

Country Guide

Singapore

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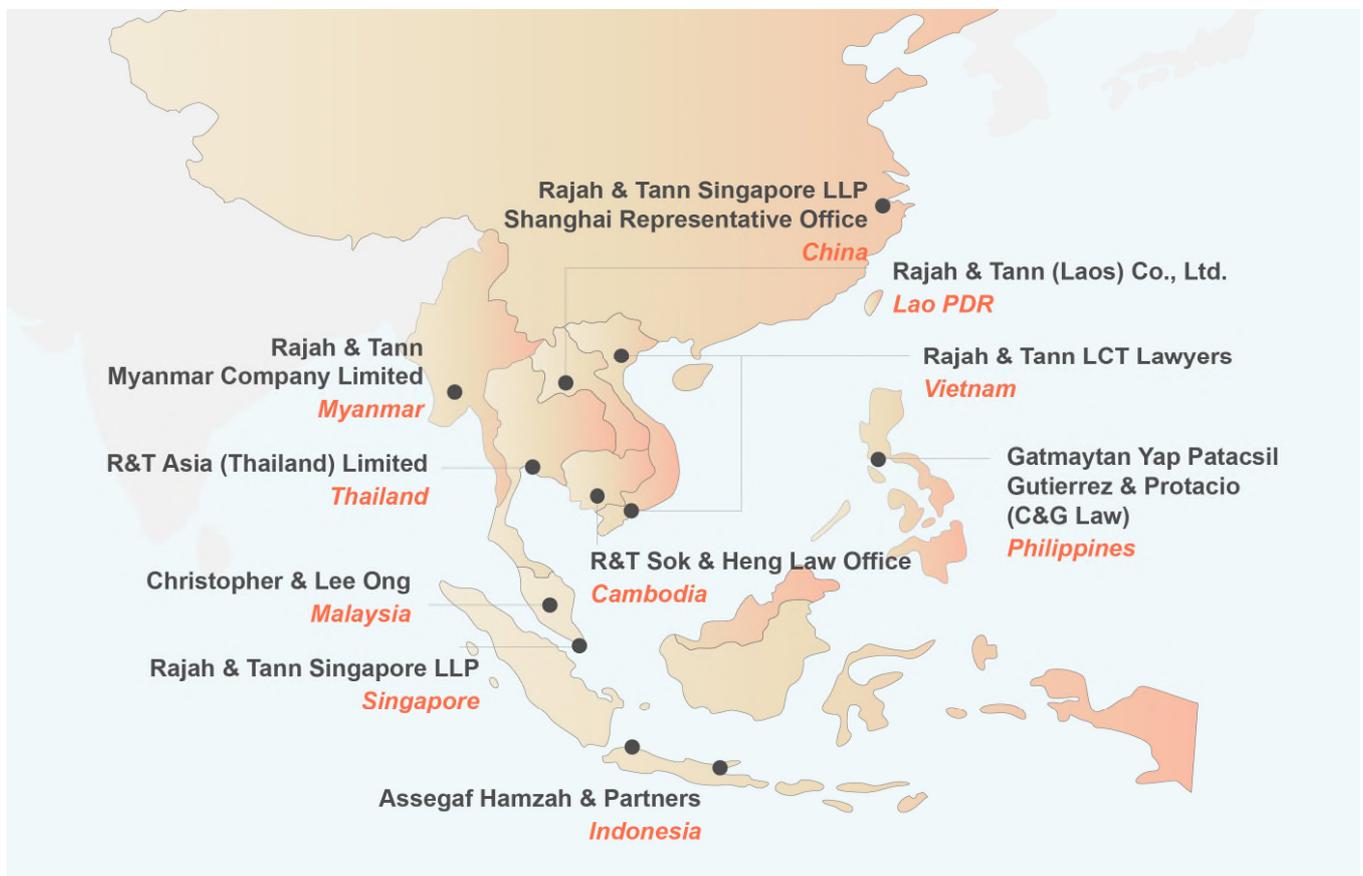
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GUIDE TO DOING BUSINESS IN SINGAPORE



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Whilst the information in this Guide is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. The information provided herein is current as of May 2023.

Introduction

Singapore is a small island city-state located near the southern tip of the Malay Peninsula. With a multi-racial population of approximately five million people comprising of four major ethnic groups – Chinese, Malay, Indian and Eurasian – the four national languages are Malay, English, Chinese (Mandarin) and Tamil, although the main language of business is English. As such, Singapore is often touted as being the bridge between the East and the West, and is seen as an ideal location to serve as a gateway to other markets in the region, with many multi-national corporations choosing to situate their businesses in Singapore in order to use Singapore as a hub from which to run their regional and global business operations.

Despite Singapore's small size and lack of natural resources, it has one of the highest GDP per capita ratios in the world, and is an attractive place for doing business, due to the government's pro-business and pro-foreign investment outlook, which has resulted in a free-market economy that is open and corruption-free. The government has also invested heavily in developing a strong and stable infrastructure to support businesses and encourage economic development, including an extensive network of transport and telecommunications links with various countries all over the world which help to make Singapore a top global transportation hub. In addition, Singapore possesses a highly educated

and skilled workforce and is generally very receptive to welcoming skilled foreign talent.

Singapore is ranked as the world's third most competitive country by the International Institute for Management Development in the World Competitiveness Yearbook 2022.

Government and Legal System

Singapore's governmental system is a parliamentary system that is based on the British Westminster system of unicameral parliamentary government representing constituencies.

The organs of state comprise:

(1) The Executive: Head of State and Head of Cabinet

Executive power rests with the Cabinet, which is led by the Head of Cabinet, the Prime Minister, and the President, the Head of State. The President is elected through popular vote for a fixed term of six years and possesses veto powers in respect of certain key decisions such as the use of the national reserves and the appointment of judges.

(2) The Legislature: Parliament

Parliament serves as the legislative branch of the Singapore government and is elected by general election every five years. Legislation is enacted through Bills which are then passed by Parliament and assented to by the President. The Members of Parliament ("**MPs**") consist of elected, non-constituency and nominated members. Elected MPs are voted into parliament on a "first-past-the-post" basis and represent either single-member or group-representation constituencies.

(3) The Judiciary: The Supreme Court, State Courts and Family Justice Courts

The judiciary is one of the three constitutional pillars of government along with the Legislature and the Executive. The Supreme Court comprises the Court of Appeal and the High Court. The State Courts (previously known as the Subordinate Courts) comprise several courts including various other specialised courts such as the Small Claims Tribunal and Employment Claims Tribunals. The Family Justice Courts hears family cases and selected criminal cases involving youth offenders.

The legal and judicial system in Singapore is robust and efficient and Singapore is reputed for its tough stance against corruption. Due to Singapore's history as a British colony, Singapore's legal system is generally modelled on the English legal system.

Dispute Resolution Systems

(1) Litigation

The Singapore courts are divided into two tiers – the lower tier consisting of the State Courts (comprising the District Courts, the Magistrates' Courts, and various other specialised Courts such as the Small Claims Tribunal and Employment Claims Tribunals mentioned above), and the higher tier consisting of the Supreme Court (comprising the Court of Appeal and the High Court).

Out of the courts that make up the State Courts, the District Courts and Magistrates' Courts hear both civil and criminal cases. In respect of civil cases, the Magistrates' Courts deal with cases involving claims which do not exceed S\$60,000, whilst the District Courts deal with cases involving claims which do not exceed S\$250,000. The Family Justice Courts are made up of the Family Courts, Youth Courts and Family Division of the High Court. The Youth Courts deal with cases under the Children and Young Persons Act 1993, and the Family Courts deal with various family-related matters such as divorce proceedings or issues of maintenance. Family proceedings and probate matters involving assets of S\$5 million or more are heard in the Family Division of the High Court.

