

# Types of Business Structures in Singapore

SOLE PROPRIETORSHIP	PARTNERSHIP	LIMITED PARTNERSHIP (LP)	LIMITED LIABILITY PARTNERSHIP (LLP)	LOCAL COMPANY
<b>Definition and Criteria</b>				
<b>Definition &amp; No. of Owners</b>	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.	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.
<b>Who can set up</b>	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.
<b>Suitable for</b>	Low risk business to be run by an individual.  Second most popular option.	Low risk business to be run by no more than 20 partners.	Popular with professional firms such as accountants and lawyers where one partner is ready to bear unlimited risk.	Most advanced and flexible business entity.  Most popular option due to eligibility for tax exemptions and ease of raising capital.
<b>Assets and Liabilities</b>				
<b>Legal Status</b>	Not a separate legal entity	Not a separate legal entity	Not a separate legal entity	Separate Legal Entity
<b>Owning Property</b>	Owner can own property	Cannot own property in firm's name	Cannot own property in firm's name	Can own property in company's name
<b>Personal Liability</b>	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

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<b>Financing, Support and Taxation</b>				
<b>Financing</b>	Raising capital through bank loans or investors is difficult as it is dependent on the credibility of the owner.	Raising capital through bank loans or investors is difficult as it is dependent on the credibility of the partners.	Raising capital through bank loans or investors is difficult as it is dependent on the credibility of the partners.	Raising capital through bank loans or investors is difficult as it is dependent on the credibility of the partners.
<b>Business and Start-up Grants</b>	Limited options for business grants and not eligible for Startup SG grants.	Limited options for business grants and not eligible for Startup SG grants.	Limited options for business grants and not eligible for Startup SG grants.	Limited options for business grants and not eligible for Startup SG grants.
<b>Tax</b>	Taxed at personal income tax rate	Each partner will be taxed at personal income tax rate	Each partner will be taxed at personal income tax rate, except for corporate partners who will be taxed at corporate tax rates	Each partner will be taxed at personal income tax rate, except for corporate partners who will be taxed at corporate tax rates
<b>Tax Exemptions Available</b>	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.  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)  Companies that do not qualify for the above tax exemption scheme can enjoy Partial Tax Exemption instead. (75% exemption on the first \$10,000 of normal chargeable income and a further 50% exemption on the next \$190,000)

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<b>Setting Up and Closing</b>					
<b>Formalities</b>	<p>Quick &amp; Easy to Set Up</p> <p>Easy to Administer</p> <p>Minimal Registration Cost</p> <p>Registration to be renewed annually</p>	<p>Quick &amp; Easy to Set Up</p> <p>Easy to Administer</p> <p>Minimal Registration Cost</p> <p>Registration to be renewed annually</p>	<p>Quick &amp; Easy to Set Up</p> <p>Easy to Administer</p> <p>Minimal Registration Cost</p> <p>Registration to be renewed annually</p>	<p>Quick &amp; Easy to Set Up</p> <p>Easier to Administer compared to a Company</p> <p>One time registration</p> <p>Annual declaration of solvency must be lodged by one of the managers</p>	<p>More costly to set up</p> <p>More formalities to administer</p> <p>Must appoint a company secretary within 6 months of incorporation</p> <p>Must appoint an auditor within 3 months of incorporation unless exempt)</p> <p>Proper business records (e.g. accounting, minutes of general meeting, etc) need to be maintained</p> <p>Annual Returns must be filed</p>
<b>Set up Fee</b>	<p><b>\$115</b> (\$15 name application fee and \$100 registration fee) for 1-year registration</p> <p><b>\$175</b> (\$15 name application fee and \$160 registration fee) for 3-year registration</p>	<p><b>\$115</b> (\$15 name application fee and \$100 registration fee) for 1-year registration</p> <p><b>\$175</b> (\$15 name application fee and \$160 registration fee) for 3-year registration</p>	<p><b>\$115</b> (\$15 name application fee and \$100 registration fee) for 1-year registration</p> <p><b>\$175</b> (\$15 name application fee and \$160 registration fee) for 3-year registration</p>	<p><b>\$115</b> (\$15 name application fee and \$100 registration fee)</p>	<p><b>\$315</b> (\$15 name application fee and \$300 incorporation fee)</p>
<b>Continuity in Law</b>	<p>Exists as long as the owner is alive and wishes to carry on the business</p> <p>The Sole Proprietorship is not transferable</p>	<p>Exists subject to partnership agreement</p> <p>The Partnership is not transferable</p>	<p>Exists subject to partnership agreement</p> <p>The LP is not transferable</p>	<p>Perpetual succession unless wound up or struck off</p> <p>Difficult to transfer ownership of LLP</p>	<p>Perpetual succession unless wound up or struck off</p> <p>Ownership can be transferred easily through sale or purchase of company shares</p>
<b>Closing the Business</b>	<p>By Owner – Termination or Cessation of business upon the owner's demise</p> <p>By Registrar – if the registration has expired and has not been renewed</p>	<p>By Owner – Termination or Cessation of business</p> <p>By Registrar – if the registration has expired and has not been renewed</p>	<p>By general partner – cessation of LP</p> <p>By Registrar – if the registration has expired and has not been renewed</p>	<p>Winding Up – Voluntarily by members or creditors, Compulsorily by the High Court</p> <p>Striking Off</p>	<p>Winding Up – Voluntarily by members or creditors, Compulsorily by the High Court</p> <p>Striking Off</p>