



ocraworldwide[™]
EXCELLENCE IN GLOBAL CORPORATE SERVICES

DOING BUSINESS IN **SINGAPORE**

Singapore Business Services Overview	3
About Singapore	3
Overview	3
The Economy	5
The Government	5
Laws, Regulation and Standards	6
Facts and Figures	7
The People	8
Setting up a Business in Singapore	9
Taxation	10
Corporate Income Tax	11
Personal or Individual Income Tax	12
Property Tax	14
Estate Duty	14
Motor Vehicle Tax	14
Customs & Excise Duties	14
Goods & Services Tax	14
Betting Taxes	14
Stamp Duties	15
Other	15
Who to Contact	16



Singapore Business Services Overview

OCRA Worldwide offers cost effective business solutions for companies and entrepreneurs wishing to establish a presence in Singapore, ranked as the most competitive place to do business. Singapore consistently scores high marks in global and regional rankings of the factors that matter to businesses. These range from political risk to workforce productivity, from the quality of life to the prospects for making profits. In 2008, the World Bank Report ("Doing Business in 2008") ranked Singapore 1st for the second year running in the ease of doing business in Asia while the Institute for Management Development (IMD) yearbook 2007 ranked Singapore the 2nd most competitive country in the world.

Singapore offers a top-ranking, globally-connected, pro-business environment with a strong and stable infrastructure to boost and sustain exceptional growth and success in a myriad of industries. In addition, the diverse and comprehensive suite of world class solutions, resources, competencies and talent help businesses thrive and triumph in today's competitive market. Singapore aims to become a recognized gateway for entrepreneurs and technopreneurs in the Asia-Pacific and the world.

It is very easy to start a business in Singapore thanks to entrepreneur friendly policies and highly-simplified procedures. The OCRA Worldwide team in Singapore offers a comprehensive range of business support services for clients wishing to establish a base in Singapore.

For further information about Doing Business in Singapore please contact a Director in our Singapore office.

About Singapore

Overview

Singapore is considered as one of the best place to set up business. At the heart of Singapore's thriving business ecosystem is a unique blend of competitive strengths that



makes Singapore the location of choice for global enterprises. This distinctive combination of CORE competencies, coupled with Singapore's physical and metaphorical location between Western sophistication and Eastern growth potential, confers a host of benefits to the businesses that invest and reside here.

A cosmopolitan society, Singapore is an ideal platform for the meeting of global talents, ideas, funds and businesses. The government is highly attuned to the needs of business, and the workforce is an efficient and technology-savvy lot.

Connectivity

Singapore's extensive network of Free Trade Agreements, Avoidance of Double Taxation Agreements and Investment Guarantee Agreements, as well as its comprehensive air, sea and IT infrastructures, provides for the seamless flow of goods and services to markets around the world.

Openness

Singapore's willing acceptance of globalisation, and its corresponding foreign cultural and economic infusion, has a circuitous effect on the national ethos through the engendering of cosmopolitanism, which in turn stimulates openness. With a foreigner-local ratio of 1:4 and university enrolment of foreign students at 20% of yearly intake, Singapore has demonstrated its favorable reception of differing cultures, thus explaining its ranking as the best place to live in Asia (ECA International 2008) for the sixth straight year.

Reliability

Singapore's safe, pro-business environment is supported by a well-respected government with transparent and consistent policies that protect companies' physical and IP investments.

Enterprise

Home to a concentration of international enterprises, headquarters operations and startups, Singapore has a vibrant enterprise ecosystem that fuels interaction and growth.



Economy

Singapore is the most cost competitive business location among industrialised countries in the world, according to a 2006 study by consultants KPMG. This is based on the measurement of 27 cost components which include labour, benefits, business facilities, taxes and utilities. The biggest cost component is labour costs, followed by facility costs and taxes.

The Economy

Singapore has enjoyed spectacular economic growth since independence. The Singapore economy grew by a healthy rate of 14.4% in the second quarter of 2008, its fastest pace in two years. The figures reflect a boom in construction and banking.