The High Court exercises original and appellate jurisdiction in both civil and criminal cases, as it hears cases in the first instance as well as cases on appeal from the State Courts. Generally, if a civil case involves a claim for a value of more than

S\$250,000, the action must be commenced in the High Court. Although the High Court has the power to hear all criminal cases, it typically hears criminal cases involving offences which are punishable with death or with imprisonment for a term which exceeds 10 years. The High Court is also empowered to reverse decisions from the State Courts, or ask the State Courts to conduct a new trial on the matter.

The Singapore International Commercial Court ("**SICC**") was established in 2015 as a division of the High Court and it is designed to deal with transnational commercial disputes. The SICC offers the option of a court-based dispute resolution mechanism, adjudicated by a panel of experienced judges comprising specialist commercial judges from Singapore and international judges from both civil law and common law traditions. The SICC allows parties to avoid the following problems which they often encounter in arbitration:

- (i) delay in, and rising costs of arbitration;
- (ii) the lack of consistency of decisions and absence of developed jurisprudence;
- (iii) the absence of appeals; and
- (iv) the inability to join third parties to the arbitration.

Hence, with the addition of the SICC, the High Court provides a more holistic route for parties to settle their commercial disputes.

The Court of Appeal hears appeals of prescribed categories of civil appeals and all criminal appeals against decisions made by the General Division of the High Court in the exercise of its original criminal jurisdiction. In general, the jurisdiction of the Court of Appeal is to be exercised by three or greater odd number of Judges, and a matter is decided by a majority of the Judges hearing the matter. However, there may be certain instances where appeals may be heard by a single Judge or two Judges.

(2) Mediation

Mediation is a process whereby disputing parties mutually agree to appoint a neutral party known as a mediator to assist the parties in negotiating with each other to reach a settlement amicably. Mediation can be conducted by different organisations, but the more popular organisations are the Singapore Mediation Centre, the Singapore International Mediation Centre, and the State Courts Centre for Dispute Resolution. Mediation is most ideal for situations in which both parties genuinely desire to find a mutually acceptable solution to their dispute because the disputing parties must mutually agree to submit their case for mediation.

The main advantages of mediation are as follows:

- (i) the mediation process is generally faster than other dispute resolution methods;
- (ii) parties can retain control over the outcome of the mediation; and
- (iii) privacy is maintained as parties are not exposed to the media and the public.

However, the main disadvantage of mediation is that it may not be final. If the parties cannot reach an appropriate settlement, they may have to resort to other forms of dispute resolution, such as arbitration or litigation. Addressing this issue, Singapore has ratified the Singapore Convention on Mediation. This is a multilateral treaty that sets out a framework for the parties to an international settlement agreement resulting from mediation to enforce the agreement directly in states which have ratified the Singapore Convention on Mediation.

(3) Arbitration

Arbitration is a consensual process whereby parties submit their dispute to a neutral arbitrator for a binding and final decision, and is less formal than a trial in court.

Arbitration does not need to be conducted in Singapore but if the parties choose Singapore as the venue for the arbitration, the Singapore International Arbitration Centre can be used for both international and domestic disputes.

Some of the advantages of arbitration are as follows:

- (i) speedier resolution of a dispute than if it goes to trial in court;
- (ii) lower costs than if the matter were to go to litigation; and
- (iii) the ability of parties to choose an arbitrator who has technical knowledge in a particular field.

Theoretically, the parties can agree to go for arbitration before or after a dispute between them occurs. However, the general practice in Singapore is that most parties would typically only go for arbitration if they have pre-agreed in their contract that they would do so. Thus, if the parties wish to arbitrate in the event of a dispute, they should expressly provide for this in their contract.

It is also of note that the parties can opt for the Arb-Med-Arb process. In this process, a dispute is referred to arbitration before mediation is attempted. If the parties settle, the settlement agreement can be recorded as a consent award. However, if mediation fails, they can continue on with the arbitration process. As this is a consensual process, both parties must agree to the same.

(4) Neutral Evaluation

In neutral evaluation, an independent third party (the Neutral) hears the parties' case either through written and/or oral submissions. Unlike mediation where the focus is on obtaining a solution, in a neutral evaluation, the focus is on the merits of the parties' case. This will be considered by the Neutral who will give a reasoned opinion.

The Neutral's opinion can either be binding or non-binding depending on the parties' preference. In the former situation, neutral evaluation has the potential of resolving the entire dispute. Where the latter applies, the parties gain a better understanding of the strengths and weaknesses of their respective cases. This way, the parties can use the process to settle the dispute or a starting point to negotiate a settlement.

Neutral evaluation is offered by the Singapore Mediation Centre and the State Courts. Parties can also approach the Singapore International Mediation Centre for recommendations to appoint mediators or experts as Neutrals.

General Contract Law Principles

As such, Singapore contract law is generally quite similar to English contract law, and for situations in which there is no Singapore authority on a particular point of law, *prima facie* the position that is assumed to apply will be that of the position under English law.

Contract law in Singapore is largely based on the common law of contract in England. There is no single piece of legislation that codifies the principles of Singapore contract law. As such, contract law in Singapore is still largely reliant on judge-made rules that may be modified in certain circumstances pursuant to certain specific pieces of legislation. For example, the Civil Law Act 1909 sets out certain types of contracts which are required to be in writing in order for an action which is brought in respect of such a contract to be valid (for example, contracts in relation to the sale or disposition of immoveable property). Likewise, the Conveyancing and Law of Property Act 1886 provides that a conveyance of any estate or interest in land (other than a lease for a period of less than seven years) must be made by deed in the English language.

Many of the statutes in Singapore that contain provisions in relation to certain areas of contract law are either taken from original English statutes that were incorporated as part of Singapore's statutory law by virtue of Section 4 of the Application of English Law Act 1993, or have been drafted based on existing English statutes or statutes from other jurisdictions. Examples of such legislation include the Contracts (Rights of Third Parties) Act 2001 and the Consumer Protection (Fair Trading) Act 2003.

Business Structures

There are various types of business vehicles which can be used to establish business operations in Singapore. The principal forms of such business vehicles are as follows:

(1) Sole Proprietorship

A sole proprietorship is a business that is owned by an individual or a single corporate entity. A sole proprietorship may generally carry out any type of business activity in Singapore except for those business activities which are required by statute to be conducted by a corporate entity, such as banking, finance and dealings in securities. Due to the fact that a sole proprietorship does not have separate legal personality, the owner of a sole proprietorship will be personally liable to creditors for all debts and liabilities incurred in the name of the business without limitation.

(2) Partnership

A general partnership is a business consisting of at least two but less than 20 partners. Once there are more than 20 partners, the partnership must be registered as a company under the Companies Act 1967 ("**Companies Act**"). The partners of a partnership may either be natural persons or corporate entities. Similar to a sole proprietorship, a general partnership is not a separate legal entity, and thus the partners of the partnership will be jointly liable to creditors for all debts and liabilities incurred in the name of the partnership without limitation.

(3) Limited Partnership

A limited partnership ("**LP**") is a partnership which consists of at least one general partner and one limited partner. Both the general partners and limited partners may be either natural persons or corporate entities. An LP does not have separate legal personalities. As such, a general partner, who would generally take part in the management of the LP, will be responsible for all debts and liabilities incurred in the name of the LP without limitation. Conversely, a limited partner, who is prohibited from taking part in the management of the LP (if he does so, he will be deemed to be a general partner), will not be liable for the debts and liabilities incurred in the name of the LP beyond the limited partner's agreed contribution in the LP.

