

Establishing a Business Presence in Singapore

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A Practice Note discussing how a foreign company can establish a business presence in Singapore. It outlines the key features of a subsidiary company, a branch office, and a representative office, including how to incorporate a subsidiary company, how to establish and close a branch or representative office, how each operates, and the applicable tax regime.

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Singapore has established itself as a reputable financial and regional trading centre, being one of the most active ports as well as a prime location and headquarters for further expansion into other Asian countries. Because of these market strengths, many foreign entities have an office or business presence in Singapore.

A foreign company can enter the Singapore market by incorporating a new subsidiary, establishing a branch, acquiring an existing entity, or forming a joint venture. As an alternative, a foreign company can enter the market through less expensive or formal methods, such as establishing a representative office in Singapore. The choice of business structure will depend on various factors, including the type of activities that the foreign company wants to conduct.

A representative office is available in Singapore when the activities to be performed are not deemed to generate income. They are best suited for companies that are unsure about the profitability and sustainability of a permanent presence in Singapore and wish to observe the Singapore market before making a final decision. If, instead, the activities to be carried out are expected to generate income, the natural alternative to a subsidiary is a branch. However, incorporating a subsidiary is often recommended because of the ease and efficiency of the incorporation process in Singapore.

This Note describes the options available for a foreign company wanting to establish a business presence in Singapore, focusing particularly on a subsidiary company, a branch, or a representative office and how each operates.

Unless otherwise stated, a reference in this Note to:

- ACRA means the Accounting and Corporate Regulatory Authority of Singapore.
- Companies Act means the Companies Act 1967.
- Income Tax Act means the Income Tax Act 1947.

Establishing a Presence in Singapore

A foreign company has various options for establishing a business presence in Singapore. It can:

- Incorporate (or acquire) a subsidiary company (see [Subsidiary Company](#)).
- Set up a branch (see [Branch Office](#)).
- Set up a representative office (see [Representative Office](#)).
- Appoint an agent, a distributor, or a franchisee (see [Agent, Distributor, or Franchisee](#)).
- Co-operate with a local partner and set up a joint venture (see [Joint Venture](#)).

To better understand the reasons a foreign company might opt to establish a subsidiary versus a branch or representative office, see [Differences between a Subsidiary Company, a Branch Office, and a Representative Office](#).

Subsidiary Company

The most common way for a foreign company to establish a business presence in Singapore is to incorporate or acquire a Singapore company. A company incorporated in Singapore has a separate legal personality from its members, and thus generally has the following attributes:

- Responsibility for its own debts and liabilities.
- The right to own property.
- The ability to sue or be sued in its own name.
- Perpetual succession.

Incorporating or acquiring a subsidiary is preferred by many foreign companies as the range of activities that a Singapore company can partake in is much wider than those of the other options. Additionally, incorporating companies in Singapore can be completed quickly (see [Requirements to Incorporate a Private Limited Company](#)).

The main types of companies incorporated in Singapore that provide limited liability for its shareholders or members include:

- **Private Company Limited by Shares.** A private company limited by shares (Private Limited Company) is the most common business entity for setting up a business in Singapore. A Private Limited Company must have not more than 50 shareholders, and the right to transfer shares of the company must be restricted. Shareholders of the company are generally only liable for the company's debts up to the amount of share capital they have subscribed.

An exempt private company (a Private Limited Company that has not more than 20 shareholders, all of whom are natural persons) has the added advantage of not being required to make its financial statements available to the public. It is also permitted to make loans to its directors and to companies in which its directors are interested.

- **Public Company Limited by Shares.** Any company in Singapore which is not a private company is a public company. A public company limited by shares can have more than 50 shareholders. A public company is generally subject to more regulation than a private company, such as the requirement to register a prospectus with the Monetary Authority of Singapore before making any public offer of shares and debentures. All listed companies in Singapore are thus public companies. Certain regulated industries also require an entity to be a public entity before it can be licensed to carry on the regulated business.
- **Public Company Limited by Guarantee.** A public company limited by guarantee is essentially a public company with no shares and, in place of shareholders, is controlled by one or more members with liability limited to the amount each member agrees to guarantee (which can be a sum as small as SGD1). Where a company limited by guarantee is wound up and does not have sufficient funds to meet the claims of its creditors, each member's liability is limited to the amount it has agreed to guarantee, which is typically provided for in its constitution. In addition, a public company limited by guarantee is generally prohibited from distributing profits to its members. As such, the public company limited by guarantee is typically used by not-for-profit organisations.
- **Variable Capital Company.** A variable capital company is a corporate structure for investment funds constituted under the Variable Capital Companies Act 2018. A variable capital company must be managed by a fund manager which must be either a holder of a capital markets services licence under the Securities and Futures Act 2001, a Registered Fund Management Company as defined under the Securities and Futures (Licensing and Conduct of Business) Regulations, or certain financial institutions exempted from holding a capital markets services licence under

