Singapore Company Registration Statistics Report

About the Report

The ‘Singapore Company Registration Statistics Report’ compiled by Janus Corporate Solutions, Singapore’s premier corporate services agency, provides comprehensive data on company formation activity in Singapore during a given period. Presented in a reader-friendly format, the report enables end users to gain accurate and up-to-date information regarding the number of newly setup business entities, the profile of recently incorporated companies, the top industries to have recorded maximum company incorporation activity and the countries that are establishing the highest number of companies in Singapore. In addition to offering statistical data, the report also serves to analyze the trend among newly formed companies in Singapore. The Statistical Report goes back to 2010 and is published on a quarterly basis.

The present ‘Q1 2012 Statistical Report’ documents the trend in company formation in Singapore during the period spanning January-March 2012 and also offers a comparison with the trend in Q4 2011. The report is presented in five parts. The first part provides data about business registrations by entity type. The second and third sections offer data about Singapore company registrations by share-capital and by shareholding structure. The fourth and fifth parts capture data on Singapore company formations by industry and by shareholder country.

Foreword

The year 2012 began on a positive note with the global economy showing signs of recovery. The first quarter of 2012 is of economic significance due to major developments in Europe, US and Asia. To begin with, the Eurozone debt crisis was averted with the European Central Bank setting up a trillion-Euro fund which banks could easily gain access to. Furthermore, Greece negotiated a deal with its private creditors who will now have to bear a 53.5% loss on the face value of their existing Greek bonds. This paved way for the release of funds from Europe and the IMF, which are set to save the country from a massive default. It was in Q1 2012 that the European crisis finally showed signs of cooling down, which also sent stock markets soaring. Over in the United States, the American economy also showed signs of recovery. The job market improved and the unemployment rate dipped to 8.2% in March 2012 - the lowest recorded since the past three years. Consumer confidence was at its highest level since the past four years and business sentiment accelerated. Federal Reserve Chairman Ben Bernanke recently confirmed that the Fed will continue with its low-interest rate policy in a bid to spur consumer demand and business investment which will eventually lead to sustained economic growth.

The positive developments in Europe and the US have had a positive impact on the Asian economy. Japan’s economy is also well on its path to recovery after the earthquake last year and the outlook is sunny with domestic demand on the upward trend. China’s economy is expected to maintain stable growth and the government continues to maintain its property cooling measures and tighter monetary policy to avoid inflation and to prevent the economy from overheating.

The Singapore economy ushered in the New Year on a cautiously optimistic note with the Ministry of Trade and Industry forecasting a GDP growth of 1-3% for 2012 while private sector economists projected a growth rate of 3-3.9%. Business sentiment showed signs of picking up as early as January. Growth in the electronics and
pharmaceutical sectors led to a surge in exports earlier this year eliminating the chances of a technical recession or growth contraction for the quarter. Factors such as the increasing strength of the Singapore Dollar and contribution from the casino and pharmaceutical industries are likely to drive Singapore’s GDP growth in 2012.

Singapore’s Economic Development Board (the government agency that works towards enhancing Singapore’s position as a global business hub) anticipates sustained investment flows into the country for the year 2012. Fixed asset investments are expected to reach S$13-S$15 billion in 2012 and is reflective of the continued strong interest in downstream chemicals projects. Furthermore, the investment projects that kick started in 2011 are expected to generate 18,000-21,000 new skilled jobs and contribute S$15.5 billion to the GDP.

The Q1 2012 Statistical Report is a valuable starting point from which one can analyze the nexus between business incorporation activity and the global business climate. Positive economic developments around the world has surged business confidence levels. There has been an 11% increase in the number of newly set up business entities in Singapore in Q1 2012 as compared to Q4 2011. Moreover, the shareholding structure of companies that were formed in Q1 2012 reaffirms that the government’s efforts in building an entrepreneurial climate are bearing fruit with a rise in the number of locally owned business entities.

Despite the positive developments that mark Q1 2012 the risk of economic uncertainty remains with Spain showing signs of a Greece-like debt crisis. Singapore continues to remain vulnerable to global economic volatility, which is a growing concern for the country’s policymakers. This is perhaps one of the reasons as to why Singapore’s Budget 2012 was more attuned to the long-term goal of building a more productive and strengthened economy rather than providing short-term reliefs. Prudent economic policy is what is steering the economy forward and Singapore has earned its reputation of being Asia’s most competitive city owing to its economic strength, institutional effectiveness, financial maturity, global appeal, and physical capital.