(4) Limited Liability Partnership

A limited liability partnership ("**LLP**") is a corporate entity that comes into being by being registered under the Limited Liability Partnerships Act 2005. An LLP has a legal personality separate from that of the partners of the LLP. Thus, a partner of an LLP shall generally not be personally liable for the debts and liabilities incurred in the name of the LLP except in certain exceptional circumstances, such as when an obligation arises as a result of the partner's own wrongful act or omission. However, a partner would not be personally liable for the wrongful act or omission of any other partner of the LLP.

Every LLP is required to keep accounting and other records that will give a true and fair view of the state of affairs of the LLP. Although the LLP's accounts are not required to be audited, such records must be kept for at least five years. An LLP is also required to report its financial status of solvency or insolvency annually.

(5) Singapore Incorporated Company

A company is a business entity registered pursuant to the Companies Act. It has a separate legal

personality from that of its members, and thus will generally be responsible for its own debts and liabilities, and has the right to own property, to sue or be sued in its own name, and has perpetual succession.

However, it should be noted that companies in Singapore are generally subject to greater statutory regulation than the other forms of business vehicles, such as various ongoing compliance requirements under the Companies Act.

There are various types of companies in Singapore, which are as follows:

(i) Private Company Limited by Shares

A private company limited by shares is the most common business entity for setting up a business in Singapore. A private company limited by shares must have not more than 50 shareholders, and the right to transfer shares of the company must be restricted. Shareholders of a company would generally only be liable for the company's debts up to the amount of share capital they have subscribed. It is quite common for foreign companies that wish to set up subsidiaries in Singapore to choose to structure the subsidiary as a private company limited by shares as the foreign company can retain control over the Singapore subsidiary by being the sole or a major shareholder of the Singapore subsidiary.

An exempt private company must prepare its balance sheet and profit and loss account annually, but it need not submit these documents with its annual return. An exempt private company is also permitted to make loans to its directors and to companies in which its directors are interested.

(ii) Public Company Limited by Shares

Any company which is not a private company is a public company. The number of shareholders of a public company can be more than 50. A public company is generally subject to more regulation than

a private company, such as the requirement that it must register a prospectus with the Monetary Authority of Singapore before making any public offer of shares and debentures.

(iii) Public Company Limited by Guarantee

A company limited by guarantee is essentially a company with no shares, and in place of shareholders, it is controlled by one or more members with liability limited to the amount each member agrees to guarantee, which can be a sum as small as S\$1. In addition, a company limited by guarantee is generally prohibited from distributing profits to its members. As such, the public company limited by guarantee structure is typically used by not-for-profit organisations.

Where a company limited by guarantee is wound up and does not have sufficient funds to meet the claims of its creditors, each member's liability is limited to the amount it has agreed to guarantee, which is typically provided for in the constitution (previously called the memorandum and articles of association).

(6) Branch of a Foreign Corporation

A foreign company may opt to register a branch under the Companies Act. A branch is not a separate legal entity in that its debts and liabilities are part and parcel of the debts and liabilities of the head office of the foreign corporation.

The foreign company must have a registered office in Singapore. There is also an obligation on the foreign corporation to appoint one person resident in Singapore as its authorised representative ("**Representative**") to accept service of process and any notice required to be served on the corporation. A corporation cannot be appointed as a Representative. The Representative must be ordinarily resident in Singapore. A Singapore citizen, Singapore Permanent Resident ("**PR**") or a foreigner living in Singapore and holding an Employment Pass or a Dependent's Pass issued by the Controller of

Immigration will be deemed to be ordinarily resident in Singapore. The functions of the Representative are limited and, as long as the obligations under the Companies Act are complied with, the role and responsibility of the Representative are generally less demanding and onerous than that of a director of a company incorporated in Singapore.

(7) Representative Office

In the case of a foreign investor which is a corporation that does not wish to conduct business activities in Singapore, but nevertheless desires to have some presence in Singapore for promotion and liaison purposes, it may consider establishing a representative office. A representative office is prohibited from engaging in business activities.

Closing Down of a Business

Depending on the type of business vehicle utilised, the procedure for the closing down of a business would vary. Such procedures are as follows:

(1) Private Company Limited by Shares

A private company limited by shares may be voluntarily closed in Singapore by a members' or creditors' voluntary winding up, compulsorily closed pursuant to an Order of Court or struck off the Register of Companies by submitting an application to the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). The procedures for these methods are set out below.

(i) Members' Voluntary Winding Up

In a members' voluntary winding up, the directors of the company would be required to file a declaration of solvency with the ACRA to the effect that the directors are of the opinion that the company will be able to pay its debts in full within 12 months after the commencement of the winding up. The shareholders of the company must subsequently approve the voluntary winding up via the passing of a special resolution, and would also be required to pass an ordinary resolution appointing a liquidator to conduct the winding up. Once all the affairs of the company have been fully wound up, the liquidator would then have to convene a final meeting of shareholders to present the final accounts of the company. Upon the expiry of three months from the final meeting, the company will then be dissolved and the winding up will be completed.

(ii) Creditors' Voluntary Winding Up

If the directors of the company are unable to file the solvency statements, or if the liquidator is of the opinion that the company will not be able to pay or provide for the payment of its debts in full within 12 months after the commencement of the winding up, the liquidator is required to summon a meeting of the creditors and lay before the meeting a statement of the assets and liabilities of the company. The creditors may then choose to appoint another person to act as liquidator. If the creditors choose to do so, the winding up will proceed thereafter as if it were a creditors' voluntary winding up.

(iii) Compulsory Winding Up

A company may be wound up pursuant to an Order of the Court under certain circumstances (for example, if the company is unable to pay its debts). A liquidator may be appointed by the Court to wind up the affairs of the company or, in the absence of such an appointment by the Court, the Official Receiver shall be the liquidator of the company. The liquidator will wind up its affairs and file the necessary notifications required under the Insolvency, Restructuring and Dissolution Act 2018.

(iv) Striking Off

A company may apply to the ACRA to be struck off the Register of Companies. However, in order to do so, it should be noted that the company must have ceased trading or must not have commenced business from the date of incorporation of the company. The company must also not have any current or contingent assets and liabilities. These are very stringent requirements that the company may find difficult to fulfil.

If the company is able to meet the above requirements, an online application may be submitted to the ACRA to strike the company off the Register of Companies. If there are no objections to the striking off application within four months, a final notice will be published in the Singapore

Government Gazette stating that the company has been struck off the Register of Companies.

(2) Branch

In the event that a foreign company ceases to have a place of business in Singapore or to carry on business in Singapore, or has undergone liquidation in its place of incorporation, the Representative of the branch would be required to file either a Notification by Foreign Company of Cessation of Business or a Notice by Authorised Representative of Foreign Company of Liquidation or Dissolution of Company respectively with the ACRA.

(3) Limited Partnership

Where an LP has been dissolved or has ceased business, a Notification of Cessation of Limited Partnership or a Notification of Dissolution of Limited Partnership would need to be filed with the ACRA by a general partner of the LP. In the case of a dissolution, the affairs of the company would generally be wound up by the general partners of the LP.

(4) Limited Liability Partnership

The methods of effecting a voluntary closure of an LLP are similar to that of a private company limited by shares.

(i) Members' Voluntary Winding Up

An LLP may be voluntarily wound up if the partners of the LLP are of the opinion that the LLP will be able to pay its debts in full within 12 months after the commencement of the winding up. The LLP has to appoint a liquidator to wind up its affairs and file the necessary notifications required under the Limited Liability Partnerships Act 2005 ("**LLP Act**").

