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A Guide to  
**Doing Business**  
in **Singapore**

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# Why Singapore?

## Overview:

Strategic location and an open economy make Singapore the choicest business destination to set up an international enterprise. Moreover, Singapore's highly stable political and economic landscape, low taxes and well-qualified human resources make it the world's most promising place to do business.

## Benefits of doing business in Singapore

As young state that has achieved independence in 1965, Singapore has been quick to achieve:

- Security
- Consistency
- Impeccability
- Judicious economy
- Low tax rates
- Splendid infrastructure

All this makes Singapore a desirable investment station. It would not be wrong to describe it as the best-run country in the world.



## Want to know more about the benefits? Here you are:

### A Robust Economy

Singapore owes its sturdiness and well-conducted economy to the following factors:

- A highly evolved, trade-driven, open market economy essentially fueled by finance and manufacturing
- 75 per cent of the country's GDP is sourced from services that engage 80% of its manpower
- Decidedly scaled down unemployment and at the same time, sustained low inflation
- An impressive figure of 44.3 Billion SGD in December 2018
- No foreign debts
- Current account surplus on a consistent upward curve
- Dynamic overseas capital investments
- IT, housing, education, transport, and health care subsidy programs galore

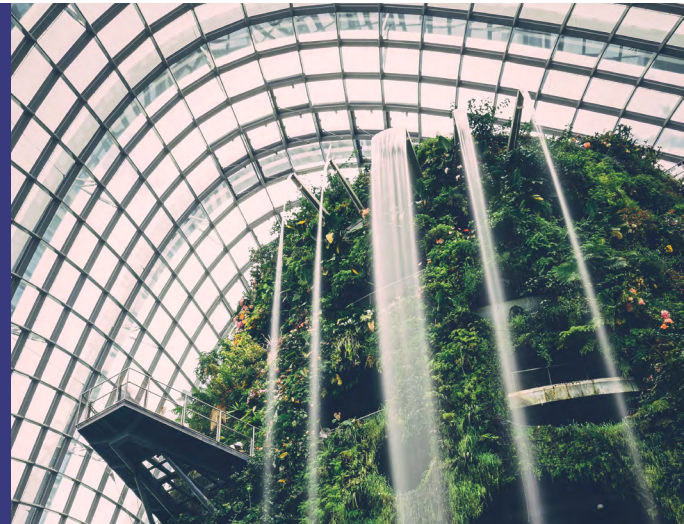
Due to the good sense and futuristic judgment of its founders, despite being a small country with scanty natural resources, Singapore has a durable economy.

# Competitive Tax Regime

The tax policy in Singapore is the most straightforward and practical the world over. Thus for entrepreneurs interested in incorporating and running startups, this is the most sought-after nation.

Singapore has a multi-layered tax regimen for individuals as well as corporates:

- **Substantial tax exemptions for startups in their first 3 years**
- **Tax rate of up to less than 5% for startups on the first S\$100k of their taxable income**
- **Effective YA 2010, the tax on a company is capped at 17% on its taxable income (for both, local and foreign firms).**
- **Business sourced capital gains or dividends are completely nontaxable.**



Corporate profits are not re-taxed when they transfer dividends to stakeholders. Thus, shareholders have to pay no taxes on the earned dividends. And now for the best part; Singapore has one of the world's lowest value added tax rates.

## One-time Taxation

Singapore protects its resident firms from double taxation by signing the Avoidance of Double Taxation Agreements (DTAs) with more than 50 countries.

The main purpose of these contracts is to ensure that economic transactions between Singapore and the treaty country are taxed just once. Also, Singapore offers Unilateral Tax Credits (UTCs) for countries that do not have DTAs with it.

## Foreigners can hold 100% Company Shares

As a foreigner, you can own all the stocks of the company you incorporate in Singapore, without being dependent on local partners or stakeholders for the following reasons:

- **The country empowers you to incorporate your business with a capital structure and shareholders that are in best interest of your business.**
- **You can bring in any amount of capital from your home country and invest it in your Singapore Company.**
- **The repatriation of profits is unlimited.**
- **Capital gains from the sale of a business are not taxed.**
- **Dividends paid to the shareholders is exempt from tax.**



## Freedom of Movement for Currency

In Singapore, there are no obstructions to the inflow or outflow foreign currency through the country's borders. This seamless movement of funds makes businesses extremely flexible, when compared to countries that apply compelling interventions to the movement of foreign currencies.

## Incorporate and Operate Hassle-free

Singapore has been topping the charts of the World Bank's Ease of Doing Business survey for nine consecutive years for three simple reasons:

- **Governance in Singapore is highest on efficiency and lowest on bureaucracy.**
- **The criteria to register a company is easy to understand and effortless to process.**
- **In many cases, companies have been incorporated within one week.**



## Government Backup for Your Startup

The Singapore government is very supportive towards growth and innovations. Over the last ten years, Singapore has fostered its venture funding community. The benefits of these funding sources come to the fore when you set up and do business in Singapore.

