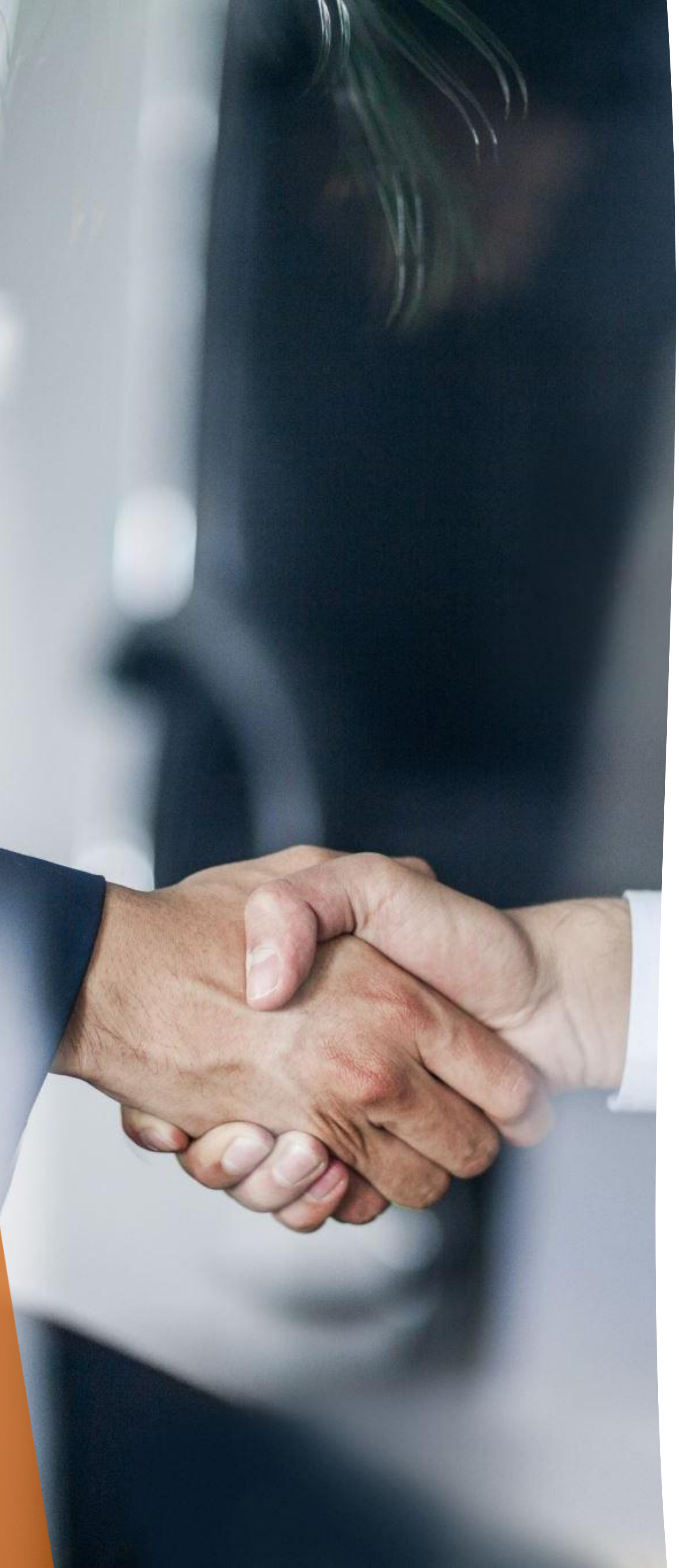

PLANNING TO START A BUSINESS IN SINGAPORE?

Then the Private Company Limited by Shares might be the perfect choice for you.

Here are the *top ten topics* relevant for every incorporation.

1. Company Name

The first step in incorporating a Private Limited is choosing a company name and submitting a name application to Singapore’s Accounting and Corporate Regulatory Authority **(“ACRA”)**.

