

Doing Business in Singapore

There are several vehicles to doing business in Singapore and you will have to decide which vehicle suits you and your business best. Below are some definitions.

What is a Company

A company is a business entity registered under the Companies Act, Chapter 50. It has a legal personality i.e. it has rights to own properties, has perpetual succession and can sue or be sued in its own name.

Types of Companies

Private Company limited by shares

Private Company

This is a locally incorporated company where the maximum number of shareholders is limited to 50.

Exempt Private Company

This is a private company:

- which has not more than 20 shareholders, and none of the shareholders is a corporation or
- that is wholly owned by the Government and which the Minister, in national interest, declares by notification in the Gazette to be an exempt private company.

Public Company

Public Company limited by shares

A public company limited by shares is a locally incorporated company in which the number of shareholders can be more than 50. The company may raise capital by offering shares and debentures to the public. A public company must register a prospectus with the Monetary Authority of Singapore before making any public offer of shares and debentures.

Public Company limited by guarantee

A public company limited by guarantee is one which carries out non-profit making activities that have some basis of national or public interest, such as for promoting art, or charity etc. The Minister may approve the registration of the company without the addition of the word "Limited" or "Berhad" to its name.

To Register a company in Singapore, you will need the following:

1) Company Name

The company name must be approved by ACRA.

2) Directors

A company must have at least one director who is an "ordinarily resident" in Singapore. **With effect from 1 March 2009**, any person aged 18 years and above may be appointed as a director. However, certain individuals (e.g. bankrupts and

persons convicted of offences involving fraud or dishonesty) are disqualified from holding director positions.

3) Shareholders

A minimum of 1 shareholder to a maximum of 50 shareholders in the company - can be a person or any legal entity. 100% local or foreign shareholding is allowed.

4) Company Secretary

Every company must appoint a secretary within 6 months of the date of its incorporation.

The company secretary must be residing locally in Singapore.

He/She must not be the sole director of the company.

5) Paid-up Capital

The minimum paid-up capital to register a company in Singapore is S\$1.

6) Registered Address

A local address must be provided at the registered address of the company. This can be a commercial (physical rented office or shared/virtual office) or residential address.

What is a sole-proprietorship

A sole-proprietorship is a business owned by one person or one company. There are no partners. The sole-proprietor has absolute say in the running of the business.

What is a partnership

A partnership is a business firm formed by two to twenty partners. Once there are more than twenty partners, the partnership must be registered as a company under the Companies Act, Cap. 50.

What is a Limited Liability Partnership (L.L.P.)

A Limited Liability Partnership (LLP) is a vehicle for doing business in Singapore. An LLP gives owners the flexibility of operating as a partnership while having a separate legal identity like a private limited company.

The partners of the LLP will not be held personally liable for any business debts incurred by the LLP. A partner may, however, be held personally liable for claims from losses resulting from his own wrongful act or omission, but will not be held personally liable for such wrongful acts or omissions of any other partner of the LLP.