- **Grants, tax incentives and in-kind assistance schemes galore in its offering to startups.**
- **In certain sectors, the government also offers subsidy to startups on labor costs.**
- **Both, domestic and foreign-run companies can avail these benefits.**
- **Presently, it is the best place in Asia for venture funds.**



# Incorporation

## Overview:

Most of the entrepreneur visionaries are inclined to incorporate their business on the lines of a private limited company. Majority of these business setups are highly compliant with Singapore's judicature. Going forward, we will get to know a wide array of facts with respect to Company Incorporation in Singapore. Based on this information, you will come to know that building an entrepreneurial profession in Singapore is easier than convenience itself.

## Company Types for Foreign Entrepreneurs

The best business is not always the business that is best for you. An overview of the business forms that work in Singapore will help you decide the best business choice for you.



### 01. Private Limited Company (Pte. Ltd)

A private limited company is a LLCs (Limited Liability Companies).

- It can have either 1 or 50 shareholders (owners).
- A minimum one of the directors must be a Singapore resident.
- An individual, who is at least 18 years old, is eligible for company formation in Singapore.
- It has legal identity independent of its owners.
- It holds the entitlements of a natural person.
- It can own property in its name.
- It can sue or be sued in its own right. Thus, shareholders are not involved in the legal proceedings.
- It does not depend on any individual member or shareholder for its existence.
- The shareholders are not accountable for any loss or debt by a Pte. Ltd.
- Foreigners can have 100% ownership of company shares.
- The process for transferring ownership is as easy as it gets.
- The name company should end with Pte. Ltd., Private Limited, Limited, Inc, etc.

### 02. Subsidiary Company

A subsidiary company is an LLC that is independent of its parent foreign corporate.

- Foreigners can hold 100% of its shares
- Generally, the foreign corporate serves as the principal shareholder.
- A subsidiary company gets the consideration of a local company.
- It enjoys all the tax incentives, waivers, and allowances given by local authorities.
- It is accountable for its own debts and losses arising out of its business operations.
- The holding organization is only liable for the capital it has invested in the shares.





## 03. Branch Office

A branch office is treated different from a local company.

- It is an extended version of the foreign parent company.
- The Memorandum and Articles of Association (M&AA) of the parent company are applicable to its management and infrastructure.
- The liability of its business-oriented debts and losses have to be incurred by the parent company.

## Incorporation Procedures

Before being incorporated, every Singapore Company needs to get a license from the Accounting and Corporate Regulatory Authority (ARCA) to get the company registered.

### 01. Requirement for Singapore company incorporation

- At least one Shareholder (individual or corporate entity)
- At least one Local Resident Director
- One Company Secretary
- Minimum initial paid-up share of S\$1 capital
- A physical Singapore registered office address

### 02. Company Name Approval

- Shortlist two to three company names of your choice.
- Select the name keeping in mind its uniqueness, originality and relevance.
- The name should not infringe copyrights, trademarks, or patent rights.
- The name once approved, can be retained for 60 days

### 03. Register your company in Singapore

- File board resolutions, KYC and other due diligence documents before company incorporation.
- After all the necessary documents have been signed and verified, the application will be submitted.
- Upon successful incorporation of company, you will get a soft copy of the incorporation certificate via email.

### 04. Open a Singapore Company bank account

If all requisite paperwork is complete and submitted to the bank without rework or turnarounds, it takes around 1-2 weeks.

Since professional corporate service firms have good liaisons with different banks, it helps expedite the account opening process. However, in case the signatories are overseas, their physical presence maybe needed for verification.

## Required Documents

The documents required to incorporate a company comprise:

- Company Name and SSIC code
- A concise overview of the Business Activities
- Particulars of Shareholders, Directors and Company Secretary
- Registered Office Address
- Memorandum and Articles of Association (commonly referred to as M&AA or Constitution)

For majority of the banks, the basic paperwork for opening a bank account would comprise the following:

- Application Form
- Directors' Resolution in Writing to approve the Opening of the Bank Account and its Certified Extract
- Certified True Copy of the Certificate Confirming Incorporation of Company ("Certificate")
- Certified True Copy of the Official Company Register (known also as the Business Profile) to evidence the current directors and its shareholders
- Certified True Copy of the Company's Memorandum and Articles of Association
- NRIC / Passport Copies of the proposed bank signatories
- Minimum Deposit

## FAQs

**01.** What are the key elements required to incorporate a company in Singapore?

### Answer

- Any Singapore citizen or a foreigner can incorporate a company in Singapore
- At least 1 director and 1 shareholder
- At minimum, it is mandatory for 1 director to be a Singapore citizen (i.e., permanent resident or EP/DP holder)
- All owners of a company can be foreigners
- A minimum paid-up capital of \$1 only
- A local registered address
- A local eligible company secretary





**02.** Does a foreigner require to be physically present in Singapore to set up a company there?

### **Answer**

No. A foreigner does not have to be physically present in Singapore to start a company there. Every formality and documentation related to incorporation can be done online from any part of the World. However, within the framework of KYC procedures, the bank authorities may have to interview one or more of the prominent persons of the company. For this and for opening a bank account in Singapore, physical presence may be required.

