

Singapore Implements First Wave of Changes to Its Companies Act

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Trident Trust Company (Singapore) Pte Ltd
 96 Robinson Road
 #16-01 SIF Building
 Singapore 068899
 Tel +65 6304 3288
 Fax +65 6491 1231
 singapore@tridenttrust.com

In October 2014 the Companies (Amendment) Bill was passed by Singapore's Parliament. The changes to Singapore's Companies Act set out in this legislation are being implemented in two phases. The first wave of 18 amendments was implemented on 1 July 2015. The second wave of amendments is expected to be implemented in the first quarter of 2016.

Summary of Key Phase One Changes, Effective 1 July 2015

1. Introduction of small company audit exemption

To reduce the regulatory burden on small companies, an exemption from statutory audit has been introduced for small companies.

A private company qualifies for audit exemption if it is dormant or fulfils at least two of the following criteria, regardless of its shareholding structure: (i) total annual revenue of not more than S\$10 million; (ii) total assets of not more than S\$10 million; or (iii) number of employees of not more than 50.

A subsidiary or holding company may only qualify as a small company if it is a small company itself and if the group qualifies under the "small company" criteria on a consolidated basis. Where the holding company is a foreign company that does not prepare consolidated financial statements, the consolidated total assets should be determined by the aggregation of the total assets of all the members of the group, and the consolidated revenue should be determined by the aggregated revenue of all the members of the group.

These new audit exemption rules will only apply to financial years beginning after 1 July 2015 and transitional provisions are in place for two years from this date.

2. Removal of the prohibition against a private company giving financial assistance

Only a public company, or a company whose holding company or ultimate holding company is a public company, is prohibited from giving financial assistance.

3. Companies are now permitted to issue shares for no consideration

4. The requirement to align the financial year of a parent company and subsidiary has been abolished

5. Company secretaries of private companies are no longer required to be physically present at the company's registered office

A full list of the phase one amendments can be found [here](#) and the list of planned phase two amendments can be found [here](#).

For further information on the amendments please contact [Jeanette Wong](#) or [Low Khee Chuan](#) in Trident Corporate Services Singapore or your usual Trident Trust representative.