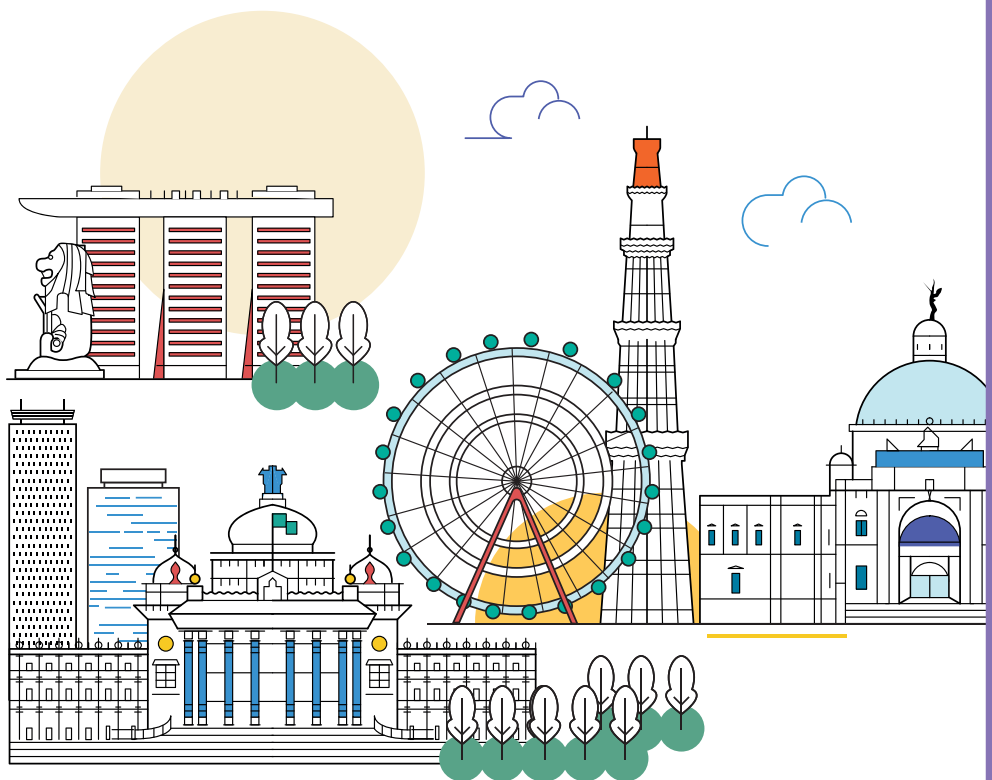
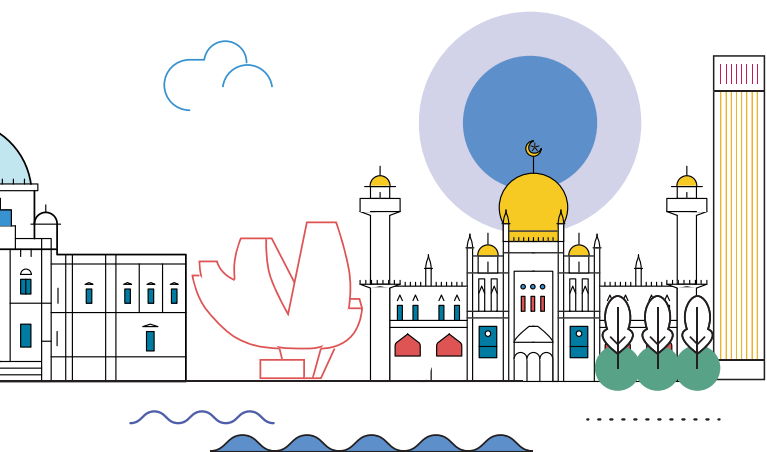


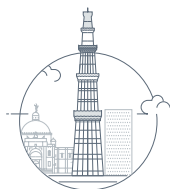
DOING BUSINESS GUIDE

SETTING UP YOUR BUSINESS IN SINGAPORE:
WHY AND HOW?



Publication date: March 2021





INTRODUCTORY NOTE

The Republic of Singapore is still a major trade hub between Europe and the Asia-Pacific region. It is a unique gateway to ASEAN which, with its 10 member states and a population in excess of 600 million, represents a fast growing market with considerable potential.

