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Doing business in Singapore

**A comparative guide**

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# A guide to doing business in Singapore

Deloitte Legal compiled this guide for Legal 500, providing an overview of the laws and regulations on doing business in a variety of jurisdictions. The following country chapter contains the relevant information on the systems of law, the legal forms through which people carry out business, capital requirements, how entities are operated and managed, expansion possibilities, corporate governance, employment law and more.



**No. Question**

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## A. Legal system and landscape

- 1 Is the system of law in your jurisdiction based on civil law, common law or something else?

Singapore is a common law jurisdiction.

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## B. Entity establishment

- 2 What are the different types of vehicle/legal forms through which people carry on business in your jurisdiction?

The main types of business structures are:

- Sole proprietorship—the owner has unlimited liability and is personally liable for the debts and losses of the business;
- Company—it is most commonly formed as a private company limited by shares. The company has a separate legal personality from its members;
- Limited partnership (LP)—it must have at least one general partner and one limited partner. The general partner has unlimited liability; and
- Limited liability partnership (LLP)—a partner has limited liability, as the LLP is a separate legal entity from its partners. The LLP must have a manager who must be an individual ordinarily resident in Singapore.

- 3 Can non-domestic entities carry on business directly in your jurisdiction, i.e., without having to incorporate or register an entity?

A foreign company is however required under the Companies Act 1967 of Singapore (the “**Companies Act**”) to register before it establishes a place of business or carries out business in Singapore. The Companies Act defines a foreign company as a body incorporated outside Singapore, as well as an unincorporated body that can sue or be sued or capable of holding property in the name of certain officers, provided the body does not have its head office or principal place of business in Singapore.

Foreign partnerships which do not fit the above definition of a foreign company may register under the Business Registration Act 2014 of Singapore or the Limited Partnerships Act 2008 of Singapore.

- 4 Are there any capital requirements to consider when establishing different entity types?

A company must have at least a minimum paid-up capital of \$1 (in any currency) upon incorporation, unless a higher capital requirement is prescribed (e.g., where the company is a financial institution).

- 5 How are the different types of vehicle established in your jurisdiction? And which is the most common entity/branch for investors to utilise?

The various types of vehicles are registered with the Accounting and Corporate Regulatory Authority (“**ACRA**”) via its online platform, BizFile+.

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The registration process is generally the same regardless of the entity type—the name of relevant entity must first be reserved before proceeding to submit the online application. In the case of an LP and LLP, all proposed partners or managers, as the case may be, are required to endorse their consent online.

The most common business entity in Singapore is the private limited company. To incorporate a private company, the following information must be submitted to ACRA:

- Proposed financial year end of the company;
- Particulars of the director(s);
- Details of the share capital of the company;
- Details of the shareholder(s);
- The company's registered office address; and
- A copy of the company's constitution.

### 6 How is the entity operated and managed, i.e., directors, officers or others? And how do they make decisions?

The board of directors, supported by senior management, operates and manages the company's business. Board decisions are usually taken at board meetings or via written resolutions.

The directors may exercise all powers of the company except any power reserved for shareholders under the Companies Act and/or the Company's constitution. Shareholder resolutions are usually passed at general meetings or via written means.

### 7 Are there general requirements or restrictions relating to the appointment of (a) authorised representatives/directors or (b) shareholders, such as a requirement for a certain number, or local residency or nationality?

Every company must have at least one director locally resident in Singapore. In addition, every company must appoint a secretary within six months from the date of incorporation.

There are no local residency or nationality requirements placed on shareholders. A private company limited by shares must not have more than 50 members (counting joint holders of shares as one person and excluding previous and current employees of the company or its subsidiary).

### 8 Apart from the creation of an entity or establishment, what other possibilities are there for expanding business operations in your jurisdiction? Can one work with trade /commercial agents, resellers and are there any specific rules to be observed?