the Securities and Futures Act 2001. There is a minimum of one shareholder and the liability of a member is limited to the amount (if any) unpaid on the shares held by the member.

The Private Limited Company is preferred by foreign companies that wish to set up a subsidiary in Singapore, as the foreign company can retain control over the Singapore subsidiary through sole or majority share ownership that is subject to transfer restrictions.

Requirements to Incorporate a Private Limited Company

Reservation of Company Name

To incorporate a Private Limited Company, it is necessary to first apply and reserve the proposed company name with the ACRA. The principal activity and details of the resident director and other directors (if any) of the proposed company must be included with the name application.

The incorporation process generally takes about one to three working days. A delay may arise if the proposed name requires the approval of other regulatory bodies. In that event, the ACRA and the applicable regulatory bodies may take up to 14 working days to process the name application.

Resident Director

There must be at least one director who is ordinarily resident in Singapore. The ACRA recognises the following classes of individuals as being ordinarily resident in Singapore:

- Singapore citizen.
- Singapore permanent resident or Entre Pass holder.
- Employment pass holder.

An employment pass holder of another company can only take up secondary directorship if approved by the Ministry of Manpower.

Individuals of a non-Singapore citizenship may be considered ordinarily resident if they reside in Singapore with some degree of continuity apart from temporary absences.

In addition, directors of a company must be natural persons, at least 18 years of age and not disqualified under the Companies Act to act as directors.

Minimum of One Share

There is no par or nominal share value. However, there must be at least one shareholder subscribing for a minimum of one share. The shareholder may be a corporation or a foreigner. Where a corporation is the shareholder, it may authorise a representative to sign the constitution of the proposed company on its behalf.

Registered Office

The Private Limited 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 at least three hours during ordinary business hours on every business day.

Post-Incorporation Obligations

After incorporating a Private Limited Company, the following requirements apply:

- The appointment of a company secretary within six months of the date of incorporation.
- The directors of the Private Limited Company must appoint auditors within three months of the incorporation, unless exempted from audit requirements.
- The Private Limited Company is required to maintain a Register of Registrable Controllers and a Register of Nominee Directors within 30 days after the date of incorporation, unless exempted. In addition, the Private Limited Company must lodge the same information in their Register of Registrable Controllers with the ACRA's central register within two business days after it has been incorporated. Any subsequent changes must be lodged with ACRA within two business days after updating the information on its own Register of Registrable Controllers.
- The Private Limited Company must hold its Annual General Meeting within six months after the end of its financial year and, unless otherwise approved by the Registrar of the ACRA, the duration of its financial year must not be more than 18 months in the year of incorporation.
- An annual return must be filed within seven months from the financial year end. The annual return contains information pertaining to important particulars of the company, such as the names of its directors, secretaries, members, and the period covered by the company's financial statements. Companies that are not required to file their financial statements must submit an online declaration when filing their annual return.

Executing Contracts

Subsidiary companies are recognised in Singapore as legal personalities separate from their foreign parent companies. Thus, a subsidiary is entitled to enter contracts in its own name. Additionally, the subsidiary is not limited to the scope of business activities participated in by its foreign parent company, nor by its parent company's constitution (unless otherwise stated in the subsidiary's constitution). However, it must abide by the limitations set out in its own constitution.

Employment Matters

A subsidiary company may employ employees in Singapore by entering a contract of service. The contract of service must contain terms that comply with Singapore employment laws and legislation, in particular the Employment Act 1968.

A subsidiary company that wishes to hire foreigners must also ensure that the foreign employees hold a valid work pass prior to commencing their employment in Singapore. There are different types of work passes depending on the educational qualifications, remuneration, designation, and so on.

