

How to do Business in Singapore

What you should consider when doing business

Singapore is in some ways more conservative than the UK; good manners and more formal forms of address are essential. When making initial contact with a business, try to aim high – you may end up being passed on to a subordinate but if you start lower down the company structure it can prove difficult to gain access to senior decision makers.

Although Singapore is a price sensitive market, the current exchange rate makes UK products and services more attractive. Singapore is also an excellent test-bed for the wider Asia Pacific region, the growth market of the future.

Gateways/Locations – key areas for business

Thanks to its geographical location, its port, airport and deregulated telecommunications, Singapore is a regional centre for practically every commercial activity: transshipment, warehousing, distribution, procurement, financial and business services to name some of the most important.

The links that Singapore's Chinese business community has with its counterparts in the region have reinforced these advantages. Trading links with Malaysia and Indonesia are strong and established.

The emerging markets of China, Indochina and India (Singapore has a significant Indian community), have become key areas of activity. Most of the multinational corporations based here use Singapore as their regional HQ, some of which cover a geography reaching from the Indian sub-continent, Japan and China to Australasia.

Market entry and start-up considerations

All businesses must be registered with the Accounting and Regulatory Authority of Singapore (ACRA). The process is very simple and can be completed online.

The three most common types of company are:

- a foreign registered branch which is not a separate legal entity where liabilities extend to the parent company
- a representative office which may only conduct market research or coordinating activities

- a private limited company which is a distinct legal entity with limited liability.

Registration time varies from one to five days depending on the business structure you choose.

Before you can start a business in Singapore you:

- must be at least 18 years of age
- must not be an undischarged bankrupt
- must not be disqualified under sections 149, 149A or 154 of the Companies Act
- will need to apply for an EntrePass from the Ministry of Manpower (MOM) to be actively involved in managing company operations.

Contact Taylor Vinters LLP for information on law/legal services, and contact Intro International Pte. Ltd. for advice on accounting – both can assist and advise businesses looking to set up in Singapore.

Many companies engage local agents and distributors as an effective route to market.

Franchising is a well-tried option and a number of UK brands have a presence in Singapore including Marks & Spencer and New Look.

Advertising & Sales Promotion

The most successful types of advertising available in Singapore are television and radio commercials, advertisements published in daily newspapers and magazines and in specialised trade directories. British Exporters should consult their Singaporean representative before embarking on a comprehensive advertising campaign. There are some fifty advertising agencies in Singapore, some specialising in television, others in radio commercials and direct mailing.

The Advertising Standards Authority of Singapore (ASAS) is the self-regulatory body of the advertising industry in Singapore. The ASAS Council comprises representatives from advertisers, advertising agencies, government agencies, media owners and other supporting organisations. British exporters are advised to consult their advertising agents before embarking on an advertising campaign.

Internet usage is widespread with 74.2% of the population accessing the internet in 2012, the highest rate in South-East Asia (SEA). The Infocomm Development Authority achieved the key milestone of deploying the Next Generation Broadband Network to

95% of the homes and businesses in 2012. Enterprises large and small now benefit from the ease of ultra high-speed broadband.



Customs and Regulations

Singapore is essentially a free port with very few goods subject to duty or under control. Import duties are levied on such items as alcohol, tobacco, petroleum products, motor vehicles and certain products that are manufactured, or are to be manufactured in Singapore (e.g. cosmetics and furniture).

Controlled items include animals, meat products, plants, arms, explosives, medicines, pharmaceuticals, films and telecommunications equipment. The duty rates applicable are either a percentage of the value of the goods or a specified amount per unit of quantity. 99% of all imports enter duty-free.

Legislation and Local Regulations

The legal system in Singapore is very sophisticated and is based almost entirely on British common law between the 1820s and 1970s.

Singapore benefits from:

- extensive legislative framework
- reliable courts and dispute resolution
- low levels of corruption
- being consistently rated as the best place in Asia for IP rights protection

Company law in Singapore is very similar to that in the UK. There is no restriction on the type of business that may be set up. However, in some sectors businesses may have to apply for special licences from specific government departments in order to do business.

These include the:

Monetary Authority of Singapore

Ministry of Law

Ministry of Health

Infocomm Development Authority of Singapore

Media Development Authority

Agri-Food and Veterinary Authority of Singapore

Hotels Licensing Board

Non-residents must hold a valid employment pass (EP) before they can work in Singapore. On average, it takes less than two weeks to get employment passes for foreign staff. The Ministry of Manpower website provides full details of all employment passes, as well as dependency passes for family members.

Taxes

Singapore has one of the lowest Corporation tax rates in the world at 17%.

The top level of individual taxation has remained unchanged at 20% for more than three years now and is the third lowest rate in Asia Pacific.

The standard rate of Goods and Services Tax (GST) is currently 7%.

For an overview of the Singaporean Tax System, see Inland Revenue Authority of Singapore website: www.iras.gov.sg/irashome/default.aspx

Responding to Tenders

Singapore has an open and transparent procurement regime. The vast majority of public sector invitations for quotations and tenders are posted on the Singapore government's one-stop e-procurement portal, GeBIZ. Suppliers must register online to

search for government procurement opportunities, download tender documents and submit bids.

Recruiting and Retaining Staff

Singapore has a talented workforce that is ranked highly for productivity, work attitude and technical skills. Workers speak English proficiently and are constantly looking to upgrade their skills and knowledge. A host of worker-training and scholarship programmes makes this possible.