From a corporate law perspective, there are no restrictions in expanding business operations in Singapore. Unless specifically restricted by the company's constitution, a company is free to work with trade/commercial agents and resellers.

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## C. Entity operation - please answer the following questions only for the most common entity/ies within your jurisdiction

### C1. Governance

- 9 Are there any corporate governance codes or equivalent for privately owned companies or groups of companies? If so, please provide a summary of the main provisions and how they apply.

Listed companies in Singapore are required to comply with the Code of Corporate Governance (the “Code”) on a comply-or-explain basis. The Code contains key principles and practices of good corporate governance. These cover issues of board matters (e.g., board remuneration and composition), accountability and audit (e.g., risk management and internal controls) and shareholder rights and engagement (e.g., conduct of general meetings).

There is no such equivalent code for private companies.

### C2. Capital

- 10 What are the options available when looking to provide the entity with working capital? i.e., capital injection, loans etc.

The shareholders of the company may provide working capital by subscribing for further shares in the company or obtain external investment by undertaking equity financing options that offer a stake in the company (e.g., venture capital funding).

A company may also consider obtaining a loan to finance its business. This could be from the shareholders, another entity within the same company group or from a third party. The company may consider overdrafts, revolving credit facilities, debt factoring (or invoice finance) and asset refinancing, amongst others.

### C3. Return of proceeds

- 11 What are the processes for returning proceeds from entities? i.e., dividends, returns of capital, loans etc.

As a general rule, companies are bound by capital maintenance rules and cannot return value to their shareholders, save as set out below.

#### Dividends

In general, a shareholder may not receive any money from the company (in such capacity as shareholder) except in the form of dividends. Dividends may only be paid out of the company's profits.

Dividends are usually paid in cash but can also be paid otherwise than in cash (e.g., in the form of shares).

Any dividend paid out by a company will be either a final dividend (i.e., dividends paid once a year calculated after the annual accounts have been drawn up) or an interim dividend (dividends paid at any time throughout the year calculated before the company's annual earnings have been determined).

Before recommending or declaring a dividend, the company's constitution and/or shareholders' agreement (if any) should be checked as they may contain express provisions regarding dividends. Subject to any restrictions in the constitution, directors can generally resolve to pay interim dividends, however final dividends should be recommended by directors but declared by shareholders by ordinary resolution.

### **Share Buybacks**

A share buyback is a purchase by a company of its own shares from a shareholder. A limited company is only permitted to purchase its own shares in accordance with Sections 76B to 76G of the Companies Act.

Key considerations/requirements:

- The company must be expressly permitted to carry out share buybacks by its constitution;
- The company may only make payment for the acquisition of its shares out of its profits or capital if the company is solvent;
- Shares may be repurchased either off-market or on-market;
- Shareholder approval is required; and
- A company may only acquire a maximum of 20% of the total number of ordinary shares in the capital of the company, ascertained as at the date the share buyback resolution was passed until the date the next annual general meeting is or is required by law to be held, whichever earlier.

### **Capital reductions**

A reduction of capital occurs where a company reduces the amount of its share capital. This may be an option when the company has capital that is surplus to its requirements and that it wishes to return to shareholders.

A company can reduce its share capital by special resolution if it meets the prescribed solvency and publicity requirements under the Companies Act.

- Solvency statement—directors of the company must make a solvency statement that they have formed the opinion that, amongst others, there is no ground on which the company could then be found to be unable to pay its debts at the date of the statement, the company will be able to pay its debts in full during the period of 12 months immediately after the date of the statement and the value of the company's assets is not and will not be less than the value of its liabilities.
- Publicity requirements—the company must, together with paying a prescribed fee, lodge the following information with ACRA within eight days beginning with the date of the special resolution:
- Notice containing the text of the special resolution;
- Date of the special resolution; and
- The amount of share capital reduced and the number of shares cancelled.

