

Entrepreneurs' Guide to Planning, Starting and Running a Business in Singapore

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Editor: Cheang Chee Yew
Researchers: Anasuya Balamurugan and Joyce Adelaide Tuining
Design & Layout: Koh Lay Tin

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CONTENTS

PAGE

Readers' Testimonies	i
A Startup Roadmap	ii
1. Planning a Business	1
1.1 The Business Environment	2
1.2 The Business Plan	6
1.3 Contacts and Information Resources	14
1.4 Useful Business Resources	15
2. Starting a Business	18
2.1 The Business Entity	19
2.2 Business Registration / Company Incorporation	22
2.3 Licences and Permits	27
2.4 Business Premises	28
2.5 Intellectual Property	33
2.6 Useful Business Resources	40
3. Running a Business	46
3.1 Employment	47
3.2 Taxation Matters	51
3.3 Finance Management	62
3.4 Dispute Management	65
3.5 Business Expansion	67
3.6 Useful Business Resources	71
Summary	76

What some readers said about this guide...

1. "Overall, I find this guide helpful."
Jimmy Soh, Executive Director, Chye Choon Foods Pte Ltd
2. "Great job...well done...As a trainer, I was delighted to see such a comprehensive and valuable resource made freely available. It provides a basic guide for an entrepreneur to source information in one easy to use guide. This means that trainers like me can concentrate on helping Singaporeans to develop that necessary mindset of becoming an entrepreneur."
Richard Byron Thomas, Consultant, INOVIS Consultancy Services
3. "This is definitely a good guide for those who want to know more about setting up a business/ company in Singapore. Easy to read and many references provided to save unnecessary efforts wasted by turning to the wrong channels."
Dave Sioh, Business Executive, Asia Power Corp Ltd
4. "The guide provides a good helicopter view of how to start up a business."
Diana Phee, Manager, Dragonfly Business Enterprise
5. "The information is very useful and it helps me in my research for my two-year old business."
Mohammed Ismail bin Abu Bakar, Al-Kauthar
6. "I am a non Singaporean citizen but a PR. Reading and using this free guide has made me very proud of Singapore. The guide led me to finding out about SingPass, which I think is fantastic. It is so useful that I tend to read it now and then in case there is something I missed. It is a dream guide for budding entrepreneurs like myself."
Judith M Quinzon, Proprietor, Anica Q
7. "A very helpful guide especially for startups."
Joe Koh, Director, Intersyst Pte Ltd
8. "Very useful. Almost like handholding budding entrepreneurs from A-Z."
Elim Chew, Managing Director, 77th Street
9. "It is a great book! It's very comprehensive and informative. I would recommend it to any budding entrepreneur. Congratulations to the team for all the efforts in compiling this reference book. Wished there were such a guide book when I was starting out."
Ms Jocelyn Chng, Managing Director, Sin Hwa Dee Foodstuff Industries Pte Ltd

A Startup Roadmap

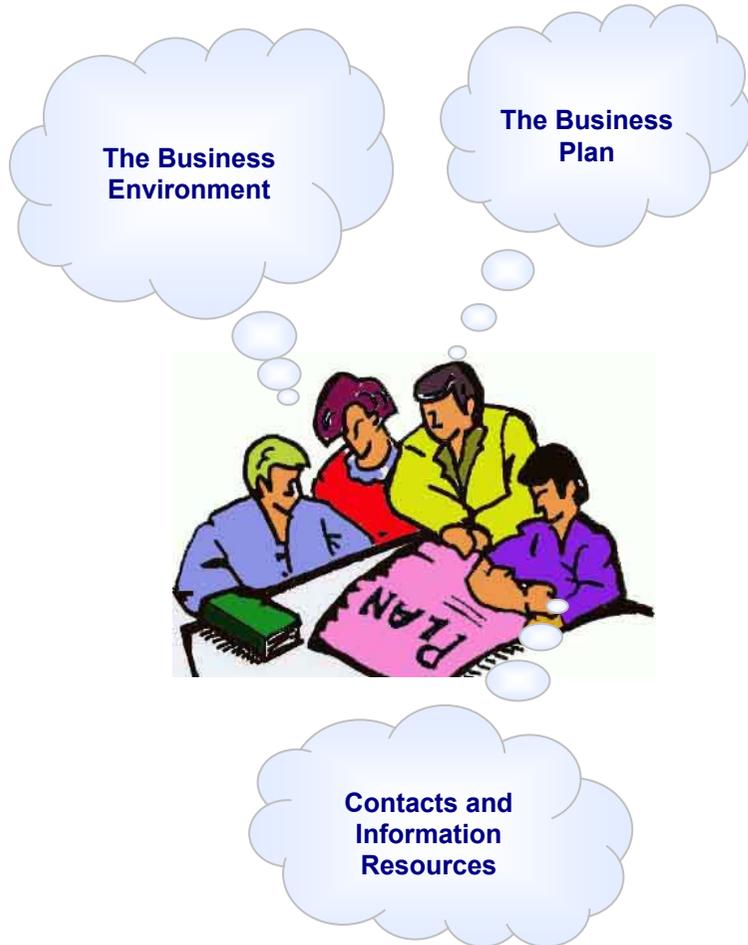
Planning a Business



Starting a Business



Running a Business



The Business Entity:
Business or Company?
Think about it!

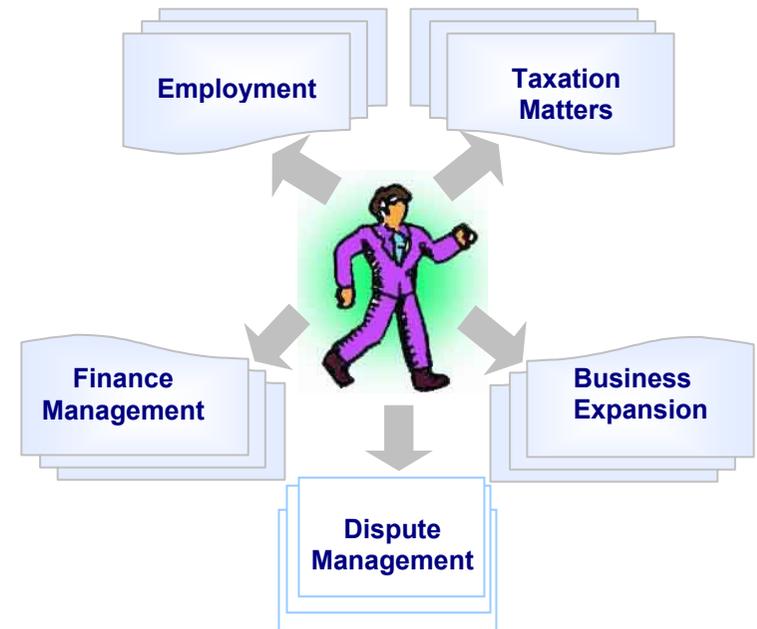
Business Registration / Company Incorporation:
Register your business!

Licences and Permits:
Get the relevant licences and permits!

Business Premises:
Know the types of business premises!

Intellectual Property:
Know your intellectual property rights!

What you need to know...



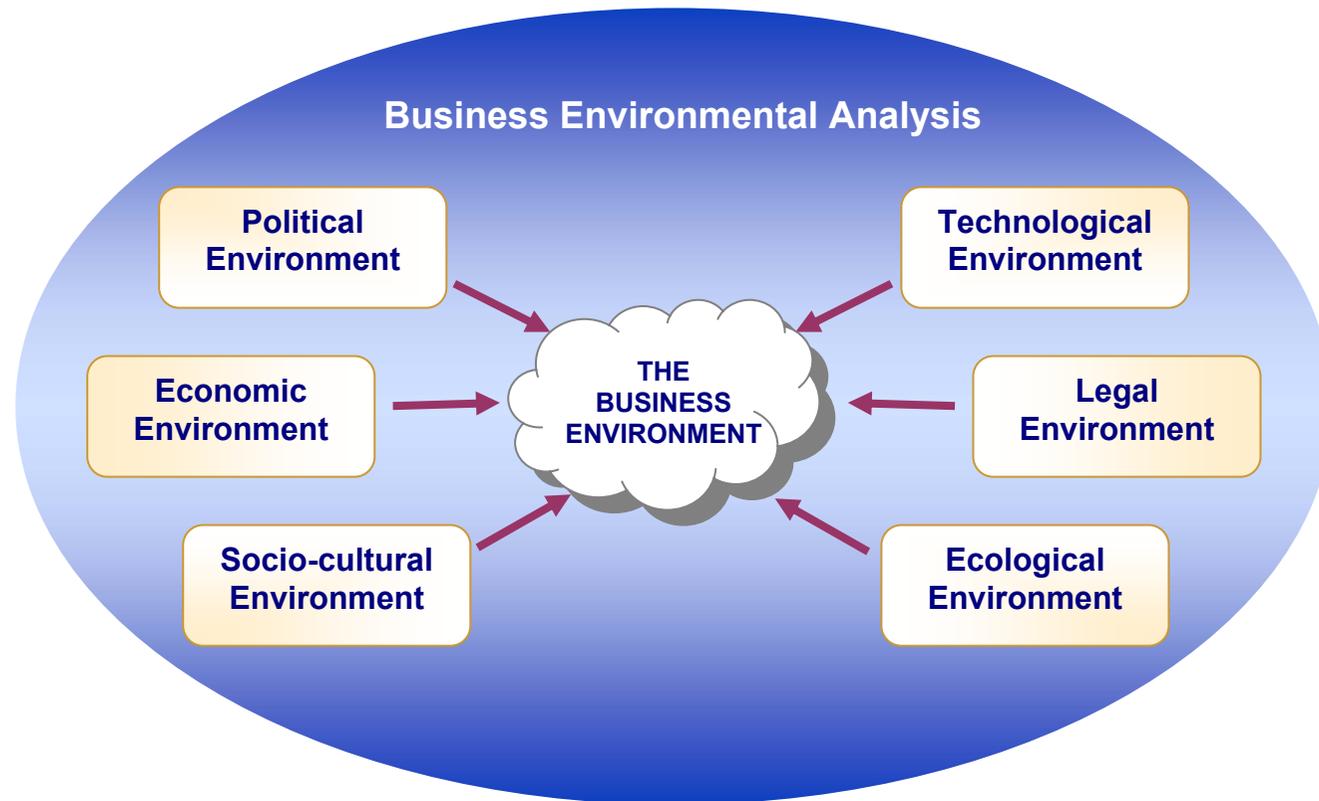
Planning a Business

Key Learning Points

Learn about the complex environment affecting businesses such as the political, economic, social, technological, legal and ecological environments.

The Business Environment

No man is an island. Likewise, businesses operate in a complex environment. It is essential that you study the business environment that you operate in as it affects the outcome of your decisions. They include the political, economic, social, technological, legal and ecological environments. Studying these enable a businessman to get a comprehensive picture of the business environment he operates in.



Summary Findings from the Economic Surveys Series 2001

Retail Trade

In 2001, the retail trade cluster comprised some 19,400 establishments and employed a total of 90,400 workers. Operating receipts collected by the cluster totalled \$27 billion, 7.6 percent lower compared with the previous year. Operating surplus also fell by 19 percent to \$1.2 billion. Retail trade generated total value added of \$3.0 billion in 2001, representing a decrease of 6.8 percent over 2000.

Services Sector

In 2001, the overall Services Sector comprised some 123,700 establishments and employed a total of 930,500 workers. Operating receipts collected by the sector totalled \$569 billion, representing a fall of 5.9 percent over the previous year. Operating surplus also declined by 15 percent to \$42 billion. The Services Sector generated total value-added of \$71 billion in 2001, a marginal drop of 0.8 percent over 2000.

Singapore Business Environment

Political Environment

Businesses are affected by the political structure of the country within which they operate. It is the political regime that enacts laws, decides priorities and sets regulations. Singapore's parliamentary democracy system has resulted in a stable and orderly government. The government's emphasis on efficiency and excellence in the public service ensures that businessman can efficiently conduct business without red tape and bureaucratic delays.

The government has created a [pro-business environment](#) by enacting favourable tax laws and offering funding for business ventures. Singapore has been consistently [ranked](#) as one of the most competitive nations and best places for business in the world. In addition, Singapore has several initiatives supportive of business start-ups. [SME 21](#) is a 10-year strategic plan to build up Small and Medium-sized Enterprises' (SME's) capabilities, with the goal of enhancing their contributions to Singapore's competitiveness and economic growth. Other initiatives include [Technopreneurship 21](#) and [Franchise 21](#).

Economic Environment

Businesses are directly influenced by the economies that they operate in. Studying economic trends can assist entrepreneurs in forecasting possible future movement of the economies. Economic indicators relevant to businesses are:

- potential customer's spending power
- potential supplier's pricing
- interest rate
- consumer price index
- retail sales index
- wholesale and manufacturing indices
- inflation rate
- exchange rate

Other economic indicators such as national income, labour market, productivity, industrial production index, investment commitment and external trade are available at [Statistics Singapore](#) website. The [Summary Findings from the Economic Surveys Series for various industries are highlighted in the side bar](#). More Summary Findings can be accessed [here](#) under statistics and data.

Summary Findings from the Economic Surveys Series 2001 (continued...)

Wholesale Trade

In 2001, there were some 33,300 establishments in wholesale trade, engaging a total of 201,900 workers. Operating receipts totalled \$406 billion, 7.2 percent lower compared with the previous year. Operating surplus also fell by 13 percent to \$7.3 billion. Wholesale trade generated total value added of \$16.7 billion in 2001, representing a decrease of 3.6 percent over 2000.

Accommodation Services

There were 236 establishments in the accommodation services industry in 2001, employing a total of 26,370 workers. Total operating receipts collected by the industry declined marginally by 2.2 percent, from \$2,329 million in 2000 to \$2,277 million in 2001. Total operating surplus and total value added also fell by 13 percent and 4.3 percent respectively during the same period.

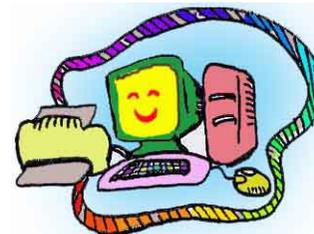
Social Environment

Business enterprises operate within social communities. Factors such as the education level of people, working patterns, leisure activities, and the role of women in the workforce affect the viability of a business entity. For example, how people react to a product or service will depend on their lifestyles. Singapore's national past time has been described as eating and shopping. Hence, people are apt to welcome new restaurants and retail outlets. A fast food culture has ensured that fast food restaurants are always in demand. Parents anxious about good grades for their school-going children often send them for tuition, resulting in a demand for tuition centres, while a high percentage of working mothers in Singapore has led to a demand for childcare centres. Generally, the high spending power of Singaporeans translates into a demand for certain types of goods and services. Various [statistics](#) on Singapore's social environment is available from the Department of Statistics.

