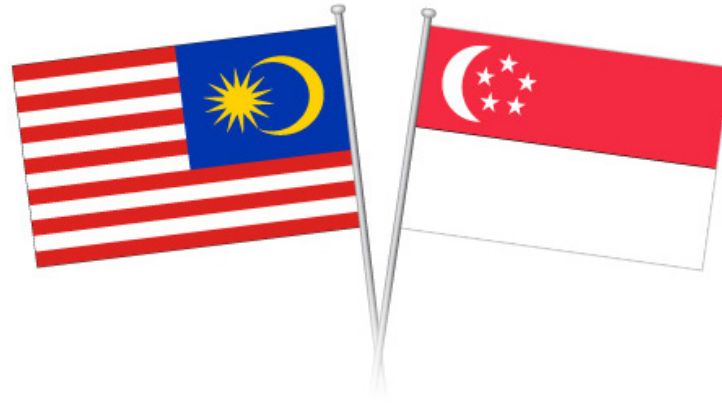


DOING BUSINESS IN SINGAPORE VS. MALAYSIA



	Malaysia	Singapore
Available Entities for Doing Business	<ul style="list-style-type: none"> Private company limited by shares (Pte Ltd) - A tax efficient, separate legal entity that offers limited financial liabilities for its members up to the value of the shares that they own but have not paid for. Public company limited by guarantee - The company members' financial liability is limited up to the specific amount of the guarantee provided by them. Most non-profit organizations prefer this business structure. Limited liability partnership (LLP) - A LLP is a separate legal entity. The partners in a limited liability partnership aren't personally liable for debts the business can't pay. Their liability is limited to the amount of money they invest in the business. Limited liability partnerships are most often set up by professional services firms, like solicitors or accountants. Branch office - A branch office is an extension of the foreign parent company. It is not a separate legal entity. Representative office (RO) - A RO is a temporary administrative office meant for conducting market research and feasibility studies. The overseas parent company bears all liabilities. Regional office - A foreign company can set up a coordination centre for all its affiliates, subsidiaries and agents in South East Asia and the Asia Pacific. Sole-proprietorship/Sole Trader - A structure which is not a separate legal entity. The sole proprietor has unlimited liability and there is no protection of personal assets. General partnership/ordinary business partnership - Partners face unlimited business liability and are personally responsible for the debts of the partnership even if it results from action of other partners. 	<ul style="list-style-type: none"> Private company limited by shares (Pte Ltd) - A tax efficient, separate legal entity that offers limited financial liabilities for its members up to the value of the shares that they own but have not paid for. Public company limited by guarantee - The company members' financial liability is limited up to the specific amount of the guarantee provided by them. Most non-profit organizations prefer this business structure. Limited liability partnership (LLP) - A LLP is a separate legal entity. The partners in a limited liability partnership aren't personally liable for debts the business can't pay. Their liability is limited to the amount of money they invest in the business. Limited liability partnerships are most often set up by professional services firms, like solicitors or accountants. Branch office - A branch office is an extension of the foreign parent company. It is not a separate legal entity. Representative office (RO) - A RO is a temporary administrative office meant for conducting market research and feasibility studies. The overseas parent company bears all liabilities. Sole-proprietorship/Sole Trader - A structure which is not a separate legal entity. The sole proprietor has unlimited liability and there is no protection of personal assets. General partnership/ordinary business partnership - Partners face unlimited business liability and are personally responsible for the debts of the partnership even if it results from action of other partners. Limited partnership - A limited partnership comprises limited partners and at least one general partner. Limited partners' liability is limited to their investment, but General partner has unlimited liability.
Requirements For Incorporating a Free Zone Entity/Pte Ltd	<ul style="list-style-type: none"> Shareholder – 2 (to incorporate, both must be individuals but shares can be sold to corporate entities later)* Director – 2 (should be local Malaysians or foreigners with a valid work permit in Malaysia) Corporate Director - No Local Company Secretary – Yes Minimum Paid Up Capital – RM 2 Minimum Authorised Capital – RM 100,000 Bearer Shares – No Malaysia Registered Office – Required <p><i>* Foreign investors required to apply for foreign investment committee approval when obtaining more than 30% shareholding in a Malaysian company</i></p>	<ul style="list-style-type: none"> Shareholder – 1 Director – 1 (at least 1 Director to be ordinarily resident in Singapore) Corporate Director - No Local Company Secretary – Yes Authorised Capital – Not Applicable Bearer Shares - No Singapore Registered Office – Yes
Time to Incorporate	2-3 days	1 -2 days
Exchange Control	Limited	None
Book of Account	Must be maintained	Must be maintained
Tax Information Exchange	Yes	Yes
Legal Regime	Based on English Common Law System	Based on English Common Law System
Immigration	Various visas are available for long or short term stay in Malaysia. Malaysia maintains an open door policy for well-qualified candidates.	Various visas are available for long or short term stay in Singapore. Singapore maintains an open door policy for well-qualified candidates.
