challenges and reduce the burden of market exploration. Furthermore, the ability to transition a representative office – which has a three year cap on licensing – into other vehicles of investment provides a clear pathway for those considering future expansion.

In contrast to Representative offices, Private Limited Companies offer those wishing to conduct operations within Singapore and effective option for investment. As a result, Private limited Companies are the chosen form of investment by many foreign companies. While maintaining similar capital requirements to representative offices, the nature of business activities is completely opened and the duration of operation is not restricted. Accompanying increased maneuverability within Singapore, with respect to profit generating activities, companies may engage in shipping, offer their services to clients, and enter into business contracts among other activities.

Permitted Activities of Representative Offices and Private Limited Companies	
Representative Offices (ROs)	Private Limited Companies (Pte Ltds)
<ul style="list-style-type: none"> ✓ conducting market research ✓ conduct feasibility studies ✓ supervising the activities of its main headquarters' local agents and distributors ✓ acting as a liaison office during a negotiation deal ✓ provide customer support 	<ul style="list-style-type: none"> ✓ conducting market research ✓ conducting feasibility studies ✓ supervising the activities of its main headquarters' local agents and distributors ✓ acting as a liaison office during a negotiation deal ✓ providing customer support ✓ entering into business contracts ✓ providing repairs and technical services ✓ shipping or storing goods in Singapore without a designated local distributor or agent ✓ leasing warehousing facilities lease or office(s) to other establishments for a fee ✓ issuing invoices/receipts ✓ opening/receiving letters of credit

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Option 1: Private Limited Companies

Step 1 – Name Approval

Companies investing in Singapore must first obtain approval for the name they wish to register under within the country. This name must not be already in use and may not infringe upon trademarks recognized by the **Intellectual Property Office of Singapore (IPOS)**.

Fee: name applications are available for 15 Singapore dollars.

Step 2 – Staffing

Outlined in Singapore's Companies Act, all Private limited companies are required to fill the following positions:

- **Director:** to complete incorporation within Singapore, a director of at least 18 years of age and eligibility to work in Singapore – via citizenship or issuance of an employment pass – must be appointed. This individual must also be the shareholder within the company unless a secondary shareholder is to be selected.
- **Company Secretary:** to be appointed within six months of incorporation within Singapore, Company secretaries are required to maintain their primary residence within Singapore.
- **Auditor:** must be appointed within three months from the date of incorporations unless the company is exempt from audit requirements as outlined in the companies act.

Step 3 – Registration

Upon the successful name approval and selection of relevant staff, registration at the ACRA (Accounting and Corporate Regulatory Authority) must be completed via Singapore's online **BizFile system**. Currently, all foreign companies are required

to hire a business registration firm to complete the submission process. While filing is to be handled externally, the following requirements for documentation and information should be noted to ensure registration is completed quickly:

- **Memorandum & Articles of Association** setting out the objects and by-laws of the proposed company.
- **Form 6** – Statutory Declaration of Compliance
- **Form 7** – Certificate of Identity
- **Form 44** – Notice of Situation of Registered Office and of Office Hours at time of Incorporation
- **Form 45** – Consent to Act as Director & Statement of Non Disqualification to Act as Director

Step 4 – Licensing

Depending on the nature of the work that a company wishes to conduct within Singapore, additional documentation and licensing may be required. The following are three of the most common licensing requirements that investors may face upon entry into Singapore:

1. **Business Activity License:** the standard permit for companies that are operating within Singapore; required for most firms operating within the country.
2. **Occupational License:** required for professional services including but not limited to doctors, lawyers, accountants, and securities traders.
3. **Compulsory License:** required for specialized fields such as travel agencies, schools, and employment agencies.

Note: A full listing of all business licenses can be found on [Singapore's Online Business Licensing Service \(OBLS\)](#)

Step 5 – Compliance

Following successful incorporation within Singapore, all companies are subject to a variety of compliance requirements. Within the first year and a half of operation, the following deadlines and requirements should be observed to ensure compliance with current regulations:

- Within 18 months of incorporation, a company must hold its first annual meeting.
- The Companies Act requires the financial statements of every company to be audited once every year
- Companies must have retained a registered office from the date of their incorporation that is accessible to the public for at least five hours daily.
- Notification of any changes to capital, shares, articles of association, or the company's name must be made to relevant authorities.

Option 2: Representative Offices

Step 1 – Name Approval

In the same manner as Private Limited Incorporation, those seeking to set up Representative Offices within Singapore must first obtain approval for the name they wish to register under within the country and must comply with trademarks recognized by the Intellectual Property Office of Singapore (IPOS).

Fee: 15 Singapore dollars

Step 2 – Staffing

All Representative Offices within Singapore are required to appoint a member of their staff to act as their representative within the country. It should be noted that this individual should must hold the title of representative and may not represent themselves to be anything other than a representative of the parent company.

Step 3 – Registration

To successfully register as an RO within Singapore, the following information and documentation must be prepared. It is important to note that in the same manner as Private Limited Companies, submission of documentation must be conducted by a independent service within Singapore.

- A endorsed commitment to abide by the Terms and Conditions governing representative offices.
- a certified copy of the parent company's certificate of incorporation. This must be provided in English or be accompanied by an English translation.
- The latest annual report and audited accounts of the ROs parent company.

Note: *In the event that no annual report or audited accounts are available, self-declaration is permitted. To successfully self-declare, companies should be prepared to provide needed information as well as supporting details such as company brochures, contracts, and contact information.*

Compliance

Unlike Private Limited Companies, Representative offices are not subject to compliance requirements as it is assumed that they are not engaged in any activities that would generate profit.

- See more at: <http://www.aseanbriefing.com/news/2016/01/19/guide-corporate-establishment-singapore.html#more-4740>

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