Technological Environment

Technological advances have led to the invention of new products and influenced the manner in which business is conducted. For example, cell phone technology has resulted in a high demand for cell phones and accessories. Similarly, the advent of the Internet has led to home shopping and e-commerce. Technology also means that goods are delivered fast and more conveniently. Online stores have transformed the way retailers operate. Credit cards and emails ensure quick transaction and easy service. Marketing techniques using new technology ensure a better product reach. Innovations in production technology have led to the creation of new products at competitive prices.

Singapore, described as a [plug and play](#) nation, is ranked as the third most wired nation in the world, and the most wired in Asia. Within Singapore, a broadband network reaches 99 percent of the population. The World Economic Forum has ranked Singapore among the top 10 in the world for network readiness in 2002. The [Infocomm Development Authority \(IDA\)](#) oversees the IT infrastructure in Singapore. For example, [One-North](#), which is at the heart of scientific enquiry in Singapore, has research institutes and high-tech companies located next to each other. Such an environment can assist entrepreneurs to tap on the technological infrastructure in starting up their businesses.



Summary Findings from the Economic Surveys Series 2001 (continued...)**Food and Beverage Services**

In 2001, the food & beverage (F&B) services cluster comprised some 4,400 establishments and employed a total of 58,900 workers. Operating receipts collected by the cluster totalled \$3,939 million, 6.6 percent higher compared with the previous year. Operating surplus, however, fell by 15 percent to \$306 million. F&B services generated total value-added of \$1,306 million in 2001, representing an increase of 4.4 percent over 2000.

IT and Related Services

In 2001, the IT services cluster comprised some 2,700 establishments and employed a total of 24,200 workers. Operating receipts collected by the cluster totalled \$4.8 billion, 3.7 percent higher than the previous year. Operating surplus, however, fell by 61 percent to \$0.1 billion. IT services generated total value-added of \$1.8 billion in 2001, representing an increase of 3.1 percent over 2000.

Legal Environment

Businesses have to take into consideration [government statutes](#) pertaining to commerce, manpower and other business-related areas as these will have an impact on their companies. They have to abide by government laws on working hours, minimum wages, industrial production and taxation. These include the Employment Act, Taxation Act and the Central Provident Fund (CPF) Act. The various taxes paid by businesses such as sole proprietorship, companies and GST have a direct impact on firms, while the law on childcare leave affects women in the workforce.

In addition, you should note that there exist organisations for the settlement of disputes in Singapore. [The Industrial Arbitration Court \(IAC\)](#) seeks to maintain industrial peace through the certification of collective agreements, regulation of industrial relations practices and arbitration of industrial disputes. The [Singapore Mediation Centre \(SMC\)](#) is dedicated to the promotion of amicable and efficient settlement of disputes in Singapore, while the [Consumers Association of Singapore \(CASE\)](#) promotes the rights of consumers, and businessmen ought to be mindful of them.

Ecological Environment

Ecological concerns have begun to generate much public feeling. People's views on issues such as pollution, radiation and depletion of the environment affect the business entity. Are target customers environment-friendly? Are they aware of environmental issues such as recycling and pollution? If there is a recycling culture in the community, businessmen can explore ways to use packaging that can be recycled. This will put the business in favourable light before target customers. For more on ecological concerns in Singapore, you can consult the [National Environment Agency \(NEA\)](#), which is the primary governmental body responsible for implementing environmental policies in Singapore.

The Business Plan



Key Learning Points

Offers a guide to a business plan. Topics covered are: what type of business to start; products/services; market analysis; target market; promotional mix, competitive analysis, management team; operational issues; financial concerns; and the writing of a business plan.

Once you have decided to start a business, the next step is to draw up a plan. Business planning is about translating your dream into reality. It involves taking an idea for a commercial endeavour and working systematically through all the factors that will have an impact on the successful startup, operation and management of the business. The plan involves several steps and procedures, culminating in a written document called the business plan, which forms the blueprint for your business. As potential investors, banks and suppliers are interested in the details of your business plan, it is crucial to have a well-crafted one to showcase your business strategy and the means of achieving the objectives.

What Type of Business Entity?

Sole Proprietorship, Partnership or Company?

You have to decide on the type of business entity you are going to start. It can be a sole-proprietorship, a partnership or a company. Sole proprietorship is the form favoured by small businesses as it requires only a single owner, making it the simplest type of business to set up. Partnership, on the other hand, involves two or more business owners who share management responsibilities, profits and all liability. Alternatively, you can incorporate a company if you want to limit the liabilities faced. More on the characteristics and implications of these business entities will be covered in a later section - The Business Entity.

Start a New Business, Join a Franchise or Buy an Existing Business?

The next question potential entrepreneurs need to answer is whether they want to start a brand new business, join a franchise or buy over an existing business.

Starting a new business

Starting a brand new business means you begin with no customers, new products and an unproven formula for success. Hence it would be wise for you to start on a small scale with minimum capital and expand the business slowly as profits grow. You need to establish a sole proprietorship, partnership or company to start a new business.

Joining a franchise

Alternatively, you can start a business via franchising. This allows you to leverage on the marketing strength of the parent company and receive appropriate training. Besides, the initial cost for starting the business will be considerably lower as the parent company has a well-established brand name. However, remember to find out more about the parent company's business – is it doing well or not? Further, you should talk to the existing franchisees to better understand the franchisor's reputation, credibility and the franchise's mode of operation. You should enter a franchise only if it suits you and can earn money. As the franchisor will have a legal agreement with the franchisee, you should also consult a lawyer on the interpretation of this legal agreement as well as the business entity you should establish for joining the franchise.

Buying over a business

Acquiring an existing business enables you to buy over an established operation with a proven business formula and customers who are familiar with your product, a choice that will minimise uncertainty and risk. However, be sure to find out more about why the owner is selling the business. You need to know whether the owner is selling you a successful business because he or she is retiring or the business is giving the owner endless nightmares. If you were to buy an existing business, do so with your eyes wide open! You may also want to consult a lawyer on the terms and conditions of acquiring the business, especially the portion on the new owner's liabilities, before committing to the transfer of business ownership.

Products / Services

Several issues on the type, quality, production, price, consumer benefits and other related areas will have to be identified and addressed before you plunge into business. Questions you may ask include:

- What kind of product or service are you going to sell?
- What makes your product different from the ones already existing in the market?
- What materials and equipment do you need to produce the product?
- What are the perceived benefits to customers?
- Is the product easy to produce or obtain from suppliers?
- Can the product be sold easily?
- What is the profit margin of the product?
- What are the unique features of the product that is not easily substitutable?
- Is there anything special about your product such as its quality, taste, preparation, freshness or hygiene factors?

Answering these questions can help a business to decide on the kind of product or service that it wishes to sell on the market. You will also need to set the suitable price for your product or service. Such a pricing structure will depend on the various costs of running the business; the product image; your competitor's price and the discounts and offers you may want to give your customers.

Market Analysis

For businesses, a market can be defined as the aggregate number of people who will buy or are likely to buy your product. Entrepreneur needs to examine the business environment to determine the consumers who will buy his product. Examining the environment involves determining the existing sales of such a product and the number of companies selling similar products. You can gather market information by reading relevant newspaper articles, trade magazines, market research reports and government statistics. Generally, you can analyse the information by grouping them into opportunities and threats for the potential business. Then you can assess your potential business' strengths and weaknesses in the face of these opportunities and threats. Always relate your business to the market to examine how you can turn your endeavour into a thriving business.



Target Market

Any business planning should clearly identify the current and prospective buyers of your product or service. Properly identifying your potential customer base helps to drive marketing and sales strategies. It is important to determine the size of the target market. Demographics such as the income, occupation, age group, gender, education level and lifestyle of the people in the target market ought to be studied to build up your customer profile. The way you position your product in the market will depend on how customers perceive your product in terms of its benefits and values. Other aspects that should be considered are the geographical location of your customers and also their motivations for buying your product.

Promotional Mix

Even if you have a very good product or service, it will be redundant if you fail to sell it. Hence, any business must ensure that the intended message regarding its product or service is delivered to its target customers to facilitate sales. The image of your business and the unique characteristics of your product should be communicated to the buyer.

Basically, you will need to determine the promotional mix to reach the customers. You may want to place advertisements promoting your product or service in newspapers, magazines or on television. Alternatively, you may try direct selling or direct mailing to your target customers. You may also promote your product by distributing samples and offering discounts. So how should you promote your product or service – use one of the above approaches or a mix of them? You need to estimate how much you can sell through a planned promotional mix. Then, relate this estimated sales figure to the estimated cost you would incur. Working out the sums carefully helps you to determine your promotional mix.

Competitive Analysis

Part of your business planning should incorporate competitive analysis. This involves:

- identifying your direct and indirect competitors;
- what and how much they sell in units and sales dollars;
- the number of years they have been in business; and
- their specific market niche.

Direct competitors sell the same things as you do, while indirect competitors sell alternative products that serve the same need. An example of alternative products serving the same need would be pizza versus sandwiches in appeasing hunger. It is useful to outline the strengths and weaknesses of each of your competitors in an unbiased manner. When you evaluate your competitors, you must examine the size of the competition and how well their products or services are a substitute to yours.

Branding

The market is saturated with many different products and services. You are competing with hundreds or even thousands of other companies striving to capture the customer's attention. If you can successfully broadcast the good qualities of your product or service, you will stand out from the crowd; if you fail, you become one among thousands. To capture attention, you must build a distinct branding for your products or services.

Building a distinct brand requires a communication strategy. It is not a simple matter of designing the product package and logo. This strategy must be designed to convey the brand in such a way that customers associate your products or services with certain positive attributes, benefits and values. The best brands even acquire a personality of their own – look around you and you will be able to spot well known brands. Successful branding creates market recognition and customer loyalty that translates into brand equity. This equity can be sold. For instance, a certain brand of mobile phone is worth some US\$35 billion. In summary, effective branding requires careful planning and implementation to project a consistent business image of fine workmanship and quality service to customers.

Management Team

The composition of the management team is an integral part of the process of business planning. You should decide at the outset the members of your management team. It is a good idea to limit the management team to three to five people and only to those who are involved in the daily decision-making of the business. Everyone else should be considered an employee.

The specific duties and responsibilities of each member in the management team must be clearly conveyed to them. When choosing the management team, an entrepreneur should consider the previous industry and the related experience of the persons, who they have worked for, what they were doing and how long did they do it.

Operational Issues

Operational matters are an important component in business planning as they deal specifically with the internal operations, equipment and resources necessary to produce your product or service. They include:

Location

- What type of space do you need? Is it an office, warehouse or factory?
- How big a space do you need?
- Does it need to be located in a high human traffic area as in the case of a food business or can be located in a less busy area as in the case of a musical instrument store?



Equipment

- What is the equipment needed to produce your product?
- What is the cost of the equipment, how much can it produce and how much of maintenance do you need?
- Will you purchase or lease the equipment?

Labour

- How many employees will you need?
- Are they going to be full-time or part-time?
- What are the skills needed for each employee?
- How much are you going to pay them?
- How will you locate and hire quality employees?

Production and Service Process

- What are the steps needed from raw material through finished product?
- Who will be your suppliers?
- What is the purchasing process?
- How will the finished good be distributed?
- How long does the entire process take?
- How will quality be measured, controlled and improved?
- What are the technology requirements for the manufacturing process?

Other Operational Issues

- How to keep track of inventory?
- What type of insurance does your company need?

Hence, you can see that these are nitty-gritty operational issues that have to be dealt with by entrepreneurs for their business to take-off.



Financial Concerns

Finding Money to Start the Business

Next, you have to deal with the most important issue for a business startup: where to look for the money to start your business. You can use your personal savings; borrow money from family, relatives or friends; interest investors to put money into your business in return for shares; or borrow money from banks and financial institutions. However, before you withdraw money from your bank account, look for investors and visit the loan department of banks, you should do some mathematics and convince yourself that your business will be viable first. Otherwise, please do not take out your hard-earned savings for this business. Furthermore, you need not waste time with investors or banks. They are likely to ignore you.

Projected Profit

Businesses are set up solely for profits. The business will be considered profitable if the revenue for each year exceeds the total expenses. Profit is very important to fund your operations and provides the basis for investors to put money into your business and for banks to offer you loans. To determine the projected profit, a business needs to deduct the estimated total expenses from its projected revenue. It can check if its profit is healthy by comparing its projected profit with the industry average. Very often it will take some time before a new business starts to generate a profit. Hence, you should be as realistic as possible when generating your projected profit.

Projected Cash Flow

Entrepreneurs must project the monthly cash flow for the next six to 12 months into the business. They should convince themselves that they have enough money to pay for their business operations, suppliers and bank interests every month. Projected cash flow also helps businesses to set a benchmark for their in-coming and out-going funds. For new businesses, it is useful to have a projected cash flow statement for 12 months. During the building up stage, a business startup may incur losses but it must have enough cash to meet its monthly obligations. Otherwise, the business becomes insolvent.

It is good practice for an entrepreneur to prepare projected profit and cash flow for at least two business scenarios – the best and worst cases. The best case scenario shows projected profit and cash flow in the most ideal business situation. For instance, customers make the maximum number of purchases from you, suppliers do not increase their prices and there are no cheaper new substitutes which force you to lower your products' price. The worst case scenario shows the opposite. If you can still generate a healthy cash flow even in the worst case scenario, then your business is likely to survive better in the early years. Investors and banks will also be more comfortable in putting their money into such a business.

Financial Ratios

Besides the above, there are some key financial ratios that entrepreneurs should be familiar with when starting a business. You should know that the:

Return on Equity (ROE) is the percentage derived by dividing profit by equity. ROE tells investors if they can make a decent profit when investing in your company and whether banks are willing to lend you more money. A high ROE relative to your competitors is preferred.

Profit margin is the percentage derived by dividing profit by sales. This indicator tells the banks about your ability to repay your loans as well as the risk profile of their loans to your firm. Investors will use this indicator as a gauge their probability of recovering their investments and perhaps even receiving dividends. A higher profit margin compared to your business rivals is something entrepreneurs must aim for.

Debt-equity ratio is used to measure the company's debts relative to the shareholders capital. This ratio, which should ideally be kept low, helps banks to decide on whether they should lend you more money.

Inventory turnover ratio is derived through dividing sales for the year by the inventory. This indicator is particularly useful in manufacturing management. A high inventory turnover ratio suggests that there is strong demand for your product and that little stock is available in your inventory.

Writing the Business Plan

Having learnt various considerations when you plan your business, it is time to put your plan into writing. You should note that a good business plan allows you to: state clearly your business objectives; be better placed to look for potential funding; seek out new opportunities; better organise and manage your business; and preempt potential problems. Always plan your business before starting it! A suggested business plan should include the following sections:

- Executive Summary
- Table of Contents
- Type of Business
- Products/Services
- Market Analysis
- Target Market

- Promotional Mix
- Competitive Analysis
- Branding Strategy
- Management Team
- Operational Issues
- Financial Projections
- Appendices



See [networking](#) for more information on how to boost your business network.

