

## Singapore Branch Compliance and Maintenance Guideline Note

When a foreign company sets up a place of business or commences its business in Singapore, it must register with ACRA as a branch in Singapore. Immediately after registration, the Accounting and Corporate Regulatory Authority (“ACRA”) must be kept informed of certain changes in the affairs of the parent company, the Singapore branch and the local agents.

This guideline provides a summary of the various maintenance and compliance requirements imposed by the Singapore laws and regulations on a branch set up by a foreign company. This guideline is divided into six (6) sections. Section 1 lists some of the changes of the foreign company that need to report to ACRA. Section 2 introduces the registration and use of CorpPass. Section 3 briefs the financial statements needs of both the foreign company and its branch in Singapore. Section 4 is about the corporate income tax and GST. The registration and contribution of CPF is briefed in Section 5. The last section touched the cessation of business and strike off of a branch.

This guideline is not meant to cover all the compliance requirements imposed on a Singaporean branch owned by a foreign company by the Singapore laws. If any issue of interest is not covered in this guideline, you are welcome to contact and consult our professional accountants.

This guideline note also does not cover the area of licences and permits. If your Singapore branch will be carrying on regulated business that requires certain licence or permit from the Singapore Government, you will need to obtain that licence or permit before it can commence its business. You are welcome to contact our professional consultants for the detailed information of the above licences and permits in Singapore.

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## 1. General Changes

ACRA must be notified of any change or alteration made to:

- (1) The charter, statutes, memorandum or articles of the foreign company or other instrument lodged with the Registrar;
- (2) The identities or particulars of the directors of the foreign company;
- (3) The identities or particulars of the local agent or agents (including any change of address, passport numbers, citizenship etc.);
- (4) The situation, address or designation of situation or address of the registered office of the Singapore branch;
- (5) The address of the registered office of the foreign company in its place of incorporation or origin;
- (6) The name of the foreign company; or
- (7) The powers of any director resident in Singapore who is a member of the local board of directors of the foreign company;
- (8) Any increase in the authorised share capital of the foreign company;
- (9) Effective of any order restraining further proceedings against the parent company (except by leave) following a compromise with creditors and members;
- (10) Creation of any charge over the assets of the foreign company in Singapore.

ACRA must be notified of the changes or alterations set out above within one month from the date of the change, unless an extension of time is granted

## 2. CorpPass Account

CorpPass, short for Singapore Corporate Access, is a corporate digital identity for companies to transact online with Government agencies in Singapore, such as filing of documents with ACRA and filing of corporate tax return with Inland Revenue Authority of Singapore (“IRAS”). CorpPass is required for all entities and is the only login method for businesses to transact with the Singapore Government.

## 3. Financial Reports

- (1) Foreign Company Accounts

The parent company's balance sheet must be lodged with ACRA within two months from the date of its Annual General Meeting ("AGM"). The balance sheet must be accompanied by a statutory declaration verifying that the copies are true copies. If the Registrar is of the opinion that the documents as filed do not sufficiently disclose the company's financial position, he may require another balance sheet containing such particulars as required, to be filed.

Where the parent company is not required by the law of the place of its incorporation or origin to hold an AGM and prepare a balance sheet, the parent company shall prepare and lodge with the Registrar a balance sheet within such period, in such form and containing such particulars and annex such documents as the directors of the company would have been required to prepare or obtain if the company were a public company incorporated under the Singapore Companies Act (“the Act”).

(2) Singapore Branch Accounts

A duly audited statement showing the assets and liabilities arising out of the company’s operations in Singapore and a duly audited profit and loss account which, in so far as is practicable, complies with the requirements of the Singapore Accounting Standards must also be lodged. The Registrar may waive compliance with the requirement to lodge Branch Accounts if he is satisfied that:

- (a) It is impractical to comply with the above having regard to the nature of the foreign company's operations in Singapore;
- (b) It would be of no real value having regard to the amount involved;
- (c) It would involve expense unduly out of proportion to its value; or
- (d) It would be misleading or harmful to the business of the foreign company in Singapore or to any company related to the foreign company in Singapore.

