

Singapore

Legal Provisions

Compiled by:

Swiss Business Hub ASEAN / Singapore

Singapore, December 2023

GENERAL REMARKS

Singapore is one of the 10 member countries of the Association of Southeast Asian Nations (ASEAN), which also includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam. Most goods from these countries which meet country-originating criteria are subject to common tariffs from 0% - 5%.

Singapore has an extensive network of 27 implemented bilateral and regional Free Trade Agreements (FTAs) with trading partners including the New Zealand, Japan, Australia, USA, China, India, Jordan, Turkey, Costa Rica, Panama, Peru and South Korea. Goods from these countries which meet country of origin criteria enter Singapore duty-free. Most Singapore exports which meet country of origin criteria enjoy reduced or zero duties when entering these FTA partner markets.

Singapore is a member of numerous international organizations such as the UN, WTO, IMF, World Bank, ADB, AIIB and more. Singapore grants and receives "Most Favoured Nation" tariff rates from other WTO member countries.

CUSTOMS

The Harmonized System (8-digit HS) coding structure for goods is implemented in Singapore by the Singapore Customs (www.customs.gov.sg). Singapore has been a member of the WTO since 1995 and adjusts its customs rates in line with WTO standards.

All goods imported into or manufactured in Singapore are subjected to duties (customs and/or excise) and Goods and Services Tax (GST, currently at 8%).

Dutiable goods in Singapore consist of the following 4 broad categories: i) intoxicating liquors, ii) tobacco products, iii) motor vehicles and iv) petroleum products. All other goods are non-dutiable.

Goods and Services Tax (GST) and duty are not levied on goods exported from Singapore.

Further information can be obtained from Singapore Customs. Singapore has multiple free trade zones, e.g. Changi FTZ, Jurong Port, etc. Accompanying documents such as Bill of Lading/Airway Bill, commercial invoices, packing list are required. Commercial invoices must be in English.

IMPORT AND EXPORT REGULATIONS

All importers/exporters are required to register and maintain a Customs account on TradeNet, for the purpose of import, export and transshipment permit applications.

Most goods can be imported with an import permit from Singapore Customs. It is advisable to out-source the import/export procedures to third party logistics providers and freight forwarders, after which one may appoint such agents to apply for permits on behalf.

Certain categories of products (rice, rubber, arms, explosives, satellite receivers etc.) may require additional import authorization, as advised by Singapore Customs. It is required to maintain an Inter-Bank GIRO (IBG) with Singapore Customs to make payment of duties, taxes, fees, penalties to Singapore Customs directly.

CURRENCY REGULATIONS

There are 2 types of money transfer service in Singapore, domestic money transfer services are local funds transfer services in Singapore and cross-border money transfer remittance services involving the transfer of funds to sources outside Singapore. Besides licensed domestic or cross-border money transfer service providers, financial institutions such as banks, merchant banks, finance companies or credit card or charge issuers that provide such services.

The Monetary Authority of Singapore has a list of financial institution directory to check on licensing status of the money transfer service provider: <https://eservices.mas.gov.sg/fid>. Individuals entering or leaving Singapore with physical currency of value exceeding SGD \$20,000 must be declared to customs.

REGISTRATION PROCEDURE FOR PRODUCTS

All products entering/leaving Singapore has to be registered with Singapore Customs during import and export processing via TradeNet. If the goods intended for import/export are controlled goods, they will be subjected to additional restrictions by Competent Authorities (CAs) in Singapore.

STANDARDS, TECHNICAL RULES, LABELLING REGULATIONS

Singapore adheres to international and Singapore standards, technical rules and labelling regulations. These include ISO, HACCP, FDA, etc. As the official body governing standards, technical rules and labelling regulations, Enterprise Singapore facilitates and administers the Singapore Standard (SS) through an industry-led Singapore Standards Council. For latest information and standards, please visit www.enterprisesg.gov.sg.

TAXES

Goods & Services Tax (GST) is charged at 8% of the CIF value. Customs and excise duties for certain products e.g. tobacco product, automobiles, alcoholic beverages etc., may apply. The rates are advised by Singapore Customs during import processing.

COMMERCIAL LAW

Singapore adheres to international commercial law, as set out by the United Nations Commission on International Trade Law (UNCITRAL) and WTO. The Singapore International Arbitration Centre (www.siac.org.sg) offers various commercial dispute settlement mechanisms e.g. mutual consultations, mediation and tribunal settlement.

The Law Society of Singapore (www.lawsociety.org.sg under “Find a Lawyer”) provides a comprehensive list of European-affiliated legal firms based in Singapore who provide various legal services such as company registration, intellectual property rights, corporate and fiduciary trust management, dispute resolutions etc.

The Honorary Legal counsel of the Embassy of Switzerland is Dr Bernd J. Götze, and he is Of Counsel at Luther LLP (www.luther-lawfirm.com/).

The Swiss Business Hub may advise on other lawyers depending on the individual needs.