**03.** Do you provide a nominee director service?

### **Answer**

Yes, absolutely. We can help foreigners who would like to set up a company in Singapore by providing a nominee director to meet the Government's requirement (of having at least one local resident director).

**04.** What is the number of directors required to register a company in Singapore?

### **Answer**

At least one director is required to register a Private Limited Company in Singapore. There is no upper limit on the number of directors, even though a maximum number is usually specified in the Constitution of the Company. Additionally, a director should be a natural person and not a corporate entity and it is a must for one of the directors to be Singapore resident.



# Bank Account

## Overview:

A corporate bank account is among the key basics of incorporating a company in Singapore. Singapore houses 127 commercial banks, out of which 5 are local and 122 are foreign banks. These 122 foreign banks differ in terms of the type of licenses they have; such as, 28 are complete foreign banks, 56 are whole banks and 38 belong to the offshore category of banks.

## Types of Local Banks

The 6 former local banking groups, consolidated into the recent 3 major local banks (DBS, OCBC and UOB) brought in the following benefits:

- Consolidated bank competencies, structured management hierarchies and more effective operations.
- Broader scope of commercial operations
- Value add to business and risk management facilities.
- Made local banks single solution points, all geared up to meet every need of their banking customers.
- Financial gains from mergers and a competitive domestic environment
- Local banks have taken up overseas ventures at the same time, strengthened their local presence by foreign acquisitions.



## Major Local Banks

- **OCBC (Overseas Chinese Banking Corporation)**

is among the largest financial establishments in the Singapore-Malaysia market possessing assets worth S\$184 billion. It is ranked the highest in Asia Risk End-User's Survey 2008 "Top 5 Regional Banks"

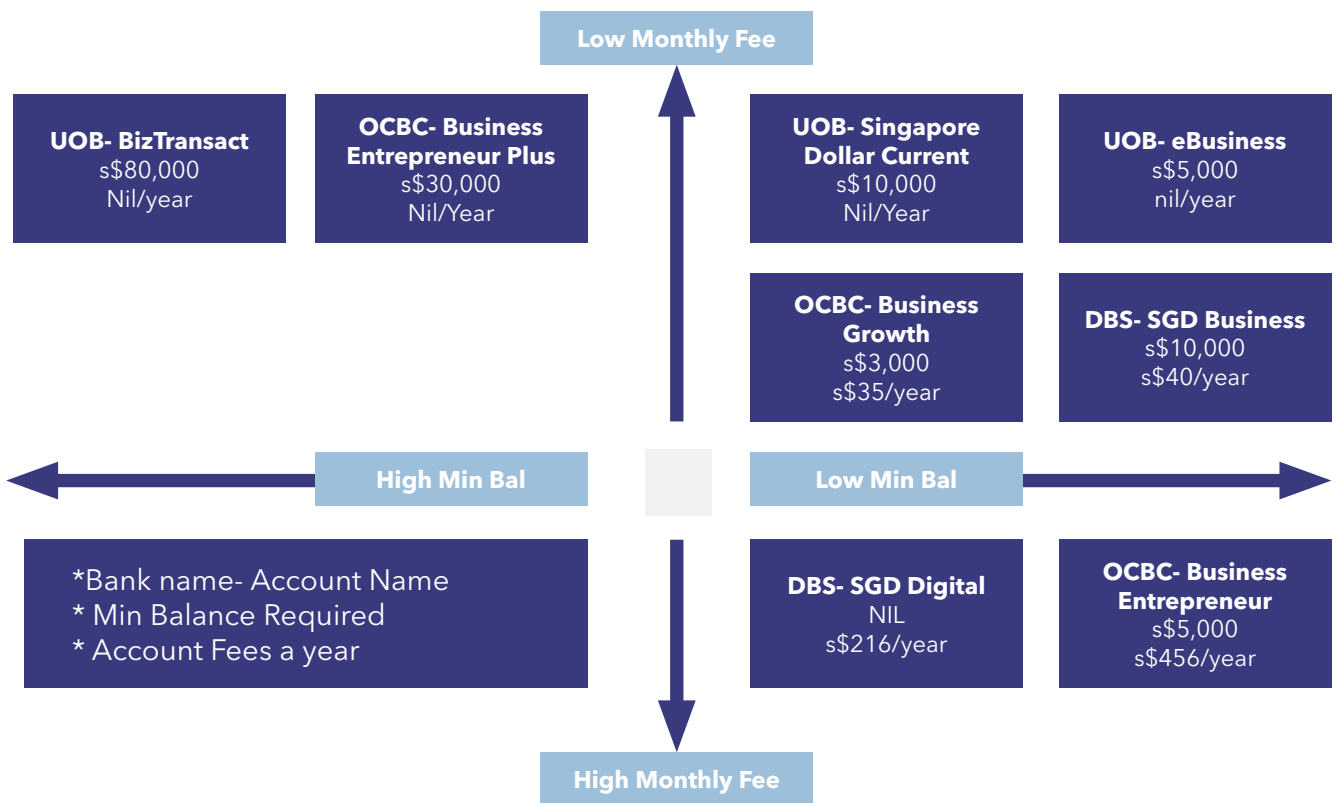
- **UOB (United Overseas Bank)**

instituted in 1935, is a bank of high prominence in Singapore. It is well-established in the Asia-Pacific region. As on 31 December 2007, the total value of UOB Group's total assets were S\$175.0 billion. It received the award for the "Best Overall Fund Group

in Singapore" at The Edge-Lipper Singapore Fund Awards 2008.