Contacts & Information Resources

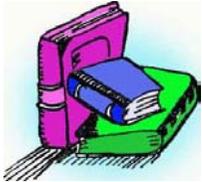
Embarking on a journey on starting a business is one of the most exciting challenges that an individual or a group of people can ever face, one that can be highly satisfying and rewarding in many respects. But before plunging straight in, you should acquaint yourself with the basics of business. Potential entrepreneurs should undertake a self-assessment, both on the personal and business levels, to determine whether you are suitable for the business world. You can refer to [Action Community for Entrepreneurship's First Steps](#). You can also tap on the vast array of print and non-print information on setting up businesses as well as contact the relevant associations to help you decide whether to fulfil your entrepreneurial dreams.

Associations

Potential entrepreneurs can benefit from the guidance and assistance provided by trade and professional business associations. They offer budding entrepreneurs the opportunity to acquire business knowledge and skills through interaction with these associations and enhance their networking circle. In this connection, you can contact [local](#) and [foreign](#) business groups in Singapore and tap into other [information and resources](#) comprising enterprise networks (consisting of chambers and federations as well as entrepreneurial outreach groups), professional assistance and business information and mentorship programmes.

Some of the organisations that entrepreneurs can contact include the [Action Community for Entrepreneurship](#) (ACE), [Association of Small & Medium Enterprises](#) (ASME), [Singapore Business Federation](#) (SBF) and the [Franchising and Licensing Association \(Singapore\)](#).

Useful Business Resources



The Business Environment

Books

1. Baron, David P. *Business and its Environment*. Upper Saddle River, N.J. : Prentice Hall, 2003.
Call No.: R BUS 658.408 BAR
2. Brooks, Ian & Jamie Weatherston. *The Business Environment : Challenges and Changes*. Harlow, England : Financial Times/Prentice Hall, 2000.
Call No.: R BUS 658 BRO
3. Campbell, David J. *Organisations and the Business Environment*. Oxford ; Boston : Butterworth-Heinemann, 1997.
Call No.: R BUS 338.7 CAM
4. Cartwright, Roger I. *Mastering the Business Environment*. Basingstoke : Palgrave, 2001.
Call No.: RBUS 658 CAR

Websites

1. [PEST Analysis](#)
2. [Strategy: Introduction to PEST Analysis](#)
3. [What is PEST Analysis?](#)

The Business Plan

Books

1. Blackwell, Edward. *How to Prepare a Business Plan*. London: Kogan Page, 2002.
Call No.: BUS 658.4012 BLA
2. Bullis, Douglas. *Write a Winning Business Plan*. Singapore: Times Books International, 1996.
Call No.: BUS 658.4012 BUL
3. *Business Plans That Work: For Your Small Business*. Chicago, Ill.: CCH Incorporated, 1998.
Call No.: BUS 658.4012 BUS
4. Lwin, May, Adam Khoo & Jim Aitchison. *Clueless in Starting a Business*. Singapore: Pearson Prentice Hall, 2003.
Call No.: SING 658.11 LWI
5. Sim, H.C. Matthew & Wee Keng Neo, Lynda. *Budding Ideas at Work: A Practical Handbook to Get Entrepreneurs Started*. Singapore: Prentice Hall, 2002.
Call No.: SING 658.041 SIM

Websites

1. [BizPlanIt's Virtual Business Plan](#)
2. [Business Plan Basics](#)
3. [Creating an Effective Business Plan](#)
4. [Enterprise at NUS: The Business Plan](#)
5. [Sample Business Plans](#)

Success Stories

It is worthwhile reading about and learning from the success stories of Singapore entrepreneurs. These local entrepreneurs who have succeeded often talk about the hard work needed as well as opportunities and obstacles they face in their efforts. Their success stories serve as an inspiration for potential entrepreneurs in Singapore, ranging from [budding entrepreneurs](#) to [large corporations](#).

Books

1. Chan Pak Chuen. *Success With Small Business: Practical Advice For Starting A Successful Business*. Singapore: Rank Books, 2002. Call No.: SING 658.022095957 CHA
2. Leong, Michael. "Be an Entrepreneur!" Singapore: Raditech, 2002. Call No.: SING 338.04 LEO
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Website

1. [Spirit of Enterprise](#)

Starting a Business

Key Learning Points

Describes the different types of business entities: sole proprietorship, partnership, limited liability partnership and company. Talks about issues relating to each entity and how they will affect them in areas like organisation structure and

The Business Entity

Armed with a business plan, you can proceed with the legal formation of your business with the Accounting & Corporate Regulatory Authority (ACRA) (formerly the Registry of Companies and Businesses (RCB)). Businesses can be registered with ACRA either as a sole proprietorship, a partnership; limited liability partnership or you may incorporate a company.

Category	Ownership	Description	Implications
Sole proprietorship	1 owner	Absolute say in running of business	<p>Owner holds personal liability for debts and losses, which means the owner cannot insulate his assets from the consequences of business failure. Therefore his personal assets (e.g. house, car or any personal assets) can be taken in satisfaction of business debts.</p> <p>Profits are taxed at personal tax rate.</p> <p>Proper records are required for tax purposes, however, audited accounts are not needed.</p> <p>Must renew business registrations annually.</p> <p>Not a legal entity.</p>
Partnership	2-20 partners	Shared risks, costs, and responsibilities of being in business	<p>Owners personally liable for business debts.</p> <p>Profits are taxed at personal tax rate.</p> <p>Annual accounts not needed.</p> <p>Must renew business registrations annually.</p> <p>Not a legal entity.</p>
Company	Over 20 partners	Legal entity with rights to own properties, sue or be sued	<p>Shareholders of business hold limited liability for debts and losses, which mean the shareholders can shield themselves from the consequences of business failure. Hence, their personal assets such as house or car will not be taken for the payment of the debts incurred by the company.</p>

Category	Ownership	Description	Implications
			<p>Profits are taxed at corporate tax rates.</p> <p>Must submit annual returns.</p>
Limited Liability Partnership	2 or more partners	Give the owners the flexibility of operating as a partnership whilst giving them limited liability.	<p>An LLP is capable of:</p> <ul style="list-style-type: none"> • Suing and being sued in its name; • Acquiring and holding property in its name; • Having a common seal in its name; and • Doing such other acts and things in its name, as bodies corporate may lawfully do and suffer. <p>More information on Limited Liability Partnership.</p>

There are two types of local companies in Singapore, either private or public. Ownership of private firms is limited by shares, while that of public companies is limited by shares or guarantee.

Category	Ownership	Description	Implications
Private Company	50 or less shareholders	Capital must be raised privately from shareholders and the banks.	Cannot raise capital by inviting public to deposit money, be it shareholder or debenture holder.
Public Company	Over 50 shareholders	Can invite public to deposit money with it, subscribe to its shares or debentures. The shares of a company subject to approval from MAS and the Singapore Exchange, may be transferable and tradable.	A public limited company is one where the liability of the shareholders is limited to the number of shares held by them.

Begin with the End in Mind

By the “end”, we do not mean you should think about closing your business or company before even starting it. Rather, you should understand issues about succession and reorganisation. For example, you need to ask yourself questions like how easy is it for you to transfer your business to another person, if you decide to sell it off and move on to another business? How will the company be liquidated so that all shareholders are happy when they decide to split and strike out on their own. Generally, it is far more complicated to wind up a company than close a business as liquidation of assets is involved. However, starting a business has its own set of implications as described at the beginning of this chapter.

Insolvency is not the only reason for businesses and companies to wind up. Some restaurants close, re-invent themselves and start as a new entity to inject fresh interest among target customers. Similarly, some fashion shops wind up, and introduce a new fashion trend as another fashion shop. Others close their companies to reposition their products and services as a group of allied companies. Some common [business exit options](#).

When closing a business, the term termination refers to closing the business before the expiry date of the registration whilst cessation of business is a decision by the owners not to continue with the business after the registration expires. Therefore the date of cessation must always be the date of expiry.

Closing a Business

The owner may close a business by filing a notice of termination or a notice of cessation with ACRA (formerly RCB) online. The owner will have to logon into [Bizfile](#) using his ID No and Singpass to file the notification of termination or cessation. See also [Closing a Business](#) and [FAQs on Closing a Business](#).

Winding Up a Company

Liquidation or winding up is a process where the assets of a company are seized and realised. The company’s business is closed down, its assets are sold off, the creditors are paid, and the balance of the assets is distributed to the members. In winding up a company, you have to consider issues like [insolvency and company liquidation](#). You can also look at ACRA’s [Guidelines on Application for Striking Off](#) and [Ending a Company](#).

Key Learning Points

Provides a guide to register your business or company, including the filing application, the processing of application and the registration requirements.

Take Note!

Before registering your business or company, you need to determine the nature of your business activity. You can search for the appropriate Singapore Standard Industrial Classification (SSIC) code for your business activity online at [SSIC Search](#) free of charge.

If however, you are unable to find a code, which aptly describes your business of company activity, logon to [Bizfile](#) and click on the relevant function. Enter the code "00000" and enter the description of the specific activity in the description column. This is applicable when registering a business or incorporating a company or when filing an online notification of change of business or company activities.

Business Registration / Company Incorporation

Sole proprietors and partnerships who wish to start a business must register under the [Business Registration Act](#), while incorporated companies and foreign companies must so do under the [Companies Act](#). These two Acts are administered by the [Accounting & Corporate Regulatory Authority](#) (formerly the Registry of Companies and Businesses), which regulates companies, businesses and public accountants in Singapore.

Business

How to Register a Business

Via

[Bizfile](#), ACRA's electronic filing and information retrieval system.

See [FAQs on Bizfile](#).

Filing Application

Logon into www.bizfile.gov.sg to submit an online transaction to register the new business

OR

Engage a professional firm or service bureau to assist in submitting the online application to incorporate local company via [BizFile](#). Fees will be charged by such entities for their services. Professional firms are company secretarial firms, law firms, accounting firms registered with ACRA who can e-file applications on behalf of their clients. A service bureau is a privately owned entity set up with the consent of the ACRA to file [BizFile](#) transactions on behalf of walk-in members of public. You can contact professional firms or service bureaus at [Singapore Phone Book](#) or [Internet Yellow Pages](#).

OR

Call at ACRA in person to submit the online transaction via BizFile at the Self-Help Kiosks.

OR

You can go to [Online Business Registrations and Licenses](#) to start a new business.

Processing of

Upon submission, the system will decide if the application needs to be referred to another authority for approval or

Take Note!

To save time in registration, you should check online at the [Directory of Business and Company Names](#) whether your business or company name is already being used. A proposed business name will not be approved if it is identical to the name of another company, foreign company or business. Undesirable names, including vulgar names will also not be approved, and names which the Minister has directed the Registrar not to accept for registration will also not be approved.

How to Register a Business**Application**

comments.

A referred application may take the [Referral Authorities](#) 14 days to 2 months to process. To find out why a referral is required for certain application, see the [Referral Authorities Table](#).

If no referral is required and the business is a sole-proprietorship, the applicant may proceed to pay the fee of \$65 for registering new business (registration fee of \$50 and name approval fee of \$15). For other fees, see [Business Fee Schedule](#).

Other Registration Requirements

All owners must make up-to-date Medisave payments before submitting application. See [Medisave for the Self-Employed](#) for details.

An individual who is at least 21 years old may register a business.

Any foreigner who is not a Singapore Permanent Resident (PR) and wants to be actively involved in daily running of the business is required to apply for [Employment Pass](#). This applies to a case where no local manager has been appointed. See also [Appointment of Business Manager](#).

Logon to www.bizfile.gov.sg to submit any [changes](#) in the registered business firm within 14 days from the date of change.

No general statutory requirement for accounts to be audited.

A business that intends to own a domain name, an email address & a website using a .sg domain name, needs to register with the [Singapore Network Information Centre](#).

See also [FAQs for Business Registration](#).

After registering your business, you are ready to launch and sell your new products or services. You should consider protecting your goods and services against replication by competitors. This is when intellectual property comes in. Click [here](#) to find out more.

Company

How to Incorporate a Company

Via [Bizfile](#), ACRA's electronic filing and information retrieval system
See [FAQs on Bizfile](#)

Filing Application Engage a professional firm or service bureau to assist in submitting the online application to incorporate local company via [BizFile](#). Fees will be charged by such entities for their services. Professional firms are company secretarial firms, law firms, accounting firms registered with ACRA who can e-file applications on behalf of their clients. A service bureau is a privately owned entity set up with the consent of the ACRA to file [BizFile](#) transactions on behalf of walk-in members of public. You can contact professional firms or service bureaus at [Singapore Phone Book](#) or [Internet Yellow Pages](#).

OR

A company can be incorporated by the directors themselves ("self-incorporation"). See [How to Self Incorporate Private Limited Company](#).

OR

You can go to [Online Business Registrations and Licenses](#) to start a new business.

Processing of Application

First, apply for a new company name. Use the [Step-by Step Guide](#).

The processing time for applying for a new company name is under 2 hours. But if a referral to the [Referral Authorities](#) is required, it may take another 14 working days.

If a name appeal application is submitted, the processing may take another 5 working days.

According to the [Companies Act](#), a company name must be approved before it can be registered. More about this at [How to Apply for New Company Name](#). A S\$15 fee is levied for each approved company name, which will be reserved for 60 days from the date of application.

An extension for another 60 days can be submitted online upon payment of an application fee of S\$10 for each

How to Incorporate a Company

approved name. Withdrawal is also allowed.

After a company name has been approved, the company can be incorporated online using [Step-by Step Guide](#). See [sample](#) of the standard Memorandum and Article of Association.

The processing time for this application is generally under 2 hours.

Registration fee is S\$300 for a company limited by shares regardless of the amount of its authorised share capital. For a public company limited by guarantee, the registration fee is S\$600.

See also: [FAQs for Company Registration](#)

Other Registration Requirements

For “self-incorporation” of company, the proposed directors, secretary and subscribers of the company (see side bar for definitions) must all be Singapore NRIC holders.

They will need to endorse their consent online via [Bizfile](#) within 3 days of submitting the application for incorporation.

For business converted into a company, the business owner will have to cease the business within 3 months from the date of incorporation of a new company, if he/she wishes to retain the same business name for the company. The law does not permit identical names.

Conditions to meet for incorporating a local company:

- Anyone above the age of 21.
 - There must be at least 1 director who must be 'ordinary resident' in Singapore
 - A foreigner who wishes to act as a local director of a company can apply for an [Employment Pass](#) or Approval-In-Principle letter from the Employment Pass Department.
-

How to Incorporate a Company

- There must be at least 1 subscriber.

Companies limited by guarantee may have certain restrictions on their memorandum or articles. Please refer to the [Companies Act](#) or consult a professional adviser.

The Registrar must be notified of any changes made to register the particulars. See [Changes to Local Company](#).

Every company must hold its Annual General Meeting (AGM) within eighteen months of its incorporation to present its audited accounts to its shareholders. These audited accounts should not be older than six months from the date of the AGM.

The company's Annual Return together with the audited accounts must be filed with the Registrar not later than one month from the date of the AGM.

