	SOLE-PROPRIETORSHIP	BUSINESS PARTNERSHIP	LIMITED PARTNERSHIP (LP)	LIMITED LIABILITY PARTNERSHIP (LLP)	LOCAL COMPANY
Definition & No. of Owners	A sole-proprietorship is a business owned by one person. The sole-proprietor has the absolute say in the running of the business.	A partnership is a business firm formed by a minimum of 2 partners. The maximum number of partners allowed is 20. Comments from ACRA Irene: except for professional partnership. Section 17(4) states that only professional partnerships can have more than 20 partners.	A partnership consisting of 2 or more partners where at least 1 partner is a General Partner (GP) and 1 is a Limited Partner (LP). No limit on numbers of partners.	A limited liability company in Singapore is a partnership where the partners' liabilities are generally limited. No limit on numbers of partners.	A business entity registered under the Companies Act, Chapter 50. Exempt Private Company –20 members or less and no corporation holds beneficial interest in the company's shares Private Company – 50 members or less Public Company – can have more than 50 members
Who can set up	Singapore Citizen/Singapore Permanent Resident/Employment Pass /Dependant Pass Holder/Foreigner. A foreigner must appoint a local manager.	At least 2 Singapore Citizens/Singapore Permanent Residents/Employment Pass /Dependant Pass Holders/Foreigners. A foreigner must appoint a local manager.	Any foreign and/or local individual and/or company. Must appoint a local manager if all General Partners reside outside Singapore.	Any foreign and/or local individual and/or company. Must appoint a local manager.	Any foreign and/or local individual and/or company. Must have a local director. If a foreigner wishes to act as a local director of the company, he can apply for an EntrePass.
Suitable For	Low risk business to be run by an individual. Second most popular option.	Professional firms like accountants, lawyers etc. Note: professionals like lawyers and accountants can also set up a company to provide services	Where one partner is ready to bear unlimited risk.	Hybrid structure that combines the features of partnerships and companies. The biggest difference is that the partners are taxed at their individual personal tax rate and are not eligible to the tax exemptions available for a company.	Most advanced and flexible business entity. Most popular option due to eligibility for tax exemptions and ease of raising capital.
Legal Status	Not a separate legal entity	Not a separate legal entity	Not a separate legal entity	Separate Legal Entity	Separate Legal Entity
Personal Liability	Owner has unlimited liability	Partners have unlimited liability	General partner has unlimited liability Limited partners have limited liability	Partners personally liable for debts and losses resulting from their own actions Partners not personally liable for debts and losses of LLP incurred by other partners	Members have limited liability
Owing Property	Owner can own property	Cannot own property in firm's name	Cannot own property in firm's name	Can own property in LLP's name	Can own property in company's name
Tax	Taxed at owner's personal tax rate	Taxed at partners' personal income tax rate	Taxed at partners' personal/corporate tax rate	Taxed at partners' personal/corporate tax rate	Taxed at corporate tax rate
Tax Exemptions Available	Personal Tax Relief if applicable	Personal Tax Relief if applicable	Personal Tax Relief if applicable. Corporate Tax Relief if the Corporate Partner is eligible.	Personal Tax Relief if applicable. Corporate Tax Relief if the Corporate Partner is eligible.	**IRAS' Original Comments [21/05/2021]** Proposed edits in red. 1. ~~Tax Exemption for~~ All qualifying new companies* can enjoy Tax Exemption for the 1st 3 years. (75% exemption on the first $100,000 of normal chargeable income and a further 50% exemption on the next $100,000) Companies that do not qualify** for Tax Exemption may apply Partial Tax Exemption instead. ~~Partial Tax Exemption from 4th year onwards~~ (75% exemption on the first $100,000 of normal chargeable income and a further 50% exemption on the next $190,000) 2. Singapore resident companies can issue one-tier tax exempt dividends*** which are not taxable ~~tax exempt~~ in the hands of shareholders. ~~in Singapore~~ **Note to Jeremy:** *For completeness, we propose to hyperlink the word "**qualifying new companies**" to **Tax Exemption Scheme for New Start-Up Companies** for companies to learn about the qualifying conditions to be met. URL: *https://www.iras.gov.sg/irashome/Businesses/Companies/Learning-the-basics-of-Corporate-Income-Tax/Common-Tax-Reliefs-That-Help-Reduce-The-Tax-Bills/#title1* ** Companies that do not qualify for Tax Exemption will include companies that do not meet the conditions as well as companies that are in their 4th YA. *** Please note that this is not a tax exemption for company. Instead, this is a tax exemption for the business owners of the company who receives dividend. Therefore, if the intention of this table is to set out the tax exemptions that are applicable for a company set up, we will propose to remove point 2. **Revised Contents after discussion with Joke Mei** New companies that meet the qualifying conditions can enjoy Tax Exemption for the 1st 3 years. (75% exemption on the first $100,000 of normal chargeable income and a further 50% exemption on the next $100,000)