- **DBS (Development Bank of Singapore)**

is the largest bank in Singapore and Southeast Asia, in terms of assets. It tops the list of consumer banks in Singapore and Hong Kong, catering to more than 4 million wholesale and 1 million retail customers. Presently, it has than 80 branches in Singapore. It has been rated 14th in The Banker's list of "Top 200 Asian Banks 2008".



## Types of Global Banks

Global banks, totaling 117 in number, are differentiated on the basis of the following categories:

- **Full Banks**

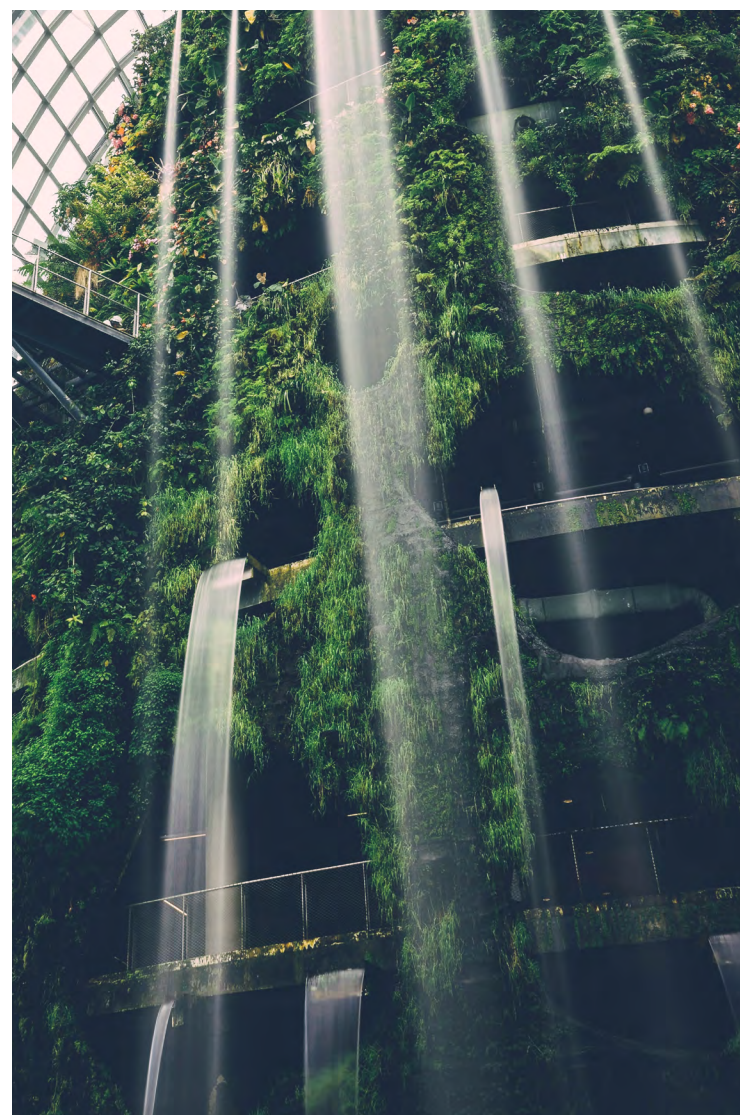
One-stop institutions with provisions to cater to every type of banking need of corporate clients as well as individuals. The banks that top this list are Citibank, HSBC, Standard Chartered, BNP Paribas, and Maybank.

- **Wholesale Banks**

These are branches of overseas banks offering all types of banking services. However, they are disallowed within the SGD retail activity realm. National Australia Bank, Deutsche Bank, or ING Bank are instances of wholesale banks.

- **Merchant Banks**

These banks serve corporate bodies' by managing their finances, underwriting (subscription to bonds and shares for furthering them to investors), making investment strategies, union of companies and other business/investment linked services. A few such banks are Barclays Merchant Bank Singapore Ltd or Credit Suisse Singapore Ltd.



