Doing business in Singapore

2016

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Contents

Introduction

This guide to doing business in Singapore will provide foreign investors with an insight into the key aspects of investing and undertaking business in Singapore. Singapore's excellent strategic location and highly open economy make it attractive for foreign investors. Furthermore, Singapore has a stable political environment, low taxes and a highly skilled workforce making it one of the most favourable business locations in the world.

Established in 1819 as a trading post for the East India Company, Singapore became a sovereign British territory in 1824, and grew to become a major trading hub for the East. While goods trade has remained a consistent economic driver, business services and a market driven economy have become the distinguishing qualities that led Singapore to become the fourth largest business centre in the world.

Singapore's economy demonstrated strong growth in the years following the global recession but began to slow in 2014 and 2015; this was partly driven by a slowdown in China, one of Singapore's key trading partners, as well as a decline in manufacturing. Nevertheless, Singapore avoided a technical recession in Q3 2015 and economic growth is predicted to be close to two per cent for the year. Forecasts suggest GDP growth for 2016 of around one to three percent[1].

Singapore's economy is heavily dependent on exports, with a particular focus on electronics, technology and pharmaceuticals. Although these sectors remain a cornerstone of the economy, the recent growth of the financial services sector has been more notable. Singapore has been a part of the World Trade Organisation (WTO) since its inception in 1995, and has maintained low barriers to trade as part of an outward looking open economy.

The key competitive advantages for investors offered by Singapore are:

- Low taxes and business friendly regulatory structure
- Stable and corruption free political system
- Excellent strategic location
- World class infrastructure
- Low trade barriers and welcoming attitude to foreign investment
- Economic focus on knowledge based industry

Singapore is one of the most welcoming countries in Asia for expatriates. It is safe and orderly with clean and green surroundings. Living standards are high with excellent facilities for shopping, sports and recreation. More than a dozen international schools cater to the needs of the expatriate community. Medical and healthcare services are equipped with the state-of-the art facilities.

While this guide makes reference to some of the most common issues investors might face, it must be noted that certain industries, such as the financial services sector, are subject to special regulation and therefore companies wishing to invest in this area should seek legal advice.

The information in this publication is current at January 2016.

[1] Ministry of Trade and Industry Singapore

Country profile

Capital City	Singapore
Area	719 sq. km
Population	5.535 million (approx.)
Language	Mandarin, English, Malay, Tamil
Currency	Singapore Dollar (SGD)
International dialling code	+65
National Holidays 2016	1 January – New Year's Day 8-9 February – Chinese New Year 25 March – Good Friday 1 May – Labour Day 2 May – Labour Day (Observed) 21 May – Vesak Day 6 July – Hari Raya Puasa 9 August – National Day 12 September – Hari Raya Haji 29 October – Deepavali 25 December – Christmas Day 26 December – Christmas Day (Observed)
Business and Banking hours	Hours will vary depending on the industry and establishment but generic hours are: 09.00 - 17.00
Stock exchanges	Singapore Exchange Limited (SGX)
Political structure	Parliamentary Republic
Doing Business rank 2016	1

Ease of Doing Business

Topics	2016 rank	2015 rank	Change in rank
Starting a business	10	6	-4
Licenses and Permits	1	1	No change
Getting Electricity	6	6	No change
Registering property	17	16	-1
Financing	19	17	-2
Protecting Investors	1	1	No change
Paying Taxes	5	5	No change
Trading Across Borders	41	41	No change
Enforcing Contracts	1	1	No change
Resolving Insolvency	27	25	-2

Source: World Bank Group (Doing Business)

Legal overview

Political and legal system
The Republic of Singapore is a constitutional parliamentary republic, based on the Westminster model. The executive branch of the government comprises the Cabinet, the Attorney-General and a democratically elected President. The Cabinet is responsible for the direction of the Government, and is headed by the Prime Minister, who represents the effective head of the executive branch. The leader of the party with the most seats in Parliament is elected as Prime Minister. Prime Ministers serve for five years or less, after which the Parliament of Singapore must be dissolved. The President holds a largely ceremonial position, with discretionary powers to serve as a check on the Cabinet. Presidents serve for six year terms and represent the nation in internal and foreign affairs.

The government
The parliament is dominated by the People's Action Party, which has retained a majority in parliament since self-governance was established in 1959.

The legislative branch is the parliament. The Members of the Parliament (MPs) can either be elected, non-constituency or nominated Members. Most of the Members are elected by popular vote and serve five year terms. However, the Constitution also provides for the appointment of non-elected MPs: up to nine Non-Constituency Members of Parliament (NCMPs) from political parties of the opposition can be appointed. Additionally, since 1990, a constitutional provision has permitted the appointment of up to nine Nominated Members of the Parliament (NMPs) to ensure that a wide range of community views are represented. Legislation enacted through bills is passed by the parliament and assented by the President.

The legal foundation is the Constitution of the Republic of Singapore, which is the supreme law in the country. The legal system is based on the English common law system, although there are key differences, most notably the abolition of trial by jury in favour of resting decisions exclusively with judges.

The judicial branch consists of the State Courts and the Supreme Court. The State Courts (District Courts, Magistrates' Courts, Family, Juvenile, and Coroner's Courts and a small civil claims court called the Small Claims Tribunal) form the first tier in the judicial hierarchy; they hear civil matters where disputed amounts do not exceed SGD250,000, SGD60,000 and SGD10,000, respectively. It must be noted that the Small Claims Tribunal can hear claims of up to SGD20,000 if both parties agree.

The Supreme Court is formed by the High Court and the Court of Appeal (the highest court in Singapore). The High Court hears criminal cases (in the first instance and on appeal from the State Courts) and civil claims of more than SGD250,000, and the Court of Appeal hears appeals from the High Court.

Singapore operates a famously comprehensive and strict criminal justice system, under which punishments may include death, imprisonment, forfeiture of property, fines and caning.

Data protection
The Personal Data Protection Act (PDPA) is the main legislation that protects consumer and personal data, although there are several other laws that may relate to the processing of personal data, including:

- The Computer Misuse and Cyber Security Act
- The Official Secrets Act
- The Statistics Act
- The Statutory Bodies and Government Companies (Protection of Secrecy) Act
- The Electronic Transaction Act
- The Banking Act
- The Telecommunications Act
- The Law of Confidence

These laws cover individuals, companies and government organisations. They apply to any personal data that is collected, used or disclosed in Singapore.

Personal data is defined as data about an individual who could be identified by that data or in reference to other data held by an organisation. This does not include business contact information, data that has been in existence for 100 years or more or data regarding individuals who have been deceased for 10 years or more.

The key provisions for those holding personal or consumer data are:

- Individuals must consent to the collection and use of their data by an organisation
- Organisations must obtain data for a specific purpose, and must inform the individual of this purpose
- Data retained must be accurate and complete
- Organisations have a responsibility to keep data secure
- Personal data cannot be kept longer than necessary and must be deleted once no longer useful

- Individuals have the right to access and correct their own personal data
- Organisations may not transfer personal data outside Singapore unless the recipient meets the same standards of data protection
- Organisations must be open and transparent about their data protection practices

Although PDPA stipulates that consent is required to gather personal data, it provides for 'deemed consent'. An individual is deemed to consent on the collection of data if the individual voluntarily provides the personal data to an organisation, and it is reasonable that the individual would voluntarily provide the data.

The PDPA provides for the existence of a 'Do Not Call' (DNC) registry which allows consumers to opt out of receiving marketing material. In accordance with DNC provisions, organisations must not send marketing material to any individuals who are registered in the National DNC Registry unless clear and unambiguous consent has been provided.

Certain exemptions apply, wherein organisations are exempted from specific provisions of PDPA under certain circumstances, such as emergencies, national interest, historical or statistical research or for the provision of legal services.

The regulatory body that supervises adherence to PDPA is The Personal Data Protection Commission (PDPC), which has the authority to investigate potential breaches of regulation and direct companies to change policy to comply with PDPA.

If an organisation is in breach of the data protection provisions in the PDPA, the PDPC can demand that the organisation:

- Stops collecting, using or disclosing personal data in contravention of the Act
- Destroys personal data collected in contravention of the PDPA
- Provides access to or correct the personal data
- Pays a financial penalty of an amount not exceeding SGD1 million

Exchange controls
There are no official exchange controls in place in Singapore.

Money laundering regulations
Singapore operates a strict anti-money laundering (AML) and counter terrorist financing regime, through a broad legal and supervisory framework. Singapore is a member of the Financial Action Task Force (FATF) and an active participant in international discussion on the matter. The main anti-money laundering legislation in Singapore is the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA). Additionally, the Terrorism (Suppression of Financing) Act (TSOFA) was enacted in 2002 to counter terrorism financing in Singapore.

