

Doing Business in Singapore



LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

Important Disclaimer

This publication should not be regarded as offering a complete explanation of the matters that are contained within it and all information within this document should be regarded as general in nature. While significant care was observed in creating this publication, the possibility exists that certain information may, in time, become outdated. This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken (or not undertaken) on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication. Accordingly, no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisors, and ensuring that such advice specifically relates to their particular circumstances.

PKF-CAP LLP is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

© PKF International Limited

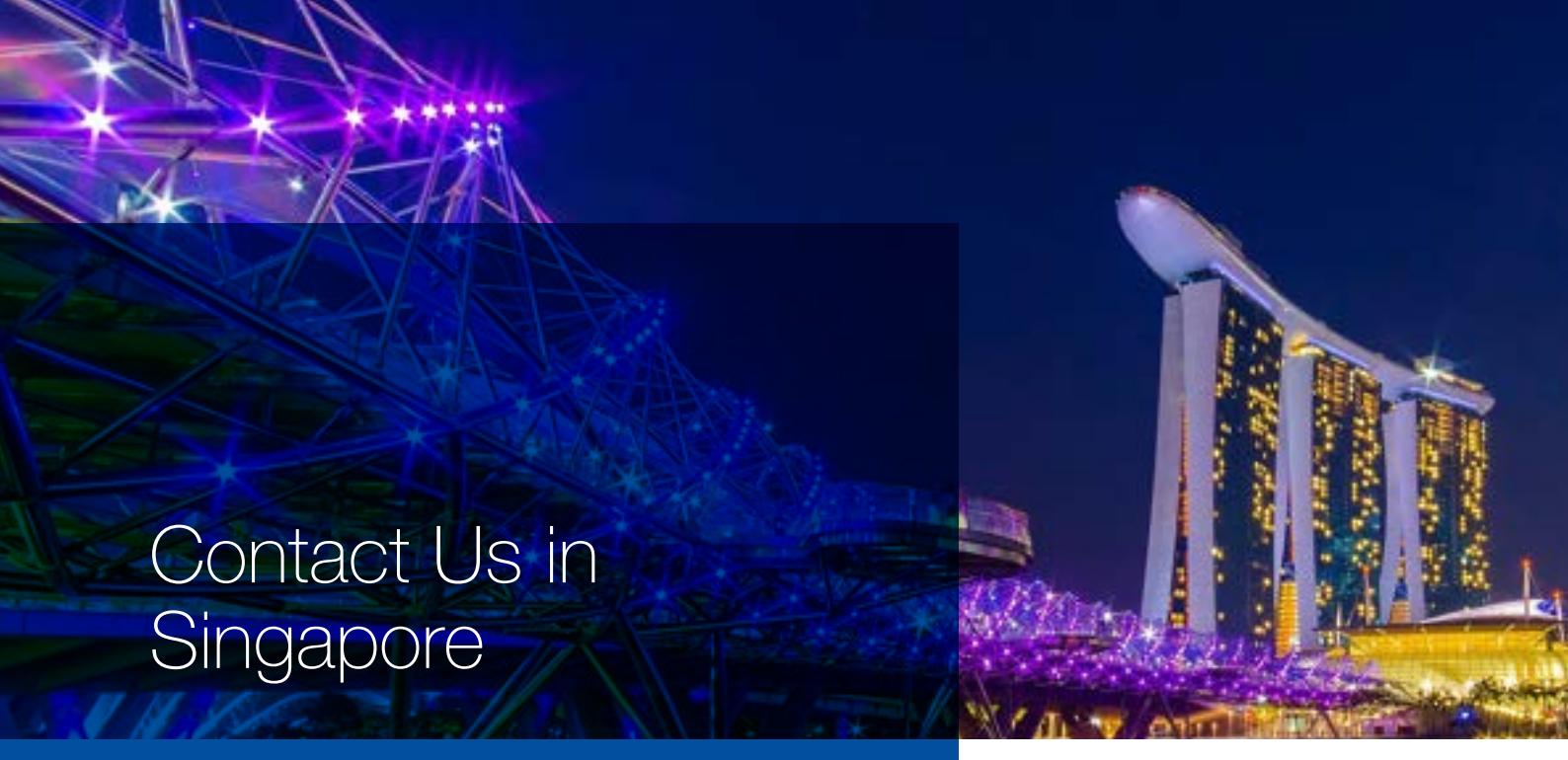
All Rights Reserved. Use Approved with Attribution.

"PKF" and the PKF logo are registered trademarks used by PKF International and member firms of the PKF International Network. They may not be used by anyone other than a duly licenced member firm of the Network.

Contents

Contact Us in Singapore	1
Foreword	2
Demographic and Environmental Overview	3
A profile of Singapore	3
Economic summary	3
Services and exchange controls	4
Consumer Protection and Special Industries	5
Intellectual and industrial property rights	5
Consumer and user protection	6
Legal Framework for Business	7
Accounts controls in Singapore: Statutory audits	7
Content of financial data to be published: Annual accounts	8
Forms of Business Organisations	9
Business entities	9
Setting up a Singapore company	9
Types of business structure	10
Sole-proprietorship	10
Partnerships	10
Companies	11
Audit requirements and practices	11
Directors	12
Opening a Branch	12
Representative Office in Singapore	12
Registration requirements and filing procedures for public securities	13
Purchasing real estate property in Singapore	13
Taxation	14
Introduction	14
Income Tax Law and Administration	14
Fiscal Year	14
Taxpayers	14
Taxable Income	15
Allowable Deductions	15
Payment of Tax	15
Lodgement of Returns	15
Tax Residence	16
Source of Income	16

Taxation of Companies	16
Interest Deductions	17
Taxation of Capital Gains	17
Repatriation of Profits and Transfer Pricing	18
Interaction with International Tax Regime	18
Taxation of Individuals	18
Taxation of Partnerships	20
Taxation of Trusts	20
Withholding Tax	20
Other Taxes	21
Goods and Services Tax	21
Customs and Excise Duty	22
Central Provident Fund	22
Estate Duty	22
Stamp Duty	22
Property Tax	23
Grants and Incentives	24
Introduction	24
Regional/ International Headquarters Award (“RHQ/ IHQ”)	24
Pioneer Certificate Incentive	24
Development and Expansion Incentive (“DEI”)	25
Approved Royalties Incentive	25
Research Incentive Scheme for Companies	25
Financial Sector Incentive Scheme (“FSI”)	25
Global Trader Programme (“GTP”)	25
Enterprise Finance Scheme (“EFS”)	26
Labour Law	27
An outline of employment law	27
Migration to Singapore	27
Permanent residence	28
Professional Visas	28
Visas for Entrepreneurs	28
APEC Business Travel card	29
Recruitment	29
Standard regulations for employment contracts	30
Social Security	30
Appendix	31
Reference web sites	31