However economies across Asia's are being effected as the U.S. cuts demand for the continents exports, Singapore's trade promotion agency lowered its forecast for export growth in 2008 to between 2% - 4%, from an earlier range of 4% - 6%.

The government has reiterated its forecast for the economy to grow between 4 percent and 6 percent in 2008, below the average growth rate of 8.1% in the previous four years.

The Government

Singapore is a republic with a parliamentary system of government based on the Westminster model.

The Constitution provides for the three organs of state, namely, the Executive (Cabinet), the Legislature and the Judiciary. The President, as the Head of State, appoints the Prime Minister and the other Cabinet members from among the elected Members of Parliament. The Prime Minister leads the Cabinet in the administration of the Government. The Cabinet is responsible for all Government policies and the day-to-day administration of the affairs of the state. It is responsible collectively to Parliament.



The Head of State, President SR Nathan was elected on 18 August 1999 and re-elected to a second term on 1st September 2005. The cabinet is led by Prime Minister, Mr Lee Hsien Loong who took over as Singapore's third Prime Minister in 12 August 2004.

Parliament is elected by general elections held every five years, and are contested by several political parties. A number of uniquely Singaporean political channels, such as Non-Constituency Members of Parliament, Nominated Members of Parliament, and the Feedback Unit, ensure that alternative views get raised and debated. The President is elected for a fixed term of six years.

The first sitting of Parliament was held on 8 Dec 1965 and the first general election for Parliament was held on 13 Apr 1968. There are 23 registered political parties. Parliament, elected on May 6th, 2006 has 82 People's Action Party Members of Parliament (MPs), 2 Opposition MPs and 1 Non-Constituency Member of Parliament. In addition, there are 9 Nominated MPs. Next elections are to be held by 2011.

Surveys often identify Singapore as one of Asia's most politically stable countries.

Laws, Regulations and Standards

Singapore's legal system is based on the English common law, founded on the Constitution, legislation, subsidiary legislation and judge-made law. Through the implementation of sound, transparent and pro-business legal policies, Singapore is able to create and maintain an excellent business climate. Singapore's Ministry of Law ensures that the legal infrastructure remains clear, efficacious and transparent.

All business operating in Singapore are subject to laws of Singapore, with the necessity to comply with the legal obligation or face penalties for non-compliance. The laws that apply will depend on the business structure, the specific industry and the type of business activities conducted.

Companies registered in Singapore are encouraged to present true and fair financial statements that are in accordance with internationally accepted accounting standards.



The Council on Corporate Disclosure and Governance is responsible for strengthening the framework on disclosure practices and reporting standards as well as constantly encouraging the companies in Singapore to improve their corporate governance culture and practices.

The Intellectual Property Office of Singapore or IPOS is the leading government agency acting as the regulator and policy advisor providing a sound legal administrative framework for the protection of intellectual property. IPOS formulates and administers intellectual property (IP) laws, promotes IP awareness and provides the infrastructure to facilitate the greater development of IP in Singapore.

There is also the multi network agencies in Singapore established with the aims to provide guidance about standards, laws and regulations.

Facts and Figures

Official name	Republic of Singapore
Population	4.6 million (July 2008 est), comprises 76.8% Chinese, 13.9% Malays, 7.9% Indians and 1.4% Eurasians and people of other descent.
Working Population	2.37 million
Official Languages	major languages are English (language of administration), Chinese (Mandarin), Malay (National language) and Tamil. English is widely spoken and there is a high level of bilingual capabilities.
Currency	local currency is Singapore Dollars and cents (SGD)
Exchange Rate SGD	= USD 0.7365
GDP(\$m)	= S\$209,990.9
GDP Per head(\$m)	= S\$46,832
GDP growth	= 8.6%
Inflation	= 6.7%
Exports (\$m)	= \$431,559.2



Top import sources	<ul style="list-style-type: none"> • Malaysia • USA • China • Japan • Taiwan • Indonesia • South Korea
Top export markets	<ul style="list-style-type: none"> • Malaysia • USA • Indonesia • Hong Kong SAR • China • Japan • Thailand
Religions	Freedom of worship is enshrined in the Constitution. Major religions include Buddhism, Taoism, Islam, Christianity and Hinduism, Sikhism and Judaism
Area Size	685 sq km comprising of one main island and 63 islets scattered north-east and south

The People

The East meets West in Singapore - the city fuses modernity and tradition. The society is multi-racial, multi-religious and multi-lingual.

