

# **SINGAPORE**<sup>1</sup>

## **I. Overview of Singapore**<sup>2</sup>

Singapore is a former British colony that gained its independence in 1965, after which it became a Republic with a strong executive branch. It is a modern city-state that operates under a common law system. Since independence, the Singapore government has adopted an extremely pro-business stance that has resulted in a generally favorable business environment, with clear, streamlined procedures and tax incentives for both for-profit and non-profit organizations. Freedom of association is protected by Article 14 of Singapore's Constitution, but it may be restricted by Parliament as stipulated in Article 14(2) of the Constitution.<sup>3</sup>

## **II. Registration Procedures**

### **A. For-Profit Organizations**

Singapore has cultivated a reputation for being a business-friendly jurisdiction, and the laws and regulations governing For-Profit Organizations (*FPOs*) reflect this. The most significant of these laws are the Companies Act (Chapter 50 of the Statutes of the Republic of Singapore), Limited Partnership Act (Chapter 163B), Limited Liability Partnership Act (Chapter 163A), and Business Registration Act (Chapter 32). These govern the primary for-profit legal structures in Singapore. All businesses must be registered with the Accounting and Corporate Regulatory Authority (*ACRA*).

#### **a. Companies**

---

<sup>1</sup> The following memorandum was prepared by pro bono counsel for the ABA Center for Human Rights. It is intended as background information only and should not be relied upon as legal advice on a particular case. The views expressed herein have not been approved by the House of Delegates or the Board of Governors of the American Bar Association, and, accordingly, should not be construed as representing the policy of the American Bar Association.

<sup>2</sup> Disclaimer: The associate who wrote this section is a New York-qualified lawyer, is not qualified to practice Singapore law, and relied on publicly available information such as Singapore statutes, government websites, and other websites.

<sup>3</sup> Article 14 provides in full:

(1) Subject to clauses (2) and (3) —

- (a) every citizen of Singapore has the right to freedom of speech and expression;
- (b) all citizens of Singapore have the right to assemble peaceably and without arms; and
- (c) all citizens of Singapore have the right to form associations.

(2) Parliament may by law impose —

- (a) on the rights conferred by clause (1)(a), such restrictions as it considers necessary or expedient in the interest of the security of Singapore or any part thereof, friendly relations with other countries, public order or morality and restrictions designed to protect the privileges of Parliament or to provide against contempt of court, defamation or incitement to any offence;
- (b) on the right conferred by clause (1)(b), such restrictions as it considers necessary or expedient in the interest of the security of Singapore or any part thereof or public order; and
- (c) on the right conferred by clause (1)(c), such restrictions as it considers necessary or expedient in the interest of the security of Singapore or any part thereof, public order or morality.

(3) Restrictions on the right to form associations conferred by clause (1)(c) may also be imposed by any law relating to labour or education.

Under Singapore law, subject to several exceptions, any business, partnership or association operating for profit and consisting of more than 20 persons *must* be in incorporated and registered as a company.<sup>4</sup> Incorporating and registering a company in Singapore is a relatively straightforward process, which can in some cases be completed in as few as 24 hours. For certain types of business activities (e.g., private schools, moneylenders, childcare centers, or liquor dealers), the incorporation procedure can require additional licensing and take several weeks, or even months, to complete.

To set up a company, one must obtain approval for the company name from the Registrar of Companies (an officer of ACRA appointed by the Minister).<sup>5</sup> Once approval is obtained, one must submit to the Registrar all corporate documents, including its memorandum of association and articles of association (*M&A*).<sup>6</sup> The memorandum of association must state: (i) the name of the company; (ii) whether the company will be limited by shares, by guarantee, or will be unlimited; (iii) if limited by shares, that the liability of its members is limited; (iv) if limited by guarantee, that the liability of its members is limited and the amount that each member undertakes to contribute for the payment of debts/liabilities; (v) if unlimited, that the liability of the members is unlimited; (vi) the full names, addresses and occupations of the subscribers to the memorandum; and (vii) that the subscribers desire to form a company and (if the company has share capital) agree to take an identified number of shares.<sup>7</sup> The memorandum or articles may also set out the object and purpose of the company, or contain a restriction on the company's capacity, rights, powers or privileges.<sup>8</sup>

The Registrar may refuse to register the company if he determines that the proposed company is likely to be used for an unlawful purpose or for purposes prejudicial to the public peace, welfare or good order in Singapore, or if it would be contrary to the national security or interest.<sup>9</sup> If the Registrar refuses to register a company, the company may appeal the decision with the Minister within 30 days.<sup>10</sup>

There are no special ownership restrictions (in other words, a company may be 100% foreign-owned), but it is required that the company have at least one Singapore Resident as a Director (this can be either a Singapore citizen or a foreigner holding an EntrePass or

---

<sup>4</sup> Companies Act, s. 17(3). Exceptions include partnerships and associations formed for the purpose of carrying on a profession or calling governed by other written laws, such as partnerships of lawyers. *Id.* at s. 17(4).

<sup>5</sup> Companies Act, s.27. The Registrar may decline to register a company name if it deems the name to be undesirable, identical to that of another business, or a name of the kind that the Minister has directed the Registrar not to accept. *Id.*

<sup>6</sup> Other required forms include a Statutory Declaration of Compliance (attesting that the company has complied with all statutory requirements) and a Certification of Identity (Companies Act, s. 19(2); Notice of Situation of Registered Office and of Office Hours at time of Incorporation (Companies Act, s. 143); Consent to Act as Director and Statement of Non Disqualification to Act as Director (Companies Act, s. 173), or any other such information the Registrar may require (Companies Act, s. 19(1)(b)).

<sup>7</sup> Companies Act, s. 22(1).

<sup>8</sup> Companies Act, s. 23(1A–1B).

<sup>9</sup> Companies Act, s. 20(2).

<sup>10</sup> Companies Act, s. 20(3).