Taxation

Basic Tax Information

Singapore operates upon a territorial basis of taxation, which means that only income accrued in or derived from Singapore, or foreign-sourced income received (or deemed received) in Singapore, is subject to Singapore's income tax. The prevailing corporate tax rate in Singapore is 17% of the chargeable income. There is no capital gains tax in Singapore.

A company is considered a tax resident in Singapore if the control and management of its business is exercised in Singapore, as set out in the Income Tax Act.

All Singapore-resident companies are currently under a one-tier corporate tax system, under which tax on corporate profits is final and dividends paid by a Singapore resident company are tax exempt in the hands of a shareholder. This is the case regardless of whether the shareholder is a company or an individual, or whether the shareholder is a Singapore tax resident or not. In addition, subsidiary companies who are resident in Singapore may avail themselves of the following benefits:

- Tax benefits provided under Avoidance of Double Taxation Agreements which Singapore has concluded with other jurisdictions.
- Tax exemption on foreign-sourced income in the form of dividends, branch profits and service income under the foreign-sourced income scheme set out under section 13(8) of the Income Tax Act, provided that certain prescribed conditions are met. These conditions include the following:
 - such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
 - at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%.

For example, a resident taxpayer can enjoy exemption from tax on foreign-sourced dividends paid from a territory which has a highest corporate tax rate on business income of at least 15% and where the dividend or the income out of which it has paid has suffered some tax in the source country. Certain tax incentives may also be more readily granted to a local subsidiary.

- Start up and partial tax exemptions for companies. For example:
 - under the partial tax exemption scheme, three-quarters of up to the first SGD10,000 of a company's annual normal chargeable income, and one-half of up to the next SGD190,000, is exempt from corporate tax from the year of assessment 2020 onwards. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate; and
 - under the start-up tax exemption scheme, subject to certain conditions and exemptions, new companies are eligible for tax exemption on three-quarters of up to the first SGD100,000 of a company's annual normal chargeable income, and one-half of up to the next SGD100,000, per year for each of the company's first three years of assessment from the year of assessment 2020 onwards. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate.

Goods and Services Tax (GST)

GST refers to the tax imposed on the supply of goods and services in Singapore by a GST-registered person, as well as the importation of goods into Singapore. The current GST rate in 2022 is 7%. It is set to increase by 1% per year over the next two years, with the GST rate being 8% with effect from 1 January 2023 and 9% with effect from 1 January 2024.

GST registration is mandatory for companies for which either:

- The total value of the company's taxable supplies at the end of the calendar year is more than SGD1 million.
- There are reasonable grounds to believe that the total value of the company's taxable supplies will be more than SGD1 million in the next 12 months.

Dissolution

A Private Limited Company may be wound up by the Court or voluntarily by a resolution of the shareholders.

In general, two things must be shown before the Court will make a winding-up order:

- The applicant must have locus standi to make the application.
- The grounds for winding up as set out in the Companies Act must be met.

A voluntary winding up may be initiated by the company's members via a special resolution of the shareholders.

The timeline for a winding up would vary depending on the type of winding up and the assets and liabilities of the company at the time of winding up. As a general guide, the winding up process would typically take at least six months.

A Private Limited Company may also apply to be struck off the register. To do so, the company must satisfy the ACRA all the following requirements:

- The company is not a party to any ongoing or pending proceedings (whether civil or criminal) before a court, whether in Singapore or elsewhere.
- The company has no assets or contingent assets and no liability or contingent liability.
- The company is not subject to any ongoing or pending regulatory action or disciplinary proceeding.

The striking off process would take approximately four to five months.

Branch Office

Branch offices are offices of foreign companies which conduct business activity in Singapore on behalf of the foreign company. A branch office is generally regarded as an extension of the parent company. Thus, it is not considered a separate legal entity on its own unlike a company incorporated in Singapore. While the branch office is entitled to partake in business activities, its activities are limited to those its parent company conducts. The foreign company remains liable for all rights and liabilities of its branch office. If a Singapore branch of a foreign company incurs a debt, then the foreign company is liable to meet the same.

Requirements for Registration of a Branch Office

Reservation of Company Name

Branch offices must be registered under the Companies Act with the ACRA. The registration process is done online via [BizFile+](#), a portal managed by the ACRA.

Similar to incorporations of companies, it is necessary to first apply and reserve the proposed company name with the ACRA. The principal activity and details of the authorised representative must be included with the name application. Upon payment of the prescribed fee of SGD15, the company name will be reserved for 60 days.