A creditor of the company may apply to court for the resolution to be cancelled at any time within six weeks from the date of the special resolution. The capital reduction will only take effect after the company lodges the following documents with the Registrar of Companies after the six week period (but not later than eight weeks from the lodgment date):

- a copy of the special resolution;
- a copy of the solvency statement;
- a written confirmation from the board that the solvency and publicity requirements have been complied with and that no application for the cancellation of the special resolution has been made; and
- the amount of share capital reduced and the number of shares cancelled.

## C4. Shareholder rights

### 12 Are specific voting requirements/percentages required for specific decisions?

There are two main types of shareholder resolutions: an ordinary resolution and a special resolution. Ordinary resolutions require more than 50% of the total voting rights of all members present and voting and special resolutions require at least 75% of the total voting rights of all members present and voting to pass.

Corporate actions that require an ordinary resolution include:

- Authorizing directors to allot new shares;
- Appointment and removal of directors;
- Approving a loan to or entering a credit transaction for the benefit of, a director;
- Approving a payment for loss of office to a director; and
- Disposal of the whole or substantially the whole of the company's undertaking or property.

Corporate actions that require a special resolution include:

- Amending the company's constitution;
- Changing the company's name;
- Approving a reduction of capital;
- Approving an amalgamation with another company; and
- Approving a voluntary winding up.

### 13 Are shareholders authorised to issue binding instructions to the management? Are these rules the same for all entities? What are the consequences and limitations?

The default position is that management powers are vested in the directors.

However, there are certain powers reserved for the shareholders under the Companies Act. Additionally, the company's constitution may specify that shareholders may give a direction to the company's directors in certain situations, including situations which may ordinarily be left to the directors to resolve.

If no management power is reserved for the shareholders (whether under the provisions of the Companies Act or the company's constitution), the shareholders may not give instructions to the directors or override their decisions.

## C5. Employment

### 14 What are the core employment law protection rules in your country (e.g., discrimination, minimum wage, dismissal etc.)?

Right/Protection	Details
National Minimum Wage	Singapore has a form of minimum wage (progressive wages) for Singapore citizens and permanent residents in certain sectors/occupations. These are the cleaning, security, landscape, lift and escalator, retail, food services and waste management sectors. Administrators and drivers are also covered.
Holiday	An employee who has worked for at least three months is statutorily entitled to seven days of paid annual leave for the first 12 months of continuous service

	<p>with the employer, with an additional day of paid annual leave for every subsequent 12 months, up to a maximum of 14 days paid annual leave under the Employment Act 1968 of Singapore (the <b>"Employment Act"</b>).</p>
<b>Working hours</b>	<p>In general, an employee (other than a workman or a person employed in a managerial or an executive position) who receives a salary not exceeding S\$2,600 a month, or a workman who receives a salary not exceeding S\$4,500 a month (excluding any overtime payment, bonus payment, annual wage supplement, productivity incentive payment and any allowance however described) (a <b>"Part 4 employee"</b>) must not work for more than eight hours a day or more than 44 hours in a week.</p> <p>A workman is a person who is principally engaged in manual labour.</p> <p>These limits may be modified by agreement between the employer and the employee subject to certain conditions.</p>
<b>Rest periods</b>	<p>A Part 4 employee is not required to work more than six consecutive hours without a period of leisure but where such employee is engaged in work which must be carried on continuously, such employee may work for eight consecutive hours inclusive of period(s) of at least 45 minutes.</p> <p>Every Part 4 employee must be granted a whole rest day each week. The employer may substitute any continuous period of 30 hours as a rest day for an employee engaged in shift work.</p>
<b>Pension rights</b>	<p>Singapore has a mandatory social security savings scheme known as Central Provident Fund (<b>"CPF"</b>). Employers are required to make monthly CPF contributions in respect of employees who are citizens or permanent residents of Singapore.</p>
<b>Discrimination</b>	<p>Singapore does not have any broad-based anti-discrimination law. However the Government has announced that there will be a workplace anti-discrimination legislation, which is expected to be introduced in the second half of 2024.</p> <p>The workplace fairness legislation is based on the recommendations made by the Tripartite Committee on Workplace Fairness. Under the new legislation, discrimination is defined as making an adverse employment decision because of any protected characteristic (which are (i) age, (ii) nationality, (iii) sex, marital status, pregnancy status, caregiving responsibilities, (iv) race, religion, language; (v) disability and mental health conditions). Notably, the new legislation will not apply to firms with less than 25 employees (although existing framework and principles such as the Tripartite Guidelines on Fair Employment Practices will still apply); this will be reviewed in five years.</p> <p>Currently, discrimination is regulated in specific instances by statutes, namely pregnancy, and dismissal before retirement age. Otherwise, the matter is largely regulated by non-statutory instruments such as the Tripartite Guidelines on Fair Employment Practices and the Fair Consideration Framework.</p>
<b>Maternity leave/pay</b>	<p>An employee is entitled to maternity leave if they have worked for the employer for at least three months.</p> <p>The employee may be entitled to a maximum of 16 weeks of government-paid maternity leave under the Child Development Co-Savings Act 2001 of Singapore (the <b>"CDCSA"</b>) provided certain eligibility criteria are met. If an employee is ineligible under the CDCSA, they will nevertheless be entitled to 12 weeks of</p>