Employment pass visa) and a Singapore resident Company Secretary, within at least six months of registration.<sup>11</sup>

Once the company is registered and incorporated, it is required to hold an annual general meeting (*AGM*) each year, with all of its financial statements tabled at the meeting for shareholders'/members' approval.<sup>12</sup> It must then file its annual return with ACRA within one month of its AGM.<sup>13</sup>

A company may be wound up either voluntarily or involuntarily. A voluntary winding up usually occurs where the company resolves to do so by special resolution.<sup>14</sup> If the directors make a statement to the effect that the company will be able to pay its debts in full within 12 months of winding up, the shareholders will appoint a liquidator to direct the winding up. If the directors do not make such a statement, the creditors will be entitled to appoint a liquidator.<sup>15</sup>

A company may also be compulsorily wound up by a court order, upon petition by either (i) the company itself, (ii) a creditor, (iii) a contributory or personal representative thereof, (iv) the liquidator of the company, (v) a judicial manager, or (vi) various ministers on specified grounds.<sup>16</sup> Grounds for a court ordering the winding up of a company include: (i) a special resolution by the company that a court will wind it up, (ii) the company does not commence business within a year from incorporating or suspends its business for over a year; (iii) the company cannot pay its debts (this is the most common basis for compulsory winding up); (iv) the directors breached their fiduciary duties to the company; (v) the court is of the opinion that it is just and equitable that the company be wound up; (vi) the company engaged in a pyramid scheme in contravention of applicable law; or (vii) the company is used for an unlawful purpose or for purposes prejudicial to the public peace, welfare or good order or against national security or interest.<sup>17</sup>

Finally, it bears noting that the Companies Act is expected to be amended in the second quarter of 2015, though not in ways that materially affect registration and incorporation procedures. Some of the anticipated changes are that (i) small companies will be exempt from audits; (ii) foreign companies with branches in Singapore will have increased reporting requirements; and (iii) conflicts of interest rules that formerly only applied to directors will be extended to certain officers.<sup>18</sup>

#### b. Limited Liability Partnerships

---

<sup>11</sup> Companies Act, ss. 145(1), 145(10), 171(1), 171(4).

<sup>12</sup> Companies Act, s. 175. As detailed in subsection VA below, some companies are exempt from the requirement to hold an AGM.

<sup>13</sup> Companies Act, s. 197(4).

<sup>14</sup> Companies Act, s. 290(1)(b).

<sup>15</sup> Companies Act, ss. 293–294; *Re Sin Teck Hong Oil Mills Ltd* [1950] MLJ 232.

<sup>16</sup> Companies Act, s. 253(1).

<sup>17</sup> Companies Act, s. 254(1).

<sup>18</sup> <http://www.cfoinnovation.com/story/9537/singapore-defers-effective-date-changes-companies-act-business-names-registration-act>.

A limited liability partnership (**LLP**) is a separate legal entity consisting of two or more partners in which the individual partners are not personally liable for debts of the partnership.<sup>19</sup> An LLP must register with the Registrar of Limited Liability Partnerships (who serves under ACRA) by submitting to the Registrar a fee and a statement by each partner containing: (i) the name of the proposed LLP; (ii) the general nature of the proposed business; (iii) the proposed registered offices; (iv) the name, identification (if any), nationality and usual place of residence of each partner (and, if a partner is a body corporate, the place of incorporation or registration, registration number, registered office, and name of corporation); (v) the name, identification (if any), nationality and usual place of residence of every person (or body corporate) who will be the LLP's manager; and (vi) any other information requested by the Minister.<sup>20</sup> According to some sources, the registration of an LLP can be completed in as little as a day under normal circumstances.<sup>21</sup>

Every LLP must have the words "limited liability partnership" or "LLP" in its name; failure to do so may result in a fine of up to SGD 5,000.<sup>22</sup> The Registrar may refuse to register a LLP under a name that it deems undesirable, identical to that of another business, or a name of the kind that the Minister has directed the Registrar not to accept.<sup>23</sup> Upon such refusal, the proposed LLP has 30 days in which to appeal the decision to the Minister.<sup>24</sup>

LLPs are required to have at least two partners, of any nationality, and one manager who is a Singapore resident.<sup>25</sup> The manager is by default personally liable for all penalties imposed on the LLP for contravention of sections 24, 27 and 28 of the Limited Liability Partnership Act (regarding annual declarations of solvency or insolvency, publication of name and "LLP" status on LLP documents, and registration of changes in particulars, respectively) unless a court determines he should not be so liable.

An LLP may be wound up either voluntarily or compulsorily, with the appointment of a receivership.<sup>26</sup>

### c. Limited Partnerships

A limited partnership (**LP**) must consist of one or more general partners (who are liable for all debts and obligations of the LP) and one or more limited partners (who is not so liable and may not participate in management of the LP).<sup>27</sup> An LP must be registered with the Registrar of

---

<sup>19</sup> Limited Liability Partnership Act, s. 4.

<sup>20</sup> Limited Liability Partnership Act, s. 15. A proposed LLP must also submit documents such as a Declaration of Compliance and a Statement of Non Disqualification to Act as Manager. Limited Liability Partnership Act, *see* <http://www.singapore-company-registration.net/singapore-limited-liability-partnership-llp>; <http://www.entersingaporebusiness.info/limited-liability-partnership.php>; <http://www.guidemesingapore.com/incorporation/other/singapore-llp-registration-guide>.

<sup>21</sup> *See* <http://www.guidemesingapore.com/incorporation/other/singapore-llp-registration-guide>.

<sup>22</sup> Limited Liability Partnership Act, s. 18.

<sup>23</sup> Limited Liability Partnership Act, s. 19(1).

<sup>24</sup> Limited Liability Partnership Act, s. 17(2).

<sup>25</sup> Limited Liability Partnership Act, ss. 22 and 23(1).

<sup>26</sup> Limited Liability Partnership Act, ss. 29–30.

<sup>27</sup> Limited Partnership Act, ss. 3, 6.