Authorised Representative

The branch office is required to have at least one local authorised representative who is a natural person, at least 18 years of age and be ordinarily resident in Singapore. A foreigner living in Singapore and holding an employment pass issued by the Controller of Immigration could fulfil the residency requirement.

The authorised representative is answerable for the doing of all acts, matters and things, as are required to be done by the branch office under the Companies Act. This includes but is not limited to the filing of annual returns and lodgement of changes with the ACRA to keep the branch office and foreign company details up to date.

The authorised representative is authorised to accept service of process and any notice required to be served on the foreign company.

The authorised representative shall also be personally liable for all penalties imposed on the branch office for any contravention of any of the provisions of the Companies Act unless the authorised representative satisfies the court hearing the matter that it should be not so liable.

Registered Office

A foreign company must have a registered office in Singapore for its branch office to which all communications and notices may be addressed, and which must be open and accessible to the public for not less than five hours between the hours of 9 a.m. and 5 p.m. each business day.

Lodgment of Documents

The following documents must be lodged with the ACRA for registration of a branch office:

- Reference number of the company name registration.
- Certified copy of the foreign company's certificate of incorporation.
- Certified copy of the foreign company's constitution/charter/by-laws.
- Notice of the foreign company's registration number, business description and legal entity type.
- Particulars of the foreign company's directors.
- Particulars of the authorised representative.
- Statement of consent from the branch office's authorised representative who has consented to their appointment.
- The latest audited financial statements of the foreign company (only if required under the laws of the place of affiliation).

Unless the application is referred to another government agency for approval, the request will generally be processed within three working days of submission on [BizFile+](#) with ACRA.

Licensing

Depending on the business needs, the branch office will have to apply for new regulatory licences and approvals in Singapore with the relevant government agencies. There are certain sectors where Singapore controls the licensing regime more stringently such that a branch office may not be entitled to hold certain types of licenses. For example, the Infocomm Media Development Authority of Singapore limits the granting of the Facilities Based Operator License to companies incorporated under the Companies Act. In addition, a company must not hold a broadcasting licence if the company is controlled by foreign sources or if foreign sources hold more than 49% shares or voting power of the company or its holding company. See also [Foreign Investment Regulations](#).

Corporate Bank Account

Generally, there are no legal restrictions to a branch office opening a corporate bank account in Singapore, subject to the individual bank's criteria. Alternatively, the branch office being merely an extension of the parent company makes it entitled to use the accounts of the foreign entity. However, setting up a corporate bank account will facilitate and make easier the filing and accounting requirements of the branch office (see [Filing and Disclosure Requirements](#)). Thus, it is advisable for branch offices to opt to set up these corporate bank accounts.

Remittance of Profits to Parent Company

The branch may not declare its own dividends as it is not a separate legal entity from the foreign company. The branch office's profits would therefore be part of the profits of the head office.

The branch office is generally free to remit or reallocate profits and capital to its parent company. In Singapore, there are no significant restrictions on remittances or capital movements out of the country.

Filing and Disclosure Requirements

Foreign companies must file their annual returns for both the head office (wherever the foreign company's headquarters are located) and the Singapore branch office with the ACRA.

A branch office is required to lodge with the ACRA a copy of its head office's financial statements within 60 days after its head office's annual general meeting.

If the foreign company is required by the law for the time being in force in the place of the company's incorporation to prepare financial statements in accordance with any applicable accounting standards which are similar to the Accounting Standards as set out in Singapore's Accounting Standards Act 2007, it must lodge that set of financial statements.

If the head office is not required by the law of its place of incorporation to hold an annual general meeting or prepare financial statements, the head office is required to prepare and lodge with the ACRA its financial statements in such form and containing such particulars as the directors of the head office would have been required to prepare if the head office were a public company incorporated in Singapore, and within such period as the directors of the foreign company would have been required to lodge its financial statements if the company were a public company incorporated in Singapore which does not keep a branch register outside Singapore.

In addition, the branch office must submit the following documents:

- An audited financial statement showing its assets used in and liabilities out of the foreign company's operations in Singapore.

- An audited profit and loss account that complies with the Accounting Standards as set out in the Accounting Standards Act 2007 and gives a true and fair view of the profit or loss arising out of the branch office's operations in Singapore for the last preceding financial year.
- A statement of the name of the auditor who audited the financial statement and profit and loss account.