	maternity leave (of which the first eight weeks will be paid) under the Employment Act.
<b>Paternity leave</b>	Male employees will be entitled to two weeks of government-paid paternity leave provided they meet certain criteria, including having worked for the employer for at least three months.
<b>Shared parental leave</b>	Male employees will be entitled to share up to four weeks of the 16 weeks of maternity leave under the CDCSA, subject to the agreement of the mother, if the mother qualifies for government-paid maternity leave.
<b>Statutory sick pay</b>	An employee who has worked for at least six months with the same employer is statutorily entitled to a maximum of 14 calendar days of sick leave in each year if no hospitalisation is necessary or 60 days in each year if hospitalisation is necessary.
<b>Statutory notice periods</b>	<p>Unless stated otherwise in the employment contract, the statutory notice periods are as follows:</p> <ul style="list-style-type: none"> <li>• In respect of an employee who has been employed for less than 26 weeks, one day's notice;</li> <li>• In respect of an employee who has been employed for 26 weeks or more but less than two years, one week's notice;</li> <li>• In respect of an employee who has been employed for two years or more but less than five years, two weeks' notice; and</li> <li>• In respect of an employee who has been employed for five years or more, four weeks' notice.</li> </ul>
<b>Unfair dismissal</b>	<p>An employer which has dismissed an employee without just cause or excuse may be required to reinstate the employee and pay the employee the wages the employee would have earned if they had not been dismissed, or direct the employer to pay compensation to the employee.</p> <p>Where an employer has dismissed an employee due to misconduct or poor performance, the employer bears the burden of proving that ground for dismissal.</p> <p>Termination with notice is not generally presumed to be wrongful, unless the employee is able to substantiate a wrongful reason for such dismissal, e.g., discrimination or to punish an employee for exercising their employment right.</p>
<b>Statutory redundancy payment</b>	Although it is not mandatory to pay retrenchment benefits, employers are encouraged to do so. The prevailing norm in Singapore is to pay a retrenchment benefit of between two weeks to one month salary per year of service, depending on the company's financial position and the industry.
<b>Statement of particulars</b>	An employer is required to give each employee a written record of key employment terms within 14 days from the employment date. Such terms include employee's job title, description of main duties and responsibilities, daily working hours, number of working days per week and rest days, basic rate of pay and any other salary-related component.

15 On what basis can an employee be dismissed in your country, what process must be followed and what are the associated costs? Does this differ for collective dismissals and if so, how?

