



# Incorporating a Private Company Limited by Shares in Singapore

Audit / Tax / Advisory

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# Contents

- 3 Pre-Incorporation
- 5 Auditors, Annual General Meetings & Financial Statements
- 7 Other Compliance Matters



# Pre-Incorporation

## Company Name

One of the most crucial steps is the selection of a name for your company.

A name search is usually conducted beforehand to ensure that the proposed name is not already used by another business entity.

All proposed names must first be approved by the Accounting and Corporate Regulatory Authority (ACRA). You can submit more than one name for approval. Application for name approval is done online. A fee of SGD15 is charged per approved name.

The processing time is usually within one working day.

The approved name will be reserved for 60 days from the date of application.

## Incorporation Time Frame and Fee

After a company name has been approved, the incorporation request may be submitted online. Company registration can usually be completed within one working day so long as all incorporation documents and information are in order. A registration fee of SGD300 is payable for a company limited by shares.

## Shareholders

A company must have at least one shareholder. The shareholder can either be an individual or a corporation, local or foreign. The maximum number of shareholders a private company can have is 50.

## Directors

Every company must have at least one director who is ordinarily resident in Singapore. A person must be at least 18 years of age to be a director. There is no limit to the number of local or foreign directors a company can appoint.

However, if the sole director of the company is a foreign national, that person must first obtain an EntrePass or hold an Employment Pass issued by the Ministry of Manpower to work in the company concerned. The foreign director must also have a local residential address to be considered to be “ordinarily resident in Singapore”.

There is no requirement for the directors to also be shareholders, i.e. non-shareholders can be appointed directors. Where the company has only one shareholder, that sole shareholder may also be the sole director of the company.





# Pre-Incorporation

## Secretary

Other than the director, a company is also required to have a company secretary. The company secretary must be appointed within six months of incorporation. The company secretary must be a natural person and his or her principal place of residence must be in Singapore.

The office of secretary must not be left vacant for more than six months at any one time.

## Chief Executive Officer (CEO)

A company may appoint a CEO to be responsible for the management of the company. In relation to a company, CEO means any one or more persons, by whatever name described, who:

- is in direct employment of, or acting for, or by arrangement with, the company; and
- is principally responsible for the management and conduct of the business of the company, or part of the business of the company, as the case may be.

The appointment of a CEO is not compulsory. A person may be appointed as both a director as well as a CEO of a company.

## Share Capital

In Singapore, there is no minimum share capital imposed on companies. Therefore, it is possible to incorporate a company with SGD1 share capital. The share capital can be held in any currency, not necessarily Singapore Dollars.

Share capital can be increased at any time after the incorporation of the company. There is no concept of Authorised Capital or Par Value for Singapore companies.

## Registered Office

A company must have a registered office in Singapore from the date of its incorporation. The registered office must be open and accessible to the public for not less than three hours during ordinary business hours on each business day.

## Reporting of Alternate Address

Directors, CEOs and secretaries are allowed to report an alternate address in place of their residential address. The fee payable is SGD40.

The alternate address must meet the following requirements:

- must be located in the same jurisdiction as the individual's residential address;
- cannot be a P.O. Box address; and
- must be an address where the person can be contacted



# Auditors, Annual General Meetings and Financial Statements

## Appointment of Auditors

Unless the company is exempted from audit under the provisions of the Companies Act, the directors of a company must appoint a person or persons to be the auditor or auditors of the company within three months after incorporation of the company.

## Annual General Meeting (AGM)

A company is required to hold its first Annual General Meeting within 18 months after its incorporation.

Subsequent AGMs must be held every calendar year and the interval between AGMs should not be more than 15 months.

## Financial Statements

The financial statements presented at the AGM shall be made up to a date not more than six months before the AGM and duly audited unless the company qualifies for audit exemption.

The following companies are exempted from audit:

- All dormant companies; and
- Private companies which meet the “small company” criteria.

If a private company is part of a group, the company must qualify as a small company and the entire group must be a “small group”.

A “small company” is a private company which meets at least two of the following three quantitative criteria for the immediate past two consecutive financial years:

- Total annual revenue ≤ SGD10 million
- Total assets ≤ SGD10 million
- No. of employees ≤ 50

For a group to be a “small group”, it must meet at least two of the three quantitative criteria on a consolidated basis for the immediate past two consecutive financial years.

Except for certain dormant companies which are exempted from preparing financial statements, companies which are exempted from audit will still be required to prepare a set of unaudited financial statements compliant with the Singapore Financial Reporting Standards.