The Monetary Authority of Singapore (MAS) is the primary regulatory authority. However, investigation and enforcement of AML regulations are managed by The Financial Investigation Division (FID), which is part of the Commercial Affairs Department. The FID has three subsidiary departments:

- The Financial Investigation Branch, which is responsible for investigating money laundering offences under CDSA as well as the TSOFA
- The Proceeds of Crime Unit, which identifies and forfeits illegally held or obtained assets
- The Suspicious Transaction Reporting Office, which receives and analyses reports from institutions, and provides financial intelligence for the detection of money laundering, terrorist financing and other offences

The Cash Enforcement Branch, which also operates under the Commercial Affairs Department, is tasked with investigating infringements of cross border cash movement reporting requirements.

All companies must comply with the CDSA, which places a number of responsibilities and restrictions on businesses. These include the reporting of suspicious transactions. Under the CDSA, companies are required to file a Suspicious Activity Report (STR).

All financial institutions are required to keep Financial Transaction Documents (FTDs) for a minimum period of five years. FTDs include any documents relating to opening, closing and withdrawing from accounts. Failing to keep necessary documentation can result in a fine of up to SGD10,000.

The penalties for money laundering are imprisonment for up to 10 years and/or a fine of up to SGD500,000 for natural persons and a maximum of SGD1,000,000 for offences committed by institutions or corporations.

Intellectual Property Rights
Singapore recognises the importance of Intellectual Property Rights (IPR) for maintaining a productive and incentivised knowledge economy.

IPR protections offered include copyright, trademarks, patents, and registered designs, as well as other specialised protections for innovations such as printed circuits.

COPYRIGHT	
Copyright can protect: literary works, dramatic works, musical works, artistic works, software, layouts and typographical arrangements, recordings and broadcasts. Copyright works receive statutory protection automatically once they are fixed in tangible form.	
Protection granted	Copyright grants the owner the sole right to reproduce, publish, perform, adapt, broadcast or communicate the work. Copyright does not protect ideas for work, it is only when the work itself is fixed that copyright automatically protects it. The law of copyright and its related rights in Singapore is the Copyright Act.
Infringements	Copyright applies to any medium, which means that copyright protected work cannot be reproduced in any other medium. Acts that infringe copyright include copying of the whole or a substantial part of the work, issuing copies to the public, importing infringing copies, selling or offering for sale infringing copies etc without the consent of the copyright owner. Authorising an infringement is in itself an infringement. Civil remedies for infringement include injunctions, damages and account of profits. Furthermore, criminal offences may be committed under the copyright law. In this case, the penalties will depend on the nature of the copyright but may be up to SGD100,000 and/or a term of imprisonment for up to five years.
Duration	Literary, dramatic, musical and artistic works – 70 years from the end of the year in which the author died Published literature – 25 years from the end of the year in which the first edition was published Sound recording and films – 70 years from the end of the first year in which the recording or film was published Broadcasts and cable programmes – 50 years from the end of the first year of broadcast Performances – 70 years from the end of the year of the first performance

PATENTS	
Patents protect inventions which can be applied in an industrial environment. For a patent to be granted, the invention must be new, have an inventive step which is not obvious to someone with experience in the subject and capable of being used in an industry. In Singapore, inventions of a method for the treatment of the human or animal body are not patentable. Similarly, inventions that could encourage offensive, immoral or anti-social behaviour cannot be patented.	
Protection granted	Protection for a patent is granted once it is registered with the Intellectual Property Office of Singapore. A patent gives its owner the ability to take legal action to stop others from copying, manufacturing, selling and importing the invention without the inventor's permission. It also allows the owner to sell the invention and all the IPR, license the invention to someone else while retaining the IPR, discuss the invention with others and set up a business based around the invention.
Infringement	Infringing a patent means manufacturing, using, selling or importing patented products or processes without the owner's permission. It is not necessary to know that an invention is patented to infringe the patent. Patent owners can exercise their rights under the Patents Act by taking legal action against the infringing party. Patent owners can seek for an injunction to stop the infringing action, demand the profits obtained by the infringing party or seek damages for the loss suffered.
Duration	20 years from the filling date subject to the payment of annual renewal fees.

TRADE MARKS	
A trade mark must be a sign capable of distinguishing goods and services of one undertaking from those of another undertaking. The signs can be: words, personal names, designs, letters, numeral slogans, sounds, smells, signs and distinctive colours.	
Protection granted	While registering a trade mark is not compulsory in Singapore, registration of the trade mark provides its owner with a statutory monopoly of the mark. Owning a trade mark enables the owner to prevent others from using the same mark within Singapore without the owner's permission. The law regulating trademarks is the Trade Marks Act. A trade mark is considered property and can be bought or sold.
Infringement	Some examples of infringement of a trade mark are: • Using an identical or similar trade mark for identical or similar goods and services to a registered trade mark creating a likelihood of confusion on the part of the public • Where a mark has a reputation, infringement may arise from the use of the same or a similar mark which damages or takes unfair advantage of the registered mark In the case of an infringement, the trade mark owner can seek damages from the offending party or demand profits from their company for the losses suffered.
Duration	10 years (can be renewed thereafter for subsequent periods of 10 years).

DESIGNS	
An industrial design, the external appearance of a product embodied in three dimensional configurations, lines, colours or a combination of the aforementioned elements, can be protected if it is new, of a creative nature and has been industrially applied onto an article (this means that more than 50 copies of the article must have been or are intended to be produced for sale or hire).The legislation for designs is the Registered Designs Act (Cap. 266).	
Protection granted	Registering a design gives the owner a property right over the design. Holding design rights provides the owner with the exclusive right to use it and to prevent any third party from using it without consent. The filing for a registered design must be made with the Designs Registry.
Infringement	Design rights are infringed by an unauthorised person making an article exactly or substantially similar to the protected design or by making a design document for the purpose of making unauthorised copies. If a design right has been infringed, the holder of the right can exercise his/her rights under the Registered Designs Act by taking legal action against the infringing party, including: seeking relief in the form of an injunction, demanding for the profits gained by the infringing part at his/her expense and/or seeking damages for the loss suffered.
Duration	Design rights can be obtained for an initial five years and then renewed every five years up to a maximum of 15 years, subject to the payment of renewal fees.

Conducting business in Singapore

Business entities
Singapore has a very pro-business environment. Potential investors need to be aware of additional regulations and permits that apply to non-Singapore citizens. Tax implications vary according to the structure and professional advice is essential before commencing business. All businesses of any sort must be registered with the Accounting and Corporate Regulatory Authority (ACRA) before commencing business.

Some companies will require additional licensing to operate. Financial institutions must be licensed by the MAS, and firms intending to manufacture or sell certain restricted goods will need appropriate licenses. Any company wishing to do business in Singapore should consult the relevant regulatory body to establish whether additional licenses are necessary.

The most common business structures in Singapore are:

- Company
- Sole-proprietorship
- Branch of a foreign entity
- Partnership

Company

A Company (or Limited Liability Company – LLC) is the most popular business vehicle. A company is a separate legal entity to its shareholders, can hold property in its own name and can sue and be sued. Under the Companies Act, a business may be incorporated as one of the following:

Private Company Limited by Shares
Most companies in Singapore are private companies limited by shares and bear the suffix 'Pte Ltd' or 'Private Limited' to their name.

A private company which wishes to maintain more than 50 shareholders must be converted to a public company limited by shares.

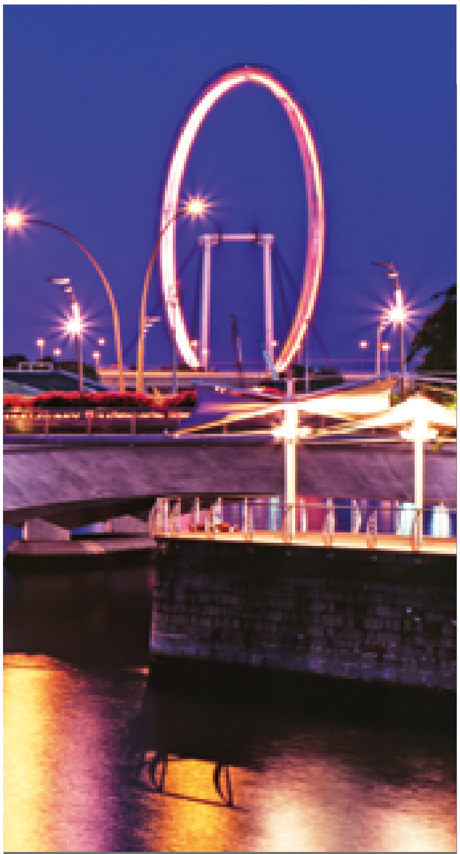
Exempt Private Company (EPC)
An Exempt Private Company (EPC) is one with less than 20 individual shareholders and with no corporate shareholders. An EPC does not need its accounts to be audited if revenue is less than SGD5 million for the financial year. However, professional firms filing on behalf of EPCs may still require the hardcopy exempt certificate from directors as evidence of compliance and for record purposes.

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, charity etc. There is no share capital.

Public Company Limited by Shares
A Public Company Limited by Shares must have at least 50 shareholders. The company may raise capital by offering shares and debentures to the public. A Public Company Limited by Shares must register a prospectus with the Monetary Authority of Singapore before making any public offer of shares and debentures.