#### 4. Taxes Compliance Requirements

(1) Corporate Income Tax

A taxpayer of corporate income tax must file with the Singapore tax authority (IRAS) a ECI (estimated chargeable income) within three months after the end of its accounting year, unless the taxpayer meets the following requirements:

- (a) it has a turnover of less than SGD5 million in that relevant year;
- (b) it has not provisional tax in that relevant year.

In addition, IRAS will send a corporate income tax return (Form C) to taxpayers in May every year. Taxpayers are required to complete and file the return on or before 30 November (for hard copy forms) and 15 December (for e-filing). The branch may need to file a copy of its (audited) annual financial statements and that of its foreign head office.

After filing the necessary forms, IRAS will review the forms and will then issue a Notice of Assessment (NOA) to the company by 31 May of the following year. Where there are no issues raised in the NOA, the company must proceed to pay the assessed corporate tax within thirty (30) days from the date of the NOA.

(2) Registration and Filing of GST

(a) GST Registration

Goods and Service Tax (GST) is a broad-based consumption tax levied on the import of goods (collected by Singapore Customs), as well as nearly all supplies of goods and services in Singapore. A business is required for GST registration if its taxable turnover at the end of any calendar year on or after 1 Jan 2019 is more than SGD1 million, or at any time, you can reasonably expect the taxable turnover of your business in the next twelve (12) months to be more than SGD1 million.

A Singapore branch which engages in the business of export goods and services or at least 90% of the company's total revenue is from supplies that are not subject to GST i.e. they are "Zero-rated" supplies, is exempted from GST registration

If your Singapore branch is not liable for GST registration, you may still choose to register for GST voluntarily if you consider it beneficial to do so.

(b) GST Filing

Normally, GST tax return is filed on a quarterly basis. However, a company may apply for approval from the tax authority for monthly or yearly filing.

Companies registered with GST must pay its GST liability within one month after the end of the reporting period. For example, if a company files its GST tax return quarterly, it must pay its GST liability for the first quarter of 2020 on or before 31 April 2020.

(3) Employer's Return (Form IR8A)

Employers are required by the tax law to prepare Form IR8A and Appendix 8A, Appendix 8B or Form IR8S (where applicable) for employees who are employed in Singapore by 1 March each year.

Employers with seven or more employees must submit their employees' income information to IRAS electronically by 1 March each year. Employers who are not under the AIS for Employment Income have to provide the hardcopy Form IR8A and appendices (where applicable) to their employees by 1 March each year to file their income tax returns. Employers need not submit the forms to IRAS.

## 5. Central Provident Fund (CPF) Compliance

The CPF is a mandatory social security savings scheme funded by contributions from employers and employees. Immediately before your Singapore company hires its first employee in Singapore, as an employer, you are required to register with the CPF Board and obtain a CSN for your Singapore company. Then, you are required to make CPF contributions at the monthly rates stated in the CPF Act. You can recover your employee's share of the contribution by deducting it from their wages.

CPF contributions are due at the end of the month. You have a grace period of fourteen (14) days to pay it.

## 6. Cessation of Business

A branch office can be closed by notifying ACRA if the foreign company has ceased to have a place of business, or carry on business in Singapore, within 7 days of such cessation. This includes situations where the foreign company has been dissolved or goes into liquidation in its place of incorporation or origin.

Alternatively, the authorised representative of the branch office may apply to ACRA for the branch office to be struck off the register in the following situations:

- (1) The sole authorised representative wishes to resign but is unable to because the foreign company has failed to respond or appoint a different authorised representative within 12 months from the date of his notice of resignation.
- (2) The sole authorised representative has requested for instructions on whether to close the branch office but the foreign office failed to provide such instructions within 12 months after the date of the request.

If there is no authorised representative, the application of striking off will be filed by the registered filing agent instead.

If the foreign company or its local branch in Singapore is GST registered, it has to apply for cancellation of GST registration with IRAS.

*If you wish to obtain more information or assistance, please browse our official website at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following and talk to our professional consultants:*

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