A company must appoint a company secretary within 6 months of incorporation. Other than exempt private company (ie a private company with not more than 20 individual shareholders) with less than \$2.5 million turnover (for financial year starting on or after 15 May 2003) or less than \$5 million turnover (for financial year starting on or after 1 Jun 2004) and dormant company, accounts of company must be audited by approved [company auditors](#). These auditors must be appointed within 3 months of incorporation. Approved company auditors are certified public accountants approved under the [Companies Act](#). See also: [Powers And Duties Of Auditors As To Reports On Accounts](#) of the Companies Act.

Company that intends to own a domain name, an email address and a website using a .sg domain name, need to register with the [Singapore Network Information Centre](#).

After registering your company, you are ready to launch and sell your new products or services. You should consider protecting your goods and services against replication by competitors. This is when intellectual property comes in. Click [here](#) to find out more.

Key Learning Points

Offers brief pointers on licenses and permits.

Licences and Permits

Some Pointers on Regulations

Before a business firm or company starts operation, it has to get the necessary licences and approvals from relevant government agencies, especially for certain business activities. Such controls exist as the government has to safeguard public interests in Singapore, particularly if the business activities impinge on areas such as health, environment, security or morality.

Startup Licenses

Startup licences are those that are necessary before an entrepreneur can run the business or company. For example, consider a businessman who wants to set up an amusement centre, he needs to apply for a Public Entertainment Licence. This Licence is a legal requirement under the [Public Entertainments and Meetings Act](#) for running an amusement centre. Then, before the entrepreneur can import new game machines for this amusement centre, he needs the proper import permit from Singapore Customs. A useful listing of startup licences that may be applicable to different business activities is found at the [Online Business Licensing Service](#) website.

Occupational Licenses

Occupational Licences are those necessary for undertaking certain certifiable professional services. An example would be Contact Lens Practitioner's Registration. A person wishing to fit and sell contact lens in Singapore needs to comply with the [Contact Lens Practitioners Act \(Cap. 53A\)](#) by submitting an application for Registration as a Contact Lens Practitioner to the [Health Science Authority](#) (HSA) before he can commence his business. Very often, an entrepreneur may not be the person providing certain certifiable professional services. However, if the entrepreneur's products or services entail such professional services, he or she should be sure that either himself or herself or the professional has obtained the necessary occupational licences.

Complying with Regulations

It is impossible for this Guide to advise comprehensively about the different licences that you should apply for before you start your business. There are just too many permutations to the way business activities are conducted! As a rule of thumb, you can use the [Online Business Licensing Service](#) website as a guide to the licences needed. Then, you should consult a lawyer for professional assurance that you have not missed out other legalities for starting your business or company.

Key Learning Points

Learn about the selection of a suitable business premise; the difference between government and privately-owned premises; HDB commercial premises; HDB and JTC industrial premises; home-offices; and regulations on the use of premises.



Business Premises

One of the most important considerations for business startups is the type of business premises they need – office, showroom, retail space, warehouse or factory – as well as its location. There are various criteria the businessman must bear in mind when selecting an ideal business premises. He must be aware of the different types of premises available for rent, purchase or lease by government authorities and private developers. He must also be familiar with the government regulations pertaining to the acquisitions of business premises.

Selecting a Business Premises

Rental Rate

The ideal business premises will depend on your financial resources, expected revenues and projected profit margin of your product. The amount of money that you pay for the business premises is critical to the survival of your business. Too high a rental rate and your business may not be profitable and you may struggle to make ends meet. Hence, the guiding principle is to choose the lowest possible rental rate for the type of premises that is needed for operating your business.

Type of Business

The premises you choose will be directly related to your business activity. For example, if you are:

- an eatery, your outlet should be located in a heavy human traffic area such as housing estates or shopping malls or near office crowds. Your business premises must be located in an area that covers as many of your target customers as possible.
- a convenience store, you should be located in a housing estate with residents who will come to your shop because it is near and convenient to them.
- selling specialised products like musical instruments, it is likely that your customer will be willing to travel a distance to come to your shop. So you can locate in a building with less human traffic.
- an IT consulting firm or a media consultant firm, you will have corporate clients who are willing to travel quite a distance to use your service. While distance may not be an issue, the physical image of your business is important. The main office where you will receive your customer should be suitably renovated.
- a very small business, you can explore doing it from your home home or rent an office cubicle.

Accessibility of Site

Another consideration in selecting a business premises is its accessibility to customers. The location of the premises should be easily reached from main roads and is accessible to public transport such as buses and MRT. For example, if you are running a restaurant, it should have ample parking space available. If you are renting a retail space in a shopping mall, your outlet should be located near the entrance or near escalators where it is easily visible to shoppers.

Surrounding Businesses and Competitors

Ideally, it is preferable to avoid choosing a business premises that is surrounded by your direct competitors. Yours should be the only business in the vicinity providing a unique type of product or service. However, if you are operating a small and unknown product or service, it is sometimes wise to operate near a well-established competitor. Although your more accomplished competitor will draw away your potential customers, there are some who may try your product or service because you happen to be next door.

Other Considerations

Some businesses need to be located near their suppliers of raw materials. This may be due to the difficulty of transporting the raw materials to your business premises for production. Similarly, the nature of some businesses, say freight forwarding companies, meant that the premises should be located near airports or the harbour to facilitate their business operations.

Government-Owned Premises or Private-Owned Premises

After selecting the type of business premises based on the criteria mentioned above, you will need to look at the various types of premises available in the market, be it government-owned or private-owned space. For government-owned business premises, you can rent or lease them from the [Housing and Development Board \(HDB\)](#) or the [Jurong Town Corporation \(JTC\)](#). These two government agencies offer a wide range of industrial and commercial premises based on your business needs. You can also obtain private-owned premises for rent in shopping malls and office buildings. For example, shop space for a retail fashion store in Tampines Mall would be considered a private-owned premises. Many small businesses also start off in sublet offices – usually small one-room cubicles within a bigger office unit. Some companies will even rent you desk space or act as a mail drop.

Useful Links

- [Commercial Properties](#)
- [Contact HDB Commercial Properties](#)
- [National Environment Agency \(NEA\)](#)
- [Agri-Food and Veterinary Authority of Singapore \(AVA\)](#)
- [Ministry of Education \(MOE\)](#)
- [Get an industrial unit](#)
- [Place2Lease](#)
- [Contact Hbiz](#)

Application forms for these business premises are available in the JTC website by clicking on the [relevant facilities](#) that you required.

Useful Link: [JTC Contact Centre](#)

HDB Commercial Premises

You can rent or lease a HDB commercial property for your business. The three most common types of businesses that rent or lease premises from HDB are shops, eating houses and businesses that need office space.

Any non-bankrupt Singapore or Non-Singapore Citizen who is 21 years old and above is eligible to bid for HDB's commercial premises. You can find the commercial premises for bidding in [place2lease](#). You can also find information pertaining to the other e-applications for HDB commercial properties and lease/tenancy matters [here](#).

Certain types of businesses need the approval of other government agencies when applying to rent or lease HDB commercial properties. For example, eating places and food factories must obtain permission from the [National Environment Agency \(NEA\)](#) and/or the [Agri-Food and Veterinary Authority \(AVA\)](#), while commercial schools need approval from the [Ministry of Education \(MOE\)](#).

For more information on bidding for HDB commercial property, please contact [HDB Commercial Properties](#).

HDB and JTC Industrial Premises

Business startups can obtain industrial premises for their operations from HDB and JTC.

HDB

The [Industrial Properties Department \(IPD\)](#) manages HDB's industrial premises. It offers a wide range of premises for lease or rent. The department currently manages about 12,000 industrial tenanted properties as well as about 600 industrial lease land premises. It offers flatted factories, warehouses, terrace workshops, ramp-up developments and prototype factories. These facilities are located in its [industrial estates](#) island-wide. You can [get an industrial unit](#) via live bidding at [www.place2lease.com](#), an online bidding website which allows you to bid in real-time for HDB factories as well as commercial premises. You can participate in the Quick Bid mode of bidding to get a unit in just 10 minutes.

JTC

JTC offers a wide array of industrial facilities to suit your business needs.

- [Ready-built](#) facilities such as low-rise, high-rise or stack-up factories are available for quick start-up operations.
- [Technopreneur centres](#) like the [Phase Z.Ro](#) come ready for business with power and telephone connections and a broadband ready environment. These serve as ready-made incubators for start-ups.
- [One-North](#) offers an innovative environment where scientists, researchers and technopreneurs converge.
- [Industrial parks](#) offer manufacturing companies with suitable business premises.
- [Business parks](#) are dedicated to technology and knowledge-based activities.

- [Industry clusters](#) cater to the chemicals, wafer fabrication, biomedical, logistics and food industries.

Home Offices

If your business operation is small, you may explore working from home. The [Home Office Scheme](#) allows private and HDB homeowners to conduct small-scale businesses within their homes, as long as their business activities do not fall under the scheme's negative list. An example of business activities not allowed in HDB residential premises (i.e. under negative list) would be food catering. "Home Office" can be premises used by its occupants primarily for residential purposes with part or parts of the premises being used by the occupants as an office. It also includes those premises in which not more than two persons, who are not residents in those premises, are engaged in the operation of the office.

For HDB residential premises, you can submit an application [online](#) via the Online Business Licensing Service. For other residential premises not sold or leased by HDB, you can apply under this Service's [Urban Redevelopment Authority \(URA\) Home Office Scheme](#).

Temporary Office

If you are running your office from home or a small sublet cubicle, it may be unsuitable for meeting clients due to its small size or perhaps because your client will form a poor impression of you. In this case, you may want to rent an office or meeting room from virtual or serviced office companies. The *Singapore Yellow Pages: Commercial/Industrial Guide* has a list of such offices under the heading 'Offices-Serviced'.

Regulations on the Use of Premises

An entrepreneur may change the use of industrial or commercial premises to some new business activities when he or she acquires those premises.

[Contact URA](#)

[Contact FSSB](#)

URA's Change of Use Approval

The [Urban Redevelopment Authority \(URA\)](#) has some regulations on this change of use for industrial or commercial premises. You need URA's Change of Use approval if the use of your premises falls under another Use Class when compared to the premises' existing Use Class.

For example, when you change the use of a premises from a tuition centre to a retail shop, you will need to get approval from URA. However for certain classifications of businesses, you do not need URA's approval when changing the use of premises. In the case of a change of use from an approved shop to a medical clinic, you do not have to seek planning permission from URA. More information on this subject as well as online application can be found in Online Business Licensing Service's [Change of Use Approval](#). You should confirm with the URA whether you need its Change of Use approval for the premises you intend to use before using the premises.

HDB's Change of Trade Notification

If you are renting commercial premises from [Housing & Development Board \(HDB\)](#), you need to apply for approval whenever there is a change of trade from the premises' previous use.

HDB allows shop lessees and tenants to change trades to non-retail uses such as offices, office-related trades, showroom, sale of take-away food and single-operator family restaurant. However, change of trades to uses that will cause disturbances to the residents, such as eating houses and industrial trades, are not allowed. HDB shop tenants who wish to change trades need to notify HDB through the Online Business Licensing Service's [Change of Trade Approval](#).

If you had purchased the premises from HDB, you need to apply for approval only when the change/ inclusion of trade involves different use class. If unsure, you should check with the HDB before undertaking your business activities at the HDB premises.

Fire Safety Inspection

You may also need to consult the [Fire Safety And Shelter Bureau](#) (FSSB) on fire safety issues and inspection before you can start operating the business. If you intend to carry out any fire safety works as defined under the Fire Safety Act 1993 affecting the fire load of your commercial/industrial premises, you are required to engage a Qualified Person to submit Fire Safety Plans to the Fire Safety & Shelter Department (FSSD) of the Singapore Civil Defence Force (SCDF) for approval before you commence any fire safety works.

Furthermore, some businesses need a [Fire Safety Certificate \(FSC\)](#) before the premises can be used or occupied. The need for a FSC is to provide for the safety of the building's occupants. Owners are required to apply to and obtain the FSC before using or occupying the premises. The FSC is only issued after full completion of all fire safety works in the project. To find out if your business premises needs a FSC, you can call FSSB's [Consultation Service](#).

Factory Registration

Businesses that operate a factory will need to register it with the [Ministry of Manpower's Occupational Safety Department \(OSD\)](#). The OSD administers the [Factories Act](#) to safeguard the safety of persons employed in factories.

Application for factory registration must be submitted to the Chief Inspector of Factories in prescribed forms at least one month before the factory begins operation. The application must come with a copy of the factory layout plan. The factory registration application forms together with the guide for submission of the factory layout plan are available at the Occupational Safety Department. If your business is not within the construction sector, you can apply for the [Factory Registration \(except building operations or works of engineering construction\)](#) via the Online Business Licensing Service.

Key Learning Points

Describes the different types of intellectual property (IP) rights, the registration procedures and process, the costing, the length of protection and other important matters related to IP rights.



innOvation!

cReativity!

iDeas!

desiGns!

iMages!

InveNtion

nAmeS!

novelty!

Intellectual Property

Intellectual Property (IP) generally refers to the product of creativity and intellectual effort. IP can be an invention or innovation, special names and images used in trade, original designs or expression of an idea. In Singapore, laws exist to protect such IP. This may be through a registration process such as patent registration for inventions, trade marks registrations for signs used in trade, and industrial design registration for designs applied to articles. Other forms of IP, that need not be registered, but may be protected nonetheless, include copyright works, geographical indications, layout designs of integrated circuits, confidential information and trade secrets.

IP being territorial in nature would need registration in countries in which protection is desired. The laws of the foreign country would apply if an application for IP rights is sought in that country. To obtain protection outside Singapore, it is necessary to file separate applications in the countries concerned. In order to get protection in these countries you may either file applications in those countries directly, or, for certain IP, through existing international systems.)

The [Intellectual Property Office of Singapore](#) (IPOS) is the lead government agency that formulates and regulates intellectual property (IP) laws, promotes IP awareness and provides the infrastructure to facilitate the greater development of IP in Singapore. IPOS has developed resources and programmes to meet the needs of users and applicants. A few of those are described below:

- A one-stop solution designed to facilitate online patent and trade mark related searches and transactions in Singapore are available at our e-services such as [e-Patents](#) and [e-TradeMarks](#).
- An IP education and outreach programme for schools, specially designed to make learning IP learning easy and fun can be found at [iperckidz](#).
- A portal that offers a comprehensive suite of services supporting both the layman as well as the professional user can be accessed at [SurfIP](#).
- On getting a head start in managing your IP in business, IPOS' self-help diagnostic tool to help business effectively harness and harvest their IP stock namely Strategies for Creation, Ownership, Protection and Exploitation of IP is available at [SCOPE IP](#).

Patent

A patent is a monopoly right over an invention given by the law to the patentee for a maximum of 20 years. It serves to encourage new inventions as it allows the patentee to benefit from the commercial exploitation of the invention. In return, the patentee provides full disclosure of the invention so that the public may avail themselves of the disclosure of the information and benefit from such disclosures. Examples of inventions for which patents have been granted are the “ring pull tab for a can” and “anti theft device for a vehicle”.