Formation
Forming a company is a relatively simple procedure in Singapore. The registration of a Singaporean company involves the name approval and incorporation. Before incorporation, the company must have:

- Drawn up the Constitution
- A local address



Any company wishing to do business in Singapore should consult the relevant regulatory body to establish whether additional licenses are necessary.

- The directors' particulars
- Obtained the Singapore Standard Industrial Classification (SSIC) code for the business

Once these have been obtained and the relevant fees paid, the investors can submit an online application via BizFile or choose the services of a professional firm to do this on their behalf. The application may take between 14 days and two months for approval if it needs to be referred to other authorities. If it does not need to be referred, the process is much quicker.

A company which intends to list in Singapore must produce a prospectus in accordance with the requirements set out in the Securities and Futures Regulations. The prospectus will need to be lodged with and registered by the MAS.

Investors also have the option to purchase a shelf company. Shelf companies are companies that have already been incorporated and registered with ACRA but have not commenced any trading. Investors can acquire the company, rename it, staff it and begin trading relatively quickly and easily.

Capital requirements
The minimum share capital requirement for a Singapore company is SGD1.

Management
Every company must have at least one director and one shareholder, with the additional requirement that at least one director must be ordinarily resident in Singapore. Any person above the age of 18 years old can be a director of a company.

Directors have certain responsibilities to act honestly and are responsible for proper record keeping and account reporting.

Filing requirements
All companies (apart from exempted companies) are required to appoint independent certified accountants to audit their annual financial statements. All Singapore companies must file annual returns with the ACRA within one month of their Annual General Meeting (AGM) along with compliant audited financial statements.

Sole-proprietorship
A sole-proprietorship is the simplest and most flexible business structure. It must be owned by a local resident (who is at least 18 years old) or a locally incorporated company. A local resident is defined as either a citizen, permanent resident or a foreigner holding an employment or dependant pass[2].

Sole proprietors must register with ACRA before commencing business. This can be done online, via a professional services firm or at via BizFile. Once the application is approved, which can take from 15 minutes to two months, business operations can commence.

If the owner is not resident in Singapore, a local manager must be appointed. The appointed manager must be a natural person of at least 18 years of age.

There are no capital requirements for a sole-proprietorship, but the owner is personally accountable for all liabilities incurred during the course of business.

Sole-proprietorships do not need to audit their accounts or file annual returns with ACRA; profits are taxed as personal tax.

General Partnership
A general partnership is a business firm owned by between two and 20 partners; the partners can be individuals or companies. If there are more than 20 partners, the business must be registered as a company under the Companies Act. Most partnerships do not constitute a separate legal entity, and therefore the partners are liable for the losses and obligations of the firm. As with a sole proprietorship, the business of a partnership has to be registered under the Business Registration Act.

[2] For foreigners holding an employment or dependent pass, prior approval is needed from the Ministry of Manpower

General partnerships must register with ACRA before commencing business. This can be done online, via a professional services firm or via Bizfile.

Limited Liability Partnership (LLP)

An LLP is a business structure that offers all its members limited liability while allowing them to retain the flexibility of operating the LLP as a traditional partnership. Unlike other forms of partnership, an LLP is a separate legal entity. Partners are personally liable for their own negligence and personal misconduct. LLPs are commonly used by professional firms and start-ups. The LLP structure would appeal to investors who wish to be 'silent partners' in a business, and whose liability is limited to the extent of their investment in the LLP.

An LLP can be set up with a minimum of two partners with no maximum limit. LLPs are not required to audit or file annual returns with the ACRA but must make an annual declaration that the LLP can pay its debts. The formation process consists of an application using BizFile, undertaken either by the partners or using the services of a professional firm.

Limited Partnership (LP)

An LP is a hybrid of a general partnership and an LLP; it consists of one or more general partners and one or more limited partners. Limited partners of an LP enjoy limited liability but are unable to take part in the management of the firm, while one or more general partners have unlimited liability. LPs are not considered as separate legal entities, and are increasingly used for private equity and fund investment businesses. There is no upper limit to the number of partners. The formation process consists of an application using BizFile, undertaken either by the partners or using the services of a professional firm.

LPs are not required to audit or file annual returns, but must keep accounting and other records to explain its transactions and financial position for at least five years.

Branch

Foreign companies may conduct business in Singapore by establishing a branch office. Any foreign company wishing to register a branch office can engage a professional firm such as a corporate secretarial firm or a legal firm to assist in the application.

A branch of a foreign company is not a separate legal entity, it is only an extension of its head office and therefore its debts and liabilities are part of the liability of the head office.

The branch has 60 days to register with ACRA under the Companies Act once its name is approved. If more time is required to register the branch, the reservation of the approved company name can be extended via BizFile for another 60 days. The name of the Singapore branch must correspond with the name of the foreign company. Moreover, the name of the foreign company and its place of incorporation must be exhibited in every place of business established in Singapore.

To set up a branch, an authorised representative must be appointed, who must be at least 18 years old and either a Singapore citizen or a holder of an appropriate work pass. The authorised representative is accountable and responsible for the foreign company.

Representative Office

A foreign company may establish a representative office in Singapore to undertake promotional and liaison activities on behalf of its parent company. The office, however, directly or on behalf of its parent company, must not be engaged in business, conclude contracts, provide consultancy for a fee, undertake transhipment of goods or open or negotiate any letter of credit.

Approval for the establishment of a representative office must be obtained from International Enterprise (IE) Singapore and once granted, a representative office can operate for no more than three years. To set up a representative office in banking or insurance, registration with the MAS is necessary.

Before establishing a representative office, the foreign parent company must comply with the following requirements:

- Sales turnover of more than USD250,000
- Established for a minimum of three years
- Proposed staff of representative office of fewer than five people

Tax system

Singapore has a territorial based tax system. Individuals and companies are taxed on income sourced in Singapore or received in Singapore if it is sourced outside Singapore, except if certain conditions are met. For companies, foreign-sourced income received or deemed received in Singapore is taxed. For individuals, all foreign-sourced income is exempt from tax except for those received in Singapore through a partnership in Singapore. Remittances of income sourced outside Singapore (in the form of branch profits, dividends and service income) into Singapore by companies/individuals (where applicable) resident in Singapore are exempt from tax if prescribed conditions are met.

The Inland Revenue Authority of Singapore (IRAS) is the governing authority for the administration and collection of tax.

Foreign investors are likely to be affected by the following taxes:

- Corporate Income Tax
- Personal Income Tax
- Property Tax
- Motor Vehicle Taxes
- Customs and Excise Duties
- Goods and Services Tax (GST)
- Betting and Sweepstake Duties
- Stamp Duty
- Worker Levies

The Income Tax Act (ITA) regulates income tax for both individuals and corporations.

Corporate Income Tax (CIT)

All organisations (resident and non-resident) that generate income in Singapore are subject to CIT on income accruing in or derived from Singapore and foreign income remitted or deemed remitted to Singapore unless exempted under the ITA.

There is no tax on capital gains in Singapore.

Under the 2015 budget proposal, a revised tax bracket scheme will be introduced, becoming effective from the 2017 year of assessment (YA). The tax rates for non-resident individuals (except certain reduced final withholding tax rates) will be raised to 22 per cent from YA 2017.

Tax rates

Singapore operates a single tier tax system, with a flat rate of 17 per cent. However, 75 per cent of the first SGD10,000 of chargeable income and 50 per cent of the next SGD290,000 of chargeable income are exempt. Subject to certain conditions, a newly incorporated company that is not tax incentivised may be exempt from tax on the first SGD100,000 of chargeable income and on 50 per cent of the next SGD200,000 of chargeable income for its first three consecutive tax years. The exemption does not apply to start-ups incorporated on or after 26 February 2013 that are involved in property development or investment holding.

Administration

The tax year, known as the year of assessment, runs from 1 January to 31 December. The period for which the profits are identified for assessment is called the basis year. The basis year is generally the year preceding the year of assessment (YA). Therefore, income earned during the 2015 basis year is assessed to tax in the year of assessment 2016.

An estimate of chargeable income (ECI) must be filed within three months from the end of their financial year. As a concession,

Singapore operates a single tier tax system, with a flat rate of 17 per cent.

companies with revenues of not more than SGD1 million for the financial year and nil ECI for the YA are not required to file an ECI.

The statutory deadline for filing income tax returns is 30 November (paper file) and 15 December (e-file) of the YA. No extension of time is allowed.

Income tax payable is due within one month from the date of the notice of assessment. A late payment penalty of five per cent of the tax due is applicable if the tax is not paid by the due date. An additional one per cent is added for every subsequent month that the tax remains unpaid up to a maximum of 12 per cent.

In Singapore it is an offence not to file an income tax return with the tax authority.

Taxable income
For a company based in Singapore, the taxable income is the book profits reported in the audited financial statements adjusted according to the relevant Singapore tax rules. Financial statements must be prepared under the Singapore Financial Reporting Standards unless otherwise approved.