Contact Us in Singapore

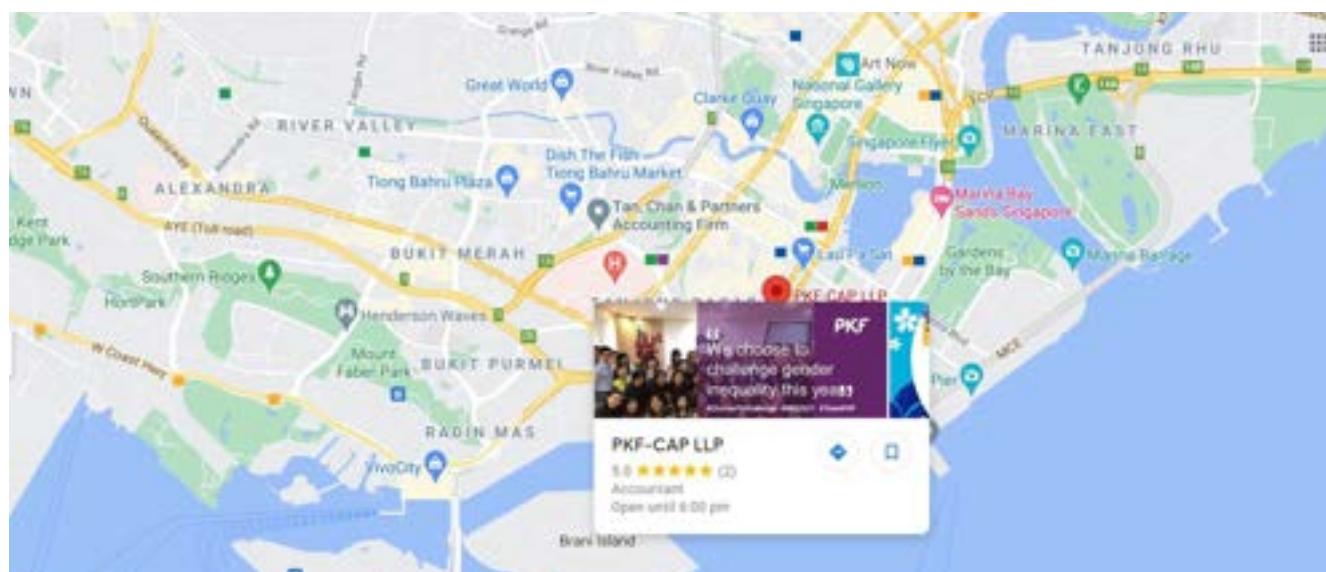
PKF-CAP LLP

6 Shenton Way
#38-01 OUE Downtown 1
Singapore 068809
Tel: +65 6500 9360
Email: contactsg@pkf.com

Goh Bun Hiong
Director, Head of Tax
Tel: +65 6500 9359
Email: bunhiong@pkf.com

Lee Eng Kian
Managing Partner
Tel: +65 6500 9390
Email: engkian.lee@pkf.com

Website: www.pkfsingapore.com





Foreword

Despite the global uncertainties in recent times, Asia still remains the engine of global economic growth with Singapore playing a pivotal role for investments in the region. In addition to being an ideal entry-point into the region, Singapore also plays important roles in the areas of financial markets, aerospace, energy, chemicals, logistics, pharmaceuticals, biotechnology, electronics, medical, oil & gas, precision engineering and urban solutions.

The PKF 'Doing Business in Singapore' publication provides an overview of the most important aspects of doing business in Singapore and we trust it will be both informative and useful.



Demographic and Environmental Overview

A profile of Singapore

Singapore is located at the southernmost tip of the Asian continent and at the crossroads of major global trading routes. It has a multi-cultural population of 5.69 million (as of 2020).

The country provides one of the world's most business-friendly regulatory environment for companies to invest and for their employees to work, live and play. Singapore is a globally connected and cosmopolitan city state that offers an excellent environment to knowledge-driven industries. Singapore's competitive factors (Trust, Knowledge, Connection and Life) sets it apart from other major cities. It is known for its integrity, quality, reliability, productivity, rule of law and enforcement of intellectual property rights.

An open immigration policy enables employers to source the best personnel from anywhere in the world. Singapore has the most extensive network of free trade agreements (with the US, Japan, European Free Trade Association and other key economies) in Asia. In addition, Singapore has signed 45 investment guarantee agreements, giving Singapore-based companies protection against non-commercial risks for their investments in other countries. Singapore also offers competitive income tax rates, various financial assistance schemes and tax incentives to attract and assist companies to grow their business.

English is the language of administration and business. Singaporeans are generally bilingual, often combining their fluency in English with knowledge of Mandarin, Malay or Tamil.

The currency used is Singapore dollar (S\$). One hundred cents = one Singapore dollar.

Economic summary

Singapore's dynamic economy is characterised by a high degree of openness and a corruption-free environment, with the country being highly dependent on international trade. The economy relies heavily on exports, particularly of electronics and petroleum products, financial services, tourism, and is one of the world's busiest cargo seaports.

Singapore's largest industry is the manufacturing sector, which accounts for 20% (around S\$106 billion) of the country's annual GDP. The manufacturing industry is led by electronics, petrochemicals, biomedical sciences, logistics and precision engineering clusters. Close behind Singapore's manufacturing industry is its financial services industry, which has enjoyed stable growth due to Singapore's pro-business environment and political stability. Other emerging industries that are making significant contributions to Singapore's economy include medical technology, aerospace engineering, clean energy, healthcare, and content development.

There is widespread recognition of the importance of foreign investment and there are incentives in place to encourage foreign businesses to set up companies. The Economic Development Board (EDB) is the lead government agency responsible for attracting foreign investors with solutions that create value for investors and companies in Singapore. It is widely believed that competition spurs businesses to be more efficient, innovative and responsive, leading to effective use of resources and greater productivity gains for the economy.

Services and exchange controls

There are no foreign exchange or currency restrictions on the remittance or repatriation of capital or profits in or out of Singapore.

There are restrictions on the amount of Singapore dollars that can be loaned to non-resident financial institutions. No restriction is imposed on credit facilities to non-resident individuals and non-resident non-financial entities



Consumer Protection and Special Industries

Intellectual and industrial property rights

Singapore's intellectual property law is mostly legislated. The protection of trade marks in Singapore is governed by the Trade Marks Act; copyright by the Copyright Act, industrial designs by the Registered Designs Act; patents by the Patents Act; and integrated circuits by the Layout-Designs of Integrated Circuits Act. Confidential information, unregistered trade marks and trade names remain protected by the common law.

- **Copyright**

The Copyright Act (Cap. 63) and its subsidiary legislation form the legislation governing copyright law in Singapore. The creator automatically enjoys copyright protection as soon as he creates and expresses his work in a tangible form. There is no need to file for registration to get copyright protection. The copyright owner will enjoy the exclusive rights to reproduce, publish, perform in public, communicate to public, and make adaption of the work. A copyright work created by a Singapore citizen or resident is protected in many countries overseas by virtue of the international agreements that Singapore is a signatory of.

- **Trade marks**

The Trade Marks Act (Cap. 332), together with its subsidiary legislation which consists of the Trade Marks Rules and Trade Marks (International Registration) Rules, form the legislation governing the registration of trade marks in Singapore. Although it is not compulsory to register a trade mark in order to use it, registration will give the trade mark owner a right to ownership and the right to prevent others from using a similar mark without his permission. Trade mark protection is territorial in nature. A separate registration will have to be made in each of the countries where trade mark protection is desired. To obtain protection outside Singapore, it is necessary to file applications in the countries concerned either individually or via the Madrid Protocol.

The Intellectual Property Office of Singapore (IPOS) launched IPOS Go, a mobile application which allows users to file trade mark applications directly in under 10 minutes.

- **Patents**

The Patents Act (Cap. 221) and its subsidiary legislation, which consists of the Patents Rules, the Patents (Patent Agents) Rules, and the Patents (Composition of Offences) Regulations, form the legislation governing patent law in Singapore. For a patent granted in Singapore, it confers on the owner the right to prevent others from exploiting the invention without his consent. The term of the patent is 20 years from the date of filing the patent application, subject to the payment of annual renewal fees.

- **Designs**

The Registered Designs Act (Cap. 266) together with a subsidiary legislation consisting of the Registered Designs Rules and the Registered Design (International Registration) Rules 2005, forms the legislation governing the registered designs law in Singapore. The rights conferred by a registered design prevent others from using the design without the owners' permission. A registered design is protected for an initial period of five years from the date of filing the application. Thereafter, the registration may be renewed every five years, up to a maximum of 15 years, subject to the payment of renewal fees.