Limited Partnerships (under the authority of ACRA) under a process similar to that for LLPs.<sup>28</sup> The general or limited partner must file a fee and lodge with the Registrar a statement including: (i) the name of the proposed LP (which must include “LP” or “Limited Partnership”<sup>29</sup>); (ii) that the partnership is limited; (iii) the general nature of the business; (iv) the principal place of business and any other location where business is to be carried out; (v) the full name, identification (if any), nationality and usual place of residence of any partner and, if a partner is a body corporate, the corporate name, place of incorporation or registration, registration number, and office of the corporation; (vi) whether each partner is to be limited or general; (vii) full name, identification (if any), nationality and residence of the local manager; (viii) the term, if any, for which the LP is entered into and the date of commencement; and (ix) any other information requested by the Minister.<sup>30</sup> The statement must be accompanied by a declaration by the general partner that each partner has consented to be registered as a partner, and a declaration by each general partner that he/she/it consents to be registered as a general partner.<sup>31</sup>

The Registrar may refuse to register the LP if he determines that the proposed business is likely to be used for an unlawful purpose or for purposes prejudicial to the public peace, welfare or good order of Singapore, or would be contrary to national security or interest.<sup>32</sup> Such a determination is appealable within 30 days.<sup>33</sup>

A LP may be dissolved by notice from the general partner(s). It may *not* be dissolved by notice from, or death, dissolution, bankruptcy, liquidation, or mental incapacity of, a limited partner (unless agreed otherwise between the partners).<sup>34</sup> Upon dissolution, the affairs of the LP will be wound up by the general partner(s), unless a court orders otherwise.<sup>35</sup>

#### d. Other businesses

Other entities engaging in trade, commerce, and the like but which are not incorporated as companies or structured as partnerships must still register with the Registrar of Businesses.<sup>36</sup> The process is similar to that for companies wishing to register/incorporate. A business must pay a fee and file an application with the Registrar stating its name, nature, place of business, name and nationality of every managing person, and date of commencement of business.<sup>37</sup> The Registrar shall refuse to register the business if he determines that the proposed company is likely to be used for an unlawful purpose or for purposes prejudicial to the public peace, welfare or good order in Singapore, or if it would be contrary to the national security or interest.<sup>38</sup> Furthermore, the Registrar shall refuse to allow a business to register under a name if he deems that name undesirable, identical to that of another business, or of the type of name that the

---

<sup>28</sup> Limited Partnership Act, s. 9.

<sup>29</sup> Limited Partnership Act, s. 16(1).

<sup>30</sup> Limited Partnership Act, s. 11(1).

<sup>31</sup> Limited Partnership Act, s. 11(2).

<sup>32</sup> Limited Partnership Act, s. 13(1).

<sup>33</sup> Limited Partnership Act, s. 13(2).

<sup>34</sup> Limited Partnership Act, s. 8(1-5).

<sup>35</sup> Limited Partnership Act, s. 8(6).

<sup>36</sup> Business Registration Act, ss. 3, 6.

<sup>37</sup> Business Registration Act, ss. 6.

<sup>38</sup> Business Registration Act, s. 9(1).

Minister has instructed him not to register.<sup>39</sup> That decision is appealable to the Minister within 30 days of the decision.<sup>40</sup>

Each business must have at least one manager who is a Singapore resident.<sup>41</sup>

The Registrar may cancel registration if he determines that the business is being used for an unlawful purpose or purpose prejudicial to the public peace, welfare or good order, or is contrary to the national security or interest, or if a manager of the business has been convicted of an offense under the Charities Act.<sup>42</sup> The Registrar must provide the business with written notice for at least 30 days, and the business may appeal the decision to the Minister with 30 days of the date of cancellation.<sup>43</sup>

## B. Not-For Profit Organizations

### a. Laws

A number of laws govern the registration of Not-For Profit Organizations (*NPOs*) in Singapore, primarily the Charities Act,<sup>44</sup> the Societies Act,<sup>45</sup> the Companies Act and the Trustees Act. If a NPO has more than ten members, it must adopt a legal structure: either a society, a company limited by guarantee (*CLG*), or a charitable trust.<sup>46</sup> Each of these carries different obligations and liabilities. Each of these structures may be eligible to become a charity and/or Institution of a Public Character (*IPC*), which carry with them certain legal benefits.

### b. Societies

Generally speaking, a society is any club, company, partnership or association of 10 or more persons formed for a purpose other than acquiring profit, excluding registered companies or LLPs, trade unions or other mutual benefits groups, registered cooperative societies, group of foreign insurers, or school or management committee of a school.<sup>47</sup> Registration is mandatory and can be done on-line,<sup>48</sup> and applications take approximately two months to process.<sup>49</sup>

---

<sup>39</sup> Business Registration Act, s. 13.

<sup>40</sup> Business Registration Act, s. 9(2).

<sup>41</sup> Business Registration Act, s. 25(1).

<sup>42</sup> Business Registration Act, s. 10(1).

<sup>43</sup> Business Registration Act, s. 10(2-3).

<sup>44</sup> Available at

<http://statutes.agc.gov.sg/aol/search/display/view.w3p;query=Status%3Acurinforce%20Type%3Aact,sl%20Content%3A%22charitable%22%20Content%3A%22trust%22;rec=7;resUrl=http%3A%2F%2Fstatutes.agc.gov.sg%2Faol%2Fsearch%2Fsummary%2Fresults.w3p%3Bquery%3DStatus%253Acurinforce%2520Type%253Aact,sl%2520Content%253A%2522charitable%2522%2520Content%253A%2522trust%2522;whole=no>.

<sup>45</sup> Available at <http://statutes.agc.gov.sg/aol/search/display/view.w3p;page=0;query=DocId%3Ad6e38654-0cee-4c7e-bfde-18b1bad85bf8%20Depth%3A0%20Status%3Ainforce;rec=0>.

<sup>46</sup> <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/types-of-legal-structures>.

<sup>47</sup> Societies Act, s. 2.

<sup>48</sup> See Ministry of Home Affairs Registry of Societies:  
<https://app.ros.gov.sg/ui/Index/InformationOnRegisteringASociety.aspx>.

Registration procedures differ somewhat depending on whether the society is one specified in The Schedule to the Societies Act,<sup>50</sup> or is instead an unspecified society. Specified societies tend to be those societies that the government feels may pose law and order, safety or security concerns (religious or political organizations fall under this category).<sup>51</sup> Specified societies may be registered upon submission of an application and registration fee, but the Registrar may, in certain circumstances, refuse to register the society. The Registrar *shall* refuse to register a society if he determines, among other things, that it is against the national interest to do so, that the society's rules are insufficient to provide for its proper management or control, or the society is likely to be used for unlawful purposes or purposes prejudicial to public peace, welfare or good order in Singapore.<sup>52</sup> The Registrar *may* refuse to register a society if he determines that it is affiliated with a society that has been dissolved as unlawful or noncompliant, if the members dispute who should be an officer, or a number of other reasons.<sup>53</sup> An applicant may appeal the Registrar's decision not to register the society to the Minister of Home Affairs within 30 days of the decision.<sup>54</sup>

Unspecified societies, on the other hand, may be automatically registered: they must submit an application as well as disclose additional documents in the registration process—such as a copy of the proposed rules of the society and a declaration as to its purpose and activities<sup>55</sup>—and the Registrar shall register the society on the date he receives the application without further inquiry.<sup>56</sup> The society may then automatically and immediately commence operations, though the Registrar reserves the right to dissolve the society at a later date. Registration fees range from SGD280–400 depending on whether one applies for automatic registration or non-automatic registration.<sup>57</sup>

Special procedures must be complied with if a society wishes to change its Constitution, rules, name, place of business, or officers.<sup>58</sup> In addition to registering under the Societies Act, a society must also register in accordance with the Charities Act (described below) in order to achieve Charity and/or IPC status and obtain the concomitant benefits.