Expenses can be deducted if they are:

- Incurred wholly and exclusively to produce taxable income
- Not prohibited under the tax law
- Revenue in nature

Special rules apply on the deductibility of expenses for investment holding companies.

Allowable expenses attributable to foreign-source income can be deducted against income received in Singapore in the year the expenses are incurred and subject to tax in Singapore. Where the taxpayer has opted for the liberalised tax treatment, the deduction will be allowed in the year of receipt.

While book depreciation of fixed assets is not required, capital allowances are granted according to statutory rates.

Losses
Trading losses can be offset against chargeable income of the same year. It is possible to carry forward unused losses indefinitely. Additionally, capital allowances can be offset against other chargeable income of the same year and carried forward indefinitely.

A one-year carry back is permitted for an amount up to SGD100,000 of the current year unused capital allowances and trade losses. For the carry back to be permitted it is necessary to comply with various administrative procedures.

Both the carry forward and carry back of losses are subject to the 'shareholder test': the shareholders must remain substantially (50 per cent or more) the same at the relevant comparison dates. However, companies with a substantial change in ownership may be granted a waiver from applying the shareholder test by the IRAS to deduct their unused tax losses and capital allowances if the change in ownership was not tax-motivated.

Unutilised capital allowances can be carried back to the tax year immediately preceding the year in which the capital allowance arose. Unutilised capital allowances can also be carried forward indefinitely. The utilisation of carry back and carry forward of capital allowances is subject to the 'shareholder test' and same trade test, ie there is no change in the company's principal activities during the relevant comparison dates.

Groups
In Singapore, groups of companies are generally formed by a Singapore-incorporated parent company and all of its Singapore-incorporated subsidiaries. It is considered that two Singapore-incorporated companies are members of the same group when one owns 75 per cent of the other or if both are 75 per cent owned by a third Singapore-incorporated company.

Under certain conditions, groups have access to group-relief measures that allow them to transfer between the members of the group current-year unused losses, capital allowances and donations.

Nevertheless, consolidated returns are not required; each company must file its own tax return.

Transfer pricing
The IRAS has published specific transfer pricing guidelines consistent with the 'arm's length principle' outlined in the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. There is a specialised transfer pricing consultation process in place where taxpayers are interviewed to ascertain compliance levels with transfer pricing guidelines. The IRAS expects companies to assess their transfer pricing risk and prepare sufficient and contemporaneous transfer pricing documentation to support their transfer pricing practices. To ease compliance burden, the IRAS has announced thresholds for which the full transfer pricing documentation is not required.

Withholding tax
Withholding tax applies to the following transactions:

- Interest, commission, fees and other payments in connection with any loan or indebtedness
- Royalties or other payments for the use of or the right to use any movable property
- Management/technical fees
- Rent or other payments for the use of any movable property
- Distribution of real estate investment trust
- Payment for purchase of real property from a non-resident property trader
- Fees paid to non-resident employees or directors
- Proceeds of sale of property by non-residents
- Fees paid to non-resident entertainers or artists
- Payments for use or licensing of software
- Fees for use of information or digital goods

Withholding rates are as follows:

Transactions	Withholding rates (%)
Management fees	17
Technical fees	17
Professional fees for non-resident individuals or foreign firms	15
Public entertainer's fee	10-15
Interest	15
Rental or payments for movable property	15
Royalties	10
Real estate investment trust distribution of taxable income to non-resident	10

Tax incentives

Singapore offers a number of tax exemptions and incentives to Singapore resident companies, particularly those that are small or mid-sized:

Pioneer Companies and pioneer service companies: Companies that earn income from qualifying activities are awarded a corporate tax exemption. Applicants must submit plans for new, substantive economic contributions, which must include commitments in significant incremental capital expenditure, business spending and skilled jobs in Singapore, as well as anchoring leading-edge technology, skills or activities in Singapore.

Development and Expansion Initiative (DEI): This initiative is intended to aid companies that engage in manufacturing or growing leading-edge activities or capabilities in Singapore and could include companies that were previously enjoying the Pioneer status. DEI companies are taxed at a minimum rate of five per cent on incremental income derived from qualified activities. The maximum relief period is 10 years (which can be extended five years at a time up to 20 years).

Integrated Investment allowances: Investment allowances are provided for fixed capital expenditure incurred on productive equipment that is placed outside Singapore for an approved project. This allowance is granted on top of the normal capital allowance.

Productivity and innovation credit (PIC) scheme: Businesses can receive a tax deduction/allowance of 400 per cent and/or 60 per cent cash pay-out, subject to a number of caps, of qualifying expenditures per tax year on any of the following activities:

- Research and development (R&D)
- Investment in design projects Registration of Patents, Trademarks, Designs and Plant Varieties
- Acquisition or leasing of PIC automation equipment
- Training of employees

PIC + Scheme for Small and Medium Enterprises: this scheme is available for SMEs for expenditure incurred in YA 2015 to YA 2018. The following companies can apply: sole-proprietorships, partnerships or companies with annual revenue not exceeding SGD100 million or with not more than 200 employees. When the SME is part of a group, this criterion applies at the group level. The expenditure cap for qualifying SMEs will be increased from SGD400,000 to SGD600,000.

R&D Incentives: Tax deductions can be claimed for undertaking qualifying R&D activities in any area until the YA 2025. Specific qualifying R&D activities may qualify for an additional 50 per cent deduction.

Tax certainty on gains on disposal of equity investments: Subject to conditions being met, until 31 May 2017, gains derived from disposal of ordinary shares are not taxed if the divesting company had held at least 20 per cent of the shares in the investee company for at least 24 months immediately before the sale.

International/Regional Headquarters Award (IHQ/RHQ): If companies are awarded either International Headquarters (IHQ) or Regional Headquarters (RHQ) status, they qualify for reduced corporate tax rates for a specified period on qualifying income.

Finance and treasury centre incentive: This incentive aims to encourage companies to use Singapore as a centre for treasury management. A reduced corporate tax rate is applied on fees, interest, dividends and gains from qualifying services and activities for a period of up to 10 years. A sunset clause of 31 March 2016 applies to the scheme.

Financial sector incentive (FSI): This incentive is designed to encourage the development of high-growth value adding financial activities in Singapore. A concessionary 5, 10 or 12 per cent tax rate could apply on income derived from approved companies carrying on FSI qualifying activities.

Shipping incentives: Singapore-registered and foreign ships enjoy tax exemptions on certain types of shipping income.

Global trader programme (GTP): The GTP provides a concessionary tax rate on qualifying trading income for a five-year renewable period.

Venture capital funds incentive: This incentive aims to encourage a thriving venture capital industry in Singapore. Gains from the disposal of certain approved investments, interest from approved convertible loan stocks and dividends derived from approved overseas investments are exempt from tax or taxed at varying rates, up to a maximum of 10 per cent, for a maximum period of 15 years. A five per cent concessionary tax rate will be accorded to approved venture capital fund management companies managing Section 13H funds on their specified income.

Personal Income Tax (PIT)

Singapore has some of the lowest personal income taxes in the world, making it very attractive to investors, employees and entrepreneurs. Singapore operates a territorial, progressive income tax system, so an individual's liability to tax will depend on his income and tax residency.

Individuals liable to Singapore tax

Individuals are subject to employment income tax for services performed in Singapore. Tax residents pay PIT at progressive income tax rates of up to 20 per cent for Year of Assessment (YA) 2016 and 22 per cent for YA 2017. Individuals are considered tax residents in Singapore if they are:

- Singaporeans who normally reside in Singapore, except for temporary absences
- Singapore permanent residents who have established a permanent home in Singapore
- Foreigners who have worked (not a director of a company) or stayed in Singapore for 183 days or more in the tax year

There are administrative concessions for individuals working for periods that span two or three consecutive tax years where certain individuals will be regarded as resident even if they do not meet the conditions above.

Those employed for 60 days or less in the tax year are exempt from tax. This exemption does not apply to:

- Directors of companies
- Public entertainers
- Professionals, including foreign experts, consultants etc

Non-residents working in Singapore between 61 and 182 days of the year inclusive are taxed on all Singapore sourced income, and may claim expenses as deduction. However, personal reliefs are not granted and income is taxed at 15 per cent or the resident progressive rate for employment earnings, whichever gives rise to a higher tax amount. Director's fees and other income are taxed at 20 per cent for YA 2016 or 22 per cent from YA 2017 onwards.

Taxable income

PIT is imposed on the following types of income:

- Business income from trade
- Employment income
- Dividends, interest or discounts
- Pension, charge or annuity
- Rent or other income from property
- Any gains or profits that may be classified as income

All income is taxable unless specifically exempted under the ITA. Singapore does not impose tax on capital gains.

Deductions

All expenses incurred 'wholly and exclusively' in the production of income are deductible for income tax purposes, unless specifically prohibited under the ITA. Expenses incurred in the production of capital gains and losses are not deductible for income tax.

Individuals carrying on a trade/ business in Singapore are allowed capital allowances in lieu of accounting depreciation for the capital expenditure incurred on qualifying plant, machinery, industrial buildings etc.