Since 2008, if we look at the World Bank ranking, Singapore has always been in the top three countries on the ease of doing business index. The city-state, ranked 2nd in the 2020 ranking and 1st in the competitiveness index ranking of the World Economic Forum, remains a very attractive destination for foreign investors worldwide. Every year, several thousands of French and foreign start-ups, SMEs and intermediate-sized businesses will set up operations locally by creating subsidiaries or through acquisitions.

This guide will give you a first insight into the business rules and practices as well as key elements to set up your business here. We remain at your disposal to discuss, help you to better understand and prepare your development projects in Singapore and/or more broadly in ASEAN / Asia-Pacific. In the meantime, "enjoy"!



Christophe Piquée

Head of Asia

christophe.piquee@pramex.com

CONTENTS

French foreign direct investments barometer in Singapore	4
5 key questions to be better prepared	5
Singapore in figures.....	6
10 good reasons to set up a business in Singapore	8
Overview of the local/legal structures in Singapore	12
Managing a subsidiary in Singapore	14
France vs Singapore: Employment Law and Tax overview	16
Sociocultural features	18
Our expertise	20
About us	22

FRENCH FOREIGN DIRECT INVESTMENTS BAROMETER IN SINGAPORE

88%

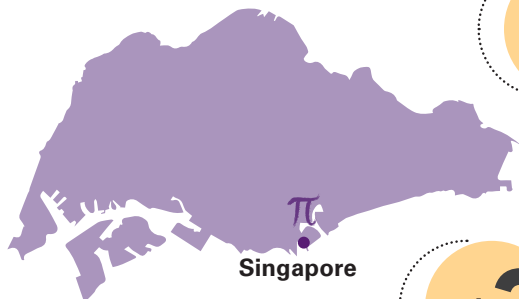
French companies would rather **create a subsidiary** than go through an acquisition in Singapore

11,000+

The number of subsidiaries in Singapore having European-based shareholders

5th

World ranking for foreign direct investments after the United States, China, the Netherlands and Hong Kong



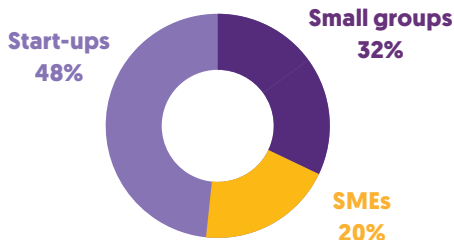
Singapore

π Pramex Office

+2/3

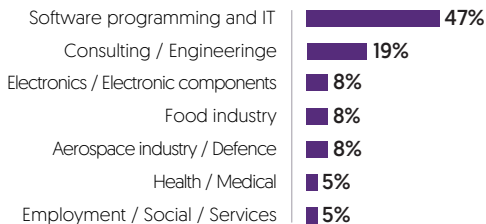
French investments in South-east Asia with a stock of € 9 billion of foreign direct investments (2018)

Small groups and start-ups lead the global flow of incorporations in Singapore.



Newly incorporated companies in Singapore by type of French investors (2019)

Nearly half of the newly created businesses come from the **Software programming and IT** sectors:



Per sectors / Key business areas (2019)

5 KEY QUESTIONS TO BE BETTER PREPARED

What are the deadlines to create my subsidiary in Singapore?

Registering online with the competent authority (ACRA) and obtaining the Business Profile only takes a few hours. However, the deadlines may vary, depending on the availability of the chosen company name and the capacity of the shareholders/subscribers to deliver the required set of compulsory documents. It will then take about 10 working days after the KYC (Know Your Customer) meeting with the bank to confirm the opening of the account in order to transfer the capital, and 4 to 8 weeks to obtain a work permit.

Do I need to travel to Singapore for this?

It is possible to register a subsidiary company remotely but it is compulsory to seek assistance from a local corporate service provider and registered filing agent. For the opening of the bank account, some traditional banks will, perhaps, ask (except during the Covid period) that one of the Directors of the subsidiary physically attends the KYC meeting.

Which team should be set up locally?

Local resources are available and the workforce is qualified. Choose local profiles whenever you can although you may consider to send staff from France for management or technical positions. Do not expect local employees to be too versatile. They will work hard to do the work entrusted to them but will not naturally leave the scope of their job description.

What are my accounting obligations?

