



## SINGAPORE

Introduction:	Singapore is located at the southern tip of the Malay Peninsula, about 70 kilometers north of the Equator. Singapore is a leading international financial and trade centre with world-class physical infrastructure and communications. Spanning just over 622 sq km, Singapore is an ideal gateway for foreign investments in to the fast growing Asian economies of China, India, Vietnam, Indonesia and Thailand. There is no foreign exchange control.
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### Statutory Requirements for Singapore Private Companies

1. Type of Company:	Limited by shares. All companies name must end with the word “Limited” or its abbreviation “Ltd”. In the case of a private company, the name must include the word “Private” or its abbreviation “Pte”. Chinese names and Chinese M&As are not allowed. Transfer of domicile is not allowed.
2. Taxation:	17% on income accrued in or derived from Singapore for YA2010.
3. Capital Requirements:	No authorized share capital structure and no statutory limit on the issue of new shares.
4. Shareholders:	Minimum of one shareholder can be individual or corporation. No bearer shares are allowed. No residency requirement.
5. Directors:	Minimum of one Director who must be a natural person who has attained the age of 18 years and ordinarily residing in Singapore. Corporate directors are not allowed.
6. Company Secretary:	Minimum of one Secretary who must be a natural person residing in Singapore.
7. Registered Office:	Local registered office and physical address is required (no PO Box). Statutory books of the company must be maintained.
8. Meetings:	Every company is required to hold an Annual General Meeting (“AGM”) of the shareholders to adopt the accounts. The first AGM must be held within 18 months from the date of incorporation and thereafter, an AGM must be held once in every calendar year and not more than 15 months from the date of the last AGM. In addition, the accounts tabled at the AGM must not be more than six months from the date of the financial period/year end. Private companies may dispense with the holding of an AGM if all the shareholders agree to that effect at a general meeting.
9. Annual Return and Financial Statements	All companies must keep proper accounting records and an Annual Return must be filed with the Registrar of Companies. Dormant and small exempt companies with fewer than 20 individual shareholders and annual turnover of less than S\$5 million are not required to audit their accounts. Such companies are allowed to file a Declaration of Solvency signed by a Director and Secretary of the Company. If the Company is unable to file the declaration, it must file a set of audited accounts with the Registrar of Companies. Financial information is publicly available.

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## Singapore Taxation

Singapore's taxation is on a territorial basis. Generally, income sourced inside Singapore is taxable.

Singapore companies benefit from the following:

- ◆ A low corporate tax rate of 17%.
- ◆ Newly-incorporated companies need not pay tax on the first SGD100,000 of chargeable income and next \$200,000 will be charged at 50% for the initial three years. (Conditions apply such as the company is a tax resident in Singapore and it has no more than 20 shareholders and all shareholders are individuals or if not, having no more than 90% of shareholding under a corporate entity).
- ◆ Foreign-sourced income remitted into Singapore by Singapore resident companies is exempt from Singapore income tax if the foreign-sourced income is sourced from a jurisdiction with a headline tax of at least 15% and the income has been subjected to tax in the foreign jurisdiction.

Other taxes:

- ◆ Goods and Services Tax (GST) of 7% on the purchase of goods and services in Singapore and on the import of goods into Singapore.
- ◆ Property Tax of 10% is imposed on the annual value of property, which is the estimated yearly rent the property can fetch if it were rented out.
- ◆ Estate Duty has been abolished with effect 15 February 2008.
- ◆ Capital Gains Tax is not levied in Singapore, unless the gain is deemed to be trading in nature and not capital (e.g. frequent gain from the buying and selling of property).

### Endorsement of OECD's Model Tax Convention

Singapore endorsed the OECD's Model Tax Convention in October 2009 with the passing of the Income Tax (Amendment) (EOI) Bill. Then in November 2009, Singapore entered the "white list" signifying that it has substantially implemented the internationally agreed tax standard or EOI.

In short, Singapore has enhanced tax co-operation such that:

- ◆ Domestic Interest is lifted
- ◆ Information held by Banks and Trust companies (Criminal or domestic and foreign tax issues) is accessible where it is deemed foreseeably relevant.
- ◆ Exchange of Information is extended to taxes other than income tax

However strong safeguards have been put in place to protect confidentiality:

- ◆ The standard will be incorporated under existing and selected DTAs. Singapore has signed more than 12 such agreements, thus putting it onto the white list.
- ◆ Requests must be specific, detailed and relevant. No "fishing expeditions" allowed.
- ◆ Foreign jurisdictions must have exhausted domestic means to acquire requested information.
- ◆ Foreign jurisdictions are not allowed to take advantage of a wider information system.
- ◆ Not obliged to exchange trade secrets or information subject to legal privilege.
- ◆ Requests for information (in banks and trust companies) must be submitted to tax authorities (IRAS) and court order to be issued by High Court.