**Highlights**

- Business registrations in the Q1 2012 totaled to 14,596 entities - an 11% increase over Q4 2011.
- There was a 10% increase in the number of sole-proprietorships established in Q1 2012 as compared to Q4 2011 and a 6% growth in partnership formation from Q4 2011 to Q1 2012.
- The exempt private limited company was the most popular business entity type in Singapore during Q4 2011 and Q1 2012, followed by sole-proprietorships and private limited companies.
- More than 50% of the companies formed in Q1 2012 were completely locally owned while less than 25% of the companies had foreign shareholders.
- Wholesale trade, financial services, and head offices and management consultancies were the top three industries to witness maximum number of company formations in Q4 2011 and Q1 2012.
- A comparative analysis of the industry segmentation of companies formed in Q4 2011 and Q1 2012 shows that architectural and engineering support activities and warehousing and transportation support activities were the two new business sector entrants in Q1 2012.
Singapore Business Registrations by Entity Type

Business registrations in the Q1 2012 totaled to 14,596 entities - an 11% increase over Q4 2011. Of these, 6,748 (46%) entities were exempt private limited companies (i.e. companies with less than 20 shareholders and whose all shareholders are individuals) followed by the second majority of 5,309 (36%) sole-proprietorships. [1]

Private limited companies were 1,166 in number representing 8% of the newly formed entities while the 122 public companies accounted for 1% of the new company formations in Q1 2012. There were 1,251 partnerships in all with 4% being limited liability partnerships and 5% as general partnerships.

Evidently, exempt private limited companies (also known as EPCs) with their low compliance requirements are the most popular entity type in Singapore in Q1 2012 and Q4 2011 followed by sole proprietorships and private limited companies. According to Singapore company law, EPCs with an annual turnover of less than S$5 million only need to submit a declaration of solvency and they are exempted from filing audited annual accounts. Furthermore, directors of small companies can better leverage their capital and earnings as EPCs are not limited by Section 163 and 165 of The Companies Act. Newly setup EPCs also enjoy tax savings as they are entitled to tax exemptions on their first S$300,000 of taxable income for each of their first three tax filing years. The low compliance requirements of EPCs could be one of the reasons behind the 16% increase in the number of EPCs that were set up in Q1 2012 over Q4 2011. Other notable developments in business registration activity for Q1 2012 are that there was a 10% increase in the number of sole-proprietorships established in Q1 2012 as compared to Q4 2011 and a 6% growth in partnership formation from Q4 2011 to Q1 2012.

[1] A sole proprietorship in Singapore is an unincorporated type of business form and does not constitute a separate legal entity. This structure is usually popular among local individual owners of a very small business that does not carry any substantial risks.
Singapore Company Registrations by Share Capital

Majority (75%) of the Singapore companies that were established in the first three months of 2012 had registered themselves with a share-capital below S$10,000. The share-capital structure of 20% of the companies that were formed in Q1 2012 was between S$10,001-S$100,000. A small number viz. 5% of the newly set-up companies had injected share-capital above S$100,001 at the time of company registration. [2]

The minimum share-capital required to setup a Singapore private limited company is S$1.00. The share-capital can be increased any time after the company is incorporated. The above data evinces that most new company owners take advantage of Singapore’s low share-capital requirement and register a company with less than S$10,000 as share capital. Q4 2011 also recorded the same trend.

[2] The data reflects the amount of share-capital that was listed by the newly formed companies on the date of incorporation. Most companies increase the paid-up capital after incorporation.
Singapore Company Registrations by Shareholding Structure

66% of the companies formed in Q1 2012 were completely locally owned while 24% of the companies had foreign shareholders. A marginal 10% of the companies were characterized by both local as well as foreign shareholding.