Singapore's people are largely descendants of immigrants from the Malay Peninsula, China, the Indian sub-continent and Sri Lanka. They have gradually acquired a distinct identity as Singaporeans while still retaining their traditional practices, customs and festivals.

Singapore's multicultural society is reflected in its main ethnic groups: the Chinese numbering (76.8 %), Malays (13.9 %), Indians (7.9 %) and Eurasians and smaller minority groups (1.4 %). A potpourri of colorful festivals associated with their respective religions are celebrated in multi-racial Singapore throughout the year. The customs and festivals of the different ethnic groups in Singapore highlight the nation's rich cultural heritage



Setting up a Business in Singapore

Singapore ranks amongst one of the best places in the world to start or grow your business. Credited as the top business environment in Asia by the Economist Intelligence Unit (EIU) in 2006, Singapore is fast becoming the strategic base to access the 500-million-people in the Southeast Asian market and the 2.8 billion strong Asian market.

As the world strides deeper into a knowledge-based economy, coupled with the irreversible phenomenon of globalisation, there will be an increasing demand for services that assist businesses to adapt to the changing dynamics of the global marketplace. In the midst of all this, it should not come as a surprise that key growing industries thrive vibrantly in Singapore.

Singapore currently has more than 6,000 foreign MNCs and 10,000 foreign SMEs from around the world which have set up base in Singapore

The OCRA Worldwide Singapore team is fully conversant and experienced in the procedures of setting up Singapore business entities.

From inception we will examine and evaluate your business activities and advise you on the most suitable business structure to adopt, which could be either the establishment of a private limited company to a public limited company, partnership limited liability or branch registration of a foreign corporation.

We can also provide the following business support services:

- Registered office address facilities
- Professional directors and nominee shareholders
- Company secretarial services
- Company administration services
- Assistance in the day to day management of the company
- A turnkey administrative service for client companies
- Assistance in opening and operation of bank accounts



- Accounting, financial reporting and consolidation
- Virtual office services
- Preparation of management and statutory accounts
- Arranging audits
- Arranging for the provision of legal and taxation advice and opinions
- Issues relating to work permits and immigration

For further information about setting up a business in Singapore please contact our Singapore office.



Taxation

Corporate Income Tax

Singapore's tax structure favours enterprise and business, with one of the lowest corporate tax rates in the world. The aim is to attract foreign investment, encourage entrepreneurship and business development. A host of tax schemes and incentives are in place to help companies grow their businesses.

A quick look at the key tax: elements

Corporate Tax

Corporate income tax	18%
Capital gains tax	None
Withholding tax (refer to 2)	
- Dividends	None (refer to 3)
- Interest	15%
- Royalties	10%
- Branches remittance tax	None
Net operating losses (years)	
- Carried forward	Unlimited
- Carried back	Companies can carry losses of up to \$100 000 from one year back (with effect from year of assessment 2006)

1. The tax rate of 18% is with effect from the year of assessment 2008. It applies to both Singapore-incorporated subsidiaries as well as branches of foreign companies. It applies equally to resident and non-resident companies.
2. Withholding taxes at the corporate income tax rate also apply to certain other payments to non-residents, such as technical assistance fees and management fees.



3. A one-tier corporate taxation system took effect on 1 Jan, 2003. It replaced the imputation system of taxing dividends, where taxes paid by a company can be imputed or passed on to shareholders.

