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Guide to Statutory Compliance for Singapore Companies

Once a company is duly registered with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”), it is required to comply with the requirements of both the Companies Act and Tax Act, such as fixing of financial year end, appointment of auditor and filing of statutory returns. It may also be required to apply for extra licences or permits before it could carry out certain regulated business. This article will introduce the general statutory compliance requirements for Singapore private limited companies.

1. Filing Requirements

According to the Singapore Companies Act, all companies must comply with the annual filing requirements of ACRA and the Inland Revenue Authority of Singapore (“IRAS”). It is important to note that annual filings are mandatory for both active and dormant Singapore companies. In other words, it does not matter whether your Singapore company has commenced business or not, or whether it is dormant during the financial year.

2. Financial Year End

Each company in Singapore has to determine its Financial Year End (“FYE”). Similar to Hong Kong, the Singapore Companies Act does not impose any restrictions in respect of the financial year end. A company can choose to have its financial year end to fall on 31 December, 31 March, 30 June, or any other day that the directors think fit. Most companies use either the end of the calendar year (i.e. December 31) or the end of any of the quarter (i.e. March 31, June 30, or September 30) as their fiscal year end date. Also, the company must decide whether its accounting periods covers 12 months or over 52 weeks.

It is best to keep the company’s FYE within 365 days in order to enjoy the Zero Tax Exemption for new start-up companies. For a new start-up company, 75% tax exemption on the first \$100,000 of the normal chargeable income is given for the first 3 consecutive years of assessment from year of assessment 2020 onwards.

3. Appointment of Auditors

All Singapore companies must appoint an auditor within three (3) months from the date of incorporation, unless exempted from audit requirements. To be exempted from audit requirements, a company must be a “small company” which fulfil the following criteria:-

- (1) it is a private company in the financial year in question; and
- (2) it meets at least 2 of 3 following criteria for immediate past two (2) financial years:
 - (i) total annual revenue not more than SGD10 million;
 - (ii) total assets not more than SGD10 million;
 - (iii) number of employees not more than 50.

For a company which is part of a group:

- (1) the company must qualify as a small company; and
- (2) entire group must be a “small group”
to qualify to the audit exemption.

For a group to be a small group, it must meet at least 2 of the 3 quantitative criteria on a consolidated basis for the immediate past two (2) consecutive financial years.

4. Company Registration Number Disclosure

The Companies Act requires every company to have the Company registration number, known as Unique Entity Number (“UEN”), stated clearly on its business letters, statements of account, invoices, official notices, publications, etc.

5. Notification of Changes

It is the company’s responsibility to update ACRA of any changes in the company pertaining to the company’s officers, shareholders, share capital and its particulars within the stipulated time. Failure to do so will result in penalties.

6. Business Licenses and Permits

Some business activities in Singapore are subject to regulation by government authorities. The mere registration of your company does not entitle to carry out those regulated business unless you have the necessary approval or license from the relevant government authorities.

7. Registered Office

All Singapore companies must have a registered office address in Singapore and the office must be operational and accessible to the public during normal office hours, but need not be where the company conducts its activities. Postal office is not accepted as address of registered office.

8. Singapore Goods and Services Tax (“GST”) Registration

GST is a tax on the supply of goods and services in Singapore and on the import of goods into Singapore. GST is similar to Value Added Tax in the Mainland China or Business Tax in Taiwan. Goods exported from Singapore and international services provided from Singapore are exempt from GST. The current GST rate is 7%.

All Singapore companies must register for GST if their annual taxable revenue is more than SGD1 million, or currently making taxable supplies and the annual taxable revenue is expected to be more than SGD1 million. The business must register for GST within thirty days from the time it is deemed liable.

You may also choose to register for GST voluntarily. Approval for voluntary registration is at the discretion of the Comptroller in IRAS. Once approval is given, you must remain registered for at least two years

9. Registration with Singapore Central Provident Fund (“CPF”) & Skills Development Levy (“SDL”)

The Central Provident Fund or CPF is a compulsory pension fund scheme in which the employer and employee contribute a percentage of the monthly salary to the fund. CPF contribution by the employer is mandatory for all local employees who are Singapore citizens or Singapore permanent residents earning more than SGD50 a month. The maximum CPF contribution rate for employer and employee is 17% and 20% respectively and can be lower depending on certain factors such as employee age, permanent resident status, etc.

All work passes and employment pass holders are exempt from CPF contributions. However, the employer (company) is required to contribute a fee to the SDL. SDL contribution is payable by employers for all employees up to the first SGD4,500 of gross monthly remuneration at the rate of 0.25% or SGD2, whichever is higher.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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