**Dismissal without notice**

An employer may only terminate an employee without notice and after due inquiry, on the grounds of (a) misconduct; or (b) wilful breach of a condition of the contract of service. The employee must be given

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opportunity to be heard and the employer must ensure that it has just or sufficient cause to dismiss such employee, otherwise the employee may make a claim for wrongful dismissal.

### Termination with notice

Either the employer or the employee may terminate the employment with notice (or payment in lieu of notice) in accordance with the terms of the employment contract.

### Redundancy

Singapore has no concept of collective dismissals. However, redundancy is accepted as a legitimate reason for dismissing employees with notice. Employers are encouraged to comply with the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment.

An employer which has at least ten employees is required to notify the Ministry of Manpower within five working days after the relevant employees are informed of their retrenchment. The notification should contain: (1) the company's name and Unique Entity Number, (2) company's contact person details, (3) name of union, if applicable, and if union was consulted, (4) number of total remaining employees, (5) details of retrenched employee, (6) retrenchment benefits, and (7) provision of any employment assistance.

- 16 Does your jurisdiction have a system of employee representation/participation (e.g., works councils, co-determined supervisory boards, trade unions etc.)? Are there entities which are exempt from the corresponding regulations?

There is no general system of employee representation/participation.

If an employer chooses to recognize a trade union, a collective bargaining agreement will be signed. The agreement will cover the employees' terms and conditions of employment.

## C6. Anti-corruption/bribery/money laundering/supply chain

- 17 Is there a system governing anti-bribery or anti-corruption or similar? Does this system extend to nondomestic constellations, i.e., have extraterritorial reach?

The primary anti-corruption and anti-bribery legislation in Singapore is the Prevention of Corruption Act 1960 and the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 ("CDSA") and the Penal Code 1871.

Each has extraterritorial effect, although the extraterritorial reach under the Prevention of Corruption Act 1960 is limited to Singapore citizens and, in the case of the Penal Code, limited to Singapore public servants.

- 18 What, if any, are the laws relating to economic crime? If such laws exist, is there an obligation to report economic crimes to the relevant authorities?

In addition to the legislation listed in row 17 above, the Companies Act, the Income Tax Act 1947 and the Securities and Futures Act 2001, amongst others, relate to economic crime.

In certain circumstances, there may be an obligation to report the crime to the relevant authorities. Under the CDSA, if in the course of trade, profession, business or employment, a person knows or has reasonable grounds to suspect that any property may be connected to a criminal activity, such person must report it to the relevant authorities.

**19 How is money laundering and terrorist financing regulated in your jurisdiction?**

There is no standalone anti-money laundering and terrorist financing legislation in Singapore. The primary legislation is the Terrorism (Suppression of Financing) Act 2002 and the CDSA and there are specific anti-money laundering and counter-financing of terrorism regulations across various industries and sectors.

**20 Are there rules regulating compliance in the supply chain (for example comparable to the UK Modern Slavery Act, the Dutch wet kinderarbeid, the French loi de vigilance)?**

No, Singapore does not have targeted modern slavery laws addressing slavery and human trafficking in companies' supply chains.

There is however general legislation covering modern slavery and human trafficking such as the Prevention of Human Trafficking Act 2014, Children and Young Persons Act 1993, Women's Charter 1961, as well as the Penal Code 1871.

## **C7. Compliance**

**21 Please describe the requirements to prepare, audit, approve and disclose annual accounts/annual financial statements in your jurisdiction.**

Directors are required to present an annual set of financial statements which are prepared in accordance with Singapore Financial Reporting Standards (unless otherwise allowed by ACRA) and give a true and fair view of the financial performance and position of a company for the recently completed financial year.

The audited financial statements should be laid before the shareholders at the annual general meeting. These financial statements must be accompanied with an auditor's report and a directors' statement.

**22 Please detail any corporate/company secretarial annual compliance requirements?**

A private company is required to file an annual return within seven months after each financial year end. Please also see the requirement to hold annual general meetings in row 23 below.