In Singapore, accounting standards are known as the Singapore Financial Reporting Standards (SFRS) and are similar to IFRS as published by the IASB. You are free to choose your annual closing date knowing that the first must be completed within 18 months from the date of incorporation of your subsidiary. For annual turnover below S\$ 1 M, your subsidiary is not required to register for GST. Regarding the annual audit of the accounts, it will be necessary to determine whether the group to which your subsidiary belongs is considered a "small group" to determine if it is eligible or not to audit exemption for a "small" business. If this is not the case, an auditor will be formally appointed within 3 months of the date of incorporation.

What shall I budget for the first year?

Between S\$ 20 K and 25 K for all administrative start-up costs as well as accounting, tax and legal costs. To this must be added your office rental costs and salaries that vary significantly depending on the positions.

Contact Pramex Singapore



5 Shenton Way #22-04 UIC Building
Singapore 068808
+65 9856 4283

SINGAPORE IN FIGURES

KEY FIGURES



1st

Location regarding
competitiveness 4.0 in 2020
according to the World
Economic Forum

2nd

Easiest place in the
world to do business

1st

For the "government
effectiveness 4.0" index
according to the World
Economic Forum

1st

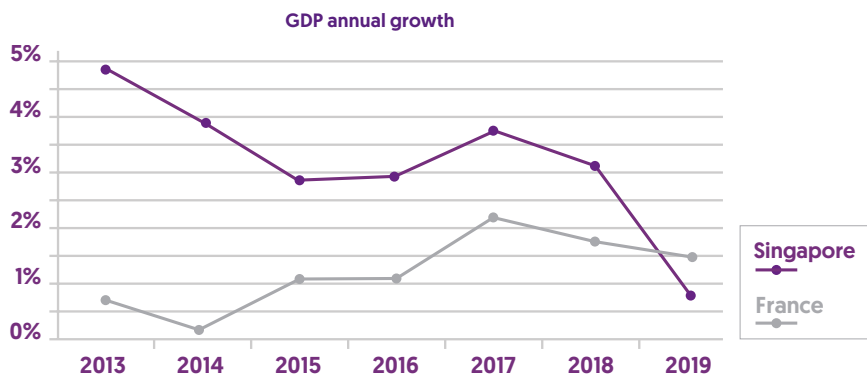
Freest economy in the
world according to
the Heritage Foundation

2019



Country ranking (GDP)	7	35
GDP (in billions of \$)	2,778	372
GDP growth (%)	1.5	0.7
Population (in M)	67	6
Standard & Poor's sovereign risk	AA	AAA
Ease of doing business [1 – 189]	32	2

Source: World Bank



THE KEY STRENGTHS

- Political and economic stability
- Efficient and small sized government
- One of the most competitive tax rates in the region (maximum: 17%)
- Abundant skilled manpower
- Strong protection of intellectual property rights
- One of the lowest crime rates in the world, the lowest in Asia
- At the heart of South-east Asia (one of the most dynamic regions in the world)

10 GOOD REASONS TO SET UP A BUSINESS IN SINGAPORE



A STRATEGIC LOCATION

- Strategically located between East and West and at the crossroads of key Asian trade routes, Singapore is recognised as the most competitive Asian country, relying on demand from over 600 million consumers living in the ASEAN economic region



A BUSINESS-FRIENDLY ENVIRONMENT

- In 2020, the World Bank ranked Singapore, for the 5th consecutive year, 2nd in the world for ease of doing business. Singapore also ranks 1st in the Global Enabling Trade Report
- Globally, Singapore stands in 1st position in the most competitive nation in the world index of The World Economic Forum. In this report, Singapore is also listed among the least corrupt countries in the world

Rank	Country	Score
1	Singapore	84.8
2	United States	83.7
3	Hong Kong	83.1
4	Netherlands	82.4
5	Switzerland	82.3

Source: "World Economic Forum - Global Competitiveness Report 2019"



A CITY OF INNOVATION

- Thanks to a robust regulatory framework, the quality of its infrastructure and its skilled manpower, in 2019, Singapore ranked 3rd on the Networked Readiness Index, 2nd in the Global Competitiveness Report which determines the level of preparedness to take advantage of the 4th Industrial Revolution, and was ranked 1st among the 17 economies of Southeast Asia and Oceania in the Global Innovation Index 2020
- Overall, these rankings are, to a large extent, the result of a strong commitment by the Government to the digital agenda, including its Smart Nation program
- This environment really makes Singapore an innovation-driven city



