



SINGAPORE

Singapore - Common Law

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Incorporating a company in Singapore

Singapore taxes

If you want to incorporate in Singapore, this article will tell you about tax laws for a Pte Ltd which is the most common company type in Singapore.

Singapore taxes corporate income on a territorial basis. This means that usually income earned abroad not remitted back, from our research, and this is not personal tax advice, is not subject to taxation. However, income may be taxed when it is received in Singapore. Foreign dividends, foreign branch profits, and foreign service fees income remitted to the country may be tax-exempt if fulfill certain conditions.

Taxes are very reasonable in Singapore because the highest corporation tax rate is 17%. This ranks Singapore as 59th when compared to corporate tax rate worldwide.

There is an exemption of 75% of the first SGD 10,000 of taxable income and 50% of the next SGD 290,000. Certain qualified start-ups may be three-year tax exempt on their first SGD 100,000 taxable income and 50% tax exempted on the next SGD 200,000.

The value added tax (VAT) rate in Singapore is 7.00%, which ranks Singapore as 36th when compared to value added tax rate worldwide. In terms of other taxation, an employer will contribute 17% to the equivalent of a social security fund and an employee will contribute 20%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 10hours. Contributing to this is the number of yearly labor tax payments, which is 1 in SG.

Thin capitalization mandates aren't in effect. This refers to any sort of restrictions on companies' debt-to-asset ratios.

Dividends received by a resident company from another resident company are tax-exempt. Dividends received from non-residents companies and branch profits may be exempted, provided that profits have been taxed at CIT rate of at least 15% in the foreign jurisdiction. If foreign income has been tax exempt due to foreign jurisdiction's tax incentives, it may be considered to have met the condition. Dividends are a distribution of a portion of company earnings, decided by the board of directors, to shareholders. Dividends can be one of the following shares of stock, cash payments, or other property.

Singapore does not usually tax Capital Gains. However, in certain cases, when the main business of a company is the trading of shares, and there is a series of transactions or the holding period of an asset is relatively short, the gains may be considered as ordinary income and included in corporate tax base. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

Dividends paid to non-residents are not subject to withholding tax. Interests and Royalties paid to non-residents are subject to a final withholding tax of 15% and 10%, respectively, unless rates are reduced under a tax treaty. Corporate Income Tax may apply to interest and royalty payments to non-residents, if it is considered that they are derived by their business carried in Singapore.

There is no known tax on wealth in Singapore. There are no known inheritance taxes in Singapore. There is a real property tax and a stamp duty on certain financial instruments related to stock and shares and immovable property. There are frequently implemented research and development tax incentives in Singapore.

The above is not tax or legal advice for your particular personal tax obligations. Incorporations.io can refer you to an accountant in Singapore who can give you the proper advice and help you need. Contact us today. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Singapore is 7% which ranks 36 in the world.

Singapore Legalese

For starters, the law in SINGAPORE is common law law. Common law jurisdictions are generally regarded as easier to structure. Electronic signatures are permitted.

The letters SG is for SINGAPORE and the most common company structure in SINGAPORE is a Pte Ltd.

You should expect a wait time of 2 Days to setup a Pte Ltd in SG. The minimal capitalization, or amount you're expected to put into a bank, is 0, This means you don't have any minimum share capital. The types of cash you can use to fund your legal entity is most commonly SGD and Any legal tender.

. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a Pte Ltd in SG by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is allowed, up to 100% of the ownership of the legal entity.

A company is only required to have 1 director on the board. Additionally, corporate directors are not permitted. Directors should not expect to be private, as they are disclosed. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an agent which can receive a service of process on behalf of the company. Furthermore, a corporate secretary is another cost you will need to incur.

There is a requirement to file accounts to relevant authorities. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Singapore is a good option and have given it a score of 97 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 2 Days to form**



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Country Info



🚩 National Flag of

新加坡共和国 (cmn)

Republic of Singapore
(eng)

Republik Singapura
(msa)



சிங்கப்பூர் குடியரசு (tam)

\$ Currency

SGD

☎ Area Code

+65

🏛 Capital

Singapore

📍 Region

South-Eastern Asia

🗣 Native Languages

Mandarin

English

Malay

Tamil