Administration

Filing annual tax returns is an obligation for every eligible taxpayer. Tax returns can be filed by paper or via e-filing, by 15 April or 18 April of the YA, respectively.

Individuals earning less than SGD20,000 per year are not subject to tax as the first SGD20,000 of chargeable income is subject to tax at a rate of zero per cent. However, the individual may still have to file a tax return if instructed to do so by the tax authority. Penalties apply for late filing or not filing.

Generally, income received outside of Singapore is not taxable, including overseas income paid into a Singapore bank account. Only under the following circumstances is overseas income taxable:

- It is received in Singapore through partnerships in Singapore
- Overseas employment is incidental to an individual's employment in Singapore
- An individual is employed outside Singapore on behalf of the government of Singapore

Tax rates – YA 2016

Chargeable income (SGD)	Rate (%)	Gross Tax Payable (SGD)
On the first 20,000 On the next 10,000	0 2	0 200
On the first 30,000 On the next 10,000	– 3.5	200 350
On the first 40,000 On the next 40,000	– 7	550 2,800
On the first 80,000 On the next 40,000	– 11.5	3,350 4,600
On the first 120,000 On the next 40,000	– 15	7,950 6,000
On the first 160,000 On the next 40,000	– 17	13,950 6,800
On the first 200,000 On the next 120,000	– 18	20,750 21,600
On the first 320,000 Above 320,000	– 20	42,350

Tax rates – with effect from YA 2017

Chargeable income (SGD)	Rate (%)	Gross Tax Payable (SGD)
On the first 20,000 On the next 10,000	0 2	0 200
On the first 30,000 On the next 10,000	– 3.5	200 350
On the first 40,000 On the next 40,000	– 7	550 2,800
On the first 80,000 On the next 40,000	– 11.5	3,350 4,600
On the first 120,000 On the next 40,000	– 15	7,950 6,000
On the first 160,000 On the next 40,000	– 18	13,950 7,200
On the first 200,000 On the next 40,000	– 19	21,150 7,600
On the first 240,000 On the next 40,000	– 19.5	28,750 7,800
On the first 280,000 On the next 40,000	– 20	36,550 8,000
On the first 320,000 In excess of 320,000	– 22	44,550

Tax reliefs for residents (non-exhaustive)

Allowance	**Relief amount (SGD)** (Subject to conditions being met)
Earned income – under 55 years old	1,000
Earned income – 55 to 59 years old	6,000
Earned income – 60+ years old	8,000
Earned income – handicapped	• Under 55 years old – 4,000 • 55 to 59 years old – 10,000 • 60+ years old – 12,000
Spouse	2,000
Handicapped Spouse Relief	5,500
Child (each)	4,000
Handicapped Child Relief (each)	7,500
Parent Relief (per dependent)	• Staying with parents: 9,000 • Not staying with parents: 5,500
Handicapped Parent Relief (per dependent)	• Staying with parents: 14,000 • Not staying with parents: 10,000
Handicapped Sibling or Sibling-in-law (each)	5,500
Course fees	Actual course fee, (subject to maximum 5,500)
Supplementary Retirement Scheme (SRS) Relief	Actual SRS contribution (subject to maximum 12,750 for Singaporeans or Permanent Residents / 29,750 for foreigners)
Foreign Maid Levy Relief (Only for married workwomen)	Twice the levy paid in the previous year on one foreign maid (subject to maximum of 6,360 (normal) or 1,440 (concessionary) with effect from 2017) provided that the Ministry of Manpower had approved the application for levy concession)
Life Insurance Relief (Only eligible if the Employee CPF contribution is less than SGD5,000)	Maximum of 5,000 capped at the lower of: • The difference between 5,000 and the employee's CPF contribution • Insurance premiums paid in the preceding year • Up to seven per cent of the insured value of the taxpayer/taxpayer's wife life

Not-Ordinarily Resident Taxpayer Scheme (NOR)

The NOR is a tax scheme for individuals who are resident in Singapore for that tax year but not resident in Singapore for the three consecutive tax years preceding that tax year.

Under the NOR scheme, an individual enjoys the following concessions for a period of five years, subject to conditions being met:

- The taxpayer will not be taxed on the portion of his Singapore employment income that corresponds to the number of days the taxpayer has spent outside Singapore for business reasons
- Exemption from tax for contribution by the employer to non-mandatory overseas contribution scheme

Other taxes

Property Tax

Property ownership is taxed annually, based on a percentage value of the potential income of letting out the property (excluding the furniture, furnishings and maintenance fees).

For owner occupied residential properties:

Annual Value (AV) (SGD)	Tax rates from 1 January 2015 (%)	Property Tax Payable (SGD)
First 8,000 Next 47,000	0 4	0 1,880
First 55,000 Next 15,000	– 6	1,880 900
First 70,000 Next 15,000	– 8	2,780 1,200
First 85,000 Next 15,000	– 10	3,980 1,500
First 100,000 Next 15,000	– 12	5,480 1,800
First 115,000 Next 15,000	– 14	7,280 2,100
First 130,000 Next 130,000	– 16	9,380

For non-owner occupied residential properties (excluding residential land):

Annual Value (AV) (SGD)	Tax rates from 1 January 2015 (%)	Property Tax Payable (SGD)
First 30,000 Next 15,000	0 12	3,000 1,800
First 45,000 Next 15,000	– 14	4,800 2,100
First 60,000 Next 15,000	– 16	6,900 2,400
First 75,000 Next 15,000	– 18	9,300 2,700
First 90,000 Above 90,000	– 20	12,000

Goods and Service Tax (GST)

GST is a tax on domestic consumption, levied at a rate of seven per cent. GST applies to all supply of goods and services, as well as the importation of goods, unless specifically exempted. Zero per cent GST may apply in the case of export of goods and international services.

Businesses with annual taxable supplies of over SGD1 million must register for GST. Businesses that do not exceed SGD1 million in taxable turnover can register for GST voluntarily.

After registration, businesses are under the obligation to charge GST at the prevailing rate. The GST that business collect is known as 'output tax' which needs to be paid to IRAS. The GST incurred on business purchases and expenses is known as 'input tax'. Businesses can claim input tax if the conditions for claiming are satisfied.

The sale and lease of residential properties, financial services and the importation or supply investment precious metals in general are exempted from GST.

Stamp Duty

Stamp duty is payable on all transactions on immovable property as well as stocks and shares.

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Buyer's stamp duty is charged at the following rates:

Activity	Duty rate (%)
Transfer of shares	0.2
Transfer of property up to SGD180,000	1
Transfer of property between SGD180,000-300,000	2
Transfer of property above SGD300,000	3

Additional buyer's stamp duty is payable by certain categories of buyers that purchase or acquire residential property. The rates for this range from five to 15 per cent, depending on the category of buyer.

Seller's stamp duty will apply to industrial properties and residential properties at varying rates depending on the date of purchase or date of change of use, and the holding period.

Stamp duty has a number of different rates applying to mortgages, leases and non-Singapore residents. Firms will need to familiarise themselves with the full extent of the law before undertaking transactions involving stamp duty.

Tax treaties
Singapore has signed tax treaties with more than 70 countries and limited treaties with a further eight. These tax agreements are to prevent double taxation of income between two jurisdictions.

Central Provident Fund (CPF)
Though it is not a tax, employers are required by law to contribute towards the CPF social security scheme. CPF contributions must be made on a monthly basis for all Singaporean and permanent resident employees.

Labour

The Employment Act is the main legislation in Singapore regarding labour and employment. The Employment Act applies to all employees under a contract of service, except to:

- Seafarers
- Managers or executives earning more than SGD4,500 per month
- Domestic workers
- Any workers employed by a Statutory Board or the Government

The terms of employment for employees that are not covered by the Employment Act are governed by the employment contract entered into with the employer. Labour is regulated by the Ministry of Manpower, which formulates and implements all policy regarding labour and employment.

Employment contract

Employment relationships are governed by contracts of service, which can be written or verbal. Contracts specify that one person is willingly employed by another. Contracts of service cannot be changed by employers without consent from the employee.

Employment contracts for employees covered under the Employment Act that contradict or offer less favourable terms than the relevant provisions under the Employment Act are illegal.

From 1 April 2016, all employers are required to issue key employment terms (KETs) in writing to employees covered under the Employment Act, within 14 days from the start of employment. This must include all the items below, unless the term is not applicable:

- Full name of employer
- Full name of employee
- Start date of employment
- Duration of employment (if on a fixed term contract)
- Job title, main duties and responsibilities
- Working arrangements, eg daily working hours and number of working days per week
- Salary period
- Basic salary
- Fixed allowances
- Fixed deductions
- Overtime payment period
- Overtime rate of pay
- Other salary-related components, eg bonuses
- Type of leave
- Other medical benefits
- Probation period
- Notice period

Contract for service

Different to a contract 'of' service, a contract 'for' service applies to the employment relationship between an employer and an independent party such as a self-employed person or contractor. Under a contract for service, the employer does not need to provide relevant statutory benefits such as annual leave or contribute to the Central Provident Fund (CPF). There is technically no employer-employee relationship, and therefore the Employment Act does not apply.