A foreign company may be exempted from these disclosure requirements if it obtains a waiver from the ACRA or is dormant in Singapore. The Singapore branch office is considered dormant when there is no accounting transaction arising out of its activities in Singapore. In that event, the branch office may lodge an unaudited profit and loss account and an unaudited financial statement. These unaudited documents must give a fair and true view of the profits or losses and assets used and liabilities incurred arising out of the branch office's operations in Singapore.

Executing Contracts

The branch office does not have a separate legal personality from its parent company. Instead, it is considered a mere extension of the parent company and is entitled to contract in the name of its parent company. Thus, the parent company may be held liable for the debts and obligations of the branch office. However, the branch office will not be given full autonomy to enter any transaction it wishes. Its activities will be subject to the same limitations as its parent company. For example, where the parent company's constitution prevents it from partaking in a specific activity, the branch office will be prohibited from engaging in the same.

Employment Matters

A branch office must have a locally resident authorised representative (that is, a Singapore citizen, a Singapore permanent resident or a foreigner holding an employment pass).

The authorised representative is answerable for the doing of all acts, matters and things, as are required to be done by the foreign company under the Companies Act. The authorised representative is generally also personally liable for all penalties imposed on the foreign company for any contravention of any of the provisions of the Companies Act.

Employees of the branch office can be employed directly in Singapore by entering a contract of service or be seconded to the branch office from the head office.

Closing a Branch

Cessation

If the branch office ceases to have a place of business in Singapore or to carry on business in Singapore, it must within seven days after so ceasing, lodge with ACRA a notice of cessation of business.

Winding Up

If the head office has been dissolved or is in liquidation in its country of incorporation, the authorised representative must within 14 days after the commencement of the liquidation or the dissolution or within such further time as the ACRA in special circumstances allows, lodge the notice of liquidation with ACRA.

Striking Off

The authorised representative of the branch office may apply to the ACRA for the branch office to be struck off the register under either situation:

- The sole authorised representative wishes to resign but the foreign company has failed to respond appropriately or appoint a replacement within 12 months from the date of notice of its resignation.
- The sole authorised representative has reached out to the parent company for instruction as to whether to close the branch office, but the parent company has failed to provide these instructions within 12 months after the date of request.

The ACRA may also strike the name of a branch office off the register in any situation:

- If it has reasonable cause to believe that the branch office has ceased to carry on business or to have a place of business in Singapore.
- The branch office has failed to appoint an authorised representative within six months after the date of the death of its sole authorised representative.
- The company is being used for an unlawful purpose or for purposes prejudicial to public peace, welfare, or good order in Singapore or against the national security or interest.

Taxation

Branch offices are taxed on income accruing in or derived in Singapore and on foreign-sourced income received or deemed received in Singapore. The prevailing corporate tax rate in Singapore is 17% of the chargeable income. There is no branch profits remittance tax on the repatriation of profits to the head office.

Singapore branches of foreign companies are generally not considered to be tax residents of Singapore as a branch is regarded as an extension or arm of the foreign company. Hence, the tax residency status of a branch would follow that of its head office. In this regard, the benefits that are applicable to a company that is tax resident in Singapore are not available. For example, Singapore's double taxation treaties will generally not apply to a branch office and a third source country in which the branch invests or with which it transacts. The tax treaties applicable to the head office may continue to apply.

Certain payments made by a Singapore person to a non-resident (including a branch office) relating to certain sources of income may be subject to withholding tax in Singapore. However, all payments falling within the scope of section 12(6) or 12(7) of the Income Tax Act that are made to a Singapore branch of a non-resident company on or after 21 February 2014 are not subject to withholding tax. Those payments are instead subject to tax in the hands of the Singapore branch via the direct assessment method and are required to be declared in its annual corporate income tax returns.

Representative Office

Foreign companies can set up a representative office as an interim measure before proceeding to set up a permanent business establishment in Singapore. As such, its authorised activities in Singapore are limited. A representative office may be registered by a foreign commercial entity, foreign trade association/non-profit organization or a foreign government.

A representative office that is registered by a foreign commercial entity generally has no authority to partake in any commercial activity on behalf of the foreign company, nor is it recognised as a legal entity under Singaporean law. It must confine its

activities strictly to conducting market research and feasibility studies on the viability of setting up a permanent entity in Singapore, inclusive of the following:

- Collecting information about markets, competitors and/or customers.
- Conducting research on the demand for the product or service.
- Gathering information on business regulatory requirements for the subsequent set up of a permanent entity.
- Cultivating trade contacts and handling product enquiries.
- Participating in exhibitions and trade shows.