Copyright

Copyright protects works like novels, software programs, plays, sheet music and paintings. Generally, the author of a copyright

work has the right to reproduce, publish, perform, communicate and adapt his work. These rights enable him to control the commercial exploitation of his work.

Trade Mark

A trade mark is a sign capable used by any person in the course of business or trade to distinguish his goods or services from those of other traders. It can be letters, words, names, signatures, numerals, devices, brands, labels, tickets, shapes, sound, colours, aspect of packaging or any combination of these.

Registered Design

A registered design refers to features of shape, configuration, pattern or ornament applied to an article via an industrial process. It is the visual appearance of articles we see everyday. Some examples of registered designs include shapes of furniture, cutlery & toys, the pattern on fabrics etc.

Plant Varieties Protection

The grant of protection for a plant variety is a right given by the Government to the breeder to prevent others from doing specific acts with the propagating material and/or harvested material of the protected plant variety without the breeder's authorisation, such as production or reproduction; conditioning for the purpose of propagation; offering for sale; selling or other forms of marketing; exporting; importing and stocking.

Layout-designs of Integrated Circuits

The layout-designs of an integrated circuit (IC) refers essentially to the 3-dimensional disposition of the elements and interconnections making up an IC. ICs are used in many products such as watches, televisions, traffic lights and computers.

Geographical Indications

Geographical Indications are indications which identify a good as originating in a place where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Some examples of geographical indications are 'Champagne', 'Bordeaux' and 'Chianti', the first two being regions in France and the third, a region in Italy, all famous for their wines.

**For detailed information
on Intellectual Property
matters, you can contact:**

Intellectual Property Office of
Singapore
51 Bras Basah Road #04-01
Plaza By The Park
Singapore 189554
Customer Enquiry Hotline: (65)
6339 8616
Fax: (65) 6339 0252
Email:
ipos_enquiry@ipos.gov.sg

Registration of Various Forms of Intellectual Property Rights

Patent	
Procedures & Process	<p>File Patents Form 1 (PF1) together with the prescribed registration fee of S\$160.00</p> <p>Downloadable Forms.</p> <p>Click here for more details about the application process.</p> <p>There are different approaches to the search and examination process, please refer to the IPOS' website http://www.ipos.gov.sg for more details (About IP>Patents>Application Process).</p>
Cost Involved	<p>The two main costs are the official filing fees and agent's fees (if applicable).</p> <p>The total cost varies. You can find a list of all the prescribed official fees here.</p>
Length of Protection	20 year from date of application, subject to payment of annual renewal fees from the end of the 4 th year onwards.
Notes to take	<p>Singapore does not require the filing of claims at the point of filing the application. Claims however, have to be furnished within a prescribed period. Failure to do so would result in the application being treated as abandoned. Application should include the description, a claim(s) and drawings (if any), and an abstract of your invention.</p> <p>It is not mandatory to apply for patent protection in Singapore first before seeking protection overseas. However, Section 34 of the Patents Act states that any person resident in Singapore is required to obtain a written authorisation from the Registrar of Patents before he files or causes to be filed outside Singapore an application for a patent for the same invention.</p> <p>Before an invention is granted a patent, it must satisfy 3 criteria:</p> <ul style="list-style-type: none"> • New • Inventive Step • Industrial Application <p>Details of these can be found here.</p> <p>Foreign applicants need to provide an address for service in Singapore.</p> <p>See also:</p> <ul style="list-style-type: none"> • Applying for a Patent outside Singapore. <p>Useful links:</p> <ul style="list-style-type: none"> • Patents Act (Cap. 221) • ePatent See also the Flowchart of Filing Procedures for electronic submission. • Frequently Asked Questions

Copyright

Procedures & Process	Registration is not required– automatic protection.
Cost Involved	NA
Length of Protection	For literary, musical, artistic, dramatic works, protection is for the lifetime of the author plus 70 years after the author's death. Other works would have other lengths of protection.
Notes to take	<p>Useful links:</p> <ul style="list-style-type: none"> • Copyright Act (Cap. 63) • Fundamentals of Copyright • Ownership And Rights • Frequently Asked Questions <p>A list of IP Associations and information on seeking permission from Collecting Societies to use materials protected by Copyright are available on the IPOS' website http://www.ipos.gov.sg>About IP>Copyright.</p>

Trade Mark

Procedures & Process	<p>File the application Form TM 4. Downloadable Forms. Click here for the flowchart of trade mark application.</p>
Cost Involved	<p>Two main costs are the official fees and agent's fees (if applicable).</p> <p>The total cost varies. But the basic fees in a typical application may include:</p> <ul style="list-style-type: none"> • S\$306.00/S\$336.00 (eTrademarks/manual filing respectively) to file an application Form TM 4 for a single class of goods/services. <p>See more details on fees.</p>
Length of Protection	Valid for 10 years from date of application. Renewable every 10 years.
Notes to take	<p>Ensure that you classify the goods or services on which the trade mark is to be used correctly. Classes 1 to 34 are for goods and classes 35 to 45 are for services. Click here for a quick reference on the various classes.</p> <p>Foreign applicants need to provide an address for service in Singapore on Form TM 4.</p>

Trade Mark

See also:

- [Applying for a Trade Mark outside Singapore](#)

For a trade mark to be registered it must be distinctive and capable of distinguishing the goods and/or services of the owner from similar goods and/or services of other traders. In general, marks that are descriptive, common to the trade, deceptive, contrary to public policy or morality, identical with an earlier mark on identical goods/services, cannot be registered. Also, an identical mark on similar goods/services or a similar mark on identical/similar goods/services, which could cause confusion with the earlier mark, may not be registered.

Useful links:

- [Trade Mark Act \(Cap. 332\)](#)
- [eTrademarks](#)
- [Protection for unregistered marks under common law](#)
- [Frequently Asked Questions](#)

Registered Design

Procedures & Process	File the application form D3 together with the prescribed fee. Downloadable Forms . Click here for the flowchart of a design application.
Cost Involved	Two main costs are the official fees and agent's fees (if applicable). The total cost varies. But the basic fees in a typical application may include: <ul style="list-style-type: none"> • S\$220.00 Click here for the list of all the prescribed official fees.
Length of Protection	5 years from date of registration. Renewable every 5 years up to a maximum of 15 years, subject to the payment of renewal fees.
Notes to take	Ensure that the correct <u>class and subclass</u> is identified for the type of articles for the design. The classification can be found at the IPOS website (About IP>Registered Designs>Classification – The 3 rd Schedule). Besides stating the exact class and subclass numbers, you would need also to appropriately specify the article according to the Locarno Classification (The Locarno Classification is available at the IPOS & WIPO website).

Registered Design

The following are essential for a design to be accepted for further examination:

- Statement of Novelty
- Representation of the Design
- Representation Applied to Each Article in a Set (if any)

More details on the above can be found [here](#).

To qualify for registration, a design must meet two criteria:

- New
- Industrial Process

More details on these [here](#).

However, there are some designs that cannot be registered. These are elaborated [here](#).

Useful link: [Registered Designs Act \(Cap. 266\)](#)

Plant Varieties

Procedures & Process	File the application form PVP 3, the technical questionnaire and supporting documents, together with prescribed fee of \$1600. Downloadable forms . Click here for the flowchart of a plant variety application.
Cost Involved	Two main costs are official fees and agents' fees (if applicable). Click here for the list of all the prescribed official fees.
Length of Protection	25 years from the date of grant, subject to the payment of annual fees (starting from the end of the first year of grant).
Notes to take	The candidate plant variety must meet the following criteria: <ul style="list-style-type: none"> • novelty; • distinctness; • uniformity; and • stability. It must be also given a suitable denomination. In lodging an application, ensure that the proposal of a denomination for the candidate plant variety is submitted together with the technical questionnaire and necessary supporting documents. A trade mark search is recommended to ensure that the denomination does not form part of an existing trade mark. Under the Plant Varieties Protection Act, new varieties of the 15 plant genera and species listed in the 4 th schedule

Plant Varieties

are eligible for protection.

Useful links:

- [Plant Varieties Protection Act 2004 \(Act 22 of 2004\)](#)
- [List of Genera & Species](#)

Layout-designs of Integrated Circuits

Procedures & Process	Registration is not required. Automatic protection for citizen or resident of Singapore, a WTO country, or specified qualifying countries.
Cost Involved	NA
Length of Protection	If IC is created after 15 Feb 1999 - 10 years if it is first used commercially within 5 years of creation. Otherwise, within 15 years after its creation.
Notes to take	Useful link: <ul style="list-style-type: none"> • Layout-designs of Integrated Circuits Act (Cap.159A)

Geographical Indications

Procedures & Process	Registration is not required.
Cost Involved	NA
Length of Protection	Automatic protection for a country who are a member of the WTO, a party to the Paris Convention for the Protection of Industrial Property, or a country designated by the Singapore Government as a qualifying country.
Notes to take	Useful links: <ul style="list-style-type: none"> • Geographical Indications Act (Cap. 117B)

Useful Business Resources



Business Entity

Books

1. *A Good Start: RCB's Guide to Setting Up Business in Singapore*. Registry of Companies and Businesses, 1997.
Call No.: SING 346.595707 GOO
2. Chan Pak Chuen. *Success With Small Business: Practical Advice For Starting A Successful Business*. Singapore: Rank Books, 2002. Call No.: SING 658.022095957 CHA
3. Goh, Tianwah. *Handbook For Entrepreneurs: How To Set Up Your Own Business In Singapore*. Singapore: Rank Books, 2001. Call No.: SING 658.022095957 GOH
4. *Handbook For Businessmen*. Singapore: Rank Books, 2004.
Call No.: SING 330.95957 HAN
5. Lwin, May et al. *Clueless in Starting A Business*. Singapore: Pearson Prentice Hall, 2003.
Call No.: SING 658.11 LWI
6. Milton-Smith, John. *The Making Of A Technopreneur*. Singapore: ITE Alumni Association, 1999.
Call No.: 338.04095957 MAK
7. Ravi Chandran. *Introduction To Business Law In Singapore*. Singapore: McGraw Hill, 2003.
Call No.: SING 346.595707 RAV
8. *The Business Guide to Singapore*. Singapore: Butterworth-Heinemann Asia, 1997.
Call No.: SING 332.673095957 BUS
9. *The Investor's Guide To Singapore*. Singapore: Singapore International Chamber of Commerce, 2003.
Call No.: SING 332.673095957 SIN
10. Woon, Walter C. M. *Basic Business Law in Singapore*. Singapore: Prentice Hall, 2000.

Call No.: SING 346.595707 WOO

Websites

1. [A Guide To Doing Business In Singapore](#)
2. [Action Community for Entrepreneurship \(ACE\)](#)
3. [Business.gov.sg](#)
4. [Doing Business in Singapore](#)
5. [Doing Business in Singapore: Setting Up Operations](#)
6. [Accounting & Corporate Regulatory Authority \(ACRA\)](#)
7. [Setting Up Business in Singapore](#)
8. [Seven Steps to Success for Startups and Emerging Enterprises](#)
9. [Startup Guide](#)

Business Registration / Company Incorporation

Books

1. A Good Start: RCB's Guide to Setting Up Business in Singapore. Registry of Companies and Businesses, 1997.
Call No.: SING 346.595707 GOO
2. Chan Pak Chuen. *Success With Small Business: Practical Advice For Starting A Successful Business*. Singapore: Rank Books, 2002.
Call No.: SING 658.022095957 CHA
3. Goh, Tianwah. *Handbook For Entrepreneurs: How To Set Up Your Own Business In Singapore*. Singapore: Rank Books, 2001. Call

No.: SING 658.022095957 GOH

4. *Handbook For Businessmen*. Singapore: Rank Books, 2004.
Call No.: SING 330.95957 HAN
5. Lwin, May et al. *Clueless in Starting A Business*. Singapore: Pearson Prentice Hall, 2003.
Call No.: SING 658.11 LWI
6. Ravi Chandran. *Introduction To Business Law In Singapore*. Singapore: McGraw Hill, 2003.
Call No.: SING 346.595707 RAV
7. *The Business Guide to Singapore*. Singapore: Butterworth-Heinemann Asia, 1997.
Call No.: SING 332.673095957 BUS
8. *The Investor's Guide To Singapore*. Singapore: Singapore International Chamber of Commerce, 2003.
Call No.: SING 332.673095957 SIN
9. Woon, Walter C. M. *Basic Business Law in Singapore*. Singapore: Prentice Hall, 2000.
Call No.: SING 346.595707 WOO

Websites

1. [Business Registration Act](#)
2. [Business Registration, Licences & Permits](#)
3. [Companies Act](#).
4. [Accounting & Corporate Regulatory Authority \(ACRA\)](#)

Licences and Permits

Book

1. *A Good Start: RCB's Guide to Setting Up Business in Singapore*. Registry of Companies and Businesses, 1997.

Call No.: SING 346.595707 GOO

2. *The Investor's Guide To Singapore*. Singapore: Singapore International Chamber of Commerce, 2003.
Call No.: SING 332.673095957 SIN

Websites

1. [Business Registration, Licences & Permits](#)
2. [Licensing](#)

Business Premises

Books

1. Chan Pak Chuen. *Success With Small Business: Practical Advice For Starting A Successful Business*. Singapore: Rank Books, 2002.
Call No.: R SING 658.022095957 CHA
2. Sim, H.C. Matthew & Wee Keng Neo, Lynda. *Budding Ideas at Work: A Practical Handbook to Get Entrepreneurs Started*. Singapore: Prentice Hall, 2002.
Call No.: R SING 658.041 SIM

Websites

1. [7 Step Guide to Getting a Property](#)
2. [Business Premises](#)
3. [HDB Change of Trades](#)
4. [Resource Links on Property](#)
5. [URA Change of Use of Premises](#)

Intellectual Property

Books

1. Ng, Max Chee Weng. *Intellectual Property*. Singapore: LexisNexis, 2002.
Call No.: SING 346.5957048 NG
2. Ravindran, M. *Intellectual Property: Trade Marks Act: A Commentary*. Singapore: LexisNexis, Butterworths Asia, 2002.
Call No.: RSING 346.59570488 RAV
3. Tay, Catherine Swee Kian. *A Guide to Protecting your Ideas, Inventions, Trade Marks and Products*. Singapore: Times Books International, 2002.
Call No.: SING 346.5957048 TAY

Websites

1. [Copyright](#)
2. [Geographic Indications](#)
3. [Intellectual Property of Singapore](#)
4. [Layout-Design of Integrated Circuits](#)
5. [Patents Act \(Cap. 221\)](#)
6. [Registered Designs](#)
7. [Trade Marks](#)
8. [Trade Secrets & Confidential Information](#)

Running a Business

Key Learning Points

Provides information on employment such as recruitment, training and termination of employees.