### c. CLGs

A company limited by guarantee is one in which the liability of its members is limited to the (usually nominal) amount that the members undertake to contribute to the assets of the

---

<sup>49</sup> Societies Act, s. 11; <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/types-of-legal-structures/society>.

<sup>50</sup> See Societies Act, The Schedule, *available at* <http://statutes.agc.gov.sg/aol/search/display/view.w3p;ident=44e997cb-b814-4941-a0db-38f3aeb72c4c;page=0;query=DocId%3Ad6e38654-0cee-4c7e-bfde-18b1bad85bf8%20Depth%3A0%20Status%3Ainforce;rec=0#Sc->.

<sup>51</sup> See s. 3.2, available at <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan023321.pdf>

<sup>52</sup> Societies Act, s. 4.2.

<sup>53</sup> Societies Act, s. 4.3.

<sup>54</sup> Societies Act, s. 4.4.

<sup>55</sup> Societies Act, The Schedule, s. 4A.

<sup>56</sup> Societies Act, The Schedule, ss. 4 and 4A.

<sup>57</sup> <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/setting-up-your-group>. Only certain types of societies are eligible for automatic registration. See Societies Act, Schedule.

<sup>58</sup> Societies Act, s. 11

company in the event of its winding up.<sup>59</sup> A CLG, like any company, must register with the ACRA as set forth above. However, in contrast to companies generally, non-profit CLGs *must* be public companies and *may not* have shares or share capital.<sup>60</sup> Like other companies, a non-profit CLG must file an M&A,<sup>61</sup> which sets out, among other things, the limited liability of the members, their maximum contribution, and the purpose of the CLG, which is usually charitable or serving a social need. A non-profit CLG's M&A must also stipulate that the CLG's profits shall be applied solely towards the CLG's activities and not transferred to its members.<sup>62</sup> In addition to registering with ACRA, a CLG must also register in accordance with the Charities Act (described below) if it wants to achieve charity and/or IPC status and obtain the benefits of such status. It is unclear how long this process takes.

#### d. Charitable Trusts

A Charitable Trust is a charity arrangement set out in a document (trust deed), where a settlor would hand over certain property (trust property) to a group of persons (trustees) to administer the trust property for a charitable intention as set out in the trust deed. A charitable trust is a trust that promotes a charitable purpose and does not benefit any specific persons. Charitable Trusts are governed by both the Trustees Act and the Charities Act. They are licensed by the Monetary Authority of Singapore. Trustees must apply to the Minister for a certificate of registration pursuant to sections 65 and 67 of the Trustees Act, and the Minister will consider the nature and purpose of the trust, the identity, experience and qualifications of the trustees, and other factors in determining whether or not to allow the trustees to become a body corporate.<sup>63</sup> The application for a certificate of registration must state the objects of the body or association of persons, and the rules and regulations of the same; the date of, and parties to, every deed, will or other instrument (if any) creating, constituting or regulating the same; a description of the property belonging to the trust; names, residences and descriptions of the trustees; proposed title of the charitable trust (must have the words "trustees" and "registered in it"); the proposed common seal and regulations for its custody and use.<sup>64</sup>

#### e. Charities and IPCs

Only NPOs with a formal legal structure (i.e., a registered society, CLG or trust) are eligible to apply for charity status.<sup>65</sup> A charity is "any institution, corporate or not, which is established for charitable purposes and is subject to the control of the High Court in exercise of the Court's jurisdiction with respect to charities."<sup>66</sup> Exempt charities listed in The Schedule to the Charities Act (i.e., any university or educational institution that is also a charity) are exempt

---

<sup>59</sup> <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/types-of-legal-structures/company-limited-by-guarantee>.

<sup>60</sup> <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/types-of-legal-structures/company-limited-by-guarantee>.

<sup>61</sup> <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/setting-up-your-group>.

<sup>62</sup> <http://docs.lawsociety.org.sg/Legal-info-charities/index.php/getting-started/types-of-legal-structures/company-limited-by-guarantee>

<sup>63</sup> Trustees Act, s. 65.

<sup>64</sup> Trustees Act, s. 67; Second Schedule to the Trustees Act.

<sup>65</sup> [https://www.charities.gov.sg/setting-up-a-charity/Registering-for-a-new-charity/Pages/Other%20Requirements%20for%20Registration%20as%20a%20Charity\\_IPC.aspx](https://www.charities.gov.sg/setting-up-a-charity/Registering-for-a-new-charity/Pages/Other%20Requirements%20for%20Registration%20as%20a%20Charity_IPC.aspx)

<sup>66</sup> Charities Act, s. 2.



from all requirements of the Charities Act, and any reference to “charities” henceforth does not include exempt charities.

An institution may be registered as a charity if the institution satisfies the following conditions: (a) the governing instruments of the institution provide for the purposes of the institution, and such purposes are exclusively charitable; (b) the institution has a minimum of 3 persons to perform the function of charity trustees, at least 2 of whom shall be Singapore citizens or permanent residents; and (c) the purposes of the institution are beneficial wholly or substantially to the community in Singapore.<sup>67</sup>

An entity seeking to be registered as a charity must apply to the Commissioner of Charities, who has broad discretion and *shall* refuse to register a charity if he deems registration to be “contrary to the public interest” or “on such other ground as the Minister may prescribe.”<sup>68</sup> There are also restrictions on who may serve as board members (e.g., no one who was previously disqualified as a company director or charity board member<sup>69</sup>). An applicant may appeal the Commissioner of Charities’ decision with the Singapore High Court.<sup>70</sup>

Once an entity is a registered charity, it can additionally apply to be an Institution of a Public Character (IPC) (only charities are eligible for IPC status). IPCs are charities which are able to issue tax deductible receipts for qualifying donations to donors. In other words, donors are able to claim tax relief from their assessable income based on the amount donated, at prevailing deduction rate. As this makes IPCs generally more appealing to donors in attracting donations, these organizations are rightfully held to a higher standard, both in terms of regulatory compliance as well as governance.<sup>71</sup> Only organizations whose operations benefit the public as a whole (as opposed to just a certain ethnic or religious group, for example) may apply for IPC status.