# Auditors, Annual General Meetings and Financial Statements

## Annual Return

An Annual Return must be filed with ACRA within 30 days after the AGM. A set of the financial statements needs to be lodged with the Annual Return unless the company is a solvent Exempt Private Company (EPC).

An EPC refers to a private company which has no more than 20 shareholders and with no corporation holding any beneficial interest in the company's shares.

A company is considered solvent if it is able to meet its debts when they fall due.

Certain dormant companies are exempted from preparing financial statements and are therefore also not required to lodge their financial statements with the Annual Return. These companies will lodge a statement in the prescribed format signed by the directors instead.





# Other Compliance Matters

## Goods and Services Tax (GST) Registration

GST is similar to Value Added Tax (VAT) in many other countries. A company is required to register for GST when:

- its turnover is more than SGD1 million for the past 12 months; or
- it is currently making sales and it can reasonably expect its turnover to be more than SGD1 million for the next 12 months.

Otherwise, the company can choose to be voluntarily registered for GST.

## Tax Return

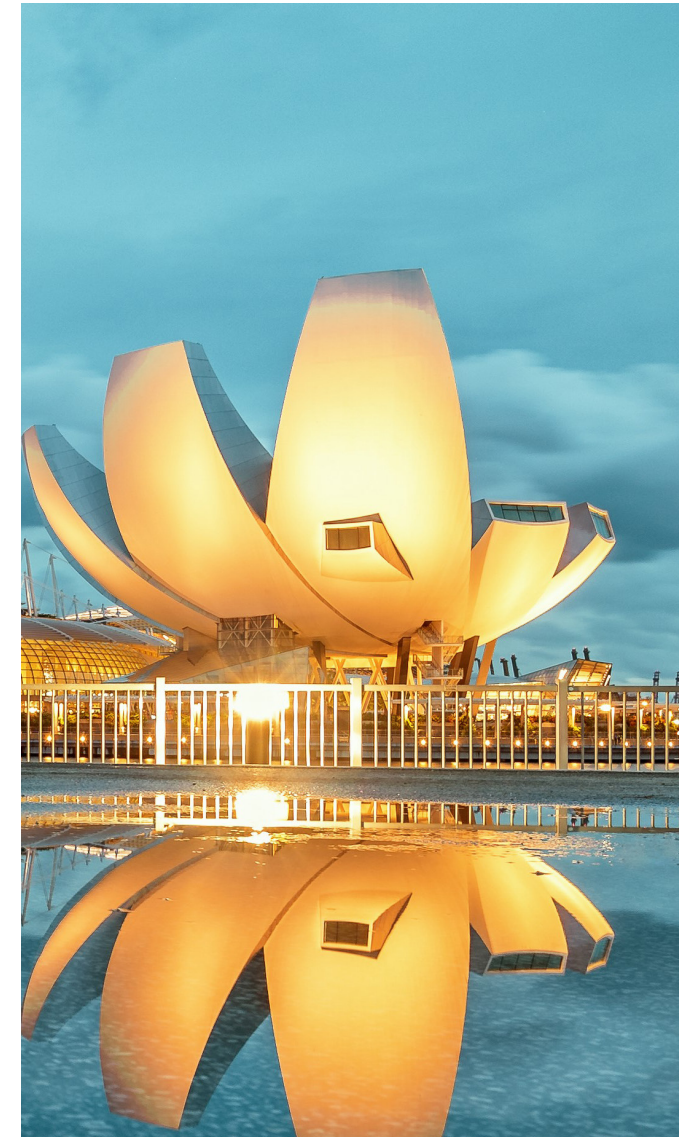
Unless exempted by concession, all companies are required to furnish an estimate of its chargeable income known as Estimated Chargeable Income (ECI) within three months from the end of its accounting period. A Tax Return (known as Form C or Form CS) is required to be filed with the Inland Revenue Authority of Singapore by 30 November each year.

## Payroll Reporting

An employer is required to prepare Form IR8A and Appendix 8A, Appendix 8B or Form IR8S (where applicable) for all its employees (who are employed in Singapore) by 1 March each year.

## Skills Development Levy (SDL)

An employer is also required to pay a monthly SDL for all employees rendering services in Singapore. The SDL payable is at 0.25% of the monthly remuneration for each employee, with the minimum payable of SGD2 (for an employee earning less than SGD800 a month) and a maximum of SGD11.25 (for an employee earning more than SGD4,500 a month).





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## About Us

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