- **Layout - Designs of Integrated Circuits**

In Singapore, an original layout-design of integrated circuits (IC) is protected by the Layout-Designs of Integrated Circuits Act (Cap.159A). The Act prevents the copying and commercial exploitation of an original layout-design of an IC, namely, one which is both the result of its creator's own intellectual effort, and which is not commonplace among creators of layout-designs and manufacturers of ICs. There is no need to file any application to protect a layout-design in Singapore. A citizen or resident of Singapore, a WTO country, or specified qualifying countries, who owns a layout-design, enjoys automatic protection for the layout-design if it qualifies for protection under the law. There is no requirement in Singapore for registration or for any deposit of the layout-design.

Consumer and user protection

Singapore approach to consumer protection is based on promoting fair trading by businesses and helping consumers to make informed purchasing decisions. The Consumers Association of Singapore (CASE) plays a key role in championing consumer education and raising consumer awareness. CASE also helps consumers to resolve disputes with businesses through negotiation and mediation.

The Consumer Protection (Fair Trading) Act (CPFTA) is a key pillar in Singapore's consumer protection framework. The CPFTA provides for civil actions to stop errant businesses which engage in unfair trading practices and gives consumers additional rights in respect of goods that do not conform to contract. Consumers are able to file claims against businesses which have engaged in unfair trading practices with the Small Claims Tribunal (SCT). The CPFTA also empowers CASE and the Singapore Tourism Board (STB) to enter into voluntary compliance agreements (VCA) with errant businesses to stop them from engaging in unfair practices, and to compensate affected consumers.



Legal Framework for Business

The Accounting Standards Council (ASC) is responsible for the formulation and promulgation of accounting standards in Singapore. These accounting standards include the Singapore Financial Reporting Standards (International) (SFRS(I)s), the Financial Reporting Standards (FRS) and the Singapore Financial Reporting Standard for Small Entities (SFRS for Small Entities), which are aligned with the International Financial Reporting Standards (IFRS). In addition to prescribing accounting standards for companies, the ASC also prescribes accounting standards for charities, co-operatives societies and societies.

Accounts controls in Singapore: Statutory audits

The statutory audit laws of Singapore are enforced by the Accounting and Corporate Regulatory Authority (ACRA). All companies in Singapore are required to appoint an auditor within three months of its incorporation, except for those defined as small companies.

A company qualifies as a small company if it is a private limited company over the two preceding financial years and fulfils at least two out of the following three conditions:

- The total annual revenue of the company must not exceed S\$10 million;
- The total assets of the company for the financial year end must not exceed S\$10 million;
- The number of full-time employees at the end of the financial year must not exceed 50.

Notwithstanding these audit exemptions, companies will still be required to comply with the following requirements:

- Prepare unaudited financial statements
- Maintain proper accounting records
- Shareholders who have at least 5% voting rights to require a company to prepare audited accounts

Not appointing an auditor in time or presenting misleading information to ACRA in Singapore is a punishable offense and may incur penalties.

Content of financial data to be published: Annual accounts

Under the Companies Act, all Singapore-incorporated companies are required to file annual returns with ACRA to ensure that the company's information on ACRA's register is up to date. The company must also submit the date of its annual general meeting (AGM) if it has held its AGM, as well as the company's financial statements (if applicable). Company officers may face enforcement action for failing to file their company's annual return.

The annual return is an electronic form lodged with ACRA and contains important particulars of the company such as the particulars of directors, secretary, its members, registered address, principal business activities and capital structure. The appointed officer of your company (e.g. a director or company secretary) is required to file the annual return within five months (for listed companies) and seven months (for non-listed companies) from the company's financial year end on ACRA's online filing portal BizFile+.



Forms of Business Organisations

Business entities

Strong trade and investment make Singapore an attractive location for multinational companies to establish their regional headquarters in the Asia Pacific region. The Singapore Government is committed to creating a pro-business environment through its economic and manpower policies. Businesses in certain industries will require additional licensing and permits to commence operations. Potential investors need to be aware of additional regulations and permits that apply to non-Singapore citizens.

The Accounting & Corporate Regulatory Authority (ACRA) is the national regulator of business entities, public accountants and corporate service providers in Singapore. It supervises the process for company registration in Singapore.

Setting up a Singapore company

The company incorporation process in Singapore is fully computerised and done via the BizFile+ portal operated by the Accounting and Corporate Regulatory Authority (ACRA). As a SingPass ID is required to log into the BizFile+ portal, foreign nationals without SingPass cannot incorporate a company by themselves and must engage the services of a corporate secretarial firm for this service.

There are three main steps to registering a company in Singapore:

1. Choose a desired business structure
2. Register your company with the Singapore Company Regulator ACRA
3. Open a corporate bank account

Key requirements for company registration include:

- Company name: Must be approved by the ACRA
- Shareholders: Minimum of 1, maximum of 50
- Directors: At least one director who is either Singapore Citizen or Singapore PR
- Company Secretary: Must be a Singapore resident
- Initial Paid-up capital: At least S\$1
- Registered address: A physical office address is required

Assuming all documents are in order, a company can be incorporated within one to three business days.

Newly incorporated Singapore companies will receive a Certificate of Incorporate and Business Profile (“BizFile”) from ACRA. These electronic documents details information regarding the business, including a registration number (UEN), registration date, shareholders etc. This profile will be required to open a corporate bank account, signing of the office lease, subscribing to office utilities and to apply for licenses and permits.

Types of business structure

The main business structures used in Singapore are:

- Sole proprietorship
- General Partnership, Limited Liability Partnership, Limited Partnerships
- Private Limited Companies, Public Limited Companies
- Representative Office, Branch Office, Subsidiary

All businesses of any sort must be registered with the Accounting and Corporate Regulatory Authority (ACRA) before commencing business. ACRA is the statutory board that oversees the regulation of businesses, public accountants and corporate service providers in Singapore.

Sole-proprietorship

A sole proprietorship is a business that can only be owned by a local resident. A local resident is defined as either a citizen, permanent resident or a foreigner holding an employment or dependant pass. Foreigners who are residing overseas and want to register a sole proprietorship must appoint at least one locally resident authorised representative. It is the simplest and most flexible business structure.

Sole proprietors do not need to audit their accounts or file annual returns with ACRA as any profits will be taxed as personal taxes. Sole proprietors are personally accountable for all liabilities incurred during the course of the business.

Partnerships

A partnership is a business firm owned by at least two (limited to 20) partners (individuals or companies). It is not a legal entity and cannot sue or be sued in its own name and it cannot own or hold any property. The partners are personally accountable for business debts and losses including the loss caused by another partner.

There are three types of partnership structures in Singapore: general partnership, limited partnership and limited liability partnership.

- **General Partnership**

This business structure is similar to a sole proprietor. The business partners are personally liable for the business liabilities and debts. The partners share responsibility as one is held accountable for the actions of a fellow partner. It is not the best business structure in Singapore as it contains a lot of risk.

- **Limited Liability Partnerships (“LLP”)**

LLPs combine the limited liability features of companies along with the operational flexibility of partnerships. They must have a minimum of two partners (individuals or companies).

A LLP is a legal entity and can sue and be sued in its own name and can own or hold any property. The personal assets of the partners are protected. While partners are not personally accountable for the wrongful acts of other partners, they can be personally accountable for debts and losses resulting from their own careless actions.

- **Limited Partnerships (“LP”)**

A LP is a business firm owned by a minimum of two partners, with at least one general partner and at least one limited partner. The partners can be individuals, Singapore-registered companies or unregistered foreign companies.