Personal or Individual Income Tax

The personal income tax rates in Singapore are among the lowest in the world. The amount of tax payable depends on tax resident or non-resident status and income earned. Singapore taxes on a territorial basis of taxation. Only income derived in Singapore, or income derived overseas but received in Singapore are subject to tax. However, foreign income received in Singapore by non residents is not subject to tax.

- All income earned in Singapore and any overseas income that is brought into Singapore will be taxed.
- After deducting personal relief, income will be taxed at graduated rates from 0% to 20%.
- Types of relief entitled to, subject to conditions, include support of dependants, course fees paid for attending academic and professional courses, and premiums paid on life insurance policies.

A non-resident will be exempted from paying income tax if the employment period is 60 days or less in a calendar year. However, this rule does not apply if to a director, public entertainer or exercising a profession in Singapore. Tax rate for employment income for non-resident individuals is 15% or resident rates, whichever gives rise to higher tax.



Tax Bands (Rates for Resident Individuals)

For YA 2007 onwards

	Chargeable Income (\$)	Rate (%)	Gross Tax Payable (\$)
On the first	20 000	0	0.00
On the next	10 000	3.5	350.00
On the first	30 000		350.00
On the next	10 000	5.5	550.00
On the first	40 000		900.00
On the next	40 000	8.5	3 400.00
On the first	80 000		4 300.00
On the next	80 000	14	11 200.00
On the first	160 000		15 500.00
On the next	160 000	17	27 200.00
On the first	320 000		42 700.00
Above	320 000	20	

Tax Rate For Non-Resident Individuals

Employment income

Your employment income is taxed at 15% or resident rate, whichever gives rise to higher tax.

Director's fees, consultation fees & all other income

Director's fees, consultation fees and all other income that you received will be taxed at 20% from YA 2005 onwards

For YA 2003 and YA 2004, director's fees, consultation fees and all other income are taxed at 22%.



The various other taxes imposed in Singapore are:

Property Tax

Property tax is imposed on owners of properties based on the expected rental values of the properties.

Estate Duty

Estate duty is levied on the value of a deceased's net assets in excess of a threshold amount.

Motor Vehicle Taxes

These are taxes, other than import duties, that are imposed on motor vehicles. These taxes are imposed to curb car ownership and road congestion.

Customs & Excise Duties

Singapore is a free port and has relatively few excise and import duties. Excise duties are imposed principally on tobacco, petroleum products and liquors. Also, very few products are subjected to import duties. The duties are mainly on motor vehicles, tobacco, liquor and petroleum products.

Goods & Services Tax

GST is a tax on consumption. The tax is paid when money is spent on goods or services, including imports. A Goods and Service Tax (GST) of 7% is payable on the supply of goods and services, excluding financial services and the sale or lease of residential properties. The GST is also payable on goods imported into Singapore.

Betting Taxes

These are duties on private lottery, betting & sweepstake.



