

Key changes to Companies Act impacting Foreign Companies and Authorised Representatives

Topic	Current Provision/Requirement	Changes and Reasons
Reduction in the number of agents and renaming to “authorised representative” [Repeal and re-enactment of section 368]	A foreign company needs to appoint at least two locally-resident agents.	<p>The Amendment Act introduces the following changes:</p> <p>(a) The minimum number of agents will be reduced to one.</p> <p>(b) The sole agent can only resign where a replacement agent has been appointed.</p> <p>(c) In the event of the death of a sole agent, the foreign company must appoint a replacement within 21 days.</p> <p>(d) The term “Agent” will be called “authorised representative” to better reflect accountability and responsibility of this important role.</p> <p>Reasons for change</p> <ul style="list-style-type: none"> • Reduce regulatory burden for foreign companies. • Simplify compliance requirements for foreign companies to register with ACRA. • Align the requirements with other jurisdictions: <ul style="list-style-type: none"> - UK, Australia and New Zealand (NZ) require

		<p>foreign companies to appoint at least one agent;</p> <p>- UK and HK do not require foreign companies to lodge evidence of the appointment of agents.</p>
<p>Alignment of financial reporting requirements with local companies</p> <p>[Repeal and re-enactment of section 373]</p>	<p>(a) A foreign company must file a copy of its balance-sheet and any documents as required to be prepared in the place of registration.</p> <p>(b) The obligation above is based on whether a company is required by the law of the place of its incorporation or origin to hold an annual general meeting and prepare a balance-sheet; otherwise foreign company prepares in accordance with Singapore Financial Reporting Standards (SFRS).</p> <p>(c) A breach of the requirement attracts a general penalty of a fine not exceeding \$1,000 and a default penalty is also imposed.</p>	<p>The Amendment Act introduces the following changes:</p> <p>(a) A foreign company is required to lodge its financial statements with the Registrar with similar components as those expected of locally-incorporated companies.</p> <p>(b) The obligation above is based on whether the foreign company is required by the law of the place of its incorporation to prepare financial statements in accordance with applicable accounting standards which are similar to SFRS or which are acceptable to Registrar; otherwise the foreign company prepares its financial statements in accordance with SFRS.</p> <p>(c) The foreign company and the directors/authorised representative who knowingly and wilfully authorise or permit the default would be liable to a fine not exceeding \$50,000.</p> <p>Reasons for change</p> <ul style="list-style-type: none"> It is preferable for stakeholders transacting with foreign companies to

		<p>have a more comprehensive picture of the financial position of such companies</p> <ul style="list-style-type: none"> • It provides greater consistency with information available for local companies.
<p>Need to disclose name of auditor of foreign company</p> <p>[Repeal and re-enactment of section 373]</p>	<p>There is no requirement to name the auditor of a foreign company.</p>	<p>A foreign company will be required to lodge with ACRA a statement of the name of the auditor who audited its Singapore branch accounts and its financial statements.</p> <p>Reason for change</p> <p>For consistency with the position for Singapore-incorporated companies, which are required to disclose such information in their annual returns.</p>
<p>Specific liability and penalty on default on filing of financial statements</p> <p>[Repeal and re-enactment of section 373]</p>	<p>There is no specific penalty for foreign companies that fail to file the foreign companies' financial statements and/or the Singapore Branch Accounts, except for the general penalty provision under section 386, which sets out the penalties for default by:</p> <p>(a) any foreign company in complying with any provision relating to foreign companies;</p>	<p>A new subsection (18) of section 373 is introduced to have specific liability and penalty for a foreign company such that every director or person of a similar responsibility and authorised representative of the foreign company who knowingly or wilfully authorises or permits the default will be liable for failure to comply with the requirements to file its foreign company's financial statements and the Singapore Branch Accounts. The proposed penalties are aligned with those</p>