## Largest Foreign Banks in Singapore

### 01 HSBC

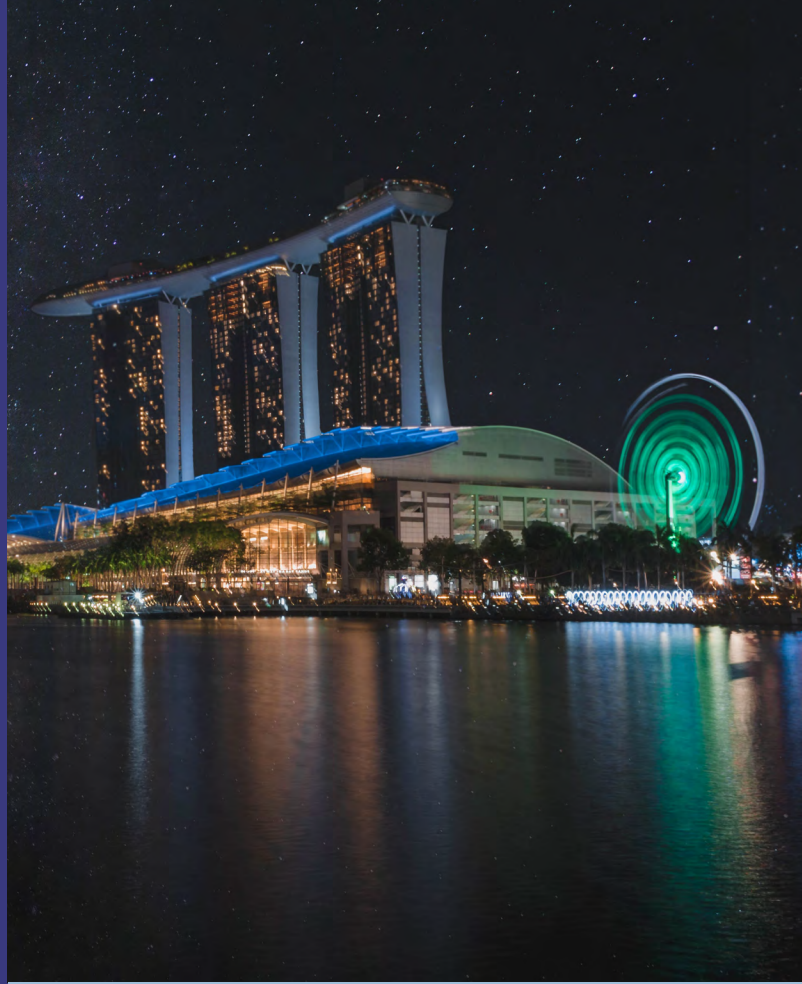
Singapore HSBC offers retail banking and wealth management; commercial, investment and private banking; insurance; forfaiting and trustee services; securities and capital markets services.

### 02 Standard Chartered Bank

In the present day scenario, it has 15 branches all over Singapore, 5 Priority Banking centers, 31 ATMs and a workforce of more than 9000 people.

### 03 Citibank

Citibank has more than 15 branches and 181 ATM locations with around 1600 consumer banking employees. Citibank offers personal banking, credit cards, home loan, deposits, insurances and investment.



## Requirements to Open a Bank Account

To open a Singapore corporate bank account, the following essential documents are required:

- Filled up forms for opening a corporate bank account with the signatures of directors/signatories;
- Adjudication formulated on the board of directors that approves the opening of this type of an account;
- A copy of the certificate of the afore-mentioned resolution (some banks have customized forms);
- A copy of the certificate of incorporation (with the signatures of the director and secretary);
- A copy of the certificate of the firm's business profile (from ACRA) - with the director's and the secretary's signatures;
- A copy of the certificate of the M&AA signed by the director and the secretary;
- Copies of the certificates of passports/Singapore ICs of the directors/signatories.



## FAQs

### **01. How long will it take for me to open a bank account for my company, which is newly registered in Singapore?**

#### **Answer**

It takes around 7 days to complete the account opening procedure. The first step in opening a bank account is to meet a bank representative. This is generally an hour long meeting, which is followed by submitting the account of the company that needs to be approved.

Once the account has been opened, it takes a maximum of 2 weeks for the bank to prepare the checkbooks, internet token, debit card and password slip. The time period differs from one bank to another. The aforesaid documents are dispatched to the registered address of the company.

### **02. Can I open a Singapore corporate bank account before setting up my company there?**

#### **Answer**

No. A corporate bank account can only be opened after the company has been set up.

### **03. While opening a Singapore bank account, when and to whom should the payment of initial balance be made?**

#### **Answer**

The opening balance amount should be directly deposited to your bank account, once the account has been opened and activated.

### **04. Do I get a credit card for my business account?**

#### **Answer**

Banks do not provide a credit card for a business account. Nevertheless for business accounts, banks do provide a debit MasterCard. This debit card is specifically provided in the case of SGD account and it can be used for any online transaction such as ticket booking, hotels, etc. The expenses incurred on the card are directly debited to your bank account.

### **05. Can I open a multi-currency corporate bank account in Singapore?**

#### **Answer**

Yes, majority of the banks in Singapore are open to provide the benefits multi-currency accounts or different accounts for different currencies.



# Singapore Taxation

## Overview:

Singapore has an attractive taxation policy - its corporate and personal tax rates, tax mitigation proceedings, zero tax on capital gains, single-tier tax system, and far-reaching dual tax contracts.