### C. Analytical comparison of the legal process of registration

In general, the registration process for FPOs and NPOs does not differ materially in terms of formal barriers to entry. The grounds on which a Registrar may refuse to register FPOs and NPOs are similar or identical (and Registrar’s can exercise certain discretion). Our research did not reveal any common complaints about this process or evidence that the various Registrars systematically abused this discretion. Likewise, grounds for compulsory dissolution or winding up of FPO’s and NPO’s are similar.

## III. Tax Laws

### A. For-Profit Organizations

---

<sup>67</sup> Charities (Registration of Charities) Regulations, s. 3(1).

<sup>68</sup> Charities Act, s. 5.3A.

<sup>69</sup> [https://www.charities.gov.sg/setting-up-a-charity/Registering-for-a-new-charity/Pages/Other%20Requirements%20for%20Registration%20as%20a%20Charity\\_IPC.aspx](https://www.charities.gov.sg/setting-up-a-charity/Registering-for-a-new-charity/Pages/Other%20Requirements%20for%20Registration%20as%20a%20Charity_IPC.aspx)

<sup>70</sup> Charities Act, s. 6.

<sup>71</sup> Charities Act s. 40; <https://www.charities.gov.sg/setting-up-a-charity/Pages/About-Charities-And-IPCs.aspx>.

In general, Singapore has a very favorable corporate tax environment, which is governed by the Income Tax Act of Singapore and regulated by the Inland Revenue Authority of Singapore (*IRAS*). Singapore corporate taxes are graduated (starting at 8.5% on the first SGD 300,000 of income) and capped at 17% (on profits exceeding SGD 300,000). There is no tax on capital gains accrued by the company, on dividend distributions to shareholders, or on foreign-sourced income not brought into Singapore (foreign-sourced income brought into Singapore is also subject to exemption under certain conditions<sup>72</sup>). In addition, Singapore has implemented a variety of tax exemption schemes for companies, with particularly favorable schemes for new start-up companies. For instance, from 2010 onwards, companies will be granted a 30% Corporate Income Tax Rebate, capped at SGD 30,000 per year of assessment for 2015, and capped at SGD 20,000 per year of assessment for 2016 and 2017. Singapore companies with taxable revenue exceeding SGD 1 million per year are also subject to a goods and services tax (*GST*), which is a consumption tax similar to VAT.<sup>73</sup>

LLPs and LPs are not taxed as entities at the partnership level, but rather their partners are taxed on their individual income obtained from the partnership.<sup>74</sup> Whether the partner is an individual person or a body corporate will determine the applicable tax rate. Individual income tax is similarly favorable and is capped at 20%. If the LLP does not make a profit, each partner may (subject to certain restrictions) treat the following as deductions against his or her income from other sources: Capital Allowances and Industrial Building Allowances in excess of his LLP income; trade losses from the LLP; or donations made by the LLP.<sup>75</sup>

There are no economic free zones within Singapore except as pertain to the importation of goods: the Free Trade Zones Act (Chapter 114) does provide certain tax and customs relief for goods being transported through, or being altered, stored, repackaged or sorted within, Singapore.<sup>76</sup>

## B. Not-For Profit Organizations

The tax laws applying to NPOs differ depending upon whether the NPO is a charity or IPC, as defined by the Charities Act, or not (see above). Charities are fully tax-exempt. IPCs are not only tax-exempt, but donations made to them are tax-deductible for the donor, which facilitates fundraising for IPCs.<sup>77</sup>

<sup>72</sup> Internal Tax Act, ss. 13(7A), 13(11); see also IRAS e-Tax Guide, Tax Exemption for Foreign-Sourced Income (2d ed.), available at <https://www.iras.gov.sg/irashome/page04.aspx?id=460>.

<sup>73</sup> IRAS e-Tax Guide, GST: General Guide for Business (2d ed.), available at [https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax\\_Guide/etaxguide\\_GST\\_GST%20General%20Guide%20for%20Businesses\\_2015-04-01.pdf](https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20General%20Guide%20for%20Businesses_2015-04-01.pdf), para. 7.1.3.

<sup>74</sup> IRAS e-Tax Guide, Income Tax Treatment of Limited Liability Partnerships (2d ed.), available at [https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax\\_Guide/etaxguides\\_IIT\\_Income%20Tax%20Treatment%20of%20LLPs\\_2014-03-01.pdf](https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguides_IIT_Income%20Tax%20Treatment%20of%20LLPs_2014-03-01.pdf), paras. 2.1, 5.1.

<sup>75</sup> *Id.* at paras. 2.2-2.4, 5.2, 6.1.

<sup>76</sup> Free Trade Zones Act, Part II.

<sup>77</sup> Income Tax Act, s. 37(2)(C); See <https://www.iras.gov.sg/irashome/page04.aspx?id=1274>.

If a NPO is not a charity, it *may* be partially or, in some cases, fully tax-exempt. A society's surplus funds are exempt from income tax if those funds are solely from members' contributions and/or if over 50% of gross revenue receipts are from members and are not tax-deductible for members.<sup>78</sup> Similarly, surplus funds of a CLG are not subject to income tax if they are from members' contributions or if over 50% of gross revenue receipts are from members and are not tax-deductible for members.<sup>79</sup> Finally, a trust is not itself taxable, but a trust beneficiary may be taxed on income received from a trust.<sup>80</sup> If the trust is a charity, this income is not taxable.<sup>81</sup>

### C. Analytical comparison

Singapore has demonstrated a commitment to promoting both FPOs and NPOs through a favorable income tax regime. NPOs—particularly charities and IPCs—benefit from significant tax exemptions.

## IV. Financial Transaction Laws

### A. For-Profit Organizations

#### a. Foreign Investment/Foreign Funding Laws

In general, Singapore FPOs are not restricted from receiving foreign capital and in fact may even benefit from certain tax exemptions for foreign capital received.<sup>82</sup> In fact, the government actively tries to promote foreign investment into Singapore through a number of government incentives, such as incentives from the Economic Development Board.<sup>83</sup>

Although generally the Singapore government proactively promotes foreign investment, there are limitations on foreign investment in certain sectors, such as telecommunications, broadcasting, domestic news media, financial and some professional services. For these sectors, a company's Articles of Incorporation may include shareholding limits that restrict ownership in corporations by foreign persons.