(ii) Creditors' Voluntary Winding Up

If the partners of the LLP are of the opinion that the LLP cannot by reason of its liabilities continue its business, a meeting of its creditors would need to be convened to allow them to consider its proposal for the company to be wound up. If the creditors agree to the winding up, the LLP has to appoint a liquidator or provisional liquidator to wind up its affairs and file the necessary notifications required under the LLP Act.

(iii) Compulsory Winding Up

An LLP may be wound up pursuant to an Order of the Court under certain circumstances (for example, the LLP is unable to pay its debts). A liquidator may be appointed by the Court to wind up the affairs of the LLP or, in the absence of such an appointment by the Court, the Official Receiver shall be the liquidator of the LLP. The liquidator will wind up its affairs and file the necessary notifications required under the LLP Act.

(iv) Striking Off

An LLP may apply to the ACRA to strike its name off the Register of Companies. The ACRA may approve the application if there is reasonable cause to believe that the LLP is not carrying on business and the LLP is able to satisfy the criteria for striking off.

Licensing of Business Activities

Whichever form of business organisation is utilised and apart from the registration process, the need to obtain approvals or licences from the relevant government departments or statutory authorities may arise depending on the proposed business activity which is to be conducted through the form of business organisation in question. Examples of business activities for which special approvals or licences are required, regardless of whether they are conducted by locals or foreign investors, include the following:

- (i) banking and insurance businesses;
- (ii) dealing in securities or acting as a financial adviser;
- (iii) provision of payment services and operation of payment systems;
- (iv) manufacture of goods listed in the First and Second Schedules to the Control of Manufacture Act 1959;
- (v) dealing in chemicals falling within the statutory definitions of “poison”, “hazardous substance”, “toxic industrial waste” or “radioactive material”;
- (vi) operating an employment agency;
- (vii) operating a hotel or a travel agency;
- (viii) money-lending; and
- (ix) activities which can only be conducted by professionals possessing qualifications laid down by statute, for example lawyers and accountants.

The GoBusiness Licensing portal (accessible at <https://www.gobusiness.gov.sg/licences/>) is a one-stop portal operated by the government providing licensing information and resources, as well as an integrated licence application service to existing businesses and start-ups operating in Singapore. Generally, most business licences can be applied for online via GoBusiness Licensing, and a business can apply for multiple licences simultaneously. The licences can also be updated, renewed and terminated through this portal. However, certain licences must be applied for separately through other governmental agencies. For example, an application for a Capital Markets Services Licence must be submitted to the Monetary Authority of Singapore, whilst an application must be made to the Attorney-General’s Chambers for the setting up of a foreign law practice in Singapore.

The typical processing time for licences applied for through GoBusiness Licensing ranges from one week to two months, depending on the type of licence that is being applied for. However, the processing time for licences applied for through other governmental authorities may vary, again depending on the type of licence that is being applied for.

Incentives for Setting Up Business in Singapore

The Singapore government offers certain tax incentives for newly established Singapore companies. If a Singapore company is a tax resident in Singapore (i.e. the control and management of the company is exercised in Singapore) and has no more than 20 shareholders (where all of the shareholders are individuals beneficially and directly holding the shares in their own names, or at least one shareholder is an individual beneficially and directly holding at least 10% of the issued ordinary shares of the company), it may be entitled to enjoy various tax exemptions.

Businesses in Singapore may also be eligible for various government grants and incentives, depending on which industries the business belongs to as well as the areas in which the business wishes to apply for assistance for. Some examples of such grants and incentives are:

(1) The Development and Expansion Incentive

Eligible foreign companies will be provided with certain tax incentives where they can enjoy concessionary tax rate of 5% or 10% on income derived from qualifying activities if they are using Singapore as a base for conducting headquarters

management activities to oversee, manage and control their regional and global operations and businesses. The level of incentive support varies depending on the company's proposed activities and commitment, which may include but are not limited to incremental headcount, total business expenditure, fixed asset investment, as well as commitment to growing capabilities (e.g., technology, know-how) in Singapore.

(2) Global Trader Programme (GTP) incentive

Eligible businesses will enjoy a reduced corporate tax rate of either 5% or 10% on qualifying trading income derived by it for a period of three or five years. To qualify for the GTP, companies must meet the following minimum criteria, amongst other considerations:

- (i) substantial physical offshore trading turnover on a principal basis;
- (ii) significant local business spending attributable to trading activities in Singapore; and
- (iii) employment of professional traders in Singapore.

(3) IP Development Incentive

Eligible businesses will enjoy a reduced corporate tax rate of either 5% or 10% on a percentage of qualifying IP income derived by it during the incentive period.

(4) The Research and Innovation Scheme for Companies

Eligible businesses will be given grants for the purpose of defraying qualifying costs of research and development activities in certain areas of strategic technologies.

(5) Tech@SG Programme

Eligible fast-growing companies that have a digital or technology offering as their core business products or services may apply to be included under the Tech@SG Programme to have better access to critical global technology talent in Singapore. Companies covered under the Tech@SG Programme have a lower risk of rejections for their Employment Pass ("**EP**") applications to the Ministry of Manpower and may receive up to 10 new EPs over two years for foreign employees who will be hired as part the companies' core team in Singapore. See the "Immigration" Chapter of this Guide (page 19) for more information about the requirements on EPs.

(6) Training Grants

Eligible businesses will be given government training grants to encourage manpower capability development in applying new technologies, industrial skills and professional know-how.

Competition Law

Singapore's Competition Act 2004 ("**Competition Act**") imposes three main prohibitions on anti-competitive behaviour.

First, any agreements which have as their object or effect the appreciable prevention, restriction or distortion of competition within Singapore would automatically be prohibited under the Competition Act, unless such agreements are excluded or exempted. Such a prohibition applies even if the agreement is entered into outside of Singapore, or if any party to the agreement is incorporated or situated outside of Singapore.

Certain agreements may be excluded from the prohibition under the Competition Act if it can be proven that the agreement has a net economic benefit, i.e. that the agreement contributes to the improvement of production or distribution or promotes technical or economic progress, and that it neither imposes on parties to the agreement restrictions which are not indispensable to the attainment of those objectives nor provides the parties with an opportunity to eliminate competition in respect of a substantial part of the goods or services that are subject to the agreement.

Second, the Competition Act forbids any conduct of an undertaking (i.e., any person, being an individual, a body corporate, an unincorporated body of persons or any other entity capable of carrying on commercial and economic activities relating to goods or services, regardless of whether they are foreign or Singapore-owned) that amounts to an abuse of a dominant position. Under this prohibition, there is a

two-stage test. First, it is determined whether the undertaking is dominant in a relevant market either in Singapore or elsewhere (i.e., whether it has substantial market power, such as having the ability to profitably sustain prices above competitive levels or to restrict output or quality below competitive levels, or the ability to weaken competition by raising barriers to entry). Second, if it is dominant, whether it has abused that dominant position in a market in Singapore.

Third, there is a prohibition against mergers that substantially lessen competition. Mergers include the amalgamation of two or more independent undertakings, the acquisition of control in another undertaking or the acquisition of the assets of another undertaking which places the acquiring undertaking in a position to replace the second undertaking in the business. The creation of a joint venture to perform, on a lasting basis, all the functions of an autonomous economic entity, may also be deemed to be a merger.

Intellectual Property

The various forms of intellectual property that are protected in Singapore are patents, trade marks, registered designs, copyright, layout designs of integrated circuits, geographical indications, confidential information and trade secrets, as well as plant varieties.

(1) Patents

A patent is a right that is granted for an invention. It can take the form of a new product, process or technical improvement to existing technology.

