

Singapore

Overview

Singapore is an island city-state in Southeast Asia, situated on the southern tip of the Malay Peninsula, south of the Malaysian state of Johor and north of the Indonesian Riau Islands. Established as a trading port by the British in the early 19th century, Singapore became a centre of British influence in Southeast Asia. Upon achieving independence from Malaysia in 1965, Singapore developed into a successful free-market economy with one of the highest per capita gross domestic products in the world. It has excellent infrastructure, including an airport and seaport that are among the best in the world, an extensive road network and subway system, state-of-the-art telecommunications facilities and reliable public utilities.

Singapore's development as an international financial centre began in the late 1960s. Today, there is a large and diversified group of local and foreign financial institutions, numbering about 500, located in Singapore and offering a wide range of financial products and services. These include trade financing, foreign exchange, derivatives products, capital market activities, loan syndication, underwriting, mergers and acquisitions, asset management, securities trading, financial advisory services, and specialised insurance services. Financial services account for 12% of Singapore's GDP. In 2004, the World Economic Forum Global Competitiveness Report ranked Singapore among the top ten most sophisticated financial markets in the world.



Current Time

[Time and Date](#)

Motto:

none

Online News Sources

The Straits Times: straitstimes.asia1.com.sg
 The Business Times: business-times.asia1.com.sg
 Singapore News: singaporenews.net

Business Environment

Company law and securities regulation are undergoing changes as new legislation is being brought into force or being updated. The Monetary Authority of Singapore is the regulator for the banking, insurance, securities and futures industries. Under the Business Registration Act, any person who wants to start a company or business in Singapore must first register with the Registrar of Companies and Businesses. Overseas companies may open a representative office as a temporary facility or register as a branch of a foreign company. A branch of a foreign company in Singapore must appoint two local agents in Singapore to represent the company. Foreign companies must file an annual report and audited accounts of its Singapore branch. The Companies Act requires companies to have at least two directors, one of whom must be an ordinary resident. Private companies are locally incorporated

companies with 50 or less shareholders. Public companies are locally incorporated companies where the number of shareholders can be more than 50 members and the company may raise capital by offering shares and debentures to the public.

A business firm is either a sole-proprietorship or a partnership. Individuals and companies registering business firms need not be Singaporeans or incorporated in Singapore. But in all cases, the manager of a business firm must be a Singapore resident. Partnerships may have between two and twenty partners. If there are more than twenty partners, the business entity must be registered as a company under the Companies Act, Cap.50.

Taxes

The general corporate income tax rate is 20% from the 2004 financial year. From assessment year 2002 onwards, a partial exemption is granted to the first S\$100,000 of chargeable income. The exemption is not available for Singapore dividends, income already under a concessionary rate and income such as interest, rent and royalties derived by non-resident companies that is subject to a final withholding tax. A concessionary tax rate of 10% or lower is available for entities engaged in certain offshore activities, including those under the financial sector incentive scheme, offshore banking, offshore leasing, offshore insurance and reinsurance, offshore global trading, international art and antique dealers, credit rating agency, cyber trading, finance and treasury centres and operational headquarters companies. Shipping enterprises transporting outbound passengers, mail, livestock or goods from Singapore are exempt from tax.

In his February 2005 Budget, Prime Minister and Minister for Finance, Lee Hsien Loong announced a phased cut in income tax and a series of new tax incentives designed to boost Singapore as the "premier wealth management center" in Asia. To further grow this industry, start-up fund managers will be given a 12 month grace period to meet the requirement that 80% of share capital must come from foreign investors under the tax incentive scheme and foreign charitable trusts will be given tax exemption on foreign income earned, without restrictions on expenditure levels or where the funds are spent.

To deepen and broaden capital markets, the Government will confer a 10% income tax rate on approved companies in securities borrowing and lending, including intermediaries. The Commodity Derivative Trading incentive will also be enhanced, with a concessionary tax rate of 5% on qualifying income from trading exchange-traded commodity derivatives.

To attract more Real Estate Investment Trust (REIT) listings, stamp duty on the instruments of transfer of Singapore properties into REITs to be listed, or already listed on the SGX, will be waived for a five-year period. Most of the qualifying preconditions for tax transparency will also be removed. To attract foreign non-individual investors to the REIT market, the withholding tax on REIT distributions will be lowered from 20% to 10% for a five-year period.

For individuals government has reduced the top marginal personal income tax rate from 22% to 20% by 2007. Marginal tax rates for all other brackets are also being reduced correspondingly.

Stock Exchange

The Singapore Exchange Limited (SGX) was inaugurated on 1 December 1999, following the merger of two established financial institutions - the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX). It is Asia-Pacific's first demutualised and integrated securities and derivatives exchange. As at July 2005, there were 638 listed companies with a market capitalisation of over S\$423 billion.

Listed companies and securities market operations are regulated by the Monetary Authority of Singapore and come under the recently enacted Securities and Futures Act and the Financial Advisors Act. The legislation is expected to be phased in over the course of the next few years.