A general partner has unlimited personal liability and can be appointed as the manager of the LP. The general partner is responsible and liable for all actions, debts and obligations of the LP. A limited partner is not liable for any debts and obligations beyond his agreed investment in the LP. If a limited partner takes part in the management of the LP, he will have unlimited liability as if he were a general partner.

A LP is not a separate legal entity and cannot sue or be sued in its own name and cannot own or hold any property.

Companies

A limited liability company, commonly referred to as a company, is the most common business structure. Companies are a separate legal entity from its owner. This means only the company, and not the owner, can sue, be sued, own property or enter into contracts on its own behalf. The shares in a company limit the shareholder's liability to the share investment and any uncalled amount on the shares.

A company can be registered as a:

- **Private Limited Company**

A private company has less than 50 shareholders. It can be incorporated with one director and one shareholder and is exempt from appointing professionally qualified secretaries.

A private company will qualify as an exempt private company if it has no more than 20 shareholders and none of its shares are held by another company. An exempt private company with annual revenue of not more than S\$5m is exempted from having their accounts audited.

- **Public Limited Company**

A public company is one with more than 50 shareholders. A company must be registered (or converted from a private company) as a public company if it intends to raise capital by offering shares and debentures to the public. A public company must register a prospectus with the Monetary Authority of Singapore before any public offer of shares and debentures.

Every Singapore incorporated company must have a registered office in Singapore at which service of process and notices can be served. The registered office need not be the place of business of a company.

Audit requirements and practices

All companies (other than exempt private companies) must appoint independent certified public accountants to audit their annual financial statements within three months from the date of incorporation.

To be exempted from audit requirements, a company must satisfy all of the following criteria:

- The Company does not have any corporate shareholder;
- Total number of individual shareholders must be less than 20;
- Annual turnover of the company must be less than S\$5 million.

Directors

Every company shall have at least one director who is ordinarily resident in Singapore and, where the company only has one member, that sole director may also be the sole member of the company.

The management and control of a company lies with its directors. Directors may exercise all powers of a company except for any power that the Companies Act, or the memorandum and articles of the company, require the company to exercise in a general meeting.

Directors have various statutory duties under the Companies Act. They are required to act honestly and use reasonable diligence in the discharge of the duties of their office and disclose potential conflict of interests. In addition, they shall ensure that there is proper accounting and record keeping explaining the transactions and financial position of the company and to enable true and fair profit and loss accounts and balance-sheets to be prepared and presented during the annual general meetings.

Directors can face large fines or imprisonment for breaches of their duties, as well as a personal liability for debts incurred by the company in certain circumstances.

Opening a Branch

A foreign corporation which wishes to establish a place of business or to carry on business in Singapore must register with ACRA before commencing operations in Singapore. The Companies Act requires that a branch name be approved before it can be registered. The Singapore Companies Act requires a foreign company to appoint at least one authorised representative resident in Singapore who is authorised to accept service on behalf of the corporation and who is answerable for doing all things required of the corporation under the Companies Act. The parent company must own 100% of the branch office.

A Singapore branch is considered a non-resident company for tax purposes. Non-resident companies are not eligible for tax benefits resulting from available tax incentives and tax treaties meant for resident companies.

Representative Office in Singapore

Foreign companies may set up representative offices to conduct limited business activities such as market research, feasibility studies and liaison work on their behalf. Application to establish a commercial representative office is made to the International Enterprise Singapore and must fulfil the following criteria:

- the foreign company's sales turnover must exceed US \$250,000;
- the foreign company must have been established for at least three years; and
- the proposed number of staff for the representative office should be less than five people.

A representative office may operate in Singapore for a maximum of three years from its commencement date, provided that the representative office status is renewed annually after evaluation by International Enterprise Singapore. As the registration for the representative office is subject to periodic renewal, it is not suitable for foreign companies wanting to maintain long term operations in Singapore.

Registration requirements and filing procedures for public securities

A public company must register a prospectus with the Monetary Authority of Singapore before any public offer of shares and debentures. The Prospectus must be prepared in accordance with the Securities and Futures Regulations.

Public companies intending to list its shares and debentures on the Singapore Exchange ("SGX") have to apply for the eligibility to list from SGX. The listing requirements are contained in the SGX Listing Manual.

Purchasing real estate property in Singapore

Foreign nationals can purchase the following property types:

- Private condominiums
- Executive condominium that is more than 10 years old
- Strata landed houses
- Landed houses in Sentosa Cove
- Landed properties (with special permission from Singapore Land Authority)
- Shophouse (for commercial use)
- Industrial and commercial properties

A Buyer Stamp Duty (BSD) tax is levied on all property buyers, regardless of nationality, who purchase any property and it is dependent on the purchase price or market value of the property. The BSD rate depends on the purchase price or market value of the property. The top marginal BSD rate is 4% for residential properties worth over S\$1 million.

An Additional Buyer's Stamp Duty (ABSD) rate of 20% is payable regardless of the number of residential properties purchased by a foreign national. However, the ABSD is not applicable for US nationals or nationals and Permanent Residents from Switzerland, Liechtenstein, Norway and Iceland.



Taxation

Introduction

Singapore adopts a territorial basis of taxation where individuals and companies are taxed on income sourced in Singapore or foreign-sourced income received in Singapore except if certain prescribed conditions for exemption from tax are met. Gains of a capital nature are not subject to any tax. There is a value added tax called the Goods and Services Tax (GST) in Singapore. GST is imposed on the purchase of goods and services. There are also some miscellaneous taxes such as stamp duty and property tax.

Income Tax Law and Administration

The Income Tax Act (Cap. 134) is the legislation that imposes income tax and regulates the collection of income tax. The Comptroller of Income Tax through the Inland Revenue Authority of Singapore (“IRAS”) administers the Income Tax Act (“ITA”).

Fiscal Year

The statutory tax year, referred to as the Year of Assessment (“YA”), begins on 1 January and ends on 31 December. The income for a year of assessment is the income for the preceding calendar year (commonly known as the basis year). Therefore, income earned during the 2020 basis year is assessed to tax in the year of assessment 2021. Companies with non 31 December financial year-ends are allowed to use their accounting year instead of the calendar year as the basis year.

Taxpayers

Individuals and companies that derive taxable income are taxpayers and are liable to income tax. A trust will have to pay tax at the trustee level unless it is granted tax transparency under certain circumstances. Partnerships (including limited liability partnerships and limited partnerships) are transparent for income tax purposes and each partner will be taxed on his share of the income from the partnership.

Taxable Income

Income tax is imposed on the following sources of income:

- Income from trade, business, profession or vocation;
- Earning from employment in Singapore;
- Dividends, interest or discounts;
- Pension, charge or annuity;
- Rents, royalties, premiums and other profits arising from property; and
- Any other gains or profits that are revenue in nature.

Essentially, all receipts that are revenue in nature are taxable unless specifically exempt under ITA.

Allowable Deductions

Deductions such as business expenses, capital allowances and reliefs can be claimed to reduce taxable income, which leads to lower taxes.

For expenses to be deductible, they must be incurred wholly and exclusively in the production of the income for income tax purposes, revenue in nature and must not be specifically prohibited under the Singapore tax law. Expenses attributable to foreign-source income are not deductible unless the foreign-source income is received in Singapore and subject to tax in Singapore. In general, offshore losses may not be offset against Singapore-source income.

Capital allowances (i.e. tax depreciation) are granted in lieu of accounting depreciation for the capital expenditure incurred on the acquisition of plant and machinery used for the purposes of a trade or business.

Payment of Tax

Singapore is on an official assessment tax system wherein Notice of Assessment (NOA) will be issued after the tax authorities have reviewed the tax return. Income tax is due and payable one month after the date of issuance of the NOA, unless the taxpayer is allowed to pay by instalment through GIRO (a direct debit plan).