The proposed name must not be (1) identical to another business’ name, (2) undesirable (e.g., vulgar, obscene or offensive), or (3) prohibited (e.g., Temasek).

Name applications are typically processed by ACRA within one business day.

Upon approval of the name application, the incorporation process must be completed within 120 days. Otherwise, the name reservation will expire.

2. Principal Activities

When submitting the application for a company name, it is necessary to specify the business activities of the company by selecting the most appropriate Singapore Standard Industrial Classification **(“SSIC”)** code (as published by the Singapore Department of Statistics).

An SSIC code must be chosen for the company’s primary activity and may, in addition, be chosen for a secondary business activity.

The SSIC code may be relevant for assessing the company’s eligibility for grants or incentives, or in the context of applications for employment passes. It is hence important to choose an appropriate SSIC code.

3. Registered Office

Every Private Limited must have a registered office within Singapore to which all communications and notices may be addressed.

The registered office must be open and accessible to the public for not less than 3 hours during ordinary business hours on each business day.

Common choices for a registered office address include the company’s (future) principal place of business, or the address of a service provider.

4. Share Capital

The term "share capital" refers to the total amount of funds committed to the company by its shareholders in return for their shares. Upon incorporation, the minimum required issued share capital is SGD1.

Share capital can be issued with or without full payment from shareholders. In the latter case, the respective shares issued are referred to as "not fully paid up". Then, the unpaid portion may generally be called up by the company at any time.

Except in cases where the company is incorporated with minimal share capital (e.g., a few dollars), a bank account must typically be opened before the shares can be fully paid.

5. Shareholders

A Private Limited can generally have between 1 and 50 shareholders.

There are no requirements for minimum participation by local investors. Therefore, the shares of a Private Limited can be 100% foreign-owned.

Shareholders can, apart from very exceptional cases, not be held liable for the obligations of the company.

6. Directors

Every Private Limited must have at least one director. If desired, additional directors may be appointed.

The directors are generally responsible for managing the business of the company.

At least one of the directors must be ordinarily resident in Singapore **(“Local Director”)**. Especially Singapore citizens, Singapore permanent residents and Employment Pass holders may be suitable candidates to take over this position.

If the company does not have its own Local Director, a service provider can be engaged to provide a Nominee to take over the position of the Local Director.

7. Company Secretary

A Private Limited must have at least one so-called company secretary whose primary responsibility it is to ensure the company’s compliance with the administrative requirements of the Companies Act, as well as to warrant proper adherence to the processes outlined in the company’s constitution.

The company secretary is thus sometimes referred to as the company’s “chief administrative officer”.

Usually, a service provider is engaged to take over the function of the company secretary.

8. Constitution

The constitution is a legal document that outlines the rules governing the company. It particularly defines the rights and responsibilities of the directors and shareholders.

A copy of the company’s constitution must be submitted to ACRA during the incorporation process.

It is common to incorporate companies either with the “Model Constitution” provided in the Companies (Model Constitutions) Regulations 2015 or with the standard constitution used by the service provider assisting with the incorporation of the company.

9. Shareholders’ Agreement

Often, it is recommendable for the shareholders to also put in place a shareholders’ agreement.

While this may cover points which could also be set out in the company’s constitution, addressing them in a shareholder’s agreement may sometimes be the better approach.

This is, amongst other points, because a shareholders’ agreement is – unlike the constitution – a private agreement that need not be registered with ACRA and because it is governed by usual contractual principles (instead of being subject to the strictures of the Companies Act).

10. Financial Year End

When incorporating the company, the entity's financial year end **("FYE")** must be decided upon. The FYE marks the last day of the company's accounting period and can be freely chosen.

While a financial year typically lasts 12 months, the first financial year may last up to 18 months.

Deciding on the FYE is crucial as it determines when the company's corporate filings and taxes are due each year. Furthermore, the Annual General Meeting of the company generally has to be held within 6 months after the end of each financial year, while the Annual Return must be lodged with ACRA within 7 months after the end of the company's financial year.

Questions? – Get in touch!

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