In order to obtain a patent, an application must be made to the Registry of Patents in Singapore. Generally, the following three criteria must be satisfied before a patent application will be approved:

- (i) the invention must be new – it should not have been made known to the public anywhere in the world;
- (ii) the invention must be inventive – it must be an improvement over any existing product or process that is already available; and
- (iii) the invention must be of practical use, and must be capable of being made or used in any industry.

A registered patent would be protected for a period of up to 20 years, subject to an annual renewal fee. Similarly, a design must be registered with the Intellectual Property Office of Singapore ("**IPOS**") in

order to be protected. The design registration system in Singapore operates on a first-to-file basis; in other words, the first person to file for an application will, in general, have priority over others.

To encourage the registration of high technology, IPOS has introduced the SG IP Fast Track programme, where qualifying registrants in all technology fields may expedite the application-to-grant process for such applications to as fast as six months.

(2) Trade Marks

A trade mark is a sign that one can use to distinguish their business' goods or services from those of other traders.

To be registered as a trade mark, the mark must, amongst other things, be:

- (i) capable of being represented graphically;
- (ii) capable of distinguishing the applicant's goods or services from others; and
- (iii) distinctive.

The registrant of a trade mark will be granted statutory monopoly of the registered trade mark in Singapore for a period of 10 years. The statutory monopoly of the trade mark can last indefinitely if the registration is renewed every 10 years.

Tort of Passing Off

Trade marks do not need to be registered in order to be protected under Singapore law, although it should be noted that in cases where a trade mark is not registered, the owner of such a trade mark would only be able to rely on the common law action of "passing off" to protect his mark against imitation or infringement. Should an owner of such a trade mark bring a claim against an alleged infringer, he would be required to prove his goodwill or reputation, that

there has been a misrepresentation by the infringer and that he has suffered damage to his goodwill as a result. The requirement of proving goodwill may be difficult if the owner's business, or the use of the trade mark, has not been established for a substantial period of time.

(3) Copyright

Likewise, in the case of copyright, the author of a work to which copyright applies automatically enjoys copyright protection as soon as he creates and expresses his work in a tangible form, and there is no need to file for registration to get copyright protection. The Copyright Act 2021 sets out the copyright regime in Singapore. A copyright work which is created by a Singapore citizen or resident, or is first published in Singapore, is protected in many countries overseas by virtue of international agreements, and such works would be protected in countries that are party to the international agreements as though the work was made there. Examples of such international agreements include the "Berne Convention for the Protection of Literary and Artistic Works", as well as the "Agreement on Trade-Related Aspects of Intellectual Property Rights". Examples of countries which are a party to such international agreements are the United States of America, the United Kingdom, Switzerland, Germany and Thailand.

However, it should be noted that it may be difficult for a person to prove the authorship of a copyrighted work, and in situations where infringement proceedings are instituted, the Singapore courts will need to decide if there is sufficient evidence to prove the authorship.

Immigration

(1) Work Permits and Visas

Generally, foreigners who wish to work in Singapore would be required to apply for a work pass with the Ministry of Manpower ("**MOM**"). Singapore citizens and Singapore Permanent Residents ("**PRs**") are not required to obtain such work passes and may freely work for any organisations in Singapore without the need for a work pass.

However, there are certain restrictions on the number of foreigners that a company may employ, depending on the class of worker or the industry in which he is employed. For example, the number of foreigners holding S-Passes that a company can employ is currently capped at 10% of the company's total workforce in the services sector and 15% in the construction, manufacturing, marine shipyard and process sectors (please refer to the MOM website at mom.gov.sg for the latest information on these quota requirements). Companies may also be prohibited from hiring employees of certain nationalities in respect of certain industries.

Foreigners applying for work passes would be required to meet certain salary requirements. Information about the various types of work passes available to a foreigner intending to work in Singapore are set out in the MOM website at mom.gov.sg. Some key examples are set out below:

(i) **Employment Pass** – for professionals, managers, executives or specialists who have a job offer in Singapore and earn a fixed monthly salary of at least S\$5,000 (at least S\$4,500 for renewals before 1 September 2023, at least S\$5,000 for renewals from 1 September 2023), depending on their qualifications and experience and possess

certain recognised qualifications. A different set of criteria applies to professionals, managers, executives or specialists in the financial services sector;

- (ii) **Personalised Employment Pass ("PEP")** – for overseas foreign professionals whose last drawn fixed monthly salary overseas was at least S\$18,000 (increased to S\$22,500 from 1 September 2023). A PEP holder has greater job flexibility, for example, he/she is not required to re-apply for a new pass when he/she changes job. A notification to the MOM of the change suffices.
- (iii) **EntrePass** – for foreign entrepreneurs who are keen to operate a business in Singapore that is venture-backed or possesses innovative technologies. Detailed information about the eligibility requirements for an EntrePass and resources about joining the EntrePass programme is available on the StartUp SG website at startupsq.gov.sg.
- (iv) **S Pass** – for skilled workers who earn a fixed monthly salary of at least S\$3,000 (at least S\$2,500 for renewals before 1 September 2023, at least S\$3,000 for renewals from 1 September 2023). MOM has announced that it will continue to raise the qualifying salaries and levies for S Pass holders. Please refer to the MOM website at mom.gov.sg for detailed information about these changes. The qualifying salaries for S Pass holders in the financial services sector are higher. In addition to the requirements on qualifying salaries, S Pass holders must also satisfy requirements on educational qualifications and relevant work experience; and
- (v) **Work Permit** – for foreign workers from approved source countries working in the construction, manufacturing, marine, process or services sector.

Eligible Employment Pass, PEP, EntrePass or S Pass holders may apply for Dependent's Passes or Long-Term Visit Passes (as the case may be) for their family members to stay in Singapore.

Foreigners are allowed to perform certain activities in Singapore for up to a cumulative total of 90 days in a calendar year without the need to apply for a work pass. These exempt activities include, among other things, arbitration or mediation services, judicial or legal duties in Singapore International Commercial Court, specialised services related to a new plant, operations or equipment, seminars and conferences, etc.

A foreigner performing any of these Work Pass Exempt ("**WPE**") activities is still required to submit an online notification to MOM upon his/her arrival in Singapore. The notification must be submitted before he/she performs the WPE activities. The foreigner must be engaged to perform the WPE activities before he/she enters Singapore and has a valid Short-Term Visit Pass issued by the Immigration & Checkpoints Authority of Singapore ("**ICA**") that allows him/her to stay during the WPE activities. A foreigner who is performing an WPE activity that is subject to specific legal requirements in Singapore (for example, registration requirements to practise in Singapore for selected professionals) must also comply with these requirements.

(2) Permanent Residence

(i) Application for Permanent Residence

There are generally five categories of foreigners who may apply for Singapore Permanent Residence status. The categories are as follows:

- (A) Spouse and unmarried children (below 21 years of age) of a Singapore citizen or Singapore PR;
- (B) Aged parents of a Singapore citizen;
- (C) Employment Pass or S Pass holders;
- (D) Investors; and
- (E) Students studying in Singapore.

Relevant factors that the ICA would look at when deciding whether to grant the application include the applicant's family ties to Singaporeans, economic contributions, qualifications, age, family profile and length of residency, to assess the applicant's ability to contribute to Singapore and integrate into society,

and the applicant's commitment to sinking roots in Singapore.

In addition, foreigners will also be able to apply for Singapore Permanent Residence status under the Global Investor Programme ("**GIP**") which is administered by the Singapore Economic Development Board ("**EDB**").