A GLOBAL FINANCIAL CENTRE

- Singapore is the 3rd largest financial centre and often cited as the most suitable place for entrepreneurs seeking to raise capital on financial markets
- The largest foreign exchange market in Asia for trading
- Renowned for the maturity of its commercial banks

Rank	City	Rating
1	New York	770/1,000
2	London	766
3	Shanghai	748
4	Tokyo	747
5	Hong Kong	770
6	Singapore	742



GENEROUS TAX BENEFITS

- Corporate income tax rate of 17%
- Tax rebates and various tax incentives
- Double taxation agreements with over 60 countries worldwide, including France and China
- Favourable taxation regime for individuals
- An active position by the Government to support small businesses through multiple grants and subsidies



A TRANSPARENT AND EFFECTIVE LEGAL FRAMEWORK

- There is a strong legal framework and strict protection of companies' intellectual property rights. Singapore is ranked 1st in Asia and 4th in the world in the fight against corruption index of Transparency International (2019)
- Its robust intellectual property regime is built on a legal system of trust and strong arbitration capabilities. To support the resolution of disputes on intellectual property in Asia, the World Organization of Intellectual Property based in Switzerland has created an Arbitration and Mediation Centre in Singapore, the only centre based outside Geneva



SKILLED MANPOWER

- Figures from the Singapore Department of Statistics showed, in 2020, a literacy rate of 97.5% among residents aged 15 and over
- A highly skilled, well-educated, largely English speaking and technically competent workforce



A STRONG INTERNATIONAL CULTURE

- Singapore is a dynamic, multiracial and multicultural society (ethnic groups: 74.4% Chinese, 13.4% Malay, 9% Indian) known as the "garden city" of Asia. Singapore is where East meets West, a cosmopolitan melting pot with a unique identity
- English is the official language
- Immigration policy is effective and open, allowing foreigners to visit the country easily and search for business opportunities



A WORLD CLASS INFRASTRUCTURE

- Singapore's container ports are among the busiest in the world
- The award-winning Singapore Changi International Airport has been named World's Best Airport
- Unrivalled connectivity that benefits passengers and cargoes



A POLITICALLY STABLE STATE

- Singapore is a parliamentary republic with the People's Action Party (PAP) as the nation's ruling political party since 1959. Since 1978, Singapore has been largely strike-free and the nation's peaceful industrial relations have often been attributed to its tripartite model

OVERVIEW OF THE LOCAL/LEGAL STRUCTURES IN SINGAPORE

THE SUBSIDIARY

The private limited company or “Pte Ltd”

it is THE preferred choice for foreign investors in Singapore.

THE BRANCH

A legal entity treated as an extension of the parent company

who bears "THE ULTIMATE LIABILITY" of its Branch operations.

REPRESENTATIVE OFFICE

Cannot engage in any profit-yielding activities

"TEMPORARY STRUCTURE" (max. 3 years) to conduct market research and undertake feasibility studies.

KEY SETUP REQUIREMENTS

For a limited liability company (*Private Company Limited by Shares*)

- A company name
- An activity code (SSIC)
- A registered address
- A shareholder
- A minimum share capital of S\$ 1
- A resident Director
- A resident Company Secretary
- A bank account
- An auditor (if not exempted)

INCORPORATING YOUR SUBSIDIARY (PTE LTD) IN SINGAPORE

For a Private Company Limited by shares

1

Choose your SSIC Code and prepare full sets of documents

1 TO 2 WEEK(S)
(upon your availability)

2

Register and reserve your Company Name

3

Complete documentation and register online with ACRA

1-3 DAY(S)

4

Reception of the *Business Profile*

2 TO 8 WEEKS



Overall timeline
approx.
3 months

5

Bank account opening and transfer of the share capital

6

Auditor appointment, if not exempted

WITHIN 3 MONTHS
FROM THE DATE OF INCORPORATION

MANAGING A SUBSIDIARY IN SINGAPORE

OVERVIEW OF YOUR ANNUAL DUTIES IN SINGAPORE

Year ending 31/12/N
or any other date

**Estimated Chargeable
Income Filing** [IRAS]

Before **31/03/N+1**
[or within 3 month
after year-end]

**Annual statutory
audit**

Before **14/06/N+1**
and at least 16 days
before AGM

**Annual General
Meeting**

Before **30/06/N+1**
[or within 6 months
after year-end]