Minimum wage

There is no minimum wage in Singapore; salaries must be negotiated and mutually agreed in the employment contract.

Employers must pay their employees within seven days after the end of the salary period. Failure to pay salaries is an offence; employees who are not paid can report their employer to the Ministry of Manpower for investigation.

Working time and leave

Working hours

Employees under part IV of the Employment Act may not work more than 44 hours per week or eight hours per day. The eight hours per day limit may be exceeded if the employee does not work five days per week. Shift workers are allowed to work up to 12 hours a day as long as the average working hours each week do not exceed 44 over a continuous three week period.

Employees that provide their consent can be required to work up to 12 hours per day; however, provisions 38 and 40 of the Employment Act must be clearly explained to them. Additionally, he/she must be informed of the daily working hours, the number of working days in each week and the weekly rest day. Employers that require their employees to work more than 12 hours a day are required to apply for overtime exemption from the Ministry of Manpower.

Employees are not allowed to work for more than 12 hours per day, except in the following circumstances:

- Accident or threat of accident
- The work is essential to the life of the community, national defence or security
- Urgent work to be done to machinery or plant
- An interruption of work which was impossible to foresee
- Work essential for defence or security

Overtime must be paid when the employee is required to work above the limit of working hours. All work in excess of the normal working hours is considered as overtime work. Employees must be paid at least 1.5 times the basic hourly rate for overtime.

Employees are permitted to work up to a maximum of 72 hours overtime per month. However, this limit may be exceeded if the Ministry of Manpower has granted the employer with an exemption.

Employees covered by Part IV of the Employment Act are entitled to a rest day every week. This day is not paid and it can be Sunday or any other day. The employer must determine the rest day and inform the employee before the beginning of each month. Employees should not work on their rest day unless under exceptional circumstances. Moreover, the longest interval between two rest days is 12 days.

Annual leave

Employees must be covered by Part IV of the Employment Act, and have worked for the employer for at least three months before qualifying for leave.

Paid annual leave entitlement is as follows::

Years of service	Days of leave
1	7
2	8
3	9
4	10
5	11
6	12
7	13
8	14

Employees may apply for further, non-paid leave beyond this entitlement.

If an employee has completed between three and 12 months of service, he/she is entitled to paid leave based on the months worked. The leave entitlement is calculated as follows:

(No. of completed months of service ÷ 12 months) X No. of days of annual leave entitlement

Fractions of less than half a day are disregarded, but fractions above half a day are rounded to a whole day.

If an employee violates the employment contract, is absent from work without permission or reasonable excuse for more than twenty per cent of the working days in the months or year or engages in misconduct, the employee's annual leave may be forfeited by the employer.

There is no statutory entitlement for marriage or compassionate leave; it therefore depends on the employment contract.

Sick leave

Employees covered by the Employment Act are entitled to paid sick leave if:

- The employee has served for three months
- The employee has given 48 hours' notice to the employer where possible
- The sick leave is certified by a doctor or approved medical institution

The number of days an employee is entitled to depends on their service period:

No of months of service completed	Paid non-hospitalisation leave (days)	Paid hospitalisation leave (days)
3	5	15
4	8	30
5	11	45
6	14	60
Thereafter	14	60

Total paid sick leave is capped at his/her sick leave entitlement. Therefore, if an employee has worked for more than six months has already taken 14 days of non-hospitalisation leave, they are only entitled to a further 46 days of paid hospitalisation leave.

If an employee has worked for more than three months, the employer must pay the medical consultation fee. After this, all medical expenses are paid by the employer.

Employees are not entitled to paid sick leave on rest days, public holidays, non-working days, during annual leave or during non-paid leave.

Maternity leave

Part IX of the Employment Act and Part III of the Child Development Co-Savings Act regulate maternity leave and benefits for employees.

Maternity leave is provided for all employees, subject to the following conditions:

- The child is a Singapore citizen, the child's parents are lawfully married and the employee has served her employer for a minimum of three months; or
- The mother is self-employed, been engaged in a particular job or trade for at least three months, and has lost income as a result of not engaging in her trade, business or profession during the maternity leave period

The leave provided for maternity is a total of 16 weeks, four preceding the birth and 12 weeks afterwards. Working fathers (including self-employed) are permitted to share one week of the 16 if the following conditions are met:

- The child is a Singapore citizen
- The mother qualified for government-paid maternity leave
- The father is lawfully married to the child's mother

If the employer agrees, the employee can take the last eight weeks of maternity leave flexibly over a 12-month period from the child's birth as long as the total leave does not exceed 48 days.

Employees covered by the Employment Act but not under the Child Development Co-Savings Act, are entitled to 12 weeks of maternity leave. The last four weeks can be taken flexibly over a 12-month period from the child's birth.

Healthcare and benefits

There is no national medical system in Singapore, and as such, medical expenses must be financed by a combination of employee benefits, compulsory insurance savings (such as Medisave) and out-of-pocket payments. The Central Provident Fund is a mandatory social security savings plan, comprising three funds which employees must pay a proportion of their wages into. One of these is Medisave, which is used for healthcare needs, and can be used to fund approved medical insurance schemes. There are three approved medical insurance schemes put in place to ensure that all Singaporeans have access to healthcare: MediShield, ElderShield and MediFund (referred to as Shield Plans).

MediShield is a low cost fund, designed to help members meet medical expenses for major illnesses which could not normally be covered by their Medisave balance. MediShield operates on a co-payment and deductible system.

MediFund is an endowment fund set up to aid Singaporeans who would be otherwise unable to pay their medical expenses. MediFund acts as a safety net for those who cannot afford subsidised medical charges, despite aid provided by Medisave and MediShield.

ElderShield is a severe disability insurance programme intended to provide basic financial support to the elderly and disabled that will need long term care. The ElderShield program is run by three private insurers: Aviva, Great Eastern and NTUC Income. Singapore citizens are automatically covered under ElderShield at the age of 40, and premiums are payable annually until the age of 65. There are two tiers of policy: ElderShield300, which pays SGD300 per month for up to 60 months and ElderShield400, which pays SGD400 per month for up to 72 months.

Incentives for employers

Employees can expect to change employers frequently in Singapore, but this may mean losing their medical benefits. To aid employees in maintaining medical benefits, the government has revised the tax policy to incentivise employers to adopt one of the following portable medical benefits schemes, by offering a higher tax deduction of two per cent of employee remuneration for medical expenses (compared to the normal maximum of one per cent):

Portable Medical Benefits Scheme

The employer must make an additional monthly contribution to the Employee's Medisave account. This contribution must be at least one per cent of gross monthly earnings, starting from a minimum contribution of SGD16. This contribution will be used by employees to purchase MediShield or other Medisave-approved insurance.

Transferable Medical Insurance Scheme

This is enhanced group hospitalisation and surgical insurance that is purchased by the employer, and can be transferred between employers. Employees are eligible for up to 12 months inpatient coverage when leaving employment.

Provision of Shield Plan

The employer directly provides inpatient medical benefits to employees, in the form of a Shield plan. The employer selects a Shield plan and pays the premium on behalf of the employee. If the employee already has a plan in place, the employer can credit the employee with the amount of the premium.

In order to encourage the use of these options, the government implemented a tax incentive, which is an increased tax deduction of two per cent for medical expenses.

Dismissal

Both employers and employees have the ability to terminate a contract, however, they must respect the established notice period.

If there was not a previously agreed notice period, the following, notice period applies:

Length of service	Notice period
> 26 weeks	1 day
26 weeks > 2 years	1 week
2 years to l> 5 years	2 weeks
5+ years	4 weeks

Employees may take annual leave during the notice period, but cannot be forced to do so by the employer. Any unused leave days must be paid to the employee.

A contract can be terminated by either the employer or the employee without notice if the terminating party agrees to pay the other the value of the wages that would be earned during the notice period.

An employee can terminate a contract without notice if the employer fails to pay his/her salary within seven days of it becoming due or if the employee is called upon to do work outside of the terms of the contract.

The employer can terminate a contract without notice if the employee is consistently absent for more than two working days, without excuse or without informing or attempting to inform the employer of the reason of absence.

An employer can terminate an employee's contract without notice if the employee has failed to fulfil the conditions of its employment contract and it is found guilty of misconduct. Examples of misconduct are: theft or dishonesty, disorderly or immoral conduct at work, wilful insubordination, etc.

The employer must conduct an enquiry; if the employee is found guilty of misconduct, the employer can either:

- Terminate the employee without notice
- Downgrade the employee
- Suspend the employee from work without salary for a period not exceeding one week

If after the enquiry it is established that the employee was not guilty of misconduct, the employer must pay the employee the full amount that was withheld.