CPF Application Process

Under the subtitle of [Employers and their Obligations](#) in the [Employer's Handbook](#), look at

- Registration of New Employer
- Registration of New Employees

CPF Information for Employer

General Information:

- [Employer's Handbook](#)
- [Foreign Worker Levy \(business & domestic employers\)](#)
- [FAQs](#)
- [Service Charges](#)
- [E-submission](#) and [Payment](#)

Services:

- [Online Applications](#)
- [Medisave / MediShield Reimbursement](#)
- [Link to iFWLB \(by MOM\)](#)

Tools:

- [CPF Contribution Calculator](#)
- [Employer Classroom](#)
- [Employer Returns Online Form Learning Classroom](#)
- [Employer Returns File Transfer Learning Classroom](#)

Employment

Having decided to start a business, you may become a potential employer. It will therefore be useful for you to be acquainted with the employment situation in Singapore, ranging from working conditions to legislation and official policy.

Basic Labour Market Information

For an overview of the latest employment statistics, labour trends and outlook, potential employers can refer to the [Labour Market Information in Singapore](#).

You will also need to understand the basic legislations governing employment in Singapore. The major ones are the [Employment Act](#) which regulates the minimum terms and conditions of employment and the [Industrial Relations Act](#) which regulates labour-management relations. You can find more details on local employment laws and guidelines at LRD's [Legislation](#) and [Guidelines](#). The terms and conditions for employment are available in its [FAQ on Employment in Singapore](#). If you want additional information resources on employment, you can get them from [Employment Laws and Guidelines](#).

The [Labour Relations Department](#) (LRD) of the Ministry of Manpower (MOM) administers the Employment Act and Industrial Relations Act. The mission of the department is to foster industrial harmony amidst a changing economic environment. Industrial harmony is founded on the strong tripartite cooperation among employers, workers and the government. It provides mediation services for employment disputes and disputes relating to industrial relations matters.

The [Industrial Arbitration Court](#) adjudicates disputes over industrial relations matters. The National Wages Council (NWC), consisting of representatives from the government, employers and trade unions recommends wage guidelines annually. Details can be found in the [National Wages Council Wage Guidelines for July 2004 to June 2005](#). The Tripartite Taskforce on Wage Restructuring formed in July 2003 released a set of recommendations on wage restructuring in January 2004. This forms part of a long-term strategy for Singapore companies, employees and the economy to stay competitive in the global economy. A flexible and performance-based wage system will enable employers to adjust wage cost according to the business conditions. It allows employees to earn better rewards in good times and helps save jobs in business downturns. The Taskforce recommended that wages should be divided into a fixed basic portion and a sizeable variable component. As a general guide, 70% of the annual wages of a rank-and-file employee should be fixed and 30% should be variable. More information on this topic is available in the Tripartite Taskforce's [Report of Wage Restructuring](#).

Potential employers also have to know their obligations under the Central Provident Fund (CPF) Board, Singapore's social security savings system. You can refer to the [Employers' Handbook on CPF](#) and the handbook on [Medisave for the Self-Employed](#).

Additionally, employers must ensure that the workplace is safe for his staff. Information on the issues and guidelines relating to safety at work can be found at [Occupational Safety & Health](#) and [Workplace Safety and Health](#).

Recruiting Employees

With a basic understanding of the Singapore labour market, legislations and employees' rights and interests, employer can now proceed to hire workers. You can find out more on [hiring Singaporeans or recruiting foreigners](#). Like most countries in the world, the hiring of foreigners requires additional procedures. You can find information on Ministry of Manpower's website on [Hiring Foreigners](#) for information on work passes.

The Ministry of Manpower (MOM) issues work permits and S pass for skilled and semi-skilled workers, while employment passes are for specialist workers and professionals. Potential employer should note that the recruitment of work permit holders is subject to controls in the form of government levy and dependency quota. More information on the rates for the foreign worker levy and the level of dependency quota is available in MOM's [Manpower Planning](#) website.

In addition, every employer is required to register with the [Central Provident Fund](#) (CPF) Board to establish CPF contributions for local employees. See side bar for CPF registration process and other useful information.

Foreigners who come to Singapore on Employment/Professional Visit Pass or Work Permit are not permitted to contribute to the CPF. See [Exemptions to Payment of CPF for Employees](#). These foreign employees have been exempted from CPF contributions since 1 August 1995. However, if these foreigners become Singapore Permanent Residents (PR), employers are required to contribute CPF for them. But if they have not been made mandatory CPF contributions before 1 August 1995, they will only be required to contribute at a reduced rate in the first two years after acquiring PR status. For foreign employees who have been contributing mandatory CPF when they take up residence here, the full rates will continue to apply.

When recruiting foreigners, an employer should be mindful of the need for their employees' accommodation. Aside from offering foreign employees private housing, employers can approach the [Jurong Town Corporation](#) for accommodation.

CPF Information for Self-Employed

General Information

- [Self-employed Handbook](#)

E-Services

- [Online Applications](#)

CPF Information for Business Partners

Generic Data Exchange Centre (GDEC)

- [Generic Data Exchange Centre \(GDEC\)](#)
- [FAQ on GDEC](#)

E-Services

- [Online Applications](#)
- [Generic Data Exchange Centre \(GDEC\)](#)
- [E-Forms for companies relating to CPFIS](#)

To encourage skill upgrading, employers can tap on the financial incentives provided by the [Skills Development Fund](#) (SDF) for employee training. The SDF offers financial assistance to employers for this purpose.

More information on training is available in [Employment Town](#), which has a compilation of [training courses](#) and [training providers](#) relevant to a wide range of subjects cutting across various industries.

Other useful links include:

- [People for Jobs Traineeship Programme](#)
- [People Developer Standard](#)

Training

In order to enhance business productivity so as to stay competitive in the evolving market place, employers should upgrade their employees' skills. Training programmes and schemes for skilled workers and professionals are available from the [Singapore Workforce Development Agency \(WDA\)](#). These programmes and schemes can be grouped into:

[Basic Enabling Skills](#)

These programmes reach out to workers from all spectrum of the economy. From basic workplace English to Information Technology, such training courses help workers improve themselves.

[Job Specific Training for Workers](#)

As Singapore's economy restructures, new employment opportunities require different skills and expertise. The WDA has numerous schemes in place to ensure that workers adapt to their new job scopes and are equipped to meet these new challenges.

[Skills Training for Professionals & Executives](#)

Customised programmes designed to enhance the skills and expertise of professionals and executives are available for those who wish to be redeployed to a high-growth sector of the economy or become self-employed

You should tap on these programmes and schemes whenever possible to develop your employees. They can then contribute more effectively to building your business or company.

See Ministry of Manpower's [Contract of Service and Termination of Contract](#) for more information on the subject.

Termination

Termination of employment is a recurrent issue in the job market. Employers should know the issues that relate to the termination of workers. In general, the terms of the employment contract will determine the manner in which a contract is terminated. For a fixed-term contract, the contract will be terminated on the expiration of the period. But if the contract is for an indefinite duration, either party can terminate it by giving the required notice as stated in the terms of the contract or the period prescribed by the law.

Under the [Employment Act](#), employment can be terminated for cause or without cause. The Act provides that notice of termination is required if termination is without cause. Or else, payment in lieu of notice is necessary. The amount of notice required under the termination by notice is normally based on the length of service. However, it could also be based on mutual agreement or either party can opt for payment to the other party in lieu of notice as described in [Section 11](#) of the Employment Act. In addition, the Act provides that the notice shall be in writing and may be given at any time, and the day on which the notice is given shall be included in the period of the notice. You can refer to [Section 10](#) of the Act for more information on the notice of contract termination.

When there is a breach of contract by the employee an employer can terminate his employee without notice. An employee is deemed to have broken the contract of service when he/she is absent from work for two continuous days without prior leave or reasonable excuse and without informing his or her employer.

Key Learning Points

Find out more about the different types of taxes imposed on businesses, including sole/proprietorship tax, corporate tax, property tax and goods and services tax.

Taxation Matters

Businesses and companies pay taxes. Fortunately, the Singapore government constantly monitors its tax regime to ensure that it keeps pace with the global economy. This helps ensure a favourable business climate for Singapore entrepreneurs. To acquaint yourself with the current Singapore tax regime, please refer to the Inland Revenue Authority's [Singapore's Tax System](#) and [Tax Guides](#) and the latest government budget.

Types of Tax

Different types of taxes are imposed on business enterprises in Singapore, affecting sole proprietors, partnerships and companies.

Sole Proprietorship/ Partnership Tax

Sole-proprietors are required to report their business income in the individual Income Tax Return (Form B or B1). (There is no separate form to report the sole-proprietor business as the sole proprietor is only required to report his income in his individual Income Tax Return.) For a partnership business, the precedent partner will be responsible for reporting the partnership income in Form P.

In addition, all partners should report their share of the partnership income in their individual Income Tax Return (Form B or B1). However, if you and your spouse are the only partners in the business (i.e., a Husband and Wife partnership), you are not required to complete Form P. Instead, you and your spouse have to report the share of partnership income in the individual Income Tax Return (Form B or B1).

Corporate Tax

Corporate tax are levied on the income derived by any company accruing in or derived from Singapore or received in Singapore from outside Singapore. A company is defined as one incorporated or registered under any law in force in Singapore or elsewhere. Companies have to [file](#) an estimate of their chargeable income with IRAS within 3 months after the end of their accounting period and to file their tax return with IRAS by 31 July of the year.

Property Tax

This is a tax on immovable properties, which is payable yearly in advance in the month of January. The property tax payable per year is based on a percentage (tax rate) of the annual value of the property.

Goods and Services Tax (GST)

GST is paid by GST-registered businesses for their purchase of goods and services in Singapore. These businesses in turn have to charge GST on the supply of goods and services in Singapore. At the end of an accounting period, GST paid is deducted from the GST collected. If the net amount is positive, the business has to account the amount to the Comptroller of GST. If the net amount is negative, a refund can be expected from the Comptroller.

Businesses and companies have up to one month after the end of the accounting period to submit GST Return F5/F8 and for the payment of tax (if any). Penalties will be imposed for late submission and payment.

Other taxes

[Stamp duty](#) is not a tax on transactions, but a tax on commercial and legal documents recording and giving effect to certain transactions. It is payable even if the transaction has been cancelled. The duty is payable only on documents described in the First Schedule to the Stamp Duties Act, which relates to immovable property and stocks and shares. These include a sale or mortgage of immovable property and shares and a lease of immovable property.

[Cess](#) is a tax levied at one percent on all Cessable items sold by tourist hotels, tourist food establishments and tourist public houses. The Singapore Tourism Board (STB) under the Singapore Tourism (Cess Collection) Act collects the Cess tax, while IRAS is the agent appointed by STB for the administration and collection of Cess.

Any person (includes a company) who is liable to make payment of monies of the following nature to a non-resident is required to pay [withholding tax](#) using IRAS' [Form IR37](#) and remit the amount to the Comptroller of Income Tax by the 15th of the month following the date of payment to a non-resident.

- interest, commission or fee in connection with any loan or indebtedness;
- royalty or payments for the use of or the right to use any movable property;
- fee for use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;
- management fee;
- rent or other payments under any arrangement or arrangement for use of any movable property
- payment of any remuneration to any non-resident director.

Sole Proprietorship / Partnership Tax [[More Information](#)]**Scope of Tax**

Partnership income is taxed at the individual partner's level. Sole proprietors and individual partners are to report their business income or share of partnership income in their own income tax return as individual income, as they are personally liable for their businesses. They can file their incomes using Form B or Form B1 of the Inland Revenue Authority of Singapore (IRAS) by April 15 annually. In regard to partnerships, the precedent partner is to report their business income and allocation of profits to individual partners using Form P also by the same date.

Both sole-proprietors and partners may claim personal reliefs similar to that of an employee.

For more information about Income tax, you may [call](#) IRAS.

Tax Rate

This ranges from zero to 22 percent in the Year of Assessment 2004. See [Tax rates for resident individuals](#) for details on the chargeable income for the different income brackets.

Important Notes**Preparing the first set of accounts for new business**

You should decide on your accounting period when you first start your business. Most accounting periods end on 31st December each year. For example, if your business commenced on 1st April 2003, your accounting periods and the respective Years of Assessment will be: -

- 1st Accounting Period 01.04.03 to 31.12.03 Year of Assessment 2004
- 2nd Accounting Period 01.01.04 to 31.12.04 Year of Assessment 2005, and so on

However, if you decide to draw up your accounts to a date other than 31st December, e.g. 31st March, then your accounting periods and the respective Years of Assessment will be:

- 1st Accounting Period 01.04.03 to 31.03.04 Year of Assessment 2005
- 2nd Accounting Period 01.04.04 to 31.03.05 Year of Assessment 2006, and so on

- If the accounting period of your business ends on a date before 31st December, you have to give an estimate of your business income within 3 months after the end of the accounting period.
- If the accounting period of your accounts ends on 31st December, you can furnish your business income in a summarised 4-line statement when you send in your return by 15th April of the following year. A 4-line statement is:
 - Turnover

Sole Proprietorship / Partnership Tax [[More information](#)]

- Gross Profit / Loss
 - Allowable Business Expenses
 - Adjusted Profit / Loss
- If the turnover of your business is \$500,000 or more, you have to submit the certified (i.e. signed by you) Trading and Profit and Loss Account and Balance Sheet together with your individual Income Tax Return.

Proper recording & accounting

- Businesses are required to keep proper records and accounts for 7 years.
- Books and records have to be supported by vouchers or other documents. Otherwise, IRAS may reduce the expenses or claims you have made.
- If you receive income, for example as a taxi driver or a hawker, you can prepare your accounts on a cash basis i.e. you can report the income that you received and deduct the expenses that you paid during the accounting period.
- For other businesses, you should prepare your accounts on accrual basis, i.e. you have to report the income due to you for services performed or goods sold, whether or not you have received the payment. Similarly, you can deduct expenses incurred but not paid during the accounting period.

If your gross receipts in any year exceed \$18,000 from the sale of goods, or \$12,000 from the performance of services, you have to issue serially printed receipts, unless a proper cash register is used.

Tax deductions

Allowable business expenses are tax deductible. They include expenses and capital allowances incurred wholly and exclusively to earn your profit.

Some examples of allowable business expenses are:

- Employee's salary, bonus, allowances; compulsory CPF contributions by employer; retrenchment benefits; and insurance for employees.
- Rent, utility and telephone charges for your business; stationery and postage fees; and advertising costs.
- Interest on loans obtained solely for business use; and hire purchase interest.
- Accountancy fees; legal fees incurred in recovering trade debts; and renewal of leases.

Forms

Get your [Income tax forms for individuals](#) to file taxes for sole proprietorship/ partnerships.

Corporate Tax [[More Information](#)]**Scope of Tax**

Levied on the income derived by any company accruing in or derived from Singapore or received in Singapore from outside Singapore. A company is defined as any company incorporated or registered under any law in force in Singapore or elsewhere.

Tax Rate

Companies are taxed at a flat rate of 20 percent on their chargeable income with effect from the Year of Assessment 2005.