Requirements for Establishing a Representative Office

Depending on the applicable sector and industry, application for the registration of the foreign company's representative office must be made to the relevant government bodies, as follows:

Government Body	Sectors/Industries
Monetary Authority of Singapore	<ul style="list-style-type: none"> • Banking • Finance • Financial exchanges • Insurance
Ministry of Law	<ul style="list-style-type: none"> • Foreign law practices
Enterprise Singapore	<ul style="list-style-type: none"> • Manufacturing • International trading • Wholesale • Trade • Trade-related business sectors
ACRA	<ul style="list-style-type: none"> • All other sectors

Enterprise Singapore

Generally, a foreign commercial entity wishing to set up a representative office in Singapore will apply to Enterprise Singapore and must fulfil the following criteria:

- Sales turnover must be more than or equal to USD250,000.
- The entity must have been established for at least three years.

- The registered office should have less than five staff members at any relevant time.

New applications to Enterprise Singapore must be accompanied by the following documents:

- A softcopy attachment (in English or an official English translation) of the foreign entity's Certificate of Incorporation or Registration Certificate (as applicable).
- Softcopy attachments of the foreign entity's latest audited accounts.

An approved representative office of a foreign company may operate in Singapore for a valid period of one year only from its commencement date, subject to any applications for extension which are granted on a case-by-case basis. Each extension is valid for an additional one year of operation. A foreign entity may apply for a maximum of two extensions, coming to a maximum duration of three years of operation including the first year.

A processing fee of SGD200 per year is payable for each application or renewal which is valid for one year. This fee is non-refundable in the event of unsuccessful or withdrawn applications.

Once the application has been submitted with all relevant documents, the typical processing duration is about five working days.

Monetary Authority of Singapore

For direct insurers and reinsurers who wish to set up representative offices in Singapore, the Monetary Authority of Singapore typically assesses the application using these criteria:

- Domestic and international rankings of the applicant by factors such as premiums and assets.
- Past and present credit ratings by international rating agencies, including Standard and Poor's, A.M Best, Moody's and Fitch.
- Track record, financial soundness, and reputation of the applicant, including the applicant's compliance with its home regulations. In assessing these criteria, the Monetary Authority of Singapore will consult the applicant's home supervisory authority.
- Fitness and propriety of the applicant, its appointed representative in Singapore and all persons having control of the applicant.

The typical processing time is approximately six to eight weeks.

For prospective applicants interested in setting up a bank representative office, they must submit background information, financial condition information, details on banking system, and overview of plans for Singapore operations and supporting documents. The Monetary Authority of Singapore will assess each application on its own merits. The typical processing time is one to two months.

Other Matters

Filing and Disclosure Requirements

Other than the documents submitted with the application for a representative office, unless so requested by the relevant authority, there are no filing or disclosure requirements. Similarly, there is no requirement for the representative office to maintain certain accounting books and records.

Executing Contracts

The representative office is not allowed to transact any business in Singapore with other entities as its scope of activities is confined strictly to conducting market research and feasibility studies on the viability of setting up a permanent entity in Singapore. However, the representative office can sign a lease for the office space it uses for the duration of its operation.

Since the representative office is merely a representative of the foreign entity, it must carry the corresponding name of its parent. All name-bearing and communication material must clearly state that it is a "Representative Office Registered in Singapore." If there is a change in name of the parent foreign entity, the representative office must notify Enterprise Singapore accordingly and be accompanied by a copy of the parent company's Certificate of Change in name (in English or official English translation).

Employment Matters

The representative office registered with Enterprise Singapore must be represented by either a staff from the headquarters of the foreign entity or a Singapore employee (that is, staff who are Singapore citizens or Singapore permanent residents). In addition, it is not entitled to employ more than five staff members to operate the representative office at any one time. This includes secondees and the direct employment of both Singapore citizens or permanent residents and foreign nationals.

Any change to the staff representing the representative office should be notified to Enterprise Singapore at least one month prior to the change. Any failure to notify Enterprise Singapore of any change to the staff representing the representative office may result in the representative office being de-registered.

