

COMPARISON OF THE FORMS OF BUSINESS ORGANISATIONS

| | Sole-Proprietorship | Partnership | Limited Partnership (LP) | Limited Liability Partnership (LLP) | Company |
|---------------------|--|--|---|---|--|
| Definition | 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 |
| Owned by | One person | Generally between 2 and 20 partners. 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 Private Company – 50 members or less Public Company – can have more than 50 members |
| Legal Status | <p>Not a separate legal entity</p> <p>Owner has unlimited liability</p> <p>Can sue or be sued in individual's own name</p> <p>Can also be sued in business name</p> <p>Can own property in individual's name</p> <p>Owner personally liable for debts and losses of business</p> | <p>Not a separate legal entity</p> <p>Partners have unlimited liability</p> <p>Can sue or be sued in firm's name</p> <p>Cannot own property in firm's name</p> <p>Partners personally liable for partnership's debts and losses incurred by other partners</p> | <p>Not a separate legal entity</p> <p>General partner has unlimited liability</p> <p>Limited partner has limited liability</p> <p>Can probably sue or be sued in firm's name</p> <p>Cannot own property in firm's name</p> <p>General partner personally liable for debts and losses of the LP</p> <p>Limited partner not personally liable for the debts or obligations of LP beyond amount of his agreed contribution</p> | <p>A separate legal entity from its partners</p> <p>Partners have limited liability</p> <p>Can sue or be sued in LLP's name</p> <p>Can own property in LLP's name</p> <p>Partners personally liable for debts and losses resulting from their own wrongful actions</p> <p>Partners not personally liable for debts and losses of LLP incurred by other partners</p> | <p>A separate legal entity from its members and directors</p> <p>Members have limited liability</p> <p>Can sue or be sued in company's name</p> <p>Can own property in company's name</p> <p>Members not personally liable for debts and losses of company</p> |

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| Registration Requirements | <p>Age 18 years or above. Singapore citizen/ Singapore permanent resident/ Employment Pass/ Dependent Pass holder.</p> <p>If owner not resident in Singapore, he must appoint a local manager who is ordinarily resident in Singapore</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 business without court or Official Assignee's approval</p> | <p>Age 18 years or above. Singapore citizen/ Singapore permanent resident/ Employment Pass/ Dependent Pass holder.</p> <p>If owners not resident in Singapore, they must appoint a local manager who is ordinarily resident in Singapore</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 business without court or Official Assignee's approval</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>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 business without court or Official Assignee's approval</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 business without court or Official Assignee's approval</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> <p>Undischarged bankrupts cannot be a director and cannot manage a company without court or Official Assignee's approval</p> |
| Formalities and Expenses | <p>Quick and easy to set up</p> <p>Easy to administer and manage</p> <p>Registration cost is minimal</p> <p>Less administrative duties to adhere to</p> <p>Must renew registration annually</p> | <p>Quick and easy to set up</p> <p>Easy to administer and manage</p> <p>Registration cost is minimal</p> <p>Less administrative duties to adhere to</p> <p>Must renew registration annually</p> | <p>Quick and easy to set up</p> <p>Easy to administer and manage</p> <p>Registration cost is minimal</p> <p>Less administrative duties to adhere to</p> <p>Must renew registration annually</p> | <p>Quick and easy to set up</p> <p>Fewer formalities and procedures to comply with than a company</p> <p>Registration cost is relatively minimal and fewer regulatory duties to adhere to than a company</p> <p>No statutory requirement for general meetings, directors, company secretary, share allotments, etc.</p> <p>Only an annual declaration of solvency 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>One time registration</p> | <p>More costly to set up and maintain</p> <p>More formalities and procedures to comply with</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</p> <p>Statutory requirements for general meetings, directors, company secretary, share allotments, etc.</p> |

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| Set Up Fee | \$65 (\$15 name application fee and \$50 registration fee) | \$65 (\$15 name application fee and \$50 registration fee) | \$65 (\$15 name application fee and \$50 registration fee) | \$165 (\$15 name application fee and \$150 registration fee) | \$315 (\$15 name application fee and \$300 incorporation fee) |
| Taxes | Profits taxed at owner's personal income tax rates | Profits taxed at partners' personal income tax rates | Profits taxed at partners' personal income tax rates (if individual)/ corporate tax rate (if corporation) | Profits taxed at partners' personal income tax rates (if individual)/ corporate tax rate (if corporation) | Profits taxed at corporate tax rates |
| Continuity in Law | Exists as long as the owner is alive and desires to continue the business | Exists subject to partnership agreement | Exists subject to partnership agreement If there is no limited partner, the LP registration will be suspended and general partners are deemed registered under the Business Registration Act 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 | The LLP has perpetual succession until wound up or struck off | A company has perpetual succession until wound up or struck off |
| Closing the Business | By Owner – Cessation of business Registrar can cancel registration if not renewed or where Registrar is satisfied business is defunct | By the partners – Cessation of business or dissolution of partnership Registrar can cancel registration if not renewed or where Registrar is satisfied business is defunct | By general partner – cessation of business or dissolution of LP Registrar can cancel registration if not renewed or where Registrar is satisfied LP is defunct | Winding Up – Voluntarily by members or creditors, compulsorily by the High Court Striking off | Winding Up – Voluntarily by members or creditors, compulsorily by the High Court Striking off |

< Updated as at 15 October 2010>

Source: Accounting and Corporate
Regulatory Authority, Singapore