#### b. Political Contribution Laws

Singapore's Political Donations Act (Chapter 236) (*PDA*) governs contributions to political associations and candidates. Under the PDA, only "permissible donors" may contribute to a candidate or political association. "Permissible donor" is defined as "an individual who is a

---

<sup>78</sup> See <http://www.guidemesingapore.com/incorporation/other/non-profit-entity-part1>; see also Income Tax Act, s. 13.

<sup>79</sup> See <http://www.guidemesingapore.com/incorporation/other/non-profit-entity-part1>.

<sup>80</sup> IRAS e-Tax Guide, Tax Exemption for Foreign-Sourced Income (2d ed.), available at <http://www.iras.gov.sg/irasHome/page04.aspx?id=2350>

<sup>81</sup> Income Tax Act, s. 13O.

<sup>82</sup> Income Tax Act, s. 13(7A) – (9).

<sup>83</sup> See

[http://www.contactsingapore.sg/investors\\_business\\_owners/invest\\_in\\_singapore/government\\_assistance/](http://www.contactsingapore.sg/investors_business_owners/invest_in_singapore/government_assistance/);  
<https://www.edb.gov.sg/content/edb/en/why-singapore/ready-to-invest/incentives-for-businesses.html>;

citizen of Singapore and is not less than 21 years of age; a Singapore-controlled company which carries on business wholly or mainly in Singapore; or in relation to a candidate, any political party he is standing for at an election.”<sup>84</sup> “Donation” is defined broadly to include money given lent, or spent, directly or indirectly, for purposes of campaigning, or giving of property or services (other than one’s own voluntary services) on other than commercial terms, or any other sponsorship of a candidate.<sup>85</sup> Parties and candidates may only accept donations from permissible donors.<sup>86</sup>

## B. Not-For Profit Organizations

### a. Foreign Investment/Foreign Funding Laws

Singapore NPOs may receive foreign investment and foreign funding. Not only that, but the Singapore government has taken special measures to encourage the establishment of international charitable organizations (*ICOs*) in Singapore.<sup>87</sup> Our research did not indicate that there are any additional auditing or reporting requirements attached to donations from foreign sources.

### b. Political Contribution Laws

To the extent that a NPO satisfies the definition of “permissible donor” under the PDA, it may make political contributions to political parties or candidates.<sup>88</sup>

### c. Government funding for NPOs

The government of Singapore has demonstrated a commitment to the promotion of certain types of NPOs and offers grants and other funding for those that qualify. For instance, the Ministry of Culture, Community and Youth created the Harmony Fund to support creative projects that promote racial and religious harmony in Singapore. The Harmony Fund offers up to SGD 100,000 in assistance to qualifying projects.<sup>89</sup>

## C. Analytical Comparison

There are not significant differences between FPOs and NPOs in terms of the receipt of foreign funds or the entities’ ability to make political contributions.

## V. Auditing/Reporting Requirements

---

<sup>84</sup> Political Donations Act, s. 2.

<sup>85</sup> Political Donations Act, S. 3.

<sup>86</sup> Political Donations Act, ss. 8 – 11.

<sup>87</sup> See Commissioner of Charities Office, Guidance on Regulation of International Charitable Organizations, [https://www.edb.gov.sg/content/dam/edb/en/industries/International%20Non%20Profit%20Organisation/downloads/Guidance\\_on\\_International\\_Charitable\\_Organisations\\_ICOs.pdf](https://www.edb.gov.sg/content/dam/edb/en/industries/International%20Non%20Profit%20Organisation/downloads/Guidance_on_International_Charitable_Organisations_ICOs.pdf).

<sup>88</sup> Political Donations Act, s. 2.

<sup>89</sup> See <http://www.mccy.gov.sg/harmonyfund>.

## A. For-Profit Organizations

### a. Companies

Under Singapore law, all companies are subject to accounting and reporting requirements, and many are also subject to auditing requirements.<sup>90</sup> Companies are required to hold an AGM within 18 months of incorporation and subsequently at every calendar year (at intervals no greater than 15 months), at which it must present an audited profit and loss account and balance sheet.<sup>91</sup> Private companies may, by special and unanimous resolution, opt out of holding an AGM on a year-by-year basis.<sup>92</sup> For publicly listed companies, the accounts must be up-to-date of no more than four months before the AGM (6 months for all other companies). A company must also prepare a report containing the identity of the directors and arrangements regarding share and/or debenture interests and benefits of directors.<sup>93</sup>

Within one month of each AGM, a company must file an Annual Return with ACRA (and pay a \$20 filing fee).<sup>94</sup>

Certain Singapore companies must also appoint an auditor within three months of incorporation, and publicly listed companies must appoint an audit committee of not less than three persons, the majority of which may not be executive directors of the company or related corporation, or relation of an executive director or have other relations that could interfere with the exercise of independent judgment.<sup>95</sup> The accounts filed with the Annual Return must be audited in accordance with the provisions of the Companies Act.

Some companies are exempt from these auditing requirements.<sup>96</sup> A dormant company (that is, a company that has been dormant from the time of its formation or since the end of the previous financial year) is exempt, as is an Exempt Private Company (*EPC*) if its annual revenue is less than SGD 5 million.<sup>97</sup> An EPC is a private limited company, whose shares are not held by any corporate body and has no more than 20 shareholders who are all natural persons.<sup>98</sup>

### b. LLPs

Singapore LLPs are required to file an annual declaration, at intervals no greater than 15 months, stating whether the LLP is solvent or insolvent.<sup>99</sup> They are also required to keep accounting and other records which explain its transactions and financial position.<sup>100</sup> The LLP is

---

<sup>90</sup> See generally

<https://www.acra.gov.sg/components/wireframes/howToGuidesChapters.aspx?pageid=1226#1230>.

<sup>91</sup> Companies Act, ss. 175, 201(1), (4).

<sup>92</sup> Companies Act, s. 175A.

<sup>93</sup> Companies Act, s.s. 201(5), (6), (6A), (7), (12),

<sup>94</sup> Companies Act, s. 197.

<sup>95</sup> Companies Act, ss. 201B(1)-(2).