In certain circumstances, companies may pay tax in monthly instalments on the estimated chargeable income (ECI), up to a maximum of 10, with the first instalment payable one month after the end of the accounting period. No instalments are allowed if the ECI is submitted more than three months after the end of the relevant accounting period.

For late filing, a penalty of up to S\$1,000 may be imposed in the first instance. A late payment penalty of 5% of the tax due is imposed if the tax is not paid by the due date. If the tax is not paid within 60 days of the imposition of the 5% penalty, an additional penalty of 1% of the tax is levied for each subsequent month that the tax remains outstanding, up to a maximum of 12%.

In Singapore, it is an offence not to file an income tax return with the IRAS. An individual is also likely to be prevented from leaving Singapore until outstanding taxes have been settled.

Lodgement of Returns

Individuals and partnerships are required to file annual tax returns electronically by 18 April each year.

Companies have to submit electronically an estimate of their chargeable income (ECI) within three months from the end of the company's financial year. As a concession, companies are not required to file an ECI if their annual revenue is not more than S\$5 million for the financial year and if their ECI is NIL.

The statutory deadline for filing corporate income tax return electronically is 30 November each year. No extension of time to file the return is allowed.

Tax Residence

Taxpayers are categorised as either residents or non-residents. The tax residence of a taxpayer may be affected by the relevant Double Tax Agreement.

- **Residence of Individuals**

The residence of an individual may be determined through quantitative or qualitative tests. Under the quantitative test, an individual who is physically present or exercises employment in Singapore for 183 days or more in the basis year is treated as resident for the corresponding year of assessment. Under the qualitative test, factors such as location of family ties and permanent home, living arrangement, will be considered collectively to establish the residence of the individual.

- **Residence of Companies**

A company is considered a tax resident if the control and management of its business is exercised in Singapore. Typically, the location of the company's Board of Directors meetings, during which strategic decisions are made, is a key factor in determining where the control and management is exercised. Where a company is unable to hold directors' meetings in Singapore as a consequence of travel restrictions imposed in response to the COVID-19 pandemic, the Inland Revenue Authority of Singapore (IRAS) may consider the company as a Singapore tax resident for the year of assessment (YA) 2021, subject to qualifying conditions.

Source of Income

Singapore imposes tax on a territorial basis. Income tax is imposed on all income accrued in or derived from Singapore, and all foreign income remitted or deemed remitted to Singapore. However, individuals are not taxed on income sourced from outside Singapore and received in Singapore (unless the income is received via a partnership).

Remittances of foreign income in the form of dividends, branch profits and services income (specified foreign income) into Singapore, by companies' resident in Singapore, are exempt from tax if prescribed conditions are met. For remittances of specified foreign income that does not meet the prescribed conditions, companies may be granted tax exemption under specific scenarios or circumstances on an approval basis.

Taxation of Companies

- **Tax rates**

The standard corporate income tax rate is 17%. A partial tax exemption is granted for all companies - 75% of the first S\$10,000 and 50% of the next S\$190,000 of normal chargeable income are exempt from tax. The balance of chargeable income is fully taxable at the standard rate of 17%.

Newly incorporated companies may instead qualify for a separate partial tax exemption - 75% of the first S\$100,000 and 50% of the next S\$100,000 of normal chargeable income may be exempt from tax for its first three consecutive YAs. 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 at least one of the shareholders is an individual shareholder beneficially and directly holding at least 10% of the total number of issued ordinary shares.

- **Dividends**

Singapore adopts a one-tier corporate tax system, under which dividends paid by Singapore resident companies are tax exempt in the shareholders' hands. No withholding tax is imposed on dividends.

Foreign-sourced dividends are taxable if received or deemed received in Singapore, unless certain conditions are satisfied.

- **Unutilised capital allowances and trading losses**

Current year unutilised capital allowances ('CA') and trading losses may be carried forward indefinitely and can be used against future taxable profits subject to compliance with the "shareholding test" and the "same business test".

The shareholding test requires the company to have substantially (50% or more) the same shareholders on two dates, (i.e. when the trading losses or capital allowances arose and when they are being utilised). The same business test requires the company to continue the same trade for which the allowances were granted. Companies that are not able to meet the shareholding test may apply for a waiver of the test. The Tax Comptroller may grant such a waiver if he is satisfied that the shareholding change is not for the purpose of deriving any tax benefit or tax advantage.

Current year unabsorbed capital allowances ('CA') and trading losses may also be carried back and used against prior taxable profits subject to compliance with the "shareholding test" and the "same business test". The carry back is generally limited to one YA (i.e. the YA immediately preceding the YA in which the capital allowances or trading losses arose) and up to S\$100,000.

- **Group relief**

Singapore does not permit tax consolidation for companies within the group; each company is required to file a separate corporate tax return. As an alternative, qualifying companies belonging to the same group (under a Singapore incorporated company) may transfer current year's unutilised capital allowances, trade losses and donations amongst themselves under the group relief system. Only Singapore incorporated companies with the same financial year-end will qualify for group relief, provided the 75% ordinary shareholding requirement is met.

Interest Deductions

There are no thin capitalisation rules under the ITA. Interest expenses wholly and exclusively incurred in the production of income is tax deductible. Where the taxpayer has non-income producing assets such as interest free loans, a portion of the interest expense will be attributed to such assets and the deduction for the attributed interest will be disallowed.

Taxation of Capital Gains

Gains that are capital in nature are not subject to income tax. For instance, the gain from the disposal of an individual's home residence is generally considered capital in nature for the homeowner and is not subject to income tax. In contrast, gains from trading in residence properties are considered trading gains in the hands of a property trader and are subject to income tax.

Repatriation of Profits and Transfer Pricing

The Singapore Transfer Pricing Guidelines provide guidance on the arm's-length principle and TP documentation requirements in Singapore. The guidelines on the application of the arm's-length principle are broadly consistent with the Organisation for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, which endorse the arm's-length principle. Specific guidance, including a recommendation to adopt a three-step approach (conduct a comparability analysis, identify the most appropriate TP method and tested party, and determine the arm's-length results) to apply the arm's-length principle, is provided together with specific requirements relating to external benchmarking searches and the application of results.

Singapore head-quartered multinational enterprises are required to prepare and maintain contemporaneous and adequate transfer pricing documentation. Transfer pricing documentation should be prepared no later than the time of completing and filing the tax return for the relevant financial year during which the related-party transaction takes place. Taxpayers do not need to submit the transfer pricing documentation when they file their tax returns but are required to submit the transfer pricing documentation within 30 days upon request by IRAS.

Singapore taxpayers are required to prepare transfer pricing documentations if they meet any one of the conditions below:

- Gross revenue is greater than S\$10 million; or
- Transfer pricing documentation is required to be prepared for the previous basis period.

Penalties may be imposed for non-compliance. Besides a fine of up to S\$10,000, transfer pricing adjustments made by the IRAS may be subject to an additional surcharge of 5%.

In addition, where the aggregate value of related party transactions exceeds S\$15 million, a Related Party Transaction form will have to be completed and submitted together with the tax return.

Interaction with International Tax Regime

Singapore follows a territorial tax system and has signed comprehensive double taxation agreements with more than 90 countries including Australia, Canada, China, Japan, most South-East Asian nations, United Kingdom and many European nations.

A foreign tax credit (FTC) is limited to the lower of the foreign tax paid and the Singapore tax payable on that income. The FTC is granted on a country-by-country, source-by-source basis unless the resident taxpayer elects to claim FTC under the pooling method, subject to meeting certain conditions. A unilateral tax credit system, similar to FTC relief, is also available for income derived from countries that have not entered into tax treaties with Singapore.

