

Types and Features of Business Structures

	Sole Proprietorship	Partnership	Limited Liability Partnership (LLP)	Company	Limited Partnerships (LP)
Definition	A business owned by one person	An association of two or more persons carrying on a business with a common view to profit	A partnership where the individual partners' own liability is generally limited	A legal entity separate and distinct from its shareholders and directors	A partnership consisting of two or more persons, with at least one general partner and one limited partner.
Owned by	One person	Between two and 20 partners. A partnership of more than 20 partners must incorporate as a company under the Companies Act, Chapter 50.	<ul style="list-style-type: none"> • At least two partners, no maximum limit • Partners can be individuals or body corporate (company or other LLP) 	<ul style="list-style-type: none"> • Exempt Private Company – 20 shareholders or less and no corporation holds beneficial interest in the company's shares • Private Company – 50 shareholders or less • Public Company – can have more than 50 shareholders 	<ul style="list-style-type: none"> • At least two partners; one general partner and one limited partner. No maximum limit
Legal Status	<ul style="list-style-type: none"> • Not a separate legal entity • Owners have unlimited liability • Cannot sue or be sued in its own name • Cannot own property 	<ul style="list-style-type: none"> • A separate legal entity • Owners have limited liability • Can sue or be sued in its own name • Can own property 	<ul style="list-style-type: none"> • Not a separate legal entity • General partner has unlimited liability; Limited partner has limited liability • Cannot sue or be sued in its own name • Cannot own property 		

	<ul style="list-style-type: none"> • Owner personally liable for debts and losses of business 	<ul style="list-style-type: none"> • Partners personally liable for partnership's debts and losses incurred by other partners 	<ul style="list-style-type: none"> • Partners personally liable for debts and losses resulting from their own careless actions • Partners not personally liable for debts and losses of LLP incurred by other partners 	<ul style="list-style-type: none"> • Shareholders not personally liable for debts and losses of company 	<ul style="list-style-type: none"> • General partner is personally liable for debts and losses of the LP • Limited partner not personally liable for the debts or obligations of LP beyond amount of his agreed contribution.
Formation Requirements	<ul style="list-style-type: none"> • Age 18 years or above • Singapore citizen/Singapore permanent resident/ Employment Pass holder/ Dependent Pass holder • If owner(s) not resident in Singapore, they must appoint a local manager who is resident in Singapore • Self-employed persons must top up their Medisave account with the CPF Board before they register a new business name, become the registrant of an existing business name, or renew their business registration • Un-discharged bankrupts may not be allowed to register 	<ul style="list-style-type: none"> • At least two partners, who can be an individuals (at least 18 years old) or body corporate (company or other LLP) • At least one manager who is an individual ordinarily resident in Singapore (at least 18 years old and not disqualified under the Companies Act) 	<ul style="list-style-type: none"> • At least one shareholder • Any person above the age of 18 years • At least one director ordinarily resident in Singapore • If a foreigner wishes to act as a local director of the company, he can apply for an Employment Pass from the Work Pass Division of the Ministry of Manpower under the Entre Pass scheme 	<ul style="list-style-type: none"> • At least one general partner and limited partner. Both can be individuals (at least 18 years old) or body corporate (company or other LLP) • At least one manager ordinarily resident in Singapore (at least 18 years old) if all the general partners are not "ordinarily resident" in Singapore. 	
Formalities and Expenses	<ul style="list-style-type: none"> • Quick and easy to set up • Easy to administer and manage • Registration cost is minimal • Less administrative duties to adhere to 	<ul style="list-style-type: none"> • Quick and easy to set up • Fewer formalities and 	<ul style="list-style-type: none"> • More costly to set up and maintain • More formalities and 	<ul style="list-style-type: none"> • Quick and easy to set up • Easy to administer and manage • Registration 	

	<ul style="list-style-type: none"> • Must renew registration annually 	<p>procedures to comply with than a company</p> <ul style="list-style-type: none"> • Registration cost is relatively minimal and fewer regulatory duties to adhere to • No statutory requirement for general meetings, directors, company secretary, share allotments, etc. • 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 • One time registration 	<p>procedures to comply with</p> <ul style="list-style-type: none"> • Must appoint a company secretary within 6 months of incorporation • Must appoint an auditor within 3 months after incorporation unless the company is exempt from audit requirements • Annual Returns must be filed • Statutory requirements for general meetings, directors, company secretary, share allotments, etc. 	<p>cost is minimal</p> <ul style="list-style-type: none"> • Less administrative duties to adhere to • Must renew registration annually
Set Up Fee	<p>\$65 (\$15 name application fee and \$50 registration fee)</p>	<p>\$165 (\$15 name application fee and \$150 registration fee)</p>	<p>\$315 (\$15 name application fee and 300 incorporation fee)</p>	<p>\$65 (\$15 name application fee and \$50 registration fee)</p>
Taxes	<ul style="list-style-type: none"> • Profits taxed at owners'/partners' personal income tax rates 	<ul style="list-style-type: none"> • Profits taxed at partners' personal income tax 	<ul style="list-style-type: none"> • Profits taxed at corporate tax rates 	<ul style="list-style-type: none"> • Profits taxed at partners' personal income tax rates (if

			rates (if individual)/ corporate tax rate (if corporation)		individual)/ corporate tax rate (if corporation)
Continuity & Transferability	Can exist as long as the owner is alive and desires to continue the business	<ul style="list-style-type: none"> Exists as long as the partners agree it will and as long as all of the general partners remain in the partnership If a general partner dies or leaves the partnership, usually the partnership dissolves and the assets of the partnership must be sold or distributed to pay first the creditors of the partnerships and then the partners. The partnership agreement may provide for the continuation of the business 	<ul style="list-style-type: none"> The LLP has a legal personality separate from its partners The LLP has perpetual succession 	<ul style="list-style-type: none"> The company, as a separate legal entity, does not cease to exist if one or more of its shareholders die Its corporate existence lasts as long as its shareholders decide it should. A company's life is usually perpetual Ownership of a company can be transferred and additional shareholders can be appointed 	<ul style="list-style-type: none"> Exists as long as the partners agree it will and as long as all of the general partners remain in the partnership If there is no limited partner, the partnership will be suspended and will be converted to a firm registered under the Business Registration Act Once a new limited partner is appointed, the registration of the LP will be restored to "live"
Closing a Business	<ul style="list-style-type: none"> By Owner, Termination or Cessation of business By Registrar – if the registration has expired and has not been renewed 	<ul style="list-style-type: none"> Winding Up – Voluntarily by members or creditors, Compulsorily by the High Court Striking Off 	<ul style="list-style-type: none"> By general partner, cessation of LP By Registrar – if the registration has expired and has not been renewed 		