Social security
Singapore has four pillars to its social safety net:

- The Central Provident Fund (CPF)
- Public housing
- Healthcare subsidies
- Wage subsidies

The Central Provident Fund is a mandatory social security savings scheme funded by both employees and employers, which serves to meet retirement, housing and healthcare needs. Contribution rates are as below:

	Contribution rates (for monthly wages SGD750 or more)*		
Employee's age (years)	By employer (% of wage)	By employee (% of wage)	Total (% of wage)
55 and below	17	20	37
Above 55 to 60	13	13	26
Above 60 to 65	9	7.5	16.5
Above 65	7.5	5	12.5

* *These are the generally applicable rates, but in certain situations, such as when an employee is a new Singapore Permanent Resident, different rates would apply.*

Workers contribute from their wages into three accounts within CPF:

- Ordinary account – for retirement and housing needs
- Special account – for retirement needs
- Medisave account – for healthcare needs

At the age of 55, members may withdraw their CPF savings after setting aside the CPF minimum sum, which provides for basic needs in retirement. Upon reaching the drawdown age, members may draw monthly payments from the CPF.

Employment of resident and non-resident employees
Companies must consider Singaporeans fairly for job opportunities under the Fair Consideration Framework (FCF). The FCF applies to all companies in Singapore.

Under the FCF, before a company submits Employment Pass (EP) applications, it must advertise the job vacancy on the Jobs Bank, administered by the

Singapore Workforce Development Agency (WDA). The advertisement must meet the following requirements:

- Be open to Singaporeans
- Comply with the Tripartite Guidelines on Fair Employment Practices
- Run for at least 14 calendar days before the company applies for the EP

Exemptions apply for companies with 25 or less employees, the job position pays a fixed salary of SGD12,000 or above, the job is to be filled by an intra-corporate transferee (ICTs) or the job is necessary for short-term contingencies.

The MOM requires companies to submit certain information when applying for an EP, to assess whether Singaporeans were considered fairly. This includes:

- The number of applications submitted by Singaporeans
- Whether Singaporeans were interviewed for the vacancy
- The firm's current share of Singaporeans in professionals, managers and executives (PME) positions

The Employment of Foreign Manpower Act (EFMA) is the primary legislation regarding the employment of foreign workers. Since 2007, amendments have been made that increase the government's ability to actively shift the direction of economic growth by controlling the inflow of workers in various sectors. The aim is to shift labour driven growth to productivity driven growth by raising the quality of foreign manpower entering Singapore. This is achieved by a system of quotas and levies on workers by specific industries.

Foreign workers must obtain the relevant employment pass and/or visa before starting employment, the type of permit depends on the skill and sector of the worker.

There are three main types of work pass:

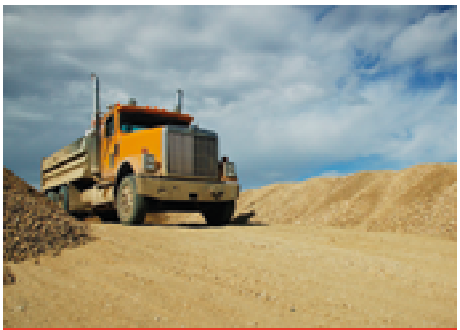
- Employment Pass
- S Pass
- Work Permit

The Employment Pass is for professionals in managerial, executive or specialised jobs. Applicants must earn SGD3,300 per month to qualify. Other factors including qualifications, working experience, age and job nature will be taken into account when assessing employment pass applications. Levy and quota restrictions do not apply to Employment Pass holders. Employers must make applications for Employment Passes on behalf of a job candidate.

The Personalised Employment Pass (PEP) is for foreigners that wish to work in Singapore and meet one of the following requirements:

- Their last drawn fixed monthly salary overseas was at least SGD18,000
- They are current Employment Pass holders who earn a fixed monthly salary of at least SGD12,000

PEP holders can work in any sector; however, they cannot start their own business or engage in any type of entrepreneurial activities. PEP holders do not need to re-apply for a new pass when they change jobs, they can simply inform the Ministry of Manpower; additionally, they can spend six months in Singapore without a job to evaluate employment opportunities.



PEP holders can work in any sector; however, they cannot start their own business or engage in any type of entrepreneurial activities.

PEP holders must earn an annual fixed salary of at least SGD144,000 for each calendar year (regardless of the number of months worked on that year). The PEP is only issued once; it lasts for three years and cannot be renewed.

The S Pass is for mid-level skilled workers, such as supervisors or technicians. Applicants must earn SGD2,200 per month to qualify, and other factors such as educational qualifications and years of relevant work experience will be taken into account. S Pass workers are subject to quota restrictions (15 per cent of the company's total workforce in the service sector and 20 per cent in the remaining sectors) and a levy is payable for all workers employed.

Work Permits are for unskilled or semi-skilled foreign workers and account for the largest proportion of workers in Singapore. Work Permit holders are subject to quota restrictions, which are calculated based on a number of factors, including the sector and the number of Singapore citizens employed by the company. In addition, a levy is required from the employer for foreign Work Permit holders, the amount of which depends on the skill classification of the worker. Work Permit holders can only work in Singapore for a maximum of 18 or 22 years, depending on the sector and skills. Low skilled workers can only work in Singapore for a maximum of 10 years.

In addition to the main three types of work pass, there are several specialised passes available for entrepreneurs, dependants of existing pass holders, artists, students and other special circumstances.

Workers must be between the ages of 18 and 58 to apply for any form of work pass.

Trade unions

Trade unions and their powers are defined by the Industrial Relations Act. Trade unions are regulated and must be recognised by the employer before they can represent the employees. Employees who believe they have been unfairly dismissed can take action through their trade union to make a case with the Ministry of Manpower. All employees are allowed to be part of a trade union.

Tripartism

One of Singapore's key competitive advantages is the tripartite relationship between the National Trades Union Congress (NTUC), the Singapore National Employers Federation (SNEF) and the Ministry of Manpower (MoM). These three groups meet under the Singapore Tripartism Forum (STF) to share concerns and reach agreements on how to overcome economic challenges.

The Tripartite Guidelines on Fair Employment Practices set out fair employment practices for adoption by employers to help prevent discrimination at the workplace and encourage employers to adopt progressive human resources practices that will benefit both employers and employees. This means there is little industrial unrest and most interactions between unions and employers are non-hostile.

Audit

Singapore has an excellent accounting and audit regime, which draws heavily from the International Financial Reporting Standards (IFRS), and as such maintains high quality and international recognition.

The accounting regime is regulated by the Accounting and Corporate Regulatory Authority, which maintains the standards described in the following laws:

- Singapore Companies Act, Cap 50 (applicable for all companies)
- Singapore Exchange Listing Manual (applicable for public companies)
- Charities Act, Cap 37 (applicable for institutions of public characters)
- Societies Act, Cap 311 (applicable for societies)

Accounting standards

Accounting standards in Singapore are prescribed by the Accounting Standards Council (ASC). In Singapore, Accounting standards are known as Singapore Financial Reporting Standards (SFRS), and are based on IFRS. Accounting is done on an accrual basis and as such, transactions are recorded as they occur. Future cash receipts and obligations are also recorded.

Following the addition in 2009 of a separate IFRS for Small and Medium Sized Enterprises (SME), the ASC released an SFRS for Small Enterprises (SE) in 2010. This SFRS is an alternative framework to the full SFRS, which provides SEs with a relief from the stress of full compliance, while maintaining transparency and quality. Companies can qualify for the SFRS for SEs if:

- They are not publicly accountable
- They publish general-purpose financial statements for external users
- They are a small entity, with total annual revenue of not more than SGD10 million, total gross assets of no more than SGD10 million and less than 50 employees

Accounting records

Every incorporated company must keep records to a certain standard, including a profit and loss account. These records must be kept in a place such as the directors see fit. If this place is outside Singapore, then the statements and returns must be sent and kept at a place in Singapore where they can be inspected by the directors.

Accounting records must be kept for five years following the end of the business year in which the relevant transaction occurred.

Though some companies are exempt from the requirement to file audited accounts, they are still required to keep sufficient accounting records including a profit and loss account.

Accounts are available to inspection from the public for a small fee.

Filing and submission of statutory financial statements

Audited accounts must be filed with ACRA on an annual basis but firms are free to choose their tax year. All private and public companies must appoint auditors within three months of incorporation. Accounts must generally be laid before members at an annual general meeting, no more than six months after the end of the financial year. These accounts must then be submitted to ACRA with a statement from two directors and an auditor's report where applicable. A Singapore-incorporated company must have at least one director who is ordinarily resident in Singapore.

Every company must lodge an annual return with the Registrar within a month of its annual general meeting which, in turn, must be held no later than 18 months from the date of incorporation (in respect of the company's first annual general meeting), or 15 months from the date of the last annual general meeting. The accounts laid at the annual general meeting must further be not more than six months old.

For a public company listed or quoted on a securities exchange in Singapore, the accounts presented at the AGM shall be made up to a date not more than four months before the AGM.

Audit requirements

All companies, including foreign branch offices, except those specifically exempted, must appoint independent certified public auditors to audit their annual financial statements. Financial statements must be audited according to the Singapore Standards on Auditing (SSA) or the International Standards on Auditing (ISA).