Taxation of Individuals

Singapore tax resident individuals, with certain exceptions, are subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-source income received or deemed received in Singapore by an individual is exempt from income tax in Singapore, except for income received or deemed received through a partnership in Singapore. Certain investment income derived from Singapore sources by an individual may be exempt from income tax. Non-residents are subject to Singapore income tax on income accrued in or derived from Singapore.

- **Residents**

Resident individuals' taxable income (after setoff of personal allowances) is subject to tax based on the following progressive rates:

Chargeable Income	Income Tax Rate (%)	Gross Tax Payable (S\$)
First S\$20,000	0	0
Next S\$10,000	2	200
First S\$30,000	-	200
Next S\$10,000	3.50	350
First S\$40,000	-	550
Next S\$40,000	7	2,800
First S\$80,000	-	3,350
Next S\$40,000	11.5	4,600
First S\$120,000	-	7,950
Next S\$40,000	15	6,000
First S\$160,000	-	13,950
Next S\$40,000	18	7,200
First S\$200,000	-	21,150
Next S\$40,000	19	7,600
First S\$240,000	-	28,750
Next S\$40,000	19.5	7,800
First S\$280,000	-	36,550
Next S\$40,000	20	8,000
First S\$320,000	-	44,550
In excess of S\$320,000	22	

Various personal reliefs are available to resident individuals.

- **Non-residents**

Non-resident individuals exercising an employment in Singapore are subject to income tax depending on the number of days in Singapore:

- Not more than 60 days

Employment income derived from a short-term employment (not more than 60 days) is exempt from Singapore income tax for the non-resident employee. This exemption does not apply to company directors, public entertainers or exercising a profession in Singapore. Professionals include foreign experts, foreign speakers, Queen's Counsels, consultants, trainers, coaches etc.

- Between 61 and 182 days

The employment income of non-residents is taxed at the flat rate of 15% (without personal tax reliefs) or the progressive resident tax rates (with personal tax reliefs), whichever yields a higher tax.

Non-resident individuals earning director's fees, consultation fees and other income such as rent, interest, royalty, pension etc from Singapore will be taxed at a flat rate of 22%. The tax is generally collected through withholding by the payer.

• **Employees with Regional Responsibility**

Employees who are required to travel in the course of their employment in Singapore may apply for the Area Representative Scheme or the Not Ordinarily Resident (NOR) Scheme, subject to qualifying conditions. Under these schemes, the employment income is apportioned based on the time spent in and out of Singapore. The employee will be taxed on the portion relating to his time in Singapore.

Concessionary tax treatment as a tax 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 across two calendar years. Non-residents are not entitled to any personal tax reliefs.

Taxation of Partnerships

Whilst partnerships (including LLP and LP) have to file a tax return, they are transparent for income tax purposes. Each partner will be taxed on his share of the income from the partnership. Where the partner is an individual, his share of income from the partnership will be taxed based on his personal income tax rate. Where a partner is a company, its share of income from the partnership will be taxed at the tax rate for companies.

Taxation of Trusts

The taxation of trusts is dependent on the nature of income derived and the residency of its beneficiaries. As a general guide, the trust is taxed (as a final tax) at the trustee level with one exception. Under the exception, the trust is tax transparent in respect of the non-trade or business income distributed to resident beneficiaries who are entitled to such distribution under the trust arrangement. Such distribution is subject to income tax directly in the hands of these resident beneficiaries.

Withholding Tax

Withholding tax is payable if the following payments are made to non-residents:

1.	Interest, commission, fees in connection with any loan or indebtedness	15%
2.	Royalty or other payments for the use of or right to use any movable property	10%
3.	Payments for the use or right to use scientific, technical, industrial or commercial knowledge or information	10%
4.	Technical assistance, service fees and management fees	17% (22% for individuals)
5.	Rent or other payments for the use of movable properties	15%
6.	Time charter fees and voyage charter fees, bareboat charter fees	Nil to 2%
7.	Directors' remuneration/ directors' fees	22%
8.	Real estate investment trust (REIT) distribution of taxable income to non-resident (other than individual)	10%

Dividends are not subject to withholding tax whether paid to a resident or non-resident. The withholding tax rate on the above-mentioned payments may be reduced in accordance with the provisions of the respective tax treaties.

Withholding tax has to be accounted to the Comptroller of Income Tax by the 15th of the second month following the date of the payment to the non-resident.



Other Taxes

Goods and Services Tax

Goods and services tax (“GST”) is charged on the supply of goods and services made in the course of business in Singapore and on the importation of goods into Singapore. It is a broad-based consumption tax, aimed at taxing the final consumer.

Persons carrying on businesses of making taxable supplies are required to register for GST if their annual turnover (retroactive or prospective) is more than S\$1 million. A GST registered person (“GST taxpayer”) has to charge GST on his supplies (“Output GST”) and pay GST on his purchases (“Input GST”). The GST taxpayer has to file a monthly or quarterly GST return to declare the Output GST collected and the Input GST incurred. He will pay (or claim) the difference (after netting the Output GST against the Input GST) together with the GST return.

All taxable supplies are subject to GST at the standard rate, currently 7%, unless they qualify to be zero-rated or exempted. The GST rate will be increased by two percentage points, from 7% to 9%, sometime between 2022 and 2025. The exportation of goods and the provision of international services are zero-rated (i.e.: GST is chargeable at the rate of 0%). The GST taxpayer making zero-rated supplies does not collect output GST but is able to claim a refund for the Input GST incurred in making that supply. Exempt supplies include transactions relating to residential real property and provision of financial services. A GST taxpayer making exempt supplies does not have to charge Output GST on the exempt supply and cannot claim a refund of the Input GST incurred in making that supply.

Import GST is also imposed on imported services through (i) a reverse charge regime for business-to-business (B2B) supplies of imported services (ii) an overseas vendor registration regime for business-to-consumer (B2C) supplies of imported digital services. Overseas suppliers and electronic marketplace operators which make significant supplies of digital services to consumers in Singapore are required to register with the IRAS for GST via an Overseas Vendor Registration (OVR) model. Foreign-based suppliers of digital services are required to register for GST in Singapore if they have an annual global turnover exceeding S\$1 million and makes B2C supplies of digital services to customers in Singapore exceeding S\$100,000. Once registered for GST, the supplier is required to charge and account for GST on B2C supplies of remote services made to customers in Singapore.

Most businesses are required to submit GST returns covering three-month accounting periods i.e. on a quarterly basis. The quarter allocation is based on the business’s financial year-end. Monthly GST returns can also be submitted, subject to conditions and prior approval of IRAS. Where a company is on a GIRO plan (a

direct debit plan) for GST payment, GIRO deductions of the GST payable for that quarter are on the 15th day of the month after quarter filing due date. Otherwise, the GST is due on the quarter filing due date.

Customs and Excise Duty

Singapore is essentially a free port and imposes excise and import duties on a limited list of items. Customs and excise duties are imposed principally on tobacco products, petroleum products, motor vehicles and intoxicating liquors.

Central Provident Fund

Employers and employees who are Singapore citizens or Singapore permanent residents (under immigration rules) are required by law to contribute to the Central Provident Fund (“CPF”), a comprehensive social security savings scheme. Under the scheme, employers are to ensure that CPF contributions are paid monthly for its employees at the rates set out in the CPF Act. The employer is entitled to recover a percentage of that contribution from the employee through deductions from the employee’s wages.

Employee contributions for individuals up to age 55 are payable at a rate of up to 20%. Graduated rates may apply for the first two years after the employee attains permanent residence. The employer’s statutory contribution rate to the CPF for employees (up to age 55) is up to 17%, subject to a monthly ordinary wage ceiling of S\$6,000 and a total annual wage ceiling of S\$102,000.