Closing a Representative Office

A representative office may be deregistered for any of the following reasons:

- The foreign entity voluntarily closes the representative office.
- The representative office is de-registered by the regulatory authority owing to dormancy.
- The application for renewal of the representative office was unsuccessful.

Other Options for Establishing a Business Presence

A foreign entity has other options available to it should it wish to establish a business presence in Singapore but does not find that the features of the representative office, branch office, or subsidiary company incorporated in Singapore sufficiently meet its needs.

Agent, Distributor, or Franchisee

In the alternative to setting up a representative office, branch office, or subsidiary company, the foreign entity may opt for the appointment of an agent, a distributor, or a franchisee in Singapore to facilitate business activities in the country. However, in these cases, the foreign company would not have a legal presence in Singapore per se, and most legal risks will be borne by the agent, distributor, or franchisee.

Special rules apply to agents, distributors, and franchisees, which are outside the scope of this Note.

For additional information, see [Practice Notes, Key Agency Considerations: Overview \(Singapore\)](#) and [Key Distribution Considerations: Overview \(Singapore\)](#), and [Country Q&A, Franchising Q&A: Singapore](#).

Joint Venture

The foreign entity also has the option of cooperating with a local or foreign partner and setting up a joint venture in Singapore. Most joint ventures in Singapore may be broadly categorized into two categories: contractual joint ventures and corporate joint ventures.

Contractual joint ventures refer to contractual arrangements among two or more parties. They typically do not provide for or involve the creation of a joint venture vehicle, which would be considered a new legal entity by Singapore law. Instead, the parties agree on a time-limited project and their respective rights and obligations. This is generally preferable where the parties are inclined to operate the joint venture in more informal ways, since there is no formal operational or management structure and all parties retain direct control.

Conversely, corporate joint ventures involve the creation of a new legal entity, such as a Private Limited Company. This is generally preferable when the parties wish to adopt a more formal management structure, which arises out of the board and management structures from the independent joint venture vehicle.

Detailed discussions of joint ventures fall outside the scope of this Note. For more information on joint ventures, please refer to [Country Q&A, Joint Ventures in Singapore: Overview](#).

Foreign Investment Regulations

There is no overarching law or regulation governing foreign direct investment in Singapore. However, depending on the commercial activity, foreign direct investment is restricted in certain sectors.

For instance, under real estate, Singapore prohibits foreign ownership on certain types of residential property and land such as landed residential properties and public housing under the Housing Development Board.

Under domestic media, there must be two classes of shares in Singapore newspaper companies, namely, management shares and ordinary shares. Management shares must not be issued or transferred except to citizens of Singapore or corporations who or which have received written approval by the Minister of Communications and Information. In addition, newspaper companies must not receive funds from a foreign source without the Minister's prior approval. The directors of newspaper companies must be Singapore citizens.

Under banking and financial services, there is control of shareholdings, voting power and takeovers of finance companies and banks incorporated in Singapore which will require the prior approval of the Monetary Authority of Singapore.

For further information, see [Practice Note, Regulation of Foreign Investment in Singapore](#)

Differences between a Subsidiary Company, a Branch Office, and a Representative Office

The primary differences among subsidiary companies incorporated in Singapore, branch offices, and representative offices are their legal personalities, capacity to carry on or undertake business or activities, and ongoing obligations including filing and disclosure requirements.

Representative offices and branch offices are an extension of their parent companies. The capacity of a branch office to undertake any business or activity may be subject to any restrictions applicable to the parent company. As representative offices are established for the foreign companies to ascertain the profitability and viability of a permanent establishment in Singapore, they are confined to a restricted scope of activities. This is not the case for subsidiary companies. Subsidiary companies are considered separate legal personalities from their parent companies and are thus entitled to enter into contracts and agreements beyond the scope of their parent company's activities, subject to the limitations imposed by their own constitutions.

From a ring-fencing perspective, the liability of each member in a subsidiary company is limited to the amount unpaid on the member's shares. On the other hand, the liabilities of a branch office are in effect part and parcel of liabilities of the head office of the foreign company.

Since representative offices do not conduct profit-making activities, there are no filing or disclosure requirements other than at registration. However, branch offices and subsidiary companies must abide by the filing and disclosure requirements set out in the Companies Act. A subsidiary company generally has more ongoing compliance obligations than a branch office.

The dissolution of a subsidiary company is generally more time consuming and tedious than the closing of a branch office or a representative company.

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