The GIP Scheme is open to individuals who intend to drive their business and investment growth from Singapore. The applicants must meet the following qualifying criteria:

- (A) **For Established Business Owners** – (1) Owners possess at least three years of entrepreneurial and business track record; (2) Owners are running a company with an annual turnover of at least S\$200 million in the most recent year, and S\$200 million on average for each of the last three years ("**Company**"); (3) Owners have at least 30% shareholding in the Company (if it is privately-held); and (4) the Company engages in one or more of the industries specified by EDB (e.g. electronics, energy, family office and financial services, healthcare, etc.);
- (B) **For Next Generation Business Owners** - (1) Owners apply for qualification through a company with an annual turnover of at least S\$500 million in the most recent year, and S\$500 million on average for each of the last three years ("**Company**"); (2) Owners' immediate family have at least 30% shareholding or is the largest shareholder in the Company; (3) Owners are part of the management team of the Company; and (4) the Company engages in one or more of the industries specified by EDB (e.g. electronics, energy, family office and financial services, healthcare, etc.); and

- (C) **For Founders of Fast Growth Companies** – (1) Founder is the founder and one of the largest individual shareholders of a non-publicly listed company with a valuation of at least S\$500 million; (2) Founder's company must be invested into by reputable venture capital/private equity firms ("**Company**"); (3) the Company engages in one or more of the industries specified by EDB (e.g. electronics, energy, family office and financial services, healthcare, etc.); and
- (D) **For Family Office Principals** – (1) Principals possess at least five years of entrepreneurial, investment or management track record; and (2) Principals have net investible assets of at least S\$200 million.

Applicants who meet the qualifying criteria are offered three investment options set out below, except Family Office Principals who may only take up Option C.

- (A) **Option A:** Demonstrate an investment of at least S\$10 million in a new business entity or in the expansion of an existing business operation in Singapore;
- (B) **Option B:** Invest S\$25 million in a GIP-select fund (a list is available at the EDB's website at edb.gov.sg/gip) that invests in Singapore-based companies; OR
- (C) **Option C:** Establish a Singapore-based Single-Family Office with Assets-Under-Management of at least S\$200 million, where minimally S\$50 million must be transferred into Singapore and deployed in any of these four investment categories: (a) equities, REITS or Business Trusts listed on Singapore-approved exchanges; (b) qualifying debt securities listed on the Monetary Authority of Singapore's enquiry system; (c) funds distributed by Singapore-licensed/registered managers or financial institutions; and (d) private equity investments in non-listed, Singapore-based operating companies.

(ii) *Aspects of Permanent Residence Status*

Some aspects of the Singapore Permanent Residence status are as follows:

- (A) A Singapore PR is able to work in Singapore without requiring a work pass.
- (B) A Singapore PR is issued a Re-Entry Permit ("**REP**") which allows the REP holder to retain permanent residence status while away from Singapore. The REP is usually valid for five years, at the end of which such REP will have to be renewed. Though there is no requirement as to the length of time that the REP holder has to remain in Singapore during the five-year period, if the PR has spent large amounts of time out of Singapore, the ICA may, at the time of REP renewal, question why this was the case. From our experience, valid reasons to justify such an absence would include a secondment overseas, or travelling overseas for business or work.
- (C) Separately, if an applicant's sons (if any) obtain Singapore Permanent Residence status as well, they may be liable to enlist for national service when they reach the appropriate age.
- (D) As a Singapore PR, it is mandatory for both the individual and the individual's employer to make contributions in respect of the individual to the Central Provident Fund ("**CPF**").
- (E) There are certain tax savings for a Singapore PR since a portion of CPF contributions is tax-exempt.

(3) Citizenship

Singapore citizenship offers a range of benefits, such as allowing citizens to enjoy subsidised housing, healthcare, and education. Singapore passport holders enjoy a high degree of travel freedom and have very few travel restrictions, and also enjoy liberal visa requirements when travelling to certain countries such as the USA.

Subject to certain exceptions, foreigners and Singapore PRs are prohibited from owning certain types of residential property (i.e., vacant residential land, landed property such as detached houses, semi-detached houses and terrace houses, and landed property in strata developments which are not approved condominium developments under the Planning Act 1998).

A person who is at least 21 years of age and who has been a Singapore PR for a minimum qualifying period of time may apply for Singapore citizenship on his or her own merits. Applicants for citizenship must be of good character, have satisfied the residential requirement and have the intention to reside permanently in Singapore. They must also have an elementary knowledge of one of the following languages: Malay, English, Mandarin or Tamil.

It should be noted that Singapore immigration laws and policies are subject to frequent reviews.

Employment Regulations

Under Singapore law, the employer-employee relationship is regulated by a mixture of statutory law and common law. In particular, the Employment Act 1968 ("**EA**") is the main piece of employment legislation that regulates employer-employee relations in Singapore. Pursuant to the EA, employers are required to provide their employees with certain minimum statutory entitlements in relation to certain key aspects of the employment relationship (such as salary payments and leave entitlements).

However, it should be noted that the EA does not apply to all employees. The following categories of persons would not be covered under the EA:

- (i) seamen;
- (ii) domestic workers;
- (iii) statutory board employees or civil servants; and
- (iv) any class of persons whom the Minister for Manpower declares not to be employees.

Generally, employers are free to negotiate the employer-employee relationship by way of contract. In the case of employees who fall under the ambit of the EA, their employment contracts must comply with certain prescribed requirements under the EA. Under the EA, some of the key minimum prescribed statutory entitlements are as follows:

(1) Working Hours

The EA contains provisions dealing with the maximum permitted working hours. These provisions apply only to employees who fall within the ambit of Part IV of the EA ("**Part IV Employees**"), who are:

- (i) workmen whose monthly salary is not more than S\$4,500 (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described); and
- (ii) employees (other than workmen or persons employed in a managerial or an executive position) whose monthly salary is not more than S\$2,600 (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described).

Generally, Part IV Employees are not required to work more than six consecutive hours without a break, more than nine hours (if the employee works five days or less a week) or eight hours (if the employee works more than five days a week) in one day, or more than 44 hours in one week. The average number of hours worked over any continuous period of three weeks must not exceed 44 hours per week. However, a Part IV Employee may be required to work overtime by his employer, and in such cases would be eligible to receive overtime pay, as detailed in section (2) below. Every Part IV Employee is also entitled to one whole rest day in each work week.

There is no regulation of working hours for employees who do not fall within the ambit of Part IV of the EA.

(2) Overtime

Any work performed in excess of 44 hours per week is considered overtime for which a Part IV Employee must be paid at least one and a half times his basic

hourly rate of pay. The maximum amount of overtime permitted in any one month is 72 hours, unless the Minister for Manpower grants an exemption under Section 38 of the EA.

A Part IV Employee cannot be compelled to work on a rest day unless the nature of the work is such that it must be carried out continuously by a succession of shifts. If a Part IV Employee works on a rest day at the employer's request, he is entitled to be paid an additional sum for such work.

It is not compulsory for employers to provide overtime pay to employees who are not Part IV Employees.

(3) Annual Leave

Under the EA, an employee who has worked for his employer for not less than three months is entitled to seven days of paid annual leave for his first year of service, and an additional day of annual leave for every subsequent 12 months of service, subject to a maximum of 14 days. Annual leave entitlement is calculated in a manner proportionate to the number of completed months of service.

This annual leave is in addition to rest days, other holidays, and sick leave to which an employee is entitled. An employer may also choose to provide an employee with more than 14 days of annual leave.

(4) Childcare Leave

Under the provisions of the EA and the Child Development Co-Savings Act 2001 ("**CDCA**"), an employee who is also a parent may be entitled to up to six days of statutory paid childcare leave per year if he/she fulfils certain conditions. Such childcare leave will generally be pro-rated according to the employee's length of service with his/her employer.

Employers are also entitled to claim partial reimbursement from the Singapore government in

respect of employees who are eligible for paid childcare leave under the CDCA.