Estate Duty

Singapore does not impose estate tax.

Stamp Duty

Stamp duty is levied on executed documents relating to immovable properties, leases, stock and shares.

Ad valorem stamp duty is chargeable on a lease or agreement of a lease of any immovable property with average annual rent exceeding S\$1,000. Leases with average annual rent not exceeding S\$1,000 are exempt from stamp duty.

Buyer’s stamp duty (BSD) of up to 3% is payable on acquisitions of non-residential properties, and up to 4% is payable on acquisition of residential properties. An additional buyer’s stamp duty (ABSD) of between 12% and 30% is payable for individuals and entities that acquire more than one residential property. Both the BSD and ABSD are computed on the higher of the purchase price or the market value of the property. Seller’s stamp duty (SSD) of up to 12% for residential property and 15% for industrial property may apply depending on the holding period and acquisition date of the property. There are additional stamp duties imposed on the buyer and/or the seller on certain real property depending on factors such as the profile of the buyers and the duration of ownership by the sellers.

Instruments effecting the transfer of stock and shares is subject to a stamp duty of 0.2% on the market value or purchase price of the shares transferred, whichever is higher. The transfer of scripless shares that are listed on the Singapore stock exchange is generally not subject to stamp duty.

Property Tax

Property tax levied on immovable properties (such as houses, buildings and land) is payable by the owner of the immovable property. The annual property tax is calculated based on a percentage of the gross annual value of the property. For residential properties, owner-occupier tax rates range from 0% to 16% while non-owner-occupier tax rates range from 10% to 20%. Non-residential properties such as commercial and industrial buildings and land are taxed at 10%. Exemptions may be granted for land under development in certain cases.



Grants and Incentives

Introduction

Singapore has a comprehensive list of incentive and development schemes to attract substantive investments into Singapore and to assist investors in expanding their businesses. The schemes range from assistance in manpower development, technological/equipment upgrading, to R&D, intellectual property and industry development.

Regional/ International Headquarters Award (“RHQ/ IHQ”)

The Government of Singapore has established two particular schemes to encourage companies to move their regional or international headquarters to Singapore.

Companies that meet requirements to setup RHQ or IHQ in Singapore will enjoy a concessionary tax rate of 15% for 3+2 years on incremental qualifying income from abroad. If the minimum requirements are fulfilled by the end of the third year within the incentive period, the concessionary tax benefit could be extended for another two years.

Companies that commit to go beyond the minimum requirements of the RHQ Award, may apply for a customised incentive package with lower concessionary tax rates (0%, 5% or 10%) on qualifying income under the IHQ.

Pioneer Certificate Incentive

Administered by the Economic Development Board, both the pioneer industries and pioneer service companies essentially enjoy the same tax benefits whereby the income derived from the pioneer trade will be wholly exempt from tax during the tax relief period.

The pioneer industries cater to the manufacturing sector, whereas the pioneer service companies cater to the service sector. The duration of the tax relief period will depend on the nature and extent of the investments involved and will be granted for a period of five to 15 years from the production day (in the case of a pioneer product) or the commencement day (in the case of a pioneer service). The production day signifies the start of the tax relief period when marketable quantities of the product are produced, and this date can be amended to commence either earlier or later on application to the Minister.

An industry may be declared as a pioneer industry or a product declared as a pioneer product if it is in the public interest, the current industry is not of sufficient scale, and there are favourable prospects for development of the industry. For services, a company may be approved as a ‘pioneer service company’ if it intends to engage in any of the following qualifying activities:

- Engineering or technical services, including laboratory, consultancy and research and development activities
- Computer-based information and other computer-related services.
- Development or production of any industrial design
- Or other prescribed services or activities

Development and Expansion Incentive (“DEI”)

Investors engaging in high value-added projects that will generate significant economic benefits for Singapore may apply for this incentive. DEI companies enjoy a concessionary tax rate of 5% or 10% on their incremental income derived from the performance of qualifying activities.

Approved Royalties Incentive

This incentive encourages companies to transfer their cutting-edge technology and know-how to Singapore by providing full or partial withholding tax exemption for royalty payments or technical assistance fees payable to non-residents. Investors looking into developing or bringing new R&D capabilities can apply for the Research Incentive scheme. The project should result in an increase of hiring and training of research scientists and engineers in Singapore. The scheme provides grants to partially offset the R&D project costs incurred for manpower training, equipment investment, intellectual property management and professional services.

Research Incentive Scheme for Companies

Investors looking into developing or bringing new R&D capabilities can apply for this scheme. The project should result in an increase of hiring and training of research scientists and engineers in Singapore. The scheme provides grants to partially offset the R&D project costs incurred for manpower training, equipment investment, intellectual property management and professional services. An additional 150% tax deduction (from YA 2019 to YA 2025) is allowed for certain qualifying R&D expenditure.

Financial Sector Incentive Scheme (“FSI”)

The FSI is designed to encourage the development of high-growth and high value-added financial activities in Singapore. It applies to licensed financial institutions, from large universal banks, fund managers to capital market players. A 5%, 10%, 12% or 13.5% concessionary tax rate applies to income derived from carrying on qualifying activities by approved FSI companies in Singapore.

Global Trader Programme (“GTP”)

Companies carrying out business in international trading of commodities or commodities future may apply for the GTP incentive program. Under the GTP, approved companies enjoy a concessionary corporate tax rate (5% or 10%) for a renewable five-year period on qualifying trading income (including offshore trading income) that includes any income from physical trading, derivative trading income, etc. Companies eligible for this benefit must carry out majority of their trading operations in Singapore.

Enterprise Finance Scheme (“EFS”)

The Enterprise Financing Scheme (EFS) is designed to support local businesses and is meant for businesses that are most in need of financing support. Businesses (with at least 30% local ownership) may apply from six financing schemes under the EFS. Each of these loans covers specific areas in which businesses may need financing support.



Labour Law

An outline of employment law

The key employment-related statute in Singapore is the Employment Act. The Employment Act sets out basic employee rights and contractual minimums that employers must abide when hiring both local and foreign workers. Under the Employment Act, if a term of the employment contract is less favourable to an employee than those prescribed in the Employment Act, that term shall be illegal, null and void to the extent that it is less favourable.

An important facet of labour law in Singapore is the Central Provident Fund (“CPF”), which is a comprehensive and mandatory social security system that enables working Singapore Citizens and Permanent Residents to set aside funds for retirement. Foreign employment is heavily regulated under the Employment of Foreign Manpower Act, with various types of work passes issued to different classes of employees. While CPF contributions are not required for foreign employees, a foreign worker levy and quota may be imposed for certain classes of foreign employees. Employers are required to make skill development fund contributions for all employees to support workforce upgrading programmes.

There is no minimum wage in Singapore apart from the cleaning, security and landscape sectors, in which a progressive wage model sets a minimum wage for Singapore citizens and Singapore permanent residents, subject to progression in their level of training and skills. A minimum qualifying salary is needed for foreign applicants to receive the Employment Pass (for executives, managers, or skilled professionals) and S Pass (for mid-level skilled employees) permits.

Migration to Singapore

Singapore maintains an open-door policy to foreigners as it recognizes the economic importance of attracting foreign talent (such as entrepreneurs, professionals, technical personnel and skilled workers) to Singapore. As such, the migration processes have been made simple and straightforward to enable such global talent to come to Singapore to work and settle down.

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

- Permanent residence
- Professional Visas
- Visas for entrepreneurs

Permanent residence

Foreigners can apply for permanent residence in Singapore under the following schemes:

- **Professionals/Technical Personnel and Skilled Workers Scheme**

Foreigners holding on to a valid professional visa (Singapore employment pass, S Pass, PEP or Entrepass) can apply for permanent residence under this scheme.