To reduce the regulatory burden on small companies, a new small company exemption from the audit requirement was introduced for financial years commencing on or after 1 July 2015.

To qualify as a small company, the company must qualify the following criteria:

- It is a private company
- For the past two financial years, meeting at least two of the following criteria:
  - Total annual revenue: SGD10 million or less
  - Total assets: SGD10 million or less
  - Number of employees: 50 or less

Sole-proprietorships, partnerships and representative offices are not required to prepare audited financial statements.

Trade

Foreign Direct Investment
Singapore has been a member of the World Trade Organisation (WTO) since 1995. The country has been consistently active about maintaining open trade. Singapore is close to being a free port, with very few duties or trade restrictions. Trade barriers are low and Singapore occupies a central trading location for the Asian region.

Singapore is one of the world's largest recipients of FDI, and the Government has been proactive at attracting FDI and encouraging trade. Singapore's trade policy is outward looking and aims to promote two-way trade at a regional, bilateral and multilateral level. Singapore is an active participant in multilateral trade with all members of the WTO.

Singapore is an active member of several regional trade associations, including: the Association of South East Asian Nations (ASEAN), the Asia-Europe Meeting (ASEM) and the Asia-Pacific Economic Cooperation (APEC). These agree that goods originating from other countries within the association have preferential tariffs. Singapore is part of 21 regional and bilateral Free Trade Agreements (FTAs), which eliminate or reduce import tariffs at the destination country.

There are few restrictions on investment in Singapore. The main restrictions are in broadcasting, the domestic news media, retail banking, legal and other professional services, property ownership, and some sectors in which government-linked companies have a significant presence.

Government incentives
Singapore has implemented a number of tax incentives to do business in Singapore, under the Income Tax Act and the Economic Expansion Incentives (Relief from Income Tax) Act. These are outlined in the tax section.

Imports
Singapore is virtually a free port; therefore, there are no tariffs or quota restrictions. Importers must obtain the appropriate import permits before the importation of goods into Singapore, irrespective of whether the goods are controlled or non-controlled.

All goods imported into Singapore are generally subject to GST payments for non-dutiable goods and GST and/or duty payments for dutiable goods.

Dutiable goods comprise:

- Intoxicating liquors
- Tobacco products
- Motor vehicles
- Petroleum products

All dutiable goods are taxed at a standard duty rate, which is charged at 20 per cent of the Customs Value, applied on an ad valorem basis. All other items are not dutiable.

Import restrictions
While trade barriers are low, there are still a number of import restrictions in place for certain categories of goods. Singapore Customs identify the following items as banned from importation:

- Chewing gum (except dental and medicated gum)
- Chewing tobacco and imitation tobacco products (eg e-cigarettes)
- Cigarette lighters shaped like pistols or revolvers
- Controlled drugs and substances
- Endangered species
- Firecrackers
- Obscene articles, publications, media or software
- Copies of copyrighted material
- Seditious or treasonous material

Finance

Capital markets
Singapore's highly liquid capital markets are a key component of its economic success.

The Singapore Stock Exchange (SGX) is the primary equity market with over 770 listed companies. SGX hosts a large number of foreign listings, allowing investors to access shares from a wide range of companies from the Asia Pacific Region. SGX provides a large range of both debt and equity capital, offering an extensive range of both government securities and foreign corporate bonds. There are strong equity listings in broad sectors such as real estate and shipping as well as more specialised sectors such as aviation.

Singapore hosts some of the largest global foreign exchange (FX) dealers in the world. It is estimated that daily FX turnover is over USD292 billion. This large FX market is a key facilitator of Singapore's position as a global trading hub.

Singapore also has a large OTC derivatives market.

Banking system
The Monetary Authority of Singapore (MAS) is the Central Bank, tasked with ensuring monetary stability as well as managing credit and exchange policies to promote growth. It also manages currency issuance, having merged with the Board of Commissioners of Currency in October 2002. The banking system benefits from a pro-business environment maintained by careful but minimal regulation. There are over 200 banks operating in Singapore.

Banks in Singapore are separated by the licenses they hold which dictate the services they can offer.

Full banking licenses allow for the greatest range of services and allow business to hold both corporate and retail clients.

Foreign full banks with 'Qualifying Full Bank' Licenses apply only to non-Singaporean banks, and serve to expand their capability to open branches and operate ATM networks.

In addition, there are seven banks designated by the MAS as Domestic Systematically Important Banks (D-SIBs). D-SIBs are banks that are assessed to have a significant impact on the stability of the financial system and proper functioning of the broader economy.

There are no restrictions imposed on resident or non-resident companies to hold bank accounts; nevertheless, savings accounts are not generally offered to companies.

The process of opening and using a bank account is reasonably simple, subject to 'Know Your Customer' practice. Through their bank accounts investors generally gain access to a wider range of credit facilities. Commercial banks, merchant banks and finance companies all offer forms of credit.

Innovation in banking
The Monetary Authority of Singapore (MAS) announced the formation of a new FinTech & Innovation Group (FTIG) within its organisation structure with effect from 1 August 2015. FTIG will be responsible for regulatory policies and development strategies to facilitate the use of technology and innovation to better manage risks, enhance efficiency, and strengthen competitiveness in the financial sector. FTIG comprises:

Banks in Singapore are separated by the licenses they hold which dictate the services they can offer.

- Payments & Technology Solutions Office which formulates regulatory policies and develops strategies for simple, swift and secure payments and other technology solutions for financial services.
- Technology Infrastructure Office which is responsible for regulatory policies and strategies for developing safe and efficient technology enabled infrastructures for the financial sector, in areas such as cloud computing, big data, and distributed ledgers.
- Technology Innovation Lab which scans the horizon for cutting-edge technologies with potential application to the financial industry and work with the industry and relevant parties to test-bed innovative new solutions.

Insurance industry
Singapore has a small, well regulated insurance marketplace that operates primarily through the traditional model of brokers and agents. Direct insurance is the largest sector, but reinsurance has grown rapidly in recent years. Singapore is now seen as the principal reinsurance market of the Association of South-East Asian Nations (ASEAN).

Insurers in Singapore can be licensed as direct insurers, reinsurers or captive insurers. Direct insurers are licensed to write life and health policies and include general insurers that write a wide variety of business. All brokers must be registered under the Insurance Act.

Licensed reinsurers are not permitted to write direct business, but may carry out reinsurance on life or general insurance business, assuming some of the risk from another insurer. Captive insurers are owned by a larger company and authorised solely to write risks from the parent company.

The insurance market is highly competitive, with a high ratio of companies to domestic customers.

The MAS has adopted a hands-off approach in the insurance market, leaving insurers to largely self-regulate through the General Insurance Association (GIA).

At the end of 2014, the insurance industry was valued at SGD197,401.9, with life insurance as the largest sector[3].

Investment management industry
The investment management industry in Singapore is one of the best in the region, attracting a multitude of global investors and offering an excellent and comprehensive business infrastructure.

At the end of 2014, total assets under management by Singapore-based asset managers were valued at SGD2.4 trillion, a 30 per cent increase on the previous year.[4]

Singapore's location at the heart of South East Asia gives investors excellent access to markets in the Asia Pacific region, some of the fastest growing and most attractive in the world. There are currently over 500 companies operating in the asset management industry under various forms.

[3]Insurance Statistics 2014, Monetary Authority of Singapore

[4]2014Singapore Asset Management Industry Survey, Monetary Authority of Singapore

Infrastructure

The overall quality and reliability of infrastructure is a critical factor for businesses across all sectors.

Singapore has internationally renowned high-quality infrastructure, ranked second in the world for infrastructure in the World Bank LPI Index 2014, and fifth overall in the LPI index.

Telecommunications are increasingly a central factor in facilitating business and Singapore has a strong and competitive telecommunications sector. Since the liberalisation and privatisation of the telecommunications sector in 2000, market driven growth has contributed towards a now large and high quality ICT network.

Key features of Singapore's ICT infrastructure include:

- Average internet speed: 118.8 Mbps
- 822 secure internet servers, per million people
- 82 per cent of the population are internet users
- 8,160,9000 million mobile phone subscriptions
- In the 2014-15 Global Competitiveness Report, Singapore was rated 2/144 in the world for technological readiness

Singapore has excellent transport infrastructure, making travel and the transportation of goods simple on both a domestic and international level. Singapore's public transport system is comprehensive and includes taxis, buses and the Mass Rapid Transit (MRT) rail system.

Singapore is also home to excellent air and sea links, with a world-class international airport and the world's busiest shipping port.

Key features of Singapore's transportation infrastructure include:

- 3,425 km of highways, including 161 km of expressways
- Comprehensive Mass Rapid Transit rail system which covers the length and width of Singapore
- Changi Airport - one of Asia's major aviation hubs
- Over 28,000 taxis
- Land links to Malaysia, via the Johor-Singapore Causeway and the Tuas Second Link
- The Port of Singapore – the world's busiest shipping port by tonnage, handling over 1 billion tons annually

Singapore has internationally renowned high-quality infrastructure, ranked second in the World