Key Contacts

Singapore Exchange Ltd.
2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804
Tel: (65) 6236 8888
Fax: (65) 6535 6994
Internet: www.sgx.com

Monetary Authority of Singapore
10 Shenton Way MAS Building
Singapore 079117
Tel: (65) 6225 5577
Fax: (65) 6229 9491
Internet: www.mas.gov.sg

Registry of Companies and Businesses
10 Anson Road
#05-01/15 International Plaza
Singapore 079903
Tel: (65) 6325 3731
Fax: (65) 6225 1676
Internet: www.gov.sg/rcb/information

Key Stats

Country Information: Singapore became an independent republic in 1965 after separating from the federation of Malaysia. Prior to joining the federation in 1959, Singapore was a UK crown colony. Population (2005 est.): 4,425,720 (including resident foreigners). Ethnic groups: Chinese 77%, Malays 14%, Indians 8%. Malay is the national language. Chinese, English, and Tamil are official languages. English is used by government.
Capital: Singapore (country is a city-state)
Currency: US\$1 = S\$1.67 Singapore dollar (September 2005)

Legal System

Singapore has a High Court, a Court of Appeal, and subordinate courts. The High Court exercises original criminal and civil jurisdiction in serious cases as well as appellate jurisdiction from subordinate courts. The chief justice, senior judge, and six judges are appointed by the president. Appeals from the High Court are heard by the Court of Appeal. The right of appeal to the Privy Council in London was abolished effective April 1994.

Government

Parliamentary republic. Singapore has a president as chief of state, and a unicameral parliament headed by a prime minister and a cabinet. The president is elected for a six-year term and exercises powers over legislative appointments, government budgetary affairs, and internal security matters. The prime minister is the head of government. The prime minister is the leader of the political party or coalition of parties having the majority of seats in 90-member parliament. Parliament consists of 84 members elected by universal suffrage and six members nominated by the president. The maximum term of any one parliament is five years. A constitutional provision requires there must be at least three sitting opposition members, even if fewer than three are elected. Nominated members enjoy the same privileges as elected members but cannot vote on constitutional matters or expenditures of funds. Voting is compulsory in elections.

Executive (uppercase indicates the family name of the individual)

President: Sellapan Ramanathan Nathan (S.R. Nathan)

Prime minister: Lee Hsien Loong

Politics

People's Action Party (PAP), Workers' Party (WP), Singapore Democratic Alliance, Singapore Democratic Progressive Party. In the last general election on 4 November 2001 the governing People's Action Party (PAP) won 82 seats and 75.3% of the vote. The Workers' Party won one seat. The Singapore Democratic Alliance won one seat. The next election is due to be held by March 2007. The last presidential elections were held on 29 August 2005. President Nathan was sworn in for a second term on 1 September 2005.

Economy

Singapore, a highly developed and successful free market economy, enjoys a remarkably open and corruption-free environment, stable prices, and a per capita GDP equal to that of the Big 4 West European countries. The economy depends heavily on exports, particularly in electronics and manufacturing. It was hard hit in 2001-03 by the global recession, by the slump in the technology sector, and by an outbreak of Severe Acute Respiratory Syndrome in 2003, which curbed tourism and consumer spending. The government hopes to establish a new growth path that will be less vulnerable to the external business cycle and will continue efforts to establish Singapore as Southeast Asia's financial and high-tech hub. Fiscal stimulus, low interest rates, a surge in exports, and internal flexibility led to vigorous growth in 2004, with real GDP rising by 8 percent.

Labour Force (Dec 2004)

2.2 million. Unemployment rate: 3.7%

Government Accounts (2004-2005 budget)

Operating revenues: S\$27.81 billion); total expenditure:S\$29.22 billion). The budget forecasts a total deficit of S\$0.44 billion. The Government expects to run a modest overall budget surplus of \$210 million in FY2005, after taking into account all the tax changes, projected income from investment of reserves, and special transfers announced in the Budget Statement.

Public Holidays (2005)

1 January (New Year's); 9-10 February (first and second days of Chinese New Year); 2 February (Monday after Hari Raya Haji); 25 March (Good Friday); 1 May (Labour Day); 22 May (Vesak Day); 9 August (National Day); 1 November (Deepavali); 3 November (Hari Raya Puasa); 25 December (Christmas Day).

Time Zone

GMT plus 8 hours. There is no summer time clock change

Financial Year: 1 April - 31 March

Restaurant Guide

We recommend:

Raffles Grill

Address: 1 Beach Road (Historic District)

Tel: (6) 337 1886

E-mail: raffles@raffles.com

Imperial Herbal Restaurant

41 Seah Street

Singapore 188396

Tel: +65 6337 0491

Cantonese cuisine.

L'Aigle d'Or

83 Duxton Street

Singapore 089540

Tel: +65 6227 7678

French cuisine.