Currency and Exchange Rate	1 USD = 3.18 MYR	1 USD = 1.25 SGD
Corporate Tax Rate	<ul style="list-style-type: none"> 25% headline tax 20% on the first MYR500,000 chargeable income for companies paid-up capital of up to RM2.5 Million 	<ul style="list-style-type: none"> 17% headline tax for Corporations Schemes like Start Up Tax Exemption, Partial Tax Exemption apply for start-ups.
What is Taxable	<ul style="list-style-type: none"> Income accruing in or derived from Malaysia Foreign income on a remittance basis Special rates apply to corporations involved in qualified insurance businesses, shipping or air transport 38% tax for companies engaged in petroleum operations Double taxation is eliminated through avoidance of double taxation agreements 	<ul style="list-style-type: none"> Income derived by companies in Singapore Foreign income on a remittance basis Exemptions for certain foreign-sourced incomes apply Double taxation is eliminated through the provision of a foreign tax credit for taxes suffered by the taxpayer abroad on the remitted income and through avoidance of double taxation agreements.
Calculating Taxable Income	Income less revenue expenses wholly and exclusively incurred in the production of gross income (unless such expenses are specifically restricted or prohibited in the Income Tax Act)	Income less deductible expenses, capital allowances (tax amortisation) and approved donations.
Business Loss	<ul style="list-style-type: none"> Carry Backward – Not Allowed Carry forward – Indefinitely 	<ul style="list-style-type: none"> Carry Backward – Allowed for 1 year (cap of SGD 100,000 apply) Carry forward – Indefinitely (subject to shareholding test)
Capital Gains Tax	Limited capital gains tax known as Real Property Gains Tax (RPGT) which applies only to capital gains derived from the disposal of real property or shares in real property holding companies	None
Withholding Tax	<ul style="list-style-type: none"> Dividends – No withholding Tax Interest Payment – 15% if interest is paid to a non-resident Royalty – 10% if paid to a non-resident 	<ul style="list-style-type: none"> Dividends – No withholding Tax. Interest payment – 15% on gross interest if interest is paid to a non-resident that does not have business operations in Singapore Royalty – 10% on gross payment if paid to a non-resident that does not have business operations in Singapore
VAT/GST	None	7% Standard Rate on local delivery of goods and services. (Exports of goods and services are either zero-rated or exempted).
Transfer pricing	Transfer Pricing Guidelines are largely based on the OECD arm's length principle	The Singapore transfer pricing guidelines were issued in 2006. Generally consistent with the OECD Guidelines and with international transfer pricing practices.
General Anti Avoidance	<p>General anti-avoidance provision is set out in Section 140 of the Malaysian Income Tax Act. Tax Authorities have the ability to disregard any transaction and make any necessary adjustments where they have reason to believe that the transaction:</p> <ul style="list-style-type: none"> directly or indirectly alters the incidence of tax; relieves any person from a tax liability that has arisen; or evades or avoids any duty or liability which is imposed on any person and hinders or prevents the operation of the Income Tax Act 	<p>Tax authorities have the ability to disregard any transaction where the purpose or effect of the arrangement is to:</p> <ul style="list-style-type: none"> alter the incidence of any tax payable; relieve any person of tax liability; or reduce or avoid any tax liability which would otherwise have been imposed.
Thin Capitalization	To be implemented from December 2015	None.
Controlled Foreign Company Rules	None.	None.
Tax Treaties	Approximately 71 Double Taxation Agreements concluded (not including limited treaties)	75 Comprehensive Double Taxation Agreements concluded. In addition, there are 8 limited treaties which deal with income from shipping and air transport enterprises.
Stamp Duty	1 to 3 % imposed on the transfer of real property and certain other assets (Subject to requisite conditions, a stamp duty exemption may available for related party transfers)	On transfers of Singapore immovable property and shares in a Singapore company. On top of the Buyer's Stamp duty, an Additional Buyer's Stamp Duty (ABSD) to be paid by certain groups of people who buy or acquire residential properties (including residential land). A seller's stamp duty (SSD) is imposed on industrial properties (known as "industrial SSD").
Property Tax	Local councils may impose a levy on residents in respect of services provided by the local council. The amount varies from council to council and is dependent on the value of the property.	Property Tax is applicable for all residential properties and other properties (such as residential land, commercial & industrial buildings).