From the Year of Assessment 2002, a partial tax exemption is given on the company's chargeable income (excluding Singapore franked dividends) of up to \$100,000, which is subject to tax at the normal corporate tax rate as follows: 75 percent tax exemption for the first \$10,000 chargeable income; 50 percent tax exemption for the next \$90,000 chargeable income.

Further, with effect from YA2005, full tax exemption can be granted on up to \$100,000 of the normal chargeable income (excluding Singapore franked dividends) of a qualifying company, for any of its first three consecutive YAs that falls within YA 2005 to YA 2009.

Please refer to [Tax Rate for Companies](#) for more details.

Corporate Tax [[More Information](#)]**Important Notes****Differences between resident & non-resident company**

Section 2 of the Singapore Income Tax Act defines a company resident in Singapore as one where the control and management of whose business is exercised in Singapore

There are two major tax benefits enjoyed by a resident company which are not available to a non-resident company. They are:

- A resident company can declare Singapore dividend under Section 44 of the Singapore Income Tax Act so long as the company is under the imputation system. With effect from 1 January 2003, the imputation system has been replaced by the one-tier corporate tax regime. There is however a 5-year transitional period for companies to move from the imputation system to the [one-tier corporate tax regime](#).

- Only a resident company is entitled to the benefits and privileges conferred under the [Avoidance of Double Taxation Agreements](#) that Singapore has concluded with other countries. A company resident in Singapore can apply for the [certificate of residence](#) via myTax Portal. To find out how to access myTax Portal and apply for Certificate of Residence online, please click [here](#).

General filing requirements for companies

Under section 62 of the Singapore Income Tax Act, every company (resident / non-resident) has to file its income tax return by a stipulated date (usually 31 July) as stated in the Government Gazette. A complete return includes:

- Form C;

Corporate Tax [[More Information](#)]**Important Notes**

- Audited accounts, tax computation and supporting schedules;
- Additional Information on Income & Deductions in Parts IV to XIV of Form C;
- Exempt Dividend Account, where applicable;

- Schedule of Singapore Dividends / Interest Received and Tax Deducted, where applicable;
- Details of Interest Free/Subsidized Loans to Individual Directors/ Shareholders, where applicable.

The guidelines for completion of Form C and Appendices are laid out in the 'Explanatory Notes' that are sent to companies as part of the Form C package.

For some companies, unaudited accounts will be accepted. Please read more under the E-Tax Guide, "[Review of Companies' Income Tax Filing Requirement in view of Audit Requirement under the Companies Act](#)".

Estimated chargeable income

A company carrying on a trade or business is required to furnish an estimate of its chargeable income within three months after the end of its accounting period.

The company's estimated chargeable income can be furnished either by the company or its tax agent. IRAS has provided a convenient way for companies or their authorized tax agent to file the company's [ECI electronically](#) via myTaxPortal. Please click [here](#) to learn how to access myTax Portal and file the company's ECI online.

If the estimated chargeable income is not furnished within the stipulated period, a Notice of Assessment based on an estimated chargeable income (ECI) may be issued.

Retention of records

A company has to keep and retain in safe custody sufficient records for a period of 7 years.

Objection to assessment

The company must give notice of objection in writing to any assessment that it disputes, within 30 days from the date stated on the Notice of Assessment, stating precisely the grounds of objection. If no valid objection in writing is received within the stipulated period, the assessment is final.

Tax deductions

- [Voluntary CPF contributions](#) are not tax deductible for both employers and employees.
- [CPF contributions](#) for foreign workers are not tax deductible.

Corporate Tax [[More Information](#)]

Some types of [motor vehicle expenses](#) are tax deductible.

Forms Use [Income tax forms for companies](#)
You can use [E-filing for Companies](#) for the Estimated Chargeable Income.

Property Tax [[More information](#)]

Scope of Tax This is a tax on immovable properties, which is payable yearly in advance in the month of January.

Tax Rate The property tax payable per year is based on a percentage (tax rate) of the annual value of the property. The property tax rate is 4% for wholly owner-occupied residential properties and 10% for other properties. Details are available in IRAS' [Property Owner: Assessment](#).

Important Notes [Exemption of Property Tax](#)
This is applicable to development on land if it is an Approved Building Project supported by the [Economic Development Board](#).

[Payment of Property Tax](#)
Annual Property Tax Bills will be sent to property owners in December each year for the payment of the following year's Property Tax..The tax must be paid by 31st January of each year. A 5% penalty will be imposed on the unpaid tax after the payment due date.
More information at [FAQs on Property Tax](#).

Forms Get [Property Tax Forms](#) online.

Goods and Services Tax [[More information](#)]

Scope of Tax This is a tax on domestic consumption chargeable on the sale of goods and services in Singapore by GST registered traders. GST is also chargeable on goods imported into Singapore. It is levied on practically all goods

Goods and Services Tax [[More information](#)]

and services except for the rental and sale of residential land and buildings in Singapore and the provision of certain financial services.

Tax Rate

The GST rate has been set at five percent from 1 January 2004.

You can get more information on the [2004 GST Rate Change - A Guide for GST-Registered Businesses](#).

Important Notes**GST Registration**

- A person is liable to register for GST if his/her annual taxable turnover exceeds or is expected to exceed S\$1 million.
- The annual taxable turnover is the total value of all taxable supplies (excluding GST) made in Singapore in the course or furtherance of business. However, it excludes the sale of capital assets, exempt and out-of-scope supplies.
- Taxable Supplies are supplies of goods and services made in Singapore other than exempt supplies.

De-registration from GST

- A person may cease to be liable for registration if the value of his taxable supplies in the next 12 months does not exceed S\$1 million or if he has ceased to make taxable supplies. He is required to notify the Comptroller within 30 days after ceasing to make taxable supplies.
- When a business ceases operation or remains dormant for a period of time, an application for cancellation of GST registration can be made.
- In the event that the business is wound up or put under liquidation, the supporting documents or an Order of Court should be furnished to the Comptroller.
- After the application for cancellation of GST registration is approved, the person is required to account for GST on the open market value of all business assets held where the total value is more than S\$10,000, in the GST Final Return (GST F8). Business assets also include stocks, non-residential properties owned by the person for which input tax has been allowed previously and goods imported under the person's Major Exporter Scheme status.
-

Goods and Services Tax [[More information](#)]

- Quotation is not restricted to written form only, verbal quotation to customers must include the GST components as well.
- All prices published on the advertisement, price list and Web pages should be inclusive of GST. Failure to display GST-inclusive prices is an offence and could attract a fine of up to \$5000.
- Need to issue a tax invoice when he makes a standard-rated supply to a taxable person. Tax invoice must be issued within 30 days from the time of supply.
- Need to issue serially-printed receipts for all monies received in respect of every taxable supply except for supplies where tax invoices have already been issued, and to retain a duplicate of each receipt.
- If there is a net GST amount payable on the Form GST F5, the due date for payment is the same as that for submission of the Form GST F5 i.e. within one month from the end of the prescribed accounting period. Payment can be made via GIRO, cheque, funds transfer, telegraphic transfer or cash.
- Need to keep all business accounts and records for a period of not less than 7 years.

Zero-rated supplies

Zero-rating is applicable on export of goods and international services. A supply of goods can be zero-rated if:

- The Comptroller is satisfied that the supplier has exported the goods; or has shipped them for use as stores on voyage or flight to or from a destination outside Singapore; or as retail goods for sale to persons during a voyage or flight in a ship or aircraft.
- It is a supply of international services. To qualify as international services, the services must satisfy the provisions of Section 21(3) of the GST Act. For more information, refer to [Zero-rated supplies](#).

For goods to be zero-rated, documentary proof is required by the Comptroller to support that the goods have been exported.

Other points to note

- GST is levied on both goods meant for end-consumption as well as goods in the “middle of production”.
- Exemption of GST applies only to the lease and sale of residential properties and the provision of certain financial services. There is no GST exemption for supply of commercial and industrial properties.

Forms

Access all [GST Forms](#).

Tax Incentives

Singapore has a host of tax incentives in place to help companies start up and grow their businesses. Tax incentives covering [trade, financial](#) and [industry and technology](#) sectors are available. Some of these incentives are provided under the Singapore Income Tax Act (ITA) and Economic Expansion Incentives Act (EEIA), which are listed in [Where to Apply for Tax Incentives?](#) You can also find out how [Company Stock Option \(CSOP\) Scheme](#) works in the Singapore tax system. CSOP benefits only the employees, while companies do not enjoy tax deductions for this scheme.

Key Learning Points

Gives you ideas on the issue of business financing: where to start, who to seek help from, when to apply and how much funding assistance you need to start a business.

Finance Management

Proper Accounting

Now that you are about to run your business, you have to keep a financial record of your daily operations. You must keep books (eg. sales journal, cash receipts journal, purchases journal, cash disbursement journals) that document your business' income and expenses. To substantiate the entries in your books, you must keep evidence of income such as sales memo, invoice to customers and cash register receipts; as well as proof of expenses like cheque stubs, invoice from suppliers, pay slips to employees and receipts from purchases. You should file these evidences properly from day one of your operations. Talk to an accountant early if you are unsure of what supporting documents to keep for your accounts. Life can be very hectic once you start running your business. You will not want to add on to the frenetic pace by hunting high and low for supporting documents later.

These books will be provided to the certified accountant whom you may hire (often on part-time basis) to prepare proper sets of accounts for lodging tax returns. Proper sets of accounts are not only for complying with the law. Periodically, you will need to analyse your accounts (eg. quarterly profit and loss statement and monthly cashflow statement) to assess your business situation.

In fact, you should assess at the start of every month whether you have enough cash inflow and cash reserves to meet the month's cash outflow obligations. Relate your accounts to the credit terms that your suppliers give you and the credit terms you give to your customers. Generally, credit terms come in 30, 60 or 90 days. Sometimes, there can also be 120-day credit terms (eg. an antique shop may take about four months to sell an item). Some entrepreneurs fall to the temptation of withdrawing a larger-than-planned amount of salary when they see their businesses bear the first fruits. How can this happen? Simple, have the illusion that personal entertainment expenses are incurred for business-purposes too! These entrepreneurs sometimes find themselves in trouble for not having enough cash reserves to react to sudden business emergencies. Be prudent and set aside contingency money for your business. Make sure that your business' cash inflow and outflow stick to the cashflow projections in your business plan as closely as possible. If you find that your cashflow is beginning to look like your cashflow projection's worst case scenario, you must respond quickly to resolve the problem.

Financing the Business

There are various ways to finance your business – private debt or equity financing, and government-assisted financing.

Private debt financing is common in the business world. It involves a loan from financial institutions or individuals. Private equity financing involves getting private investors (includes organisations) to invest money into your business, in return for shares. There are also government-assisted funding such as Micro-Loan Programme, Local Enterprise Finance Scheme and Startup Enterprise Development Scheme which facilitates funding for local businesses and companies. The following provides an overview of various government financial assistance schemes that you can tap on to finance your business.

Government Assistance on Debt Financing

A number of financial assistance schemes are available for small and medium-sized businesses. These are administered by government agencies such as [SPRING Singapore](#).

One of the more prominent government financial assistance programme available to local companies in Singapore, including startups, is the [Local Enterprise Finance Scheme \(LEFS\)](#). LEFS is a fixed interest rate financing programme that seeks to encourage local enterprises to upgrade, strengthen and expand their operations. It offers companies a maximum loan of \$15 million with a sub-limit of \$8 million for short-term loan facilities such as working capital and factoring. Under the scheme, the Government provides the funds offered through [16 Participating Financial Institutions](#).

Complementing LEFS is a newly launched scheme called the [Variable Interest Loan Scheme \(V-Loan\)](#). Unlike LEFS, V-Loan allows the Participating Financial Institutions to vary the interest rates according to the risk profile of the applicant. This scheme, together with LEFS, will enable a wider reach to SMEs who need financing.

Available under LEFS and V-Loan is the [Micro Loan Programme \(MLP\)](#). This is a financing programme available mainly to small local enterprises. The MLP grants a maximum loan of \$50,000 per enterprise, with the loan offered by the [16 participating financial institutions](#).

An alternative financing scheme to LEFS and V-Loan is the [Loan Insurance Scheme \(LIS\)](#). LIS encourages financial institutions to be more forthcoming in lending to SMEs by having a private credit risk insurer to insure a part of the loans offered under LIS against default risks. The government co-shares the insurance premiums involved together with the SMEs. This scheme also allows private financial institutions to use their own funds and set their own interest rates for their SME clients.

If businesses plan to engage external experts or consultants to help modernise or upgrade their operations, they can turn to the [Local Enterprise Technical Assistance Scheme](#) (LETAS). If they satisfy the eligibility criteria, they may receive support under LETAS of up to 50 percent of the total cost incurred in engaging external experts or consultants.

Government Assistance on Equity Financing

Apart from debt financing, entrepreneurs can seek funding for their businesses through equity financing. One of these programmes is the [Startup Enterprise Development Scheme](#) (SEEDS). Businesses can apply for SEEDS equity financing in their startup phase. Under SEEDS, the Government will match every dollar raised by a startup from third-party investors up to a maximum of \$300,000. This scheme is administered by both the Economic Development Board (EDB) and SPRING Singapore. EDB's SEEDS is targeted at technology start-ups while SPRING Singapore's SPRING SEEDS is intended for non-technology start-ups. Both the EDB/ SPRING Singapore and the third party investors will take equity stakes in the company in proportion to their investments.

Another equity financing scheme is the [Enterprise Investment Incentive](#) (EII). Under the EII, EDB and SPRING Singapore will share the risk of innovative ventures with investors. This scheme gives qualifying businesses, which satisfy the eligibility criteria set by EDB, loss insurance for their investments up to \$3 million for five year. With EII status, a startup can issue certificates to its investors for investments of up to S\$3million. Investors with these certificates can deduct any investment loss from their taxable income.

Financing from Venture Capitalists

Another source of funding for new businesses, which do not have sufficient track record to apply for bank loans, would be venture capitalists. Venture capital can facilitate the development of technology-based companies and entrepreneurs. If you are looking for a venture capital firm in Singapore to invest in your business, you may want to log on to the online directory of venture capitalists at [Deals Exchange Online for Startups](#) (DEALS). You can also visit the [Business Angel And Venture Capital Funds](#) for more listings of venture capitalists that may be able to help you financially.

Key Learning Points

Explains the non-legal options available for dispute resolution in Singapore.

Dispute Management

We now move on to another interesting section – dispute resolution. Commercial disputes can occur anytime between a business and its customers or suppliers. For example, a contractor may run into a dispute with a consumer, who complains about the quality of the workmanship regarding renovation works to his apartment.

While business disputes can generally be resolved through Court processes, alternative avenues exist to address such problems. These include negotiation, mediation or arbitration. Whatever mechanisms are used in dispute resolution, the ultimate concern for businesses is that it should be fair, fast and cost effective. The various alternative options available for dispute resolution in Singapore will be elaborated on below.