## Advantages of Singapore Taxation for Foreign Entrepreneurs

- Singapore government only taxes profits that are earned or received in Singapore. There is no other tax apart from the one that a company pays on its chargeable income.
- All other profits or benefits such as capital gains (money from sale of fixed assets and receipts from foreign exchange capital transactions) and dividends received by shareholders are exempt from tax.
- There is no withholding tax on distributed dividends.
- New start-up companies in Singapore enjoy 75% exemption on initial \$100,000 of their normal taxable income.
- Besides the first exemption, the subsequent \$100,000 of the normal taxable income gets an additional 50% exemption.
- Singapore's double tax treaties with various countries helps entrepreneurs in avoiding to pay double taxes on their incomes; when they pay taxes levied by Singapore, they are exempt from those levied by their country of origin on the same income.
- Companies having Regional Head Quarters or International Head Quarters in Singapore can avail a concessionary tax rate of 15%. They can avail this rebate for 3+2 years on incremental qualifying revenue from overseas.
- A Singapore resident, or a citizen, or a foreigner with a stay of 183 days or more enjoy a progressive tax rate starting from 0 up to 20% for income above S\$320,000.

## Corporate Tax Rate

- Both, native and foreign companies doing business in Singapore must pay taxes on the income, the source of which is in Singapore, as well as on foreign-sourced earnings, payable or considered payable to Singapore.
- Singapore's corporate income tax rate is capped at 17%.
- In addition to this, there is a rebate of 20% on the tax to be paid for the assessment year 2019, which is fixed at SGD 10,000.

## Partial tax exemption (normal income tax rate)

Year of assessment 2018-2019			Year of assessment 2020 onwards		
Chargable Income (SGD)	Exempt from TAX	Exempt Income (SGD)	Chargable Income (SGD)	Exempt from TAX	Exempt Income (SGD)
First 10,000	75%	7,500	First 10,000	75%	75,000
Next 290,000	50%	145,000	Next 190,000	50%	95,000
<b>Total</b>		<b>152,000</b>	<b>Total</b>		<b>102,500</b>

## Start-up tax exemption (normal income tax rate)

Year of assessment 2018-2019			Year of assessment 2020 onwards		
Chargable Income (SGD)	Exempt from TAX	Exempt Income (SGD)	Chargable Income (SGD)	Exempt from TAX	Exempt Income (SGD)
First 100,000	100%	100,000	First 100,000	75%	75,000
Next 200,000	50%	100,000	Next 100,000	50%	50,000
<b>Total</b>		<b>200,000</b>	<b>Total</b>		<b>125,000</b>

Not every business is eligible to avail the start-up exemption. Businesses such as property development and investment holding companies cannot avail this benefit.

## Singapore Tax Treaties

A tax treaty is an agreement signed between two nations to decide the taxation of the income earned by the authorities of two nations, in the case of a company running businesses in both nations. An income tax treaty is signed so that businesses do not have to pay double taxes on their income. Singapore has signed tax treaties with more 80 countries and number is consistently on the rise.

Every company that has earned from countries that do not have double tax agreement with Singapore, will be given a tax credit on their income from those countries.



## FAQs

### 01. What is the Corporate Tax Rate in Singapore?

#### Answer

Singapore has fixed its corporate income tax rate at 17%. Yearly profits of up to S\$200,000 get tax benefits that lower the actual corporate tax rate under 9%, given that the eligibility criteria fixed by the authority is fulfilled.

### 02. What is the company's tax year or year of assessment (YA)?

#### Answer

- For 31 December 2018 as end of the financial year, the tax year is YA 2019 and the due date to file is 30 November 2019.
- For 31 March 2019 as end of the financial year, the tax year is YA 2020 and the due date to file is 30 November 2020.

### 03. Do Singapore companies have to pay tax on capital gains?

#### Answer

No, capital gains in Singapore are not taxable.

### 04. Do Singapore companies have to pay taxes on dividends to shareholders?

#### Answer

No. Singapore companies do not have to pay any tax on dividends to shareholders. There is this onetime payment of corporate income tax on the profits of your company, the profits left after payment of this tax can be disbursed among shareholders tax free.

### 05. In case my company made no profits for a year, do I still need to file tax return?

#### Answer

Yes. Every Singapore Company must file its annual tax return.

### 06. What is the business turnover limit to register for GST?

#### Answer

In the capacity of a business, it is required for you to register for GST when your taxable turnover exceeds \$1million.

Even if the taxable turnover of your business is lower than \$1 million, you can opt to voluntarily register for GST after prudent consideration.





# Accounting

## Overview:

It is mandatory for all businesses, registered in Singapore, to maintain proper books of accounts as stipulated by the Singapore Companies Act, it would be brilliant to hire an accounting specialist to help with your accounting, payroll and GST registration services. Organized bookkeeping helps companies comply with the criteria stipulated by the regulators, ACRA and IRAS.

## Audit Requirements

Auditing is generally mandatory as a validation process to show that your business operations conform to what you have projected. Businesses are legally liable to have a periodic audit. However, in Singapore there are provisos where and audit is not required. This relief has been provided by the government to especially boost startups incorporation and bring down business expenses so that Singapore rises as the most favored business destination of South East Asia.