SETTING UP COMPANIES

In Singapore, companies are principally governed by the Companies Act (Cap 50, 1994 Rev Ed). Registration and incorporation of businesses and/or companies are done with the Accounting & Corporate Regulatory Authority or ACRA (www.acra.gov.sg).

Processing time usually takes one working day by a Singapore-based resident. Depending on the type of entity for incorporation, the fees (inclusive of company name registration) ranges from SGD 115 and up. Swiss companies abroad are advised to use filing agents listed on the ACRA website for incorporation in Singapore.

There are various options for commercial entities in Singapore, such as representative office, sole proprietorship, partnership, private limited, branch of foreign company and listed company. There are no foreign equity restrictions when setting up a company in Singapore.

Swiss companies can explore to establish in Singapore as:

Private Limited Company

This company type operates with shareholders' liability being limited to the amount unpaid on their shares. Due to the relaxed rules on setting up Private Limited Company and no minimum share capital, this option is the most favoured among businesses that is looking to establish presence in Singapore.

Branch Office

The branch of a foreign company must have a locally resident authorised representative and to comply with the statutory and disclosure requirements of the Companies Act. Branch office can only conduct business in Singapore within the scope set by the parent company and is operating without its own legal entity, a branch does not have limited liability. Any liabilities incurred by branch are attributed to the parent company. Branch office do not benefit from Singapore's double taxation regulation and incentives for new company.

Representative Office

This option is for foreign companies keen to explore potential business opportunities in Singapore before committing and setting up a permanent business establishment. Representative office is a temporary set-up without legal status and is unable to engage in trading or business activities that results in profit.

JOINT VENTURE OPPORTUNITIES

Joint ventures can be done easily with local partners, subject to registration with and approval by ACRA. In certain sectors e.g. utilities, real estate, finance, arms manufacturing, pharmaceuticals, media etc., approvals have to be obtained from the governing authority.

PROMOTION OF INVESTMENT

There is no special legislation governing foreign investment. In principle, the same laws and regulations under the Companies Act apply equally to domestic and foreign companies. There are investment incentives, depending on the characteristics of investment:

- Nature, e.g. high-tech, innovation-driven, knowledge-based
- Quantum, e.g. fixed asset and operational expenditure commitment, local job creation, trade value carried out from Singapore
- Scope, e.g. range of business functions carried out from Singapore

The Singapore Economic Development Board of Singapore (www.edb.gov.sg) is the recommended first contact point and they have an office located in Rapperswil, Switzerland.

ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOUR LAW

To enter the country, tourists or business travellers need a valid passport (at least 6 months beyond planned departure date) and a return travel ticket. If intending to work, settle or set up a business, an employment pass or entrepreneur pass (EntrePass) is required.

The application for an employment pass / work visa is the responsibility of the employer in Singapore. Requirements include a recognized university degree, a minimum base salary (for applicable amount, see www.mom.gov.sg), and candidates must pass the Complementarity Assessment Framework (COMPASS).

Application for an EntrePass (which is valid for 1 year) is with the Ministry of Manpower. Requirements include having (or intending to start) a private limited company registered with the Accounting and Corporate Regulatory Authority (ACRA) that is venture-backed or owns innovative technologies.

Once the work visa has been granted, a Foreign Identification Number (FIN) will be issued, with the right of residence for a period corresponding to the validity of the employment or entrepreneur pass. After staying in Singapore for an initial period of time, foreign residents may have the option to apply for permanent residence. After another two years, permanent residents may have the option to apply for Singapore citizenship (for the latest information, see www.ica.gov.sg).

PROCEDURES FOR COLLECTING PAYMENT

There are specialized debt collection agencies in Singapore. For the most recent list of debt collection agencies, please visit <http://www.creditcollection.org.sg/>, under the members' directory.

PUBLIC PROCUREMENT SYSTEM

Government Electronic Business (GeBIZ) is the Singapore government's one-stop e-procurement portal. Current business opportunities and award status of past opportunities closed in the past 6 months are listed on the portal. All suppliers are provided with same information to encourage open and fair bid. Tenders are awarded to the bid that brings the best value for money, taking a holistic approach. Based on the value of procurement, procedure adopted could be by way of a small value purchase, inviting quotations or by tender. Latest guidelines can be found on GeBIZ portal <https://www.gebiz.gov.sg/>.

SOURCES OF INFORMATION AND LINKS

Accounting & Corporate Regulatory Authority – www.acra.gov.sg

Economic Development Board – www.edb.gov.sg

Enterprise Singapore – www.enterprisesg.gov.sg

Immigration and Checkpoints Authority – www.ica.gov.sg

Ministry of Manpower – www.mom.gov.sg

Singapore Customs – www.customs.gov.sg

Date: 11 December 2023

Author: Renee Koh, Head of Swiss Business Hub ASEAN
Adela Tan, Trade Officer

Address: Embassy of Switzerland, 911 Bukit Timah Road, Level 2, Singapore 589622

Tel: +65 6468 5788

Fax: +65 6466 8245

Email: singapore.sbhasean@eda.admin.ch

URL: <https://www.s-ge.com/en/company/swiss-business-hub-asean>