**Annual Return
Filing** [ACRA]



Before 31/07/N+1
[or within 7 months
after year-end]

**Corporate Income
Tax Filing** [IRAS]

Before **30/11/N+1**

Source: *Pramex International*

ESTIMATED COSTS RELATED TO THE MANAGEMENT OF A SUBSIDIARY

			
Data in euros (€)			
Average annual cost per sqm of office space	526	636	↗21%
Average gross annual salary of a Sales Director	105,000	131,870	↗26%
Legal gross minimum hourly wage	10.15	NA	-
Fastfood menu	9	5.1	↘-43%
Monthly public transport subscription cost	75	77	↗3%
Monthly internet subscription 10Mbps	27	29	↗7%
Prepaid mobile local rate - 1mn	0.23	0.15	↘-35%
Monthly rent (2-bedroom downtown apartment)	2,655	3,505	↗32%

On 08/03/2021: 1 SGD = 0.62 EUR

Sources: Robert Walters - Salary survey 2020
Le coût de l'Expat - Banque Populaire

FRANCE VS SINGAPORE: EMPLOYMENT LAW AND TAX OVERVIEW

EMPLOYMENT LAW



Contributions		
Employer contributions*	35% to 45%	13% to 17%**
Employee contributions*	20%	13% to 20%***
Legal weekly working time	35 hours	44 hours
Paid annual leave in days	30	minimum 7

* For foreign workers 0%

** Capped at S\$ 1,020 / month

*** Capped at S\$ 1,200 / month

HR Management in Singapore

In Singapore, the relationship between the employer and the employee(s) is almost exclusively regulated by the employment contract. The main legislation governing the hiring, employment and dismissal of employees is the *Singapore Employment Act*.

TAXATION IN SINGAPORE

Individual income tax

Tax residents:

- Singapore follows a progressive tax rate starting at 0% and ending at 22% above S\$ 320,000.
- There is no tax on capital gains or inheritance.
- Individuals are taxed only on the income earned in Singapore.

Non-residents:

- Employment income: taxed at 15% or the progressive resident tax rate, whichever is higher.
- Director's fees, consultation fees and others: taxed at 22%.

Corporate tax



17%

Headline income tax rate (0% for the first S\$ 100K, 8.5% for the next S\$ 200K)



7%

Rate of GST (Goods and Service Tax)



0%

Capital gains tax



0%

Tax on dividends

SOCIOCULTURAL FEATURES

BUSINESS BEHAVIOUR & LIFESTYLE



Laws relating to jaywalking, littering and chewing gum are strictly enforced in urban areas. Smoking is widely discouraged and illegal in enclosed public places (including restaurants)



Asian and European cultures are increasingly intermingled. Influenced by Malay, East Asian and Eurasian cultures, Singapore has been called the city where “East meets West”, “Easy Asia” and “the Garden City”



When dining out, Singaporeans often eat at hawker centers, coffee shops or food courts rather than restaurants, due to its convenience, wide range of options and affordability



Located just north of the equator, Singapore enjoys a tropical climate and stays hot and humid throughout the year with an average daytime temperature around 31°C [23°C at night]



VISA

Foreigners entering Singapore to work must obtain a work pass from the Ministry of Manpower in one of the following categories: Employment Pass, S-Pass and Work Permit.

WORKING HOURS



44

**Hours of work
per week**



7

**Minimum of
days paid annual
leave**



11

**Public holidays
per year**

LABOUR CODE



As part of national policy, the Ministry of Manpower of Singapore (MOM) does not lay down a minimum wage for "local workers". For foreigners, it will depend on the work visa obtained



The Employment Act [Cap. 9] is the main piece of labour legislation in Singapore, simpler than the French law