A comparative analysis of the shareholding structure of companies that were formed in Q4 2011 and Q1 2012 reveals that there has been a 3% increase in the number of companies whose shareholders are all locals and a 2% decrease in companies that have completely foreign owners. This data is a clear indication that the government’s efforts in fostering a spirit of enterprise are paying off with more home-grown entrepreneurs setting up businesses in Q1 2012. There are a number of resources available for start-up entrepreneurs in Singapore from business incubators and tax incentives to university entrepreneurship programs. A growing awareness of the various support schemes is prompting more Singapore-resident individuals with an entrepreneurial flair to take the plunge and set up their own start-up enterprise in the country.
Singapore Company Registrations by Industry

Maximum company incorporation activity for Q1 2012 was recorded in industries such as **wholesale trade** (21%), **financial services** (14%), activities of head offices and management consultancies (9%), retail trade (6%) and IT (5%). 4% of the newly set up companies in Q1 2012 was in the F&B sector. The construction and business administration and support industries recorded 3% company formation activity each. Sectors dominated by architectural and engineering activities and warehousing and transportation support activities recorded 2% company incorporation activity each.

A comparative analysis of the industry segmentation of companies formed in Q4 2011 and Q1 2012 shows that wholesale trade, financial services and head offices and management consultancies were the top three industries to witness maximum number of company formations. Architectural and engineering support activities and warehousing and transportation support activities were the two new business sector entrants in Q1 2012.
Singapore Company Registrations by Country

Singapore was a popular business destination for foreign companies and entrepreneurs from the Asia Pacific as well as the West in Q1 2012. The British Virgin Islands, China, India, Hong Kong, Japan, United Kingdom, United States, Cayman Islands, Australia, Malaysia, Germany, Indonesia, and Myanmar were among the top investing countries during Q1 2012.
Summary

- Business registrations in the Q1 2012 totaled to 14,596 entities - an 11% increase over Q4 2011.
- The exempt private limited company was the most popular business entity type in Singapore during Q4 2011 and Q1 2012, followed by sole-proprietorships and private limited companies.
- There was a 10% increase in the number of sole-proprietorships established in Q1 2012 as compared to Q4 2011 and a 6% growth in partnership formation from Q4 2011 to Q1 2012.
- Majority of the newly-registered companies were incorporated with a share capital within the range of S$1.00 - S$10,000 during Q4 2011 and Q1 2012.
- More than 50% of the companies formed in Q1 2012 were completely locally owned while less than 25% of the companies had foreign shareholders.
- A comparative analysis of the shareholding structure of companies that were formed in Q4 2011 and Q1 2012 reveals that there has been a 3% increase in the number of companies whose shareholders are all locals and a 2% decrease in companies that have completely foreign owners.
- Wholesale trade, financial services, and head offices and management consultancies were the top three industries to witness maximum number of company formations in Q4 2011 and Q1 2012.
- A comparative analysis of the industry segmentation of companies formed in Q4 2011 and Q1 2012 shows that architectural and engineering support activities and warehousing and transportation support activities were the two new business sector entrants in Q1 2012.
- Entrepreneurs and MNCs from Asia and the Western economies found Singapore an attractive destination for business setup and expansion during Q4 2011 and Q1 2012.

Disclaimer: This report is of a general nature only and is not intended to be comprehensive. While care has been taken to prepare this report accurately, Janus accepts no liability for any errors or for any loss, however occasioned, to any person by reliance on this report.
About Janus Corporate Solutions

Janus provides a complete range of company incorporation, accounting, tax, immigration and related compliance services for entrepreneurs, startups and established companies who want to enter the Singapore market. Janus is based in Singapore and believes that the country offers an ideal environment for firms and individuals who operate in the global economy. Singapore has world-class infrastructure, well-developed capital markets, highly educated workforce, liberal immigration policies, stable political institutions, business-friendly economic policies and a very attractive tax regime. Given these characteristics, there is increasing demand for world-class professional services to help organizations establish a presence in Singapore. Janus is at the forefront of offering such services at affordable fees through its experienced team.

Our Services

Our core services include:

- Registration of new Singapore companies;
- Registration of foreign companies in Singapore (subsidiary company, branch office, representative office);
- On-going statutory administration of Singapore companies;
- Accounting and tax advisory services;
- Tax preparation and filing for companies and individuals;
- Application for work passes for expatriates;
- Application for business licenses; and
- Other related corporate services.

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