- **Global Investor Programme (GIP)**

The Global Investor Programme (GIP) accords Singapore Permanent Resident status to eligible global investors who intend to drive their businesses and investment growth from Singapore. Besides a substantial business track record and successful entrepreneurial background, an investment input of either of the two options is also required to qualify for GIP:

- a) Invest at least S\$2.5 million in a new business start-up or expansion of an existing business operation.
- b) Invest at least S\$2.5 million in a GIP-approved fund that invests in Singapore-based companies.

Singapore permanent residence application status is managed by the Ministry of Manpower and is usually granted for a period of five years, subject to renewal.

Professional Visas

Professional visas are issued to foreign professionals who have found employment in Singapore and are about to commence work, those who need to make short visits in their professional capacities, and others who seek training opportunities. It is essential to apply for an appropriate working visa to facilitate employment and application of permanent residence status.

- **Employment Pass**

The Employment Pass is for applicants seeking professional, managerial or executive and specialist jobs earning fixed monthly salaries of more than S\$4,500 with recognised qualifications, skills or years of experience. Specifically for the Financial Services sector, the qualifying salary for Employment Pass holders is a minimum fixed monthly salary of S\$5,000. The pass is tied to a specific employer and a change of employer requires a fresh application. Once granted, Employment Passes are valid for two years, and can subsequently be renewed for three years at a time.

- **Personalised Employment Pass (“PEP”)**

The Personalised Employment Pass is a scheme to facilitate the contributions of global talent to Singapore. The PEP provides greater flexibility to the holder as it is not tied to any employer and is granted on the strength and merits of the applicant. Pass holders are able to live and work in Singapore, travel in and out of Singapore without entry visas for a specified period of time (not unemployed for longer than six months) to evaluate new employment opportunities. A PEP is valid for three years but cannot be renewed upon expiration.

Visas for Entrepreneurs

Singapore offers tailor-made visas for those who intend to set up businesses in the country, as well as entrepreneurs who would like to explore business opportunities in the region.

- **Singapore Entrepreneur Pass (“EntrePass”)**

This business visa is granted to facilitate the entry and stay of foreign entrepreneurs who will be actively involved in the starting up and operation of the company in Singapore. The EntrePass will only be issued upon the submission and approval of a sound business proposal by governing bodies. Businesses that are involved in the development or application of innovative technology, or contribute to the flourishing of innovative creations, stand a better chance of having their EntrePass application approved. The EntrePass is granted for one year with a possibility of future renewals. After two years, the EntrePass holder may be eligible for permanent residence (PR) and after two years of PR, the entrepreneur may be eligible to apply for citizenship.

- **Multiple Journey Visa (MJV)**

This visa facilitates the entry of business executives from countries that require a visa into Singapore for the purposes of attending to businesses or investments in Singapore, or looking for or exploring business opportunities in Singapore. Holders of this visa are permitted to enter Singapore as often as required within the validity period of the visa. The holder may stay up to 30 days per visit.

- **Long Term Social Visit Pass for Entrepreneurs**

This pass is for entrepreneurs who require a longer term stay in Singapore to explore business opportunities, conduct feasibility studies or business negotiations for starting a business in Singapore. The pass allows the entrepreneur to leave and re-enter Singapore within the validity period without having to re-apply each time. The Long-term Visit Pass for Entrepreneurs is valid for a maximum of six months.

APEC Business Travel card

The Asia Pacific Economic Cooperation (APEC) Business Travel Card (ABTC) scheme is designed to facilitate the travel of business persons between the APEC economies. The ABTC is a multiple journey visa where cardholders enjoy visa-free entry and expedited immigration clearance through designated ABTC lanes in ABTC-participating economies. Each card is valid for five years, or up to the validity of the passport, whichever is shorter.

The participating economies are Australia, Brunei Darussalam, Canada, Chile, China, Chinese Taipei, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Singapore, Thailand and Vietnam.

Recruitment

Job listings should comply with the Tripartite Guidelines on Fair Employment Practices. If employers must include a special requirement or ask for information that may be viewed as discriminatory, they should ensure that they have a legitimate work reason for doing so.

If a company contemplates filling a vacancy with a foreign worker who would require an employment pass, the position must first be advertised on the Jobs Bank, which is managed by Workforce Singapore.

The listing must:

- comply with the Tripartite Guidelines on Fair Employment Practices (i.e. it cannot be discriminatory in relation to the job requirements); and
- run for at least 14 calendar days before the employment pass application is made.

Standard regulations for employment contracts

The employment agreement of an employee covered by the Employment Act cannot contain any terms less favourable than the minimum standards stated in the Employment Act. If such terms are present in the employment agreement, these terms will be considered void and illegal.

The Employment Act does not regulate the minimum salary every employee must be paid. Salary must be paid at least once a month within seven days after the end of the salary period. Overtime pay, if applicable, must be paid within 14 days of the stipulated salary period. There is no requirement of bonus payment under the Employment Act of Singapore.

Employees who have completed their first year of service are entitled to a minimum of seven days of paid annual leave. Employees that have worked for at least six months for the company are entitled to 14 days of sick leave per year, and 60 days of hospitalization leave (inclusive of the 14 days).

Female employees that have been employed for more than three months are entitled to a total of 16 weeks leave. Employers are prohibited from dismissing any employees on maternity leave. Employers are required to pay maternity leave in full, should notice of dismissal be given without sufficient cause within three months of employees' confinement. Besides maternity leave, the eligible female employees are entitled to six days childcare leave per year, if they have worked for the employer longer than three months, and are the parent of a child below seven years of age.

Hours of work & overtime are regulated under the Singapore Employment Act only for those employees earning below S\$2,600/month. Singapore's Ministry of Manpower has stringent laws regarding hours of work and conditions for working overtime. An employee is entitled to work not more than 8 hours daily, or 44 hours weekly. The Employment Act also deems that employees cannot work for more than six hours without a break. Inclusive of overtime work, employees cannot work more than 12 hours per day except under certain circumstances. Shift workers, on the other hand, are not allowed to work more than 12 hours daily under any circumstances. Employees are entitled to one rest day (deemed as a non-working day from midnight to midnight) per week and is not considered a paid day. The longest possible interval between two rest days is 12 days.

Social Security

The Central Provident Fund (CPF) is a comprehensive social security savings plan, where employees and employers make compulsory contributions through deductions in salaries. Contributions are payable by Singapore citizens and Singapore permanent residents ("SPRs") who are employed in Singapore only. It is supported by the government and guaranteed by law.

Contributions are payable by Singapore citizens and permanent residents only. Employers and employees contribute 17% and 20%, respectively, of ordinary monthly wages (including commissions, incentives and overtime pay), up to an income ceiling of S\$6,000. Their respective maximum contributions are therefore S\$1,020 and S\$1,200. These rates also apply to additional wages (e.g. annual bonus, leave pay).

The rates are applicable to employees aged 55 years and below. The contribution rates reduce with age for employees above 55.

Foreign nationals and their employers are precluded from making CPF contributions. Foreign employees who become Singapore permanent residents, and their employers, may contribute at reduced rates for the first two years.

Appendix

Reference web sites

Accounting and Corporate Regulatory Authority	https://www.acra.gov.sg
Enterprise Singapore	https://www.enterprisesg.gov.sg
Ministry of Manpower	https://www.mom.gov.sg
Singapore Tax Authorities	https://www.iras.gov.sg

right people
right size
right solutions

PKF International Ltd.

Studio 215-216, Great Western Studios, 65 Alfred Road, London, W2 5EU, United Kingdom
Telephone: +44 20 3691 2500

www.pkf.com

PKF International Limited administers a family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

DBISGP072021