### Previous Audit Provisions

All non-dormant companies that **either had a corporate shareholders**, had **more than 20 shareholders** or its **Annual revenue > SGD 5M** required an audit.

### New Provisions

All **Private companies** that meets the definition of **"Small Company"** and are part of **"Small Group"** in each of immediate past 2 financial year are exempt from audit.

## Definition of "Small Company"

- Companies having a turnover lower than 5 million across the precedent years
- Companies with less than 20 shareholders
- Shares of company not held by a single corporate shareholder, irrespective of the amount of shares held

## Hiring of Auditors

- A minimum of one accounting individual must be designated as the auditor of the company.
- Appointment of an auditor should happen not later than 3 months since the company has been incorporated.

## Function of Auditors

- Tabulate the company's financial declarations
- Present a documented evaluation of the company's financial health

## Compensation of Auditors

- In Singapore companies need to divulge the payment details of auditors in the general meeting.
- The above only stands in case of a request asking for the details to be shared.

## Financial Reporting Requirements

### Head Office Accounts

All foreign enterprises, in their yearly filing, are supposed to submit with the Registrar, their financial declarations along with those of their Singapore Branches. With respect to submission of financial statements by foreign companies:

- If it is a must for a foreign company to present its financial statements at an AGM and the financial statements are made in line with the accounting standards acceptable to the registrar, the foreign company can present those financial statements to ACRA; and
- In the second case, the foreign companies must prepare and submit their financial testimonials prepared in compliance with the Accounting Standards till they are approved by the Registrar under section 373(13) of the Act for relief from requirements as to audit or form and content of the financial statements and other documents. There is no exemption for waiver from filing of a foreign company's financial statements.



## FAQs

### **01. Who is holds the onus for the exactness of a company's accounting logs?**

#### **Answer**

The responsibility of the company's accounting records eventually lies on the directors, irrespective of whether they are part of the daily operations of the company.

Outstanding insolvencies and persons convicted of violations involving fraud or corruption in the previous 5 years are ineligible to hold the position of a local Director.

### **02. Is it alright to maintain a company's accounting records manually?**

#### **Answer**

It is not a requisite to digitize accounting records. The only criterion is that all records, manual or digitized, must be prepared in conformity with the Singapore Financial Reporting Standards.

### **03. For how long am I supposed to keep my Singapore company's accounting records?**

#### **Answer**

Five years is recommended period for a Singapore registered company to keep its accounting records and other documents that explain the company's business transactions and financial position. This five years is since the completion of respective transactions or operations.

### **04. Can we change the company's financial year end?**

#### **Answer**

A company's financial year end can be changed, provided the change is approved and finalized in a meeting of all directors.

### **05. What is the criteria for my company to require an annual audit?**

#### **Answer**

Companies that fulfil any two of the following criteria are required to have an annual audit:

- Annual revenue of more than S\$10 million;
- Total assets of the company value at more than S\$10 million;
- Number of employees more than 50.

## Overview:

All immigrants with the intention of working in Singapore or starting a business there, must have a valid pass. Let us take a look at the passes that are most in demand, such as Employment Pass and EntrePass.

## Work Permit Options for Foreign Professionals & Businesspeople

The Singapore government has a choice of work permits or visas in the offering. These sprawl across less-skilled workers to well-educated and seasoned professionals, who come under P1 and P2 category. For those foreign professionals who intend to work or set up businesses in Singapore, here is a short overview on the types of Singapore Work Visa, Entrepreneur Passes and other Immigration Services.



01

### Employment Pass (EP)

This is the most popular type of work visa, also called Singapore EP pass or Singapore E pass. By securing this pass foreign entrepreneurs, directors, general managers, shareholders and skilled professionals can live and work in Singapore for at least a year. It is valid for up to 2 years for first timers. The Singapore Employment Pass can be renewed provided the pass holder is an employee of the company. After renewal, it is valid up to three years. For eligibility, the minimum monthly salary is S\$3,600 or more.

02

### Entrepreneur Pass (EntrePass):

The Entrepreneur Pass, also known as the EntrePass, is a visa that facilitates foreigners to work and live in Singapore for up to 1 to 2 years. This is most convenient for foreign entrepreneurs, intending to set up a new business in Singapore. A few standards rule the application of this pass, such as the candidate must have a minimum of 30% of the total shares of the company. Likewise, the company's share capital must have a minimum value of S\$50,000. Beginning 1st September 2013, Singapore Ministry of Manpower has introduced drastic changes to the eligibility criteria for the EntrePass scheme. Provided the criteria defined by Singapore's Ministry of Manpower are adequately fulfilled, these pass holders can travel in and out of Singapore without a hitch. For them, the Singapore immigration process becomes trouble-free. The Singapore Entrepreneur Pass has to be renewed every month.