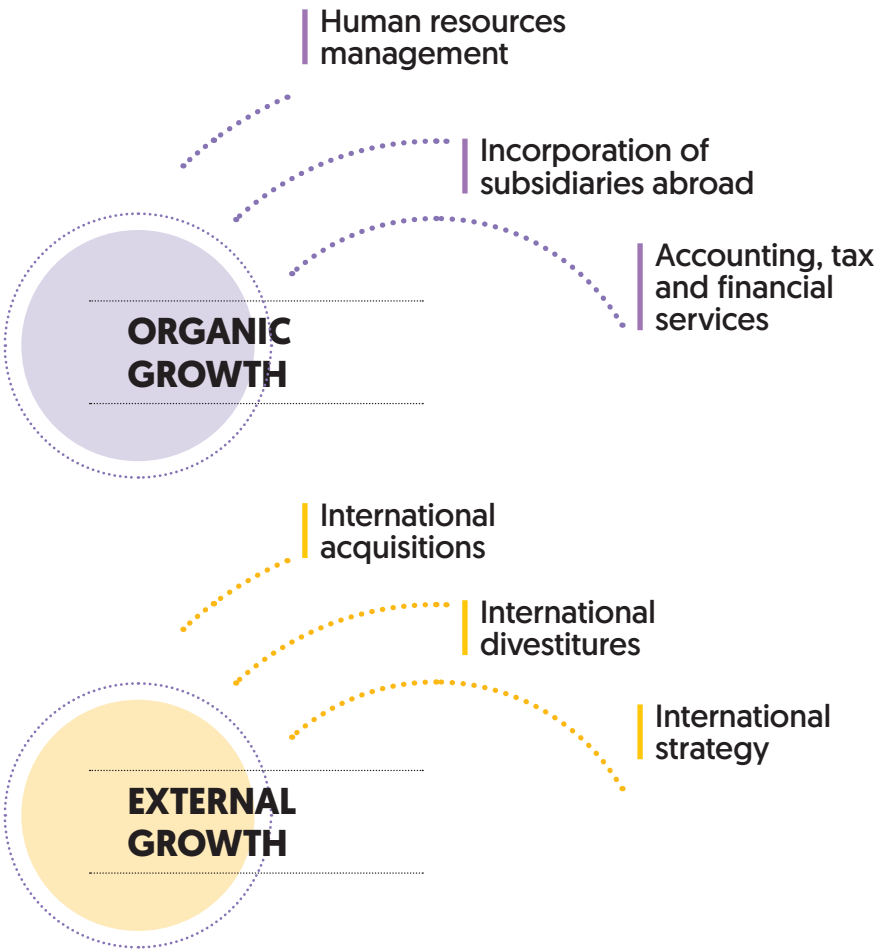


Singapore has a number of high-quality and world-renowned universities which are private, national or financed by public funds. These are campuses of foreign higher education institutions. Prestigious French business schools such as ESSEC, INSEAD, EM Grenoble, the International Law School of Sorbonne-Assas and EDHEC all enjoy a strong presence in the region

OUR EXPERTISE

THE SPECIALIST IN SETTING-UP SUBSIDIARIES ABROAD

No.1 IN OUTSOURCED FINANCIAL, HR & LEGAL
CORPORATE SERVICES FOR START-UPS, SMES
AND SMALL GROUPS





The specialist in creating subsidiaries abroad

We manage over **800 subsidiaries of French companies abroad**.



Multiculturalism

Multicultural experts with perfect understanding of the French environment and local characteristics.



Your international partner

We support you in **Europe, the United States, Brazil, Asia and North Africa**.



A one-stop shop

To assist you in the **administration of your subsidiary** (accounting, tax, HR, reporting, insurance, etc.).

ABOUT US

THE FRENCH LEADING CONSULTING FIRM FOR INTERNATIONAL DEVELOPMENT



Subsidiary of  **GROUPE BPCE**, a cooperative bank and insurance group present in more than 40 countries and 2nd leading bank in France.



+1,000
companies supported annually

13
countries

17
offices

130
bicultural experts and
professionals worldwide

OUR DISTRIBUTION NETWORKS

**BANQUE
POPULAIRE**

CAISSE D'ÉPARGNE

**BANQUE
PALATINE**

Because you cannot improvise
when it comes to setting-up operations abroad



Contact in Singapore

5 Shenton Way #22-04 UIC Building
Singapore 068808
+65 9856 4283

www.pramex.com

Warning

© 2021 Pramex International. All rights reserved. This document is the property of Pramex International. Any reproduction, translation or adaptation, whether complete or partial, whatever the process, material or media, is strictly prohibited without the permission of Pramex International. Pramex International disclaims any responsibility for the economic information contained in this publication and cannot be held responsible for any decision taken on the basis of such information. The only guarantees related to Pramex International services are those which, where applicable, are expressly provided in the statements of responsibility appended to the services. Nothing herein should be construed as creating an additional guarantee.