(5) Maternity Leave

Under Singapore law, the EA and the CDCA provide for certain maternity benefits and protection for female employees. Depending on whether or not a female employee fulfils certain conditions under the EA or the CDCA, she may be entitled to a maximum of 16 weeks of maternity leave.

It is an offence for an employer to dismiss a female employee during her maternity leave. In addition, if a female employee is dismissed within certain stipulated periods prior to her confinement, her employer would be obligated to pay her the maternity benefits that she would otherwise be entitled to if she had not been so dismissed.

If a female employee does not fulfil any of the relevant requirements under the EA or the CDCA, she has no right to maternity benefits by law, and will have to rely instead on the terms of her employment contract.

Employers are also entitled to claim reimbursement from the Singapore government in respect of employees who are eligible for paid maternity leave under the CDCA.

(6) Paid Sick Leave

Under the EA, an employee who has been employed for at least six months is entitled to paid sick leave not exceeding 14 days per year if hospitalisation is not required (i.e., outpatient sick leave), and 60 days per year (inclusive of the 14 days of outpatient sick leave) if hospitalisation is necessary. The employee must obtain a medical certificate from a medical practitioner before he/she can claim for such entitlement.

(7) Minimum Wage

There is no legal stipulation for minimum wages across all industries under Singapore law. It is only in specific sectors such as cleaning, security, landscaping, lift and escalator, retail, and food services job roles that minimum wages for Singapore citizens and Singapore PRs are mandatory. Outside of these specific sectors, an employer and their employees may negotiate for and agree to a variable payment (or bonus) based on the trading results or productivity or any other criteria agreed upon by the parties concerned. A variable payment is such payment, however expressed, whether paid annually or otherwise, which serves as an incentive to all employees to increase their productivity or as a reward for their contribution.

Workplace Health and Safety Regime

(1) Workplace Safety and Health Act 2006

The Workplace Safety and Health Act 2006 ("**WSHA**") regulates the safety and health of employees in Singapore. Under the WSHA, employers or occupiers of a workplace have a duty to take, as far as is reasonably practicable, measures to ensure that the workplace, all means of access to or egress from the workplace, as well as any machinery, equipment, plant, article, or substance kept therein are safe and without risks to the health of its employees.

Under the WSHA, employers or principals are required to take reasonably practicable measures to ensure the safety and health of employees working under their direct control, as well as all persons who may be affected by the employees' work. An employer or a principal refers to a person who, in connection with any trade, business, profession or undertaking carried on by him, engages any other person otherwise than under a contract of service to: (a) supply any labour for gain or reward, or (b) do any work for gain or reward.

In addition, the WSHA provides that principals must ensure that any contractor they engage has the necessary expertise to carry out the work which the contractor was engaged to do, and that the contractor has taken adequate safety and health measures with respect to the contractor's employees. Likewise, occupiers of a workplace are

required, as far as reasonably practicable, to ensure that the workplace, all entrances to and exits from the workplace, and all machinery, equipment, plants, articles and substances within are safe and without risk to the health of any person within those premises, even if the person is not one of the occupier's employees. The WSHA also requires employers to establish safety and health management arrangements in the company, such as the appointment of a safety and health committee, health officers, co-ordinators, and auditors.

Since 1 January 2018, the maximum fine for an offence that could lead to death or serious bodily injury or any dangerous occurrences in a workplace under the regulations of the WSHA has increased from S\$20,000 to S\$50,000.

An officer of a company (including its director and chief executive) is liable for an offence committed by the company under the WSHA unless the offence is committed without the officer's consent or connivance and the officer has exercised due diligence to prevent the commission of the offence. The Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health Duties ("**Code**") provides guidance on reasonably practical measures that a director and chief executive of a company should put in place to prevent workplace safety and health lapses in a company. In determining whether a director or chief executive of a company should be held liable for an offence committed by the company under the WSHA, the court may consider the efforts taken by them to comply with the Principles set out in the Code in ascertaining whether the director or chief executive has exercised due diligence to prevent the commission of the offence. The degree of diligence that the director or chief executive has exercised will be also be assessed with regard to the nature of his/her functions and all the circumstances related to the commission of the offence.

(2) Work Injury Compensation Act 2019

Under the Work Injury Compensation Act 2019 ("**WICA**"), employees who have sustained injuries in a work-related accident or contracted an occupational disease may claim work injury compensation from their employers pursuant to the WICA. Dependents of employees who died in a work-related accident are also eligible for compensation. Claimable compensation includes medical leave, wages, medical expenses and a lump sum compensation for permanent incapacity, current incapacity or death.

Under the WICA, an employer is required to get work injury compensation insurance from designated insurers for all employees performing manual work (regardless of salary level) and all employees performing non-manual work earning up to S\$2,600 per month. This requirement applies to both local and foreign employees. Failure to do so is an offence under the WICA.

Although it is not mandatory for employers to buy insurance for all other employees not mentioned above, the employers will still be required to pay compensation in the event of a valid claim under the WICA, even if they have not bought insurance for the exempt employees.

Taxation

In Singapore, tax is imposed on income "accruing in or derived from Singapore or received in Singapore from outside Singapore." Essentially, this means that there are two bases of taxation in Singapore, the territorial basis and the remittance basis. Under the territorial basis, income is liable to tax if the source of income is in Singapore, while under the remittance basis, income having a source outside Singapore will be liable to Singapore tax only if such income is received in Singapore, unless such income is specifically exempt from tax.

Tax treatment – for example, the applicable tax rates, the exemption of income, the availability of reliefs and foreign tax credits – may differ between a Singapore tax resident and a non-Singapore tax resident.

Both companies incorporated in Singapore and foreign corporations which have registered branches in Singapore are liable for tax at the prevailing rate of 17% of the chargeable income accruing, derived or received in Singapore unless their businesses qualify for and are granted tax relief for a period under the Economic Expansion Incentives (Relief for Income Tax) Act 1967 or enjoy concessionary tax benefits by virtue of the aforesaid Act or the provisions of the Income Tax Act 1947 ("ITA").

Taxes which may be payable on business operations in Singapore are as follows:

(1) Income Tax

Unless otherwise exempted, income tax is generally payable on gains or profits from, for example, the carrying on of a trade, business, profession or

vocation, employment, investments, etc. Income derived in Singapore by non-Singapore residents would also be subject to tax in Singapore and may be collected by imposing an obligation to withhold on the payer in Singapore, which is discussed in section (6) below.

(2) Goods and Services Tax

Goods and Services Tax ("**GST**"), a broad-based consumption tax similar to Value-Added Tax, is a tax that is imposed on any supply of goods or services made in Singapore if it is a taxable supply made by a taxable person (i.e. a person who is or is required to be registered under the Goods and Services Tax Act 1993) in the course or furtherance of a business carried on by such person.

It is compulsory for businesses to register for GST when their turnover in the past four quarters exceeds, or is expected to exceed in the next 12 months, S\$1 million. Businesses that do not exceed S\$1 million in turnover may register for GST voluntarily.

A GST-registered business must charge GST at the current rate. This GST that a GST-registered business charges and collects is known as output tax, which has to be paid to the Comptroller of GST. GST incurred on business purchases and expenses (including import of goods) is known as input tax. A GST-registered business can claim input tax if conditions for claim are satisfied. Input tax will be granted as a credit against output tax. This credit mechanism ensures that only the value added is taxed at each stage of a supply chain.

A GST-registered business is required to submit a GST return to the Comptroller of GST at the end of each prescribed accounting period (usually on a quarterly basis). The due date for the filing of the GST return is one month after the end of the accounting period.