<sup>96</sup> Companies Act, s. 205(A), (B), (C).

<sup>97</sup> Companies Act, s. 205(B), (C).

<sup>98</sup> Companies Act, s. 4(1).

<sup>99</sup> Limited Liability Partnership Act, s. 24(1).

<sup>100</sup> Limited Liability Partnership Act, s. 25(1).

also required to prepare profit and loss accounts and balance sheets. However these documents need not be lodged with ACRA.

c. LPs

LPs are not subject to any auditing or reporting requirements like those discussed above. However, LPs are required to keep accurate financial records and accounts, and the Registrar may, by written notice, require an LP to produce such records for inspection.<sup>101</sup>

B. Not-For Profit Organizations

a. Societies

Unless a society is a charity (in which case, see subsection (d) below), it is not required to submit an annual return or audited accounts to the government. However, the Registrar has the right at any time by notice under his hand order any registered society to furnish him with any such information as he may require concerning the society or any documents, accounts and books relating to the society.<sup>102</sup>

b. CLGs

A charitable CLG, like any Singapore company, must hold an AGM and must file its annual return with ACRA within 30 days of its AGM in accordance with the Companies Act and must comply with all other auditing and reporting requirements therein.<sup>103</sup>

c. Charitable Trusts

The trustees of a charitable trust must maintain audited accounts of the trust which include information such as gross income, all balances at the commencement of the year and all moneys received during the year, and all moneys owing to or from the trust.<sup>104</sup> Such accounts must be filed with the Public Trustee of Singapore each year and are available for members of the public to review.<sup>105</sup>

d. Charities

Any registered charity (other than exempt charities listed in The Schedule to the Charities Act) – whether it be a charitable society, CLG, or trust – is required to keep accounting and financial records and prepare a statement of accounts, including entries showing from day to day all sums of money received and expended by the charity, the matters in respect of which the receipt and expenditure takes place, a balance sheet, and an explanation of the accounting

---

<sup>101</sup> Limited Partnership Act, s. 27.

<sup>102</sup> Societies Act, s. 10(1).

<sup>103</sup> See section V.A, *supra*. See also <https://www.charities.gov.sg/manage-your-charity/Annual%20Submission/Pages/Statement%20of%20Accounts.aspx>.

<sup>104</sup> Trustees Act, s. 78(1) – (3).

<sup>105</sup> Trustees Act, s. 78(4) – (5).

policies utilized in preparing the statement.<sup>106</sup> All IPCs must be audited by an external auditor, as do accounts of all other charities with annual income or expenditure exceeding SGD 250,000.<sup>107</sup> The larger the charity's income/expenditures, the more demanding the auditing requirements are (e.g., the largest charities require an auditing from a public accountant, whereas smaller charities just require an external certified accountant).<sup>108</sup>

All Charities and IPCs must file an annual report including the following particulars: (i) a description of the governing instruments of the charity; (ii) the Singapore unique entity number of the charity; (iii) the registered address of the charity; (iv) the name, designation and date of appointment of each governing board member and each member of the management committee, advisory council or any other similar body, if any; and (v) the names of the bankers, lawyers, auditors, investment advisers and other advisers of the charity.<sup>109</sup> With that report, charities must also submit a report by governing board members containing: (i) an explanation of the charity's objectives and the manner in which that is pursued; (ii) a review of its activities; (iii) a review of its financial statements; (iv) its future plans.<sup>110</sup> And a charity must also submit therewith its audited statement of accounts.<sup>111</sup>

### C. Analytical Comparison

Most Singapore entities are subject to at least some auditing and reporting requirements, or at the very least must maintain accounts in the event that a Minister or Registrar exercises his discretion to conduct a review of the entity's records. While auditing and reporting requirements are not very burdensome (or even nonexistent) for certain types of private companies and limited liability partnerships, they are quite demanding for charities.

## VI. Penalties for Non-Compliance

### A. For-Profit Organizations

#### a. Companies

If a company fails to comply with the proper registration or incorporation requirements, depending on the severity of the offence, its officers may be subject to fines of up to SGD 2,000 and/or 12 months imprisonment.<sup>112</sup>

A company that fails to comply with the accounting and auditing provisions of the Company's Act may be fined, along with each individual officer, a fine of up to SGD 2,000, and the officers could face up to 3 months imprisonment.<sup>113</sup> Directors who fail to comply with

---

<sup>106</sup> Charities Act, s. 12; Charities (Accounts and Annual Report) Regulations, s. 3(1).

<sup>107</sup> See <https://www.charities.gov.sg/manage-your-charity/Annual%20Submission/Pages/Statement%20of%20Accounts.aspx>.

<sup>108</sup> Charities (Accounts and Annual Report) Regulations, ss. 6 – 8, Fourth Schedule

<sup>109</sup> Charities (Accounts and Annual Report) Regulations, s. 7(a).

<sup>110</sup> Charities (Accounts and Annual Report) Regulations, s. 7(b).

<sup>111</sup> Charities (Accounts and Annual Report) Regulations, s. 7(c).

<sup>112</sup> E.g., Companies Act, s. 32(8)

<sup>113</sup> Companies Act, s. 199(6).

certain AGM and reporting requirements can, depending on the violation, be subject to fines ranging from SGD 10,000 to SGD 100,000, and/or between 2 and 3 years in prison.<sup>114</sup> Failure to comply with auditing requirements can result in a director being fined SGD 5,000.<sup>115</sup>

#### b. LLPs

A person who knowingly provides false information as to a material particular to the Registrar when registering an LLP may be subject to a fine of up to SGD 10,000 and/or 2 years imprisonment.<sup>116</sup> Moreover, the registrar has the discretion to compound that, or any other offense, to up to half the amount of the maximum prescribed fine (or SGD 5,000, whichever is lower).<sup>117</sup>

LLPs who fail to file their annual declaration of solvency or insolvency may be subject to a fine of up to SGD 5,000.<sup>118</sup> LLPs who file late will have to pay a late lodgment fee, ranging from about SGD 60 (for a 30 day default) to SGD 350 (for more than 1,096 day default).<sup>119</sup>

#### c. LPs

Any general partner who fails to keep and maintain for five years proper accounting records for the LP may be subject to a fine of up to SGD 10,000 and/or up to 2 years imprisonment.<sup>120</sup>