# A Comparative Analysis of Employment Pass & EntrePass

Employment Pass (EP) and Entrepreneur Pass (EntrePass) are the most applied for and prevalent work visas among the different immigration passes or visas in Singapore. Both of these are most suitable for foreign professionals and entrepreneurs keen on moving residences to Singapore. Although these two working passes have much in common, they also have their own share of differences, based on the applicant's requirements and needs.

## What makes Employment Pass (EP) and Entrepreneur Pass (EntrePass) Similar

1. Employment Pass (E Pass) and Entrepreneur Pass (EntrePass) are temporary residency work passes that facilitate foreigners to move with their immediate families (under the discretion of the authorities) to Singapore.
2. Both work passes are with the proviso of review and approval by the government authorities.
3. Both work passes are valid for 1 to 2 years and they are liable to be renewed, based on their respective renewal requirements.
4. Both work passes schemes permit applicants and their families submit application for Singapore permanent residence in due course.
5. Both work pass holders must have a paid salary from the company and should be tax-payers (For instance, if you hold a work pass valid for at least one year, straightaway you are liable to pay tax).
6. Both pass holders are legally responsible to pay Singapore personal income tax based on their annual income.

## EntrePass and Employment Pass - The Differences

Despite the fact that both passes are similar in many ways, they have some significant differences and variables that define which work pass is best for which applicant.

### 01 Eligibility

- Employment Pass: for skillful employee with sound work experience
- EntrePass: for entrepreneurs or stakeholder with minimum 30% shares of the startup

### 02 Timing of Application

- Employment Pass: After incorporation of the company
- EntrePass: Before incorporation of the company within 6 months of the incorporation

### 03 Business concept & Business Plan Requirement:

- Employment Pass: Needs no business plan
- EntrePass: Inventive business deal that will give rise to maximum domestic employment and efficiency.



## 04 Required Education level:

- Employment Pass: A tertiary degree from a university of repute and good professional experience.
- EntrePass: No elaborate requirement.

## 05 Least Investment /Paid-up Capital Requirement:

- Employment Pass: No definite requirement (However, to catch the interest of MOM, the minimum recommended amount to set up a company is at least \$50,000)
- EntrePass: No requirement (Previously, the minimum amount was S\$50,000. However, in its endeavor to boost entrepreneurship, the government has in the recent years brought this down to zero.

## 06 Local employees employment stipulation:

- Employment Pass: No stringent condition
- EntrePass: One of the key requisites for renewal.

## 07 Business Outlay Requisite:

- Employment Pass: No precise requisite
- EntrePass: Minimum total business outlay requirement between S\$100,000 to S\$400,000 across the past 12 months is a must for renewal.

In conclusion, the EntrePass facilitates eligible foreigners to apply for Visa prior to Singapore company incorporation. On the other hand, the Employment Pass allows foreign entrepreneurs to obtain their working visas with less strict requirements, however, setting up a Singapore company beforehand is a must.

## FAQs

### 01. Can I apply for an Employment Pass before I incorporate my company?

#### Answer

No. You are required to incorporate your company before you apply for the Employment Pass.

### 02. Who is eligible for Employment Pass?

#### Answer

It is important to know your eligibility for EP before you apply for it. The Ministry of Manpower (MOM) has established the following elementary requirements:

- A minimum income of S\$3,600
- A graduate/postgraduate degree/diploma from a top university
- Professional qualifications needed for the job
- Job relevant work experience

### 03. How long does it take to process Employment Pass?

#### Answer

When you file an Employment Pass application, in majority of the cases, it takes up to 3-6 weeks to accept the notification results from authorities. The time taken may be more during peak season or if more information is required from the several economic agencies.

## 04. What are the reasons for an EP being rejected?

### Answer

An EP is likely to be rejected on the following grounds:

- Your job description does not match your qualification - If your qualification and experience are completely different, as compared to the job requirements, your application will be rejected.
- Your company/employer does not have sufficient capability - They had no local employees and therefore their contribution to Singapore did not count.
- You can be easily replaced by a Singapore local employee - quite a few locals who can do the same job are available
- You failed the eligibility criteria
- Your employer failed the eligibility criteria of having the required ratio of locals to foreign employees.

## 05. What is the eligibility criteria for an EntrePass?

### Answer

To qualify for an EntrePass, you will have to fulfill at least one of the below criteria:

- Have financial backing of a government accredited VC or business associate
- Should own an intellectual property

- Should be holding substantial business expertise/circle and impressive history of doing business
- Have brilliant technical/domain expertise of the respective business
- Have a running background of businesses investments and the inclination to sprout new or present businesses in Singapore
- Have research alliance with premium rated institution or university
- Should be an incubatee at a government approved incubator or accelerator

Additionally, you would also be required to:

- Register a Private Limited Company
- Hire a Company Secretary
- Have a registered local address

## 06. Can I automatically get an EntrePass if I start a Singapore company?

### Answer

No. You have to submit a separate application for an Entrepreneur Pass (EntrePass). Furthermore, your application will be reviewed by three government agencies, SPRING Singapore, the Infocomm Media Development Authority (IMDA) and the National Research Foundation (NRF), as per the accepted guidelines.



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