For further information on Singapore's labour market, employment laws, recruitment services, and worker training and staff development schemes please see the EnterpriseOne website: www.business.gov.sg

Singapore welcomes specialist foreign talent. On average, it takes less than two weeks to get employment passes for foreign staff. If you require a specialist or manager to come to Singapore for a short-term project, approval can be issued in around three working days. Full details of the various kinds of employment passes, as well as dependency passes for family members, are available at the Ministry of Manpower website: www.mom.gov.sg

Documentation

Import /export permits are required from the Singapore Customs. The process of trade documents is handled electronically through Tradexchange: www.tradexchange.gov.sg, an electronic data interchange system implemented by Singapore Customs. Invoices must show an accurate description of the goods, quantity or weight, the country of origin, CIF value and commission/discount. Bills of Lading may be made out "To Order". Metric units are used for weights and measures.

For import of all goods (including controlled and non-controlled items) into Singapore, businesses are required to:

- Obtain an IN Permit through TradeNet® before goods are imported into Singapore, and
- Pay the duty and/or Goods and Services Tax (GST) due at the prevailing rate at the time of importation.

Some countries subject certain high-technology items to export control. In such cases, the exporter may ask the Singapore importer to provide an Import Certificate and Delivery Verification (ICDV) so that the exporter can seek approval from his government authority to export these items. Items covered by an ICDV must be

imported directly into Singapore and are not to be diverted to other countries. Importers can apply for an ICDV from Singapore Customs.

Labelling and Packaging regulations

Some of the areas where labelling regulations are in force include food, medicines and cosmetics. Labelling of food products is governed by the Sale of Food Act. This requires all pre-packed food to indicate the name, ingredients, permitted colouring, quantity of contents, name and address of local manufacturer or importer and the expiry date of the product. Companies seeking further information can visit the Agri-Food & Veterinary Authority of Singapore website: www.ava.gov.sg

The Sale of Food Act is available online: www.ava.gov.sg/NR/rdonlyres/OCA18578-7610-4917-BB67-C7DF4B96504B/17820/51web_SaleofFoodAct1.pdf

Packaging and labelling requirements for medicinal products are laid down in the Medicines Act. In general, a medicinal product in a container or package should not be labelled or marked in a way to falsely describe the product or mislead as to the nature or quality of the product or its uses and effects. Enquiries can be addressed to the Health Products Regulation Group, Health Sciences Authority: www.hsa.gov.sg

The Medicines Act is available online: www.hsa.gov.sg/publish/etc/medialib/hsa_library/health_products_regulation/legislation/medicines_act.Par.44183.File.dat/MEDICINES%20ACT.pdf

Copies of both Acts covering food and medicine can be purchased online from Toppan Leefung Pte Ltd: www2.toppanleefung.com/webshop

Getting your goods to the market

As an exporter of goods you will need to develop an understanding of various issues such as the legal and regulatory requirements your consignments have to comply with: paperwork involved, choosing the right mode of transport, protection for your goods, packaging, labelling, how freight forwarders can help you, rules for dangerous goods etc. Timely delivery of goods and services in Singapore is important. In some cases it may be worth considering employing a freight forwarder.

Standards and technical regulation

Singapore's voltage is 220-240 volts AC, 50 cycles per second. The use of a transformer can convert the voltage to 110-120 volts AC, 60 cycles per second. The power plugs used in Singapore are of the 3-pin, square-shaped type, similar to the UK.

International Direct Dialing is available at the General Post Office and the Comcentre. IDD calls can be made from numerous phone card and credit card phones located at post offices and around the city area. Phone cards are sold at Singapore Telecom service outlets, post offices, convenience stores and some retail shops. A 20% levy is normally imposed on IDD calls made from hotels.

Intellectual Property Rights

Intellectual Property (IP) rights are territorial, that is they only give protection in the countries where they are granted or registered. If you are thinking about trading internationally, then you should consider registering your IP rights in your export markets.

In Singapore, IP is protected by patents, trademarks, registered designs, copyright, and layout-designs of integrated circuits, geographical indications, trade secrets and confidential information, as well as plant variety. The legal framework is very comprehensive and generally considered to be one of the most sound in the South East Asia region. Singapore operates under a "first-to-file" system, meaning that the first person to file an IP right in the Singapore jurisdiction will own that right once the application is granted.

Singapore's IP regime has been consistently recognised as one of the best in the world by international surveys. Singapore is ranked second in the world and top in Asia for having the best protection of IP in the World Economic Forum's Global Competitiveness Report 2013/2014. The Political & Economic Risk Consultancy Report 2011 (Singapore at first place) and the International Property Rights Index 2012 (Singapore at fourth place) had similarly ranked Singapore top in Asia for their IP protection efforts. According to the Global Innovation Index 2012 compiled by the INSEAD Business School in collaboration with the World Intellectual Property Organization (WIPO), Singapore is also Asia's most innovative country.

The Intellectual Property Office of Singapore (IPOS) is a statutory board under the Ministry of Law. It was created as the lead government agency that advises on and administers IP laws, promotes IP awareness and provides the infrastructure to facilitate the development of IP in Singapore. As Singapore's IP regulator and policy advisor IPOS maintains a robust and pro-business IP regime for the protection and commercial exploitation of IP.

Singapore's IP rights legislative and administrative regime is fully compliant with TRIPS or Trade Related Aspects of Intellectual Property Rights. It is also a signatory to several international conventions on IP protection on patents, copyrights, industrial design among others.

Please visit the Intellectual Property Office of Singapore website for more details.

Read the information provided on our OSIB - Intellectual Property page.

Important Information – Sanctions and Embargoes: Some countries may be subject to export restrictions due to sanctions and embargoes placed on them by the UN or EU. Exporting companies are responsible for checking that their goods can be exported and that they are using the correct licences. Further information is available on: www.gov.uk/do-your-goods-need-an-export-licence

Source – UKTI

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Case Study

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