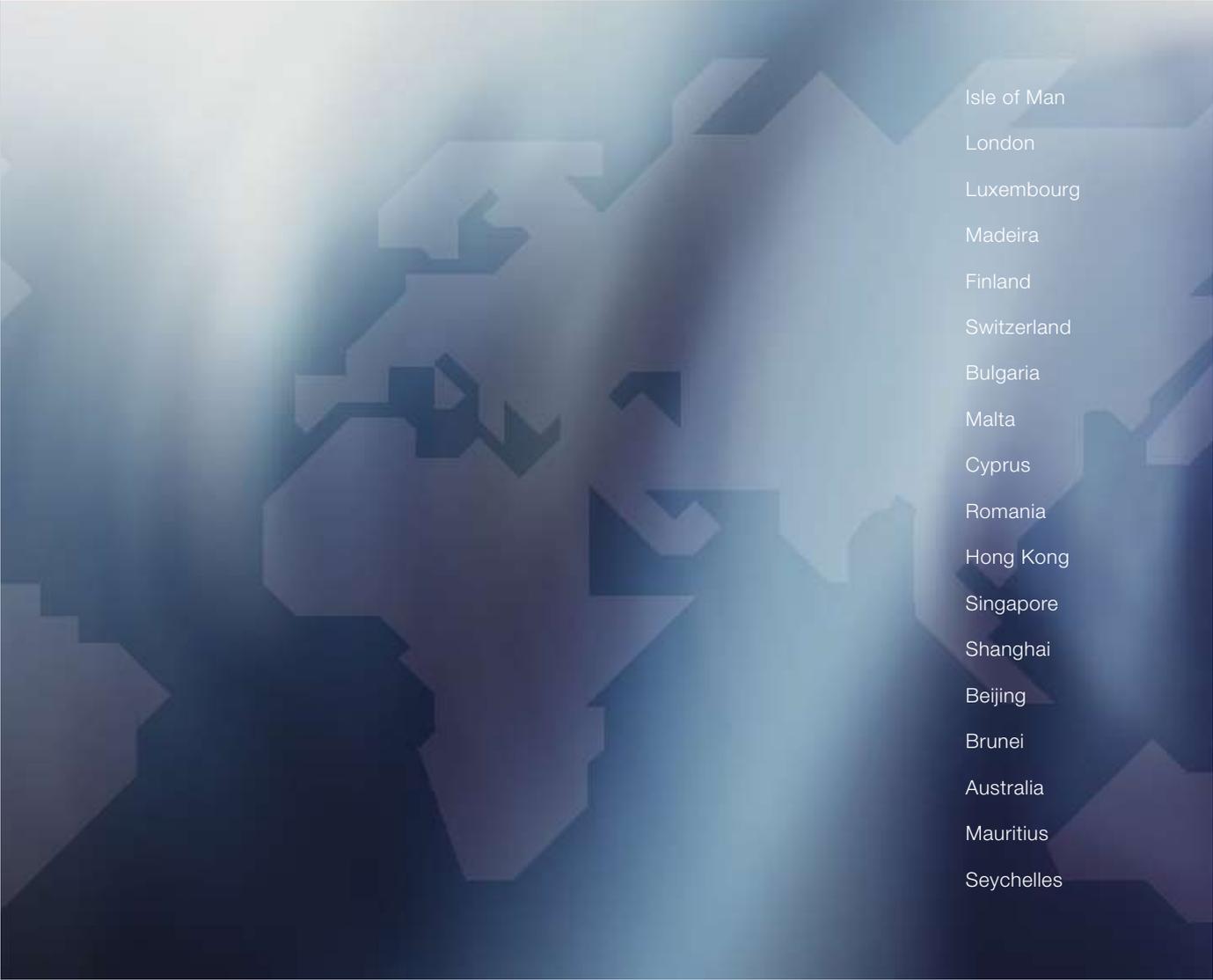
Stamp Duties

This is imposed on commercial and legal documents relating to stock & shares and immovable property.

Other

The two main taxes are the foreign worker levy and the airport passenger service charge. The foreign worker levy is imposed to regulate the employment of foreign workers in Singapore.





Isle of Man
London
Luxembourg
Madeira
Finland
Switzerland
Bulgaria
Malta
Cyprus
Romania
Hong Kong
Singapore
Shanghai
Beijing
Brunei
Australia
Mauritius
Seychelles

Who to Contact

The OCRA Worldwide Group has a presence spanning every continent in the world with offices in 20 locations. We are open 24/7 around the world, speak many languages and are in tune with the world's many cultures, but above all else 'our business' is about people and we have people to serve you!

If you have read this document and found something that relates to your circumstances, then be assured that we are dedicated to the delivery of business solutions designed to reduce costs and maximise profits.

The consulting office for doing business in this country follows on the next page. Should you prefer to deal with another of our offices, please visit our website at www.ocra.com for a full listing of office contact details.



Who to Contact at OCRA Singapore

**Simonne Toh**

Since obtaining her MBA degree, Simonne Toh has been providing advice on companies formation, maintenance and administration in Singapore and worldwide. Her responsibilities include working with professional firms to provide clients with solutions to their specific business needs. Simonne was previously a management consultant to small and medium enterprises in Singapore.

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