

Key Benefits of Singapore Companies

CORPORATE

- A company can be incorporated within a day
- One resident director and shareholder allowed, but that director must be Singapore resident
- The same individual can be the resident director as well as the shareholder
- A corporate body can be the sole shareholder of the company
- Audit exemption for a small private exempt company (EPC) and a dormant company. A small EPC is a private company of which no beneficial interest in its shares is held, directly or indirectly, by any corporation and having not more than 20 members, and has annual revenues of S\$5 million or less
- No disclosure of beneficial ownership. Only registered members, names of directors and company secretary are filed in the Public Registry
- Minimum share capital S\$1 or equivalent and this can be in any recognisable currency
- A flat capital duty of S\$300 is payable to the Registrar irrespective of the amount of share capital
- Company Secretary need not be professionally qualified. However the need to appoint a Singapore resident as company secretary remains
- Financial statements can be prepared in the company's functional currency

TAX

- Territorial tax system
- Standard corporate income tax rate (17%) applies to Singapore sourced income and certain remitted foreign income
- With the benefit of partial tax exemption, the effective tax rate for the amount of chargeable income is 4.25% for the first S\$10,000; 8.5% for next S\$290,000; and 17% in excess of S\$300,000
- Full tax exemption on the first S\$100,000 of chargeable income is available for qualifying new start up resident companies (including companies limited by guarantee) which has no more than 20 shareholders of which at least one individual shareholder holds at least 10% of total number of issued ordinary shares. The full tax exemption is available for the first 3 consecutive years
- Companies will receive the higher of the tax rebate of 20% of year of assessment ("YA") 2011 corporate income tax payable, capped at S\$10,000 or SME Cash Grant based on 5% of Company's revenue for YA 2011, subject to a cap of S\$5,000 (for SME Cash Grant, companies must have made CPF contributions)
- Productivity and Innovation Credit ("PIC") Scheme which allows tax deduction or allowance of 400% of expenditure for the first S\$400,000 spent on each of six qualifying activities (purchase / lease of prescribed automation equipment, training of employees, acquisition of intellectual property, registration of intellectual property, R&D and approved design)
- Exemption for qualifying foreign-sourced dividends, branch income and service fees earned and remitted to Singapore
- Tax incentivised schemes available for new or incremental business
- Foreign tax credit pooling system
- Group relief available
- Carry back of losses up to 3 years and carry forward of losses with no limit, provided that the shareholding composition does not change substantially (more than 50%) at prescribed testing dates
- Double deductions available for prescribed expenditure
- Deduction of pre-commencement expenses
- Generous capital allowances
- No taxation of capital gains
- No withholding tax on dividend payments
- No thin capitalisation or earnings stripping rules
- No controlled foreign company rules
- No capital duty
- Extensive treaty network
- No estate duty

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