Small Claims Tribunals

[The Small Claims Tribunals](#) were established on the 1st of February 1985, as one of the Subordinate Courts of Singapore, with the enactment of the Small Claims Tribunals Act, Chapter 308. The Small Claims Tribunals were introduced to provide a quick and inexpensive forum for the resolution of small claims between consumers and suppliers.

Below are the lodgment fees when filing for claims at the tribunals:

	Not exceeding \$5,000	Exceeding \$5,000 but not exceeding \$10,000	Exceeding \$10,000 but not exceeding \$20,000
Consumer	\$10	\$20	One percent of claim amount
Non-consumer	\$50	\$100	Three percent of claim amount

E-commerce Disputes and Civil Matters

With e-commerce becoming a part of our business landscape, all disputes stemming from such transactions can be resolved using e@dr (eAlternative Dispute Resolution). [e@dr](#) is a Singapore Subordinate Courts initiative. Parties in an e-commerce transaction can resolve their disputes on the internet, including disputes between businesses (B2B), consumers (C2C) or both (B2C or C2B). The types of disputes include consumer and contractual matters, and intellectual property rights. No action needs to be commenced in the courts before using [e@dr](#).

Singapore International Arbitration Centre

Another avenue for businesses to resolve their disputes is through arbitration, which is a consensual process by which parties submit their differences to one or more impartial persons for a final and binding decision. Arbitration is less formal than legal proceedings and the hearings are conducted in private. Parties have the freedom to set the rules and procedures for the arbitration. Arbitration is often faster or cheaper than court litigation, but is mainly sought for its flexible rules and confidential nature. Under the New York Convention, arbitral awards made in Singapore can also be enforced in over 120 other countries. Due to this, arbitration awards can be enforced in a foreign country more easily than a local Court judgment, another key reason for its popularity as a dispute-resolution mechanism. Parties can send their cases to the [Singapore International Arbitration Centre](#) for arbitration, or engage in ad-hoc (non-institutional) arbitration.

Singapore Mediation Centre

Parties to a commercial dispute can seek the assistance of the [Singapore Mediation Centre](#) (SMC) to reach an amicable and efficient settlement through mediation. In mediation, the parties make their own decisions and retain control over the outcome. This process is facilitated by a mediator who helps the parties to reach a settlement acceptable to all. The SMC seeks to contribute to the building of a thriving business community in Singapore, by raising awareness of, and providing access to, constructive means of dispute resolution and conflict management.

Dispute Manager

[DisputeManager.com](#) is an internet portal offering a comprehensive suite of online dispute resolution services, developed by the [Singapore Academy of Law \(SAL\)](#) and the [Singapore Mediation Centre \(SMC\)](#) with the support of the Ministry of Law, Singapore. Without going to court, businesses can refer their disputes to [DisputeManager.com](#) to have their disputes settled through online mediation, neutral evaluation, e-Settlement and the Singapore Domain Name Dispute Resolution Service (SDRP). e-Settlement is an automated ADR process where the parties make offers online and agree to settle once certain conditions are met, while the SDRP is an ADR process for resolving “.sg” domain name disputes. Parties can register their cases online and arrange for online video-conferencing as well as internet chats.

Key Learning Points

Explores two common ways to expand a business – forming business alliances and going overseas for additional business opportunities.

Business Expansion

We started off in this guide emphasizing the importance of business planning. Then, we moved on to discuss about the daily operations of a business. In the final section of this chapter, we will explore your business expansion plans. At some point in time, you should review what your business has achieved. Have your objectives for your business been met through your daily operations so far? Is it time to consider business expansion? If so, what mode of business expansion will you adopt?

Common modes of business expansion include expanding production capacity, opening more branches, forming alliances, and establishing overseas presence. Compared to expanding production capacity and opening more branches, forming alliance and going abroad are the more complicated modes. We will discuss these two modes here.

Forming Business Alliances

Large corporations enjoy much economies of scale. Small businesses on the other hand often cannot obtain volume discounts through bulk purchases, conduct major marketing campaigns or build better infrastructure like skills training. Large corporations capture a larger share of the target market. Small businesses tend to struggle for market share.

One way to enjoy the advantages of size would be to form business alliances with other businesses. Basically, businesses work together to achieve either or both of these objectives:

Increase Combined Sales

Businesses may join forces to conduct marketing campaigns and provide a comprehensive suite of services. In this way, they can reach out to a larger group of target customers and thereby increase sales opportunity.

Decrease Individual Cost

Businesses may also come together to purchase in bulk (thereby getting better discounts from the supplier), train staff (getting better discounts from the trainer) and operate from combined facilities (deriving savings from economies of scale).

While there are clear advantages from forming alliances, such as those mentioned earlier, you must also consider how best to make a business alliance work in the first place. Management books and business articles have documented the many business alliances that form and dissolve quickly. A common reason for business alliances to dissolve quickly was that the potential alliance partners were blinded by what they thought they could achieve together without first understanding their compatibility.

Business alliances that worked are those which alliance partners first seek to understand each other's compatibility. Examples of compatibility considerations include:

- clarity of joint goals and objectives among alliance partners
- chemistry at the working level (eg. can the key managers under each alliance partner work together)
- differences in business systems (eg. integrating alliance partners' software and hardware)
- level of commitment (eg. share of investment in the alliance formed)
- level of trust
- management style
- organisation culture

There are various avenues to meet potential alliance partners. For examples, the Action Community of Entrepreneurship (ACE) organises networking events such as the Blue Sky Evening for different businesses to meet each other. Various associations, such as the Association of Small and Medium Enterprises (ASME) also organises networking functions. However, it is important to first have clear goals and objectives for the business alliance that you intend to form. The success or failure of your business alliance should depend on whether it ultimately achieves these goals and objectives. Then, you should think carefully whether your business is compatible with your potential alliance partners' in achieving these goals and objectives.

Venturing Abroad

Many businesses feel the need to go abroad for additional business opportunities. It is not unusual for local businesses to feel that the domestic market saturates rapidly and some markets may not be large enough for their businesses to survive in the long term. Furthermore, businesses often relocate in other countries offering lower business costs so as to increase their competitiveness. Other businesses may enter an overseas market because foreign enterprises have entered the local market.

Common Advantages

Very often, we hear of these advantages of setting up a business overseas:

- Bigger Market
- Less Affected by Local Market Fluctuations
- Economies of Scale
- Opportunity to Develop a Wider Range of Products
- Lower Production Costs
- Production Centre Closer to Market Leading to Lower Transportation Costs

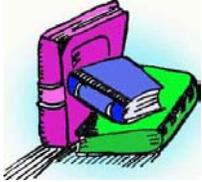
Process Flow of Venturing Abroad

Generally, cautious businesses will go through the following cycle when expanding overseas:

- i) Gather as much information as possible about the overseas market. Here the Political, Economical, Social and Technological (PEST) Analysis, discussed in the “Planning A Business” chapter comes into play again. This time, this Analysis is applied on the overseas market. Similar, there is a need to understand how your business’ strengths can match the overseas’ market’s opportunities; and how your business’ weaknesses can be adjusted to overcome the threats in a foreign market. Planning is crucial!
- ii) Test the overseas market through a foreign agent. Many businesses will try to establish contact with an overseas agent to sell its products or services. That is how the business can assess how well the foreign market receives its products or services.
- iii) Establish an office overseas. This is done after confirming that there is really a market for the business’ products or services in the foreign country. The overseas office replaces the foreign agent by getting orders directly from the overseas market. This office also coordinates the delivery of products or services from the Singapore business to the overseas market.

- iv) Establish production or branch office overseas. This is done after gaining sufficient experience from the overseas operation so far. With this proper presence in the foreign market, the business will manufacture the product or have it staff delivery services in the foreign country.

Venturing abroad is a complicate business decision. Fortunately, the Singapore government provides assistance in this area through the [IE Singapore](#), which guides local businesses on assessing the foreign market, organises study trips to different foreign countries, offers various overseas networks for local businesses to gather market information, and helps local businesses find foreign partners.



Useful Business Resources

Employment

Books

1. *Handbook For Businessmen*. Singapore: Rank Books, 2004.
Call No.: SING 330.95957 HAN
2. Khattar Wong and Partners. *A Guide to Termination of Employment in Singapore*. Singapore: LexisNexis, 2003.
Call No.: SING 344.595701 GUI
3. Ravi Chandran. *Introduction To Business Law In Singapore*. Singapore: McGraw Hill, 2003.
Call No.: SING 346.595707 RAV
4. Tan, Chwee Huat. *Employment Relations in Singapore*. Singapore: Prentice Hall, 2002.
Call No.: SING 331.095957 TAN
5. *The Investor's Guide To Singapore*. Singapore: Singapore International Chamber of Commerce, 2003.
Call No.: SING 332.673095957 SIN

Websites

1. [Central Provident Fund](#)
2. [Contracts and Employment Law](#)
3. [Employment Act](#)
4. [Employment Town](#)
5. [Information for Employers](#)
6. [Hiring People](#)

Taxation Matters

Books

1. Chew, Stephen Ban Eng. *Business Taxation: Practice & Revision Kit*. Singapore: FTMS Consultants (S) Pte. Ltd., 2002.
Call No.: R SING 657.46095957 CHE
2. *Doing Business and Investing In Singapore*. [United States]: PricewaterhouseCoopers, 1999.
Call No.: SING 332.67309595 DBIS
3. *Singapore Master Tax Guide Handbook*. Singapore: CCH Asia, 2003.
Call No.: SING 336.24095957 SMTG

Websites

1. [Doing Business in Singapore : Other Tax](#)
2. [Doing Business in Singapore : Taxation](#)
3. [Inland Revenue Authority of Singapore](#)
4. [Investor: Tax Regime](#)
5. [Taxation](#)
6. [Taxation for Business Users](#)

Finance Management

Books

1. *Handbook For Businessmen*. Singapore: Rank Books, 2004.
Call No.: SING 330.95957 HAN
2. Tan Chwee Huat. *Financing For Entrepreneurs And Businesses*. Singapore: Singapore University Press, 2001.
Call No.: SING 658.15224 TAN
3. *The Business Guide to Singapore*. Singapore: Butterworth-Heinemann Asia, 1997.
Call No.: SING 332.673095957 BUS
4. *The Investor's Guide To Singapore*. Singapore: Singapore International Chamber of Commerce, 2003.
Call No.: SING 332.673095957 SIN

Websites

1. [EDB Investments](#)
2. [Enterprise at NUS : Handbook \(Chapter 4: Funding & Assistance\)](#)
3. [Government Incentives and Financing Schemes](#)
4. [Singapore Venture Capital Association](#)
5. [SPRING Singapore](#)
6. [Training Incentives](#)

Dispute Resolution

Books

1. Ravi Chandran. *Introduction To Business Law In Singapore*. Singapore: McGraw Hill, 2003.
Call No.: SING 346.595707 RAV
2. Tay, Catherine Swee Kian. *Resolving Disputes by Arbitration: What You Need to Know*. Singapore: Singapore University Press, 1998.
Call No.: SING 341.522 TAY

Websites

1. [Resolving Business Disputes](#)
2. [Legal Matter : Dispute Resolution](#)
3. [The Small Claims Tribunals](#)

Forming Business Alliances

Books

1. Bamford, James D. *Mastering Alliance Strategy: A Comprehensive Guide to Design, Management and Organisation*. San Francisco: Jossey-Bass, 2003.

Venturing Abroad

Books

1. Hill, Charles W. L. *International business : competing in the global marketplace* Boston: McGraw-Hill, 2004.

Best Practices

Once you have completed examining the business environment, it will be useful to learn about best practices, defined as the process of finding and using ideas and strategies from outside the company and industry to improve performance in any given area. Best practices help to reduce costs, avoid mistakes, find new ideas and improve performance of the company. Some best practices adopted by companies include: change management; organisational learning; empowering employees; and innovation. [SPRING Singapore](#) is the lead agency responsible for building up the capabilities of SMEs and implementing best practices for enterprise development in Singapore. It assists SMEs in areas like business development and technology enhancement.

Books

1. *Best Practices: Experiences Of Successful Local Enterprises*. Singapore: Productivity & Quality Research Centre, Faculty of Business Administration, National University of Singapore, 2000.
Call No.: R BUS 658.0095957 BES
2. Chong, Chee Leong (ed). *In Search of Best Practices for SMEs: Business Strategies for Growth Revival*. Singapore : Centre for Best Practices, National University of Singapore, 2002.
Call No.: R SING 658.4012 IN
3. Larson, Alan. *Demystifying Six Sigma: A Company-Wide Approach to Continuous Improvement*. New York : AMACOM, 2003.
Call No.: 658.4013 LAR
4. Oakland, John S. *Total Quality Management: Text with Cases*. Oxford ; Burlington, Mass. : Butterworth-Heinemann, 2003.
Call No.: R BUS 658.4013 OAK
5. Smith, Dick and Jerry Blakeslee. *Strategic Six Sigma: Best Practices From the Executive Suite*. Hoboken, N.J. : John Wiley, 2002.
Call No.: R BUS 658.4 SMI

Websites

1. [ACTETSME: Best Practices](#)
2. [Small Business Best Practice Benchmarking](#)
3. [SME 21](#)

Summary

Entrepreneurship offers a fascinating, exciting and challenging experience, often in an unpredictable business environment. The success of an entrepreneur in the business world will be largely dependent on the degree of planning and preparation that he or she has made. Starting your business on the right track is often a crucial part of your entrepreneurial journey.

Before setting up any business, you have to formulate a proper strategy. Never plunge into business without a viable road map. Startups are strongly encouraged to study the business environment before they come up with a viable business plan. Such a plan requires you to understand the business that you plan to get into. You can do so by reading up on relevant information like market size, potential rivals, industry growth forecast and future demand. These facts and figures are available in business books, government articles, industry publications and websites. Of course, reading alone is never sufficient. Hence, you should tap on the assistance and advice provided by the appropriate business, trade or professional associations. You can also talk to people from the business to gain some inspiration from them.

With a business plan in place, you will move to the next phase of starting a business. You should decide whether the business should be a sole proprietorship, a partnership or a company. Next you have to register the business with the Accounting & Corporate Regulatory Authority (formerly the Registry of Companies and Businesses). This will be followed by the application of the various licenses and permits before you can start your business.

After completing the necessary registration and licence applications to start a business, it is time to turn your attention to operational matters. Several areas may concern you in this regard. These include issues that pertain to recruitment, taxation and business financing. You also need to constantly review how your business is performing vis-à-vis your initial business plan. Then, you need to plan further on whether to expand your business. If you decide to expand your business, you need to consider the most suitable mode of expansion at that point in time.

We hope that we have effectively provided you with a primer for your entrepreneurial journey here. We stress again - have a viable plan before starting a business as this will give you the solid foundation for your endeavour and ensure a higher chance of success. Then, review your plan constantly to check if your business is ready for new opportunities. GOOD LUCK!

Please feel free to let us have your comments on this guide and how we can improve its contents via e-mail at btfeedback@mti.gov.sg.