The business will report its output tax and input tax for that prescribed accounting period in the GST

return. The difference between output tax and input tax will be the net GST payable to, or GST refundable from, the Comptroller of GST. The net GST payable may be paid by cheque or cash or via electronic funds/telegraphic transfer not later than the due date for the filing of the GST return, that is, within one month after the end of the accounting period. If the GST-registered business subscribes to the general interbank recurring order ("**GIRO**") scheme, payment will be deducted from the designated bank account 15 days after the due date. The net GST refundable will usually be made within three months for the quarterly prescribed accounting period from the date of receipt of the GST return.

The prevailing rate for GST is 8% (this will be increased to 9% from 1 January 2024). Although GST is levied on nearly all supplies of goods and services in Singapore and the importation of goods and services, these are standard-rated supplies (i.e., chargeable at the current rate of 8%). GST is chargeable at 0% for the export of goods and the provision of prescribed international services (i.e., zero-rated). The input tax directly attributable to zero-rated supplies may be claimed.

The sale and lease of residential properties and the provision of most financial services are exempt supplies. GST is not chargeable on exempt supplies. Generally, input tax incurred in the making of exempt supplies is not claimable.

(3) Property Tax

Generally, property tax is payable on immovable properties, which include leases, houses, buildings and land. A property owner pays property tax yearly which is calculated by applying the applicable property tax rate to the annual value ("**AV**") of a property. The AV of a property is the estimated gross annual rent at which the property may be let from year to year with the landlord paying all the expenses of the upkeep (for example, maintenance, insurance, etc.). Where the use of the estimated gross annual rent is inappropriate, 5% of the estimated value of the property may be used.

The Chief Assessor is the appointment holder responsible for ensuring that the AVs of all properties liable to property tax are current and updated. The Chief Assessor reviews the AVs on a yearly basis to ensure that AVs are in line with current market conditions. Methods used to determine the AVs include the rental comparison method, contractor's test or profits method.

Property tax for the year is payable by 31 January of each year but if permitted, property tax may be paid monthly by way of up to 12 monthly interest-free instalments.

The current property tax rate for owner-occupied residential properties ranges from 0% to 23% (this will be revised to 0% to 32% from 1 January 2024). The property tax rate for those not occupied by owners ranges from 11% to 27% (this will be revised to 12% to 36% from 1 January 2024). The tax rate for non-residential properties is 10% of the AV.

(4) Stamp Duty

Stamp duty is a tax levied on executed documents relating to properties or interest in properties and shares or interest in shares.

Stamp duty is payable only on documents described in the First Schedule to the Stamp Duties Act 1929, which include a lease, sale and purchase, gift or mortgage of property. A document may be subject to *ad valorem* or fixed or nominal duty.

Documents are required to be stamped and duty paid within 14 days from the date of execution if the document was signed in Singapore or within 30 days of its receipt in Singapore if the document was signed overseas.

(5) Tax on Branch of a Foreign Company

A branch of a foreign company is subject to income tax and would be taxed in the same way as a company on its gains or profits from, for example, its trade or business activities. A branch may remit its after-tax profits to its head office without such after-tax profits being subject to further tax obligations.

A branch of a foreign company in Singapore is normally not considered to be a tax resident of Singapore, which means that certain tax benefits are not available to branches. These tax benefits include tax benefits provided under Avoidance of Double Taxation Agreements which Singapore has concluded with other jurisdictions, tax exemption on foreign-sourced dividends, foreign branch profits and foreign-sourced service income under Section 13(8) of the ITA and tax exemption for new start-up companies.

(6) Withholding Tax

Under Singapore law, withholding tax is applicable when a person in Singapore makes certain types of payments to a non-Singapore resident. When the person in Singapore becomes liable to pay a non-Singapore resident, the person making payment would be required to withhold a certain amount of the payment at the prevailing applicable withholding tax rates. The amount withheld from the payment must then be paid to the Comptroller within the prescribed periods. The payments from which withholding tax is deductible include:

- (i) interest, commissions, fees and other payments relating to loans or indebtedness;
- (ii) royalties or other lump sum payments for the use of or the right to use any movable property;
- (iii) payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information;

(iv) fees for technical assistance and service fees; and

(v) management fees.

Rates of withholding tax range from 0% to 24% depending on the type of income derived in Singapore, the form and resident status of the recipient (i.e., whether derived by a company, an individual, etc.). The payments from which Singapore tax may be deducted may also be subject to provisions in tax treaties concluded by Singapore with other jurisdictions which are in force.

(7) Tax Incentives

There are two types of tax incentives given to companies, namely the partial tax exemption scheme and the start-up tax exemption scheme. The **partial tax exemption scheme** was introduced to help maintain Singapore's competitiveness by alleviating the tax burden of less profitable businesses in Singapore. The partial tax exemption applies to the first S\$200,000 of normal chargeable income where a 75% tax exemption is allowed on the first S\$10,000 of normal chargeable income and a 50% tax exemption is allowable on the next S\$190,000 of normal chargeable income. On the other hand, the **start-up tax exemption** was introduced to help newly-incorporated qualifying companies to grow and establish themselves in order to create a vibrant economy for Singapore. The start-up tax exemption scheme allows a 75% tax exemption on the first S\$100,000 of normal chargeable income and a 50% tax exemption on the next S\$100,000 of the company's chargeable income, but it does not apply to investment holding companies and companies which undertake property development for sale, for investment, or for both investment and sale. Normal chargeable income refers to the chargeable income of a company that is not subject to a concessionary rate of tax.

Foreign Investment

The government policy of encouraging private enterprise and foreign investment, together with a well-developed infrastructure, a highly skilled workforce, political stability and harmonious labour relations, has made Singapore a popular choice for global investors. Investors also appreciate the country's efficient and transparent bureaucracy and extensive preferential trade links.

There are generally no restrictions imposed on foreign investment in Singapore. There are, however, certain exceptions, some of which are set out below:

- (i) equity participation by foreigners in banks incorporated in Singapore is restricted;
- (ii) the ownership of companies in the newspaper publishing industry is regulated by statute, namely, the Newspaper and Printing Presses Act 1974; and
- (iii) the ownership of residential property in Singapore by foreigners requires the approval of the Controller of Residential Property save for residential premises in buildings of at least six floors and approved condominiums.

There is generally no requirement to register or report on the investment of foreign capital, loans or technology agreements.

About Rajah & Tann

firm in Singapore in the Straits Times "Singapore's Best Law Firms 2022" and "Singapore's Best Law Firms 2023" survey for the past two years. The firm has also been highly ranked in various legal publications such as The Legal 500 - Asia Pacific, Chambers Global and Chambers Asia Pacific, IFLR1000 and Asialaw Profiles.

Rajah & Tann Singapore is a prominent full-service law firm in Singapore and one of the largest in Southeast Asia. Over the years, our firm has been at the leading edge of law in Asia, having worked on many of the biggest and highest profile cases in the region. We have a vast pool of talented and well-regarded lawyers dedicated to delivering the very highest standards of service across all the firm's practice areas.

Rajah & Tann Singapore has formed strategic alliances with leading local firms across Southeast Asia and this has led to the launch of Rajah & Tann Asia in 2014, a network of over 970 fee earners. Through Rajah & Tann Asia, our firm has both the reach and the resources to deliver extensive legal services to clients based in Singapore and in the region, including Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand and Vietnam. All the individual firms of Rajah & Tann Asia are fully qualified to advise on and practise the laws of their respective jurisdictions, and collectively have 13 offices in the major cities of Southeast Asia and Shanghai.

Our geographical reach includes Singapore based regional desks focusing on Brunei, Japan and South Asia. Further, as the Singapore member firm of the Lex Mundi Network, we are able to offer our clients access to excellent legal support in more than 125 countries globally.

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