**23 Is there a requirement for annual meetings of shareholders, or other stakeholders, to be held? If so, what matters need to be considered and approved at the annual shareholder meeting?**

Private companies are required to hold an annual general meeting within six months after the end of each financial year, unless exempted.

Ordinary business transacted at annual general meetings is as follows:

- Adoption of audited financial statements, auditor's report and director's statement;
- Declaration of final dividends;
- Appointment of directors in place of those retiring;
- Approval of directors' fees; and
- Appointment and fixing the remuneration of auditors.

**24** Are there any reporting/notification/disclosure requirements on beneficial ownership/ultimate beneficial owners (“UBO”) of entities? If yes, please briefly describe these requirements.

Yes. Companies and LLPs are required to keep a list of beneficial owners in a Register of Registrable Controllers and a Register of Nominee Shareholders.

Companies and LLPs which are unable to identify a registrable controller who has a significant interest in or significant control over the company or LLP are required to identify individuals with executive control as their registrable controller.

The registers are to be maintained at prescribed places such as at the registered address of the company. The register would not be made available to the public, although it must be made available to ACRA and enforcement agencies upon request.

## **C8. Tax**

**25** What main taxes are businesses subject to in your jurisdiction, and on what are they levied (usually profits), and at what rate?

The main taxes payable by businesses in Singapore are corporate tax and goods and services tax.

The corporate tax headline rate is 17%, although with available tax schemes, the effective tax rate can be much lower, and such tax rates are levied against a company's year of assessment profits, as opposed to its financial year profits.

Goods and services tax (“GST”) is a consumption tax levied on imported goods and supply of goods and services in Singapore at a prevailing rate of 9%. Standard rate supplies and zero-rated supplies are taxable profits, while exempt supplies and out-of-scope supplies are non-taxable supplies.

**26** Are there any particular incentive regimes that make your jurisdiction attractive to businesses from a tax perspective (e.g., tax holidays, incentive regimes, employee schemes, or other?)

Singapore has a wide range of tax incentives for specified activities and industries to ensure that Singapore remains competitive in the global business environment. There are incentives available for:

- Research and development activities and intellectual property management
- Human capital and capability development
- Maritime, shipping and logistics activities
- Financial services, including fund management

**27** Are there any impediments/tax charges that typically apply to the inflow or outflow of capital to and from your jurisdiction (e.g., withholding taxes, exchange controls, capital controls, etc.)?

Generally, there is no exchange or capital control in Singapore. However withholding tax is payable on certain transactions with non-resident person.

The withholding tax rate depends on the nature of income — royalties or other lump sum payment for use of movable properties is subject to 10% and management fees are taxed at the prevailing corporate

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income rate. However, the tax rates may be reduced or exempt in certain situations, usually due to tax incentive schemes and Double Taxation Agreements.

### 28 Are there any significant transfer taxes, stamp duties, etc. to be taken into consideration?

Ad valorem stamp duty is chargeable on a lease or agreement for a lease of immovable property with average annual rent exceeding S\$ 1,000.

Buyer's stamp duty is payable at up to 5% on acquisition of non-residential properties and up to 6% on acquisitions of residential properties. Additional buyer's stamp duty is payable by certain individuals and entities which purchase residential property at a rate that ranges between 5% and 65%, depending on the category of the buyer.

Seller's stamp duty of up to 15% and 12% for industrial and residential property respectively may apply depending on the holding period and acquisition date of the property.

Stamp duty is also payable on the transfer of shares, at a rate of 0.2% of the market value or consideration, whichever is higher. Such stamp duty is borne by the transferee, unless the parties otherwise agree.

## C9. M&A

### 29 Are there any public takeover rules?

Public takeover rules can be found in the Singapore Exchange Securities Trading Ltd Listing Manual and Singapore Code on Takeovers and Mergers.

### 30 Is there a merger control regime and is it mandatory/how does it broadly work?

Yes. The Competition and Consumer Commission of Singapore (CCCS) oversees the merger control regime in Singapore.

