

**COMPARISON OF BUSINESS ENTITIES IN SINGAPORE**

|                     | <b>Sole-Proprietorship</b>  | <b>Partnership</b>   | <b>Limited Partnership</b>  | <b>Limited Liability Partnership</b>  | <b>Company</b>  |
|---------------------|---|--|---|---|---|
| <b>Definition</b>   | A business owned by one person  | An association of two or more persons carrying on business in common with a view to profit   | A partnership consisting of two or more persons, with at least one general partner and one limited partner  | A partnership where the individual partner's own liability is generally limited   | A business form which is a legal entity separate and distinct from its shareholders and directors   |
| <b>Owned By</b>     | One person  | Between 2 and 20 partners.<br><br>A partnership of more than 20 partners must incorporate as a company under the Companies Act, Chapter 50 (except for professional partnerships)  | At least 2 partners; one general partner and one limited partner. No maximum limit.   | At least 2 partners, no maximum limit.  | Exempt Private Company – 20 members or less and no corporation holds beneficial interest in the company's shares<br><br>Private Company – 50 members or less<br><br>Public Company – can have more than 50 members                                      |
| <b>Legal Status</b> | Not a separate legal entity<br><br>Owner has unlimited liability<br><br>Can sue or be sued in individual's own name<br><br>Can also be sued in business name<br><br>Can own property in individual's name<br><br>Owner personally liable for debts and losses of business | Not a separate legal entity<br><br>Partners have unlimited liability<br><br>Cannot sue or be sued in firm's name<br><br>Cannot own property in firm's name<br><br>Partners personally liable for partnership's debts and losses incurred by other partners | Not a separate legal entity<br><br>General partner has unlimited liability<br><br>Limited partner has limited liability<br><br>Cannot sue and or be sued in LP's name<br><br>Cannot own property in LP's name<br><br>General partner personally liable for debts and losses of the LP | A separate legal entity from its partners<br><br>Partners have limited liability<br><br>Can sue or be sued in LLP's name<br><br>Can own property in LLP's name<br><br>Partners personally liable for debts and losses resulting from their own wrongful actions | A separate legal entity from its members and directors<br><br>Members have limited liability<br><br>Can sue or be sued in company's name<br><br>Can own property in company's name<br><br>Members not personally liable for debts and losses of company |

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|-------------------------------------|---|---|---|---|--|
|                                     |   |   | Limited partner not personally liable for the debts or obligations of LP beyond amount of his agreed contribution   | Partners not personally liable for debts and losses of LLP incurred by other partners   |  |
| <b>Yearly Statutory Obligations</b> | <p>Yearly renewals (one year or three years)</p> <p>CPF Medisave Top-Up required for Self-employed Persons before they can renew sole-proprietorship</p>  | <p>Yearly renewals (one year or three years)</p> <p>CPF Medisave Top-Up required for Self-employed Persons before they can renew partnership</p>  | <p>Yearly renewals (one year or three years)</p> <p>CPF Medisave Top-Up required before they can renew LP</p>   | <p>Annual declaration of solvency/insolvency must be lodged by one of the managers stating whether the LLP is able or not able to pay its debts during the normal course of business.</p> <p>No statutory requirement for general meetings, directors, company secretary, share allotments etc.</p> | <p>Must appoint a company secretary within 6 months of incorporation.</p> <p>Must appoint an auditor within 3 months after incorporation, unless the company is exempt from audit requirements</p> <p>Annual returns must be filed. Statutory requirements for general meetings, directors, company secretary, share allotments must be complied with.</p> |
| <b>Registration Requirements</b>    | <p>Age 18 years or above. Singapore citizen/ Singapore permanent resident/ EntrePass holder.</p> <p>If owner not resident in Singapore, he must appoint an authorized representative who is ordinarily resident in Singapore.</p> | <p>Age 18 years or above. Singapore citizen/ Singapore permanent resident/ EntrePass holder.</p> <p>If owner not resident in Singapore, he must appoint an authorized representative who is ordinarily resident in Singapore.</p> | <p>At least one general partner and limited partner. Both can be individuals (at least 18 years old) or body corporate (company or LLP).</p> <p>If all general partners are ordinarily resident outside Singapore, they must appoint a local manager who is ordinarily resident in Singapore.</p> | <p>At least two partners, who can be individuals (at least 18 years old) or body corporate (company or LLP).</p> <p>At least one manager ordinarily resident in Singapore and at least 18 years old.</p> <p>Undischarged bankrupts cannot manage the business</p>                                   | <p>At least one shareholder.</p> <p>At least one director ordinarily resident in Singapore, at least 18 years old.</p> <p>If a foreigner wishes to act as a local director of the company, he can apply for an EntrePass from the Ministry of Manpower.</p>  |

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|--------------------------|--|--|---|--|--|
|                          | <p>Self-employed persons must top up their Medisave account with the CPF Board before they register a new business name, become a registrant of an existing business name, or renew their business name registration.</p> <p>Undischarged bankrupts cannot manage the business without approval from the Court or the Official Assignee.</p> | <p>Self-employed persons must top up their Medisave account with the CPF Board before they register a new business name, become a registrant of an existing business name, or renew their business name registration.</p> <p>Undischarged bankrupts cannot manage the business without approval from the Court or the Official Assignee.</p> | <p>Self-employed persons must top up their Medisave account with the CPF Board before they register as a partner of a new LP, become a registered partner of an existing LP, or renew their LP registration.</p> <p>Undischarged bankrupts cannot manage the business without approval from the Court or the Official Assignee.</p> | <p>without approval from the Court or the Official Assignee.</p>   | <p>Undischarged bankrupts cannot be a director and cannot manage a company without approval from the Court or the Official Assignee.</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>Taxes</b>             | <p>Profits taxed at owner's personal income tax rates</p>  | <p>Profits taxed at partners' personal income tax rates</p>  | <p>Profits taxed at partners' personal income tax rates (if individual)/ corporate tax rate (if corporation)</p>  | <p>Profits taxed at partners' personal income tax rates (if individual)/ corporate tax rate (if corporation)</p> | <p>Profits taxed at corporate tax rates</p>  |
| <b>Continuity in Law</b> | <p>Exists as long as the owner is alive and desires to continue the business</p>   | <p>Exists subject to partnership agreement</p>   | <p>Exists subject to partnership agreement</p> <p>If there is no limited partner, the LP registration will be suspended and general partners are</p>  | <p>The LLP has perpetual succession until wound up or struck off.</p>  | <p>A company has perpetual succession until wound up or struck off.</p>  |

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|                             |   |  | <p>deemed registered under the Business Registration Act.</p> <p>Once a new limited partner is appointed, the registration of the LP will be restored to "live" and general partners' registration under the Business Registration Act ceases.</p> |   |   |
| <b>Closing the Business</b> | <p>By Owner - Cessation of business</p> <p>Registrar can cancel registration if not renewed or where Registrar is satisfied business is defunct</p> | <p>By the partners - Cessation of business</p> <p>Registrar can cancel registration if not renewed or where Registrar is satisfied business is defunct</p> | <p>By general partner - Cessation of business or dissolution of LP</p> <p>Registrar can cancel registration if not renewed or where Registrar is satisfied business is defunct</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> |