### B. Not-For Profit Organizations

#### a. Societies

Failure to register a society renders that society unlawful (this does not apply to foreign NPOs with no activities in Singapore). A manager or assistant manager of such a society may be sentenced to up to 5 years prison.<sup>121</sup> Any member or attendee of a meeting of an unlawful society, person who holds such a meeting in his or her property, or person who incites someone to become a member of an unlawful society, may be subject to a fine of up to SGD5,000, or up to 3 years in prison, or both.<sup>122</sup> Civil and criminal penalties for additional violations of the Societies Act and other laws are similar and can be found in sections 17–23 of the Societies Act. In addition, the Minister may dissolve any society that is, among other things, unlawful, fails to abide by its own purpose or rules, affiliated with a political party or organization outside Singapore deemed to be “contrary to the national interest,” or a political society that allows non-Singapore citizens to become members.<sup>123</sup> There are a number of procedural guidelines in the Societies Act that control how the government may obtain evidence, when it may enter or seize

---

<sup>114</sup> Companies Act, s. 204.

<sup>115</sup> Companies Act, s. 205(17).

<sup>116</sup> Limited Liability Partnership Act, s. 45.

<sup>117</sup> Limited Liability Partnership Act, s. 46.

<sup>118</sup> Limited Liability Partnership Act, s. 24(4).

<sup>119</sup> See <https://www.acra.gov.sg/components/wireframes/howToGuidesSummary.aspx?pageid=1723>.

<sup>120</sup> Limited Partnership Act, s. 27(4), (5).

<sup>121</sup> Societies Act, s. 14.

<sup>122</sup> Societies Act, ss. 14 - 16.

<sup>123</sup> Societies Act s. 24.



property, summon witnesses, or file charges, and it is generally granted broad discretion in these matters.<sup>124</sup>

If a society fails to comply with a registrar's request for documents or accounts or knowingly supplied false information, every officer, and upon every person managing or assisting in the management, of that society may be fined up to SGD 5,000.<sup>125</sup>

#### b. CLGs

Charitable CLGs are subject to the Companies Act, and the penalties for violating the laws and regulations described herein are essentially the same as for Singapore companies.<sup>126</sup>

#### c. Charitable Trusts

A trustee of a charitable trust that fails to file its annual return may be subject to a fine of up to SGD 500, and SGD 50 for every day thereafter.<sup>127</sup>

#### d. Charities

Governing board members of a charity who fail to comply with registration procedures may be subject to fines ranging from SGD 50/day to SGD 5,000, and up to a year in prison.<sup>128</sup> Any person who, in respect to a charity that is *not* also a company, fails to comply with certain auditing and reporting requirements can be subject to a fine of up to SGD 10,000.<sup>129</sup>

### C. Violations of the Political Donations Act

The Political Donations Act does not distinguish between various types of donating entities in terms of the amount of penalties, but it does distinguish between them in terms of the manner of penalization. If a body corporate commits a violation because of the deliberate or negligent acts of a manager, director or officer, both the individual and the body corporate will be punished.<sup>130</sup> Where a partnership is guilty of an offence, every partner (unless he was ignorant of or attempted to prevent the offense) will be punished.<sup>131</sup> In the event of unincorporated associations (e.g., societies), enforcement will be made against the association in its own name and not against its individual members (except for any officer who is bound to fulfill any duty of which the offense is a breach).<sup>132</sup>

---

<sup>124</sup> Societies Act ss. 26–30.

<sup>125</sup> Societies Act, ss. 10(3) – (4).

<sup>126</sup> *See, e.g.*, Charities (Accounts and Annual Report) Regulations, s. 5(2) (exempting charitable companies from the penalties imposed on other charities and noting that the company shall be governed according to the Companies Act); Charities Act, s. 17(3) (same).

<sup>127</sup> Trustees Act, s. 82.

<sup>128</sup> *E.g.*, Charities Act, ss. 5(6), 8(8).

<sup>129</sup> Charities (Accounts and Annual Report) Regulations, s. 5; Charities Act, s. 18.

<sup>130</sup> Political Donations Act, s. 25(1).

<sup>131</sup> Political Donations Act, s. 25(5).

<sup>132</sup> Political Donations Act, s. 25(3), (6).

Penalties for violating the act range from a fine of SGD 2,000 (for failing to furnish donee with sufficient details in the case of a recordable donation)<sup>133</sup> to SGD 3,000 and/or 12 months imprisonment (for deliberately entering into or acting in furtherance of an arrangement that is likely to facilitate a donation by an impermissible donor,<sup>134</sup> or for knowingly or recklessly supplying false information to the Registrar<sup>135</sup>).

#### D. Analytical comparison

Both civil and criminal penalties are available for certain violations of laws by both FPOs and NPOs alike. By and large, the fines and penalties for NPOs tend to be lower than for FPOs (particularly companies), but there are nonetheless still sizeable penalties – and criminal penalties – available to NPOs in Singapore.

### OVERVIEW CHART

Although not exhaustive of all the similarities and differences discussed in the above sections, this is to help highlight some of the biggest differences or similarities.

Please identify 3-4 of the main issues discussed above for each category.

Issue	For-Profit Organizations	Not-For Profit Organizations	Similarities
Registration Procedures			The bases for declining to register an NPO or FPO are similar. The means of redress for such a decision are also similar (appeal to the Minister within 30 days).
Tax Laws	Taxation regime is straightforward and generally favorable to both corporates and individuals: low income tax, no capital gains tax.	Tax exemption is available for charities, IPCs, and some other NPOs	In both cases, the tax regime is simple and favorable, and thus in support of association.
Financial Transaction Laws	No significant differences.	No significant differences.	Foreign funding is available and encouraged. Political donations are permitted. No significant

<sup>133</sup> Political Donations Act, s. 20(4).

<sup>134</sup> Political Donations Act, s. 23 (1).

<sup>135</sup> Political Donations Act, s. 30.

			differences.
Auditing/Reporting Requirements	Not very burdensome at all for small private companies and LLPs and LPs; more burdensome for large companies and public companies	Charities are subject to a fairly complex and substantial reporting and auditing regime, whereas societies are not required	Where an entity does not have a reporting requirement, the regulating authority has discretion to request information
Penalties	Fine rates tend to be somewhat higher; imprisonment is a more commonly available penalty than for NPOs	Fines tend to be slightly lower, and imprisonment less frequently available.	Both criminal and civil penalties available to NPOs and FPOs.