Notification of the merger to CCCS is voluntary. Merging parties are expected to conduct a self-assessment (with reference to the guidelines published by CCCS) and may also apply to CCCS for a decision or guidance on whether the agreement or conduct is or is likely to be anti-competitive.

A transaction can be notified to CCCS either pre- or post-completion.

However, if parties elect to notify post-closing, there is a risk that the CCCS may not accept the post-closing filing on the basis that it intends to investigate the transaction.

### 31 Is there an obligation to negotiate in good faith?

No. There is no general implied term in law for a party to negotiate in good faith in commercial contract negotiations.

- 32 What protections do employees benefit from when their employer is being acquired, for example, are there employee and/or employee representatives' information and consultation or co-determination obligations, and what process must be followed? Do these obligations differ depending on whether an asset or share deal is undertaken?

There is no obligation to consult employees in a share sale, unless otherwise stated in the employment contract, collective agreement between the employer and the trade union or the employee handbook.

However, in a business sale, employees are automatically transferred to the buyer and such transfer shall neither affect the terms and conditions of the employment contracts nor break the continuity of the employment period.

The existing employer must, as soon as it is reasonable and before the transfer takes place, inform the affected employees and the trade union (if any) of the details of the transfer (including the reasons and approximate date of such transfer, the implications of the transfer and any measure the existing employer and/or the new employer will take in relation to the affected employees) to enable consultations to take place between the transferor and the affected employees or the trade union, as the case may be.

## C10. Foreign direct investment

- 33 Please detail any foreign direct investment restrictions, controls or requirements? For example, please detail any limitations, notifications and/or approvals required for corporate acquisitions.

In general, there is no foreign direct investment restrictions, controls or requirements.

Approval is required to acquire and/or hold more than a certain threshold stake in particular industries such as financial services, media and postal services. Singapore has also recently passed a Significant Investments Review Bill in Parliament (which is expected to come into force some time this year). This is a new investment management regime which is intended to complement the existing sectoral legislation and will apply in respect of entities which are deemed to provide critical functions and/or which are significant to Singapore's national security interests.

Under the legislation, ownership and control transactions involving these entities will be subject to the approval and/or review of the Minister for Trade and Industry. The list of such designated entities will be published in the Government Gazette when the legislation comes into force.

- 34 Does your jurisdiction have any exchange control requirements?

There is generally no restriction on foreign exchange transactions and capital movements. However, there are certain restrictions on the lending of Singapore dollars to non-resident foreign financial institutions to limit speculation in the S\$ currency market but such restrictions do not apply to the lending of Singapore dollars to individuals and non-financial institutions.

## D. Entity closure

35 **What are the most common ways to wind up/liquidate/dissolve an entity in your jurisdiction? Please provide a brief explanation of the process.**

The most common method to dissolve an entity is by a members' voluntary liquidation ("MVL") or a voluntary striking-off.

In an MVL, the directors must make a solvency declaration and a statement of affairs in the statutorily prescribed form must be attached to the declaration. The shareholders must pass a special resolution to wind up the company and appoint a liquidator. The liquidator then proceeds to realize and distribute the assets, seek out/pay creditor claims before returning any surplus assets to the shareholders.

The strike-off process is undertaken by the directors of the company. The company must have, amongst others, ceased to carry on business and have no assets and liabilities. The company must also ensure that it has no outstanding debts owing to the Inland Revenue Authority of Singapore, the CPF Board and/or any other government agency or department.

An application is made to the Registrar of Companies for the company to be removed from the register. Certain interested parties such as the shareholders of the company must be notified of the application. The Registrar of Companies then publishes a notice in the Government Gazette stating that the company is to be struck off. Following a period of 60 days, a second notice is published and upon publication the company is dissolved.

The striking-off procedure is typically completed more quickly than an MVL. A company can be restored to the register by court order within six years after it has been struck off.

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