	<p>(b) every officer of the company who is in default; and</p> <p>(c) every agent of the company who knowingly and wilfully authorises or permits the default.</p> <p>The penalty is a fine not exceeding \$1,000 and a default penalty is also imposed.</p>	<p>for Singapore-incorporated companies.</p> <p>Reason for new subsection</p> <p>As the directors are the persons who control or govern the affairs of the company and the authorised representatives will be responsible for compliance with the regulatory requirements in Singapore, they should be held accountable for the lodgement of financial statements. This is in line with the practices in jurisdictions like the UK, HK and Australia. This will better ensure that persons in Singapore dealing with foreign companies have access to relevant financial information of the foreign companies.</p>
<p>Exemption from audit if foreign company is dormant in Singapore</p> <p>[Amendment of section 373]</p>		<p>The Amendment Act introduces a new subsection (9) in section 373, to exempt the Singapore Branch Accounts from audit if a foreign company is dormant in Singapore, as defined in the new section 373(19). The Singapore Branch Accounts will still need to be filed with the Registrar.</p> <p>Reason for amendment</p> <p>Reduce compliance cost for foreign companies and continue to ensure that interested persons will have access to accounts. This is consistent with the approach for a dormant Singapore-incorporated listed company.</p>

<p>Foreign company allowed to apply for extension of time to file branch accounts</p> <p>[Amendment of section 373]</p>		<p>The Amendment Act introduces a new subsection (10) to section 373, to allow a foreign company to apply for an extension of time to prepare and file their Singapore Branch Accounts.</p> <p>Reason for amendment</p> <p>To ensure consistency as similar exemption powers are already given to the Registrar for Singapore-incorporated companies. A fee may be chargeable for the application of extension</p>
<p>Requirements to state name of foreign company</p> <p>[Amendment of section 375]</p>	<p>Section 375 requires a foreign company to exhibit its name and place of formation outside its registered office and every place of business it establishes in Singapore.</p>	<p>Section 375(1)(a) will be repealed, and section 375(2) will be modified, to remove the requirement.</p> <p>Reason for amendment</p> <p>Reduce compliance cost as such information is publicly available on ACRA's website.</p>
<p>Requirements to state UEN of foreign company</p> <p>[Repeal and re-enactment of section 368]</p>	<p>A Singapore-incorporated company is required to include its registration number (in addition to its registered name) on its business letters, statements of account, invoices, official notices and publications, but a foreign company is not.</p>	<p>New section 375(3) requires a foreign company to state its Unique Entity Number (UEN) (i.e. the ACRA registration number) in its documents. Introduce section 375(4) to provide for a 12-month transition period.</p> <p>Reason for amendment</p> <p>For consistency with requirements imposed on Singapore-incorporated companies. UEN</p>

		serves as a unique identifier for entities in Singapore.
Restriction on names of foreign companies [Repeal and re-enactment of section 378]	Section 378 restricts foreign companies from registering a name, which in the opinion of the Registrar is undesirable or is one which the Minister has directed the Registrar not to accept. There is no power for the Registrar to reject identical names or direct name change for identical names, unlike in the case of Singapore-incorporated companies.	Section 378 is repealed and re-enacted to empower the Registrar to: (a) reject the registration of a name where the name of the foreign company is identical to the name of any other business vehicle already registered or reserved in Singapore; or (b) to direct a change of name in such a case, or where that name is identical to any other corporation or business name (but not on grounds that it is similar or on its use has been restrained by an injunction granted under the Trade Marks Act). An avenue for appeal to the Minister is provided. Reason for amendment For consistency with the requirements for Singapore-incorporated companies and to avoid potential confusion by persons dealing with the foreign companies.
Shorten time frame for lodgement of notice of liquidation & dissolution [Amendment of section 372]	Under section 377(2)(a), the agent is permitted to file a notice of a foreign company's liquidation and dissolution within 1 month after commencement of the	Amend section 377(2)(a) to shorten the timeframe for filing a notice of liquidation and dissolution to 14 days. Reason for amendment

	liquidation and from the date of the dissolution respectively.	To better protect the interest of stakeholders. This is similar to the practices in UK and HK.
Standardise notification timelines for lodgement of documents [Amendment of section 379]	The timeframe for foreign companies to file documents with the Registrar is 30 days, except for the following filings: (a) the situation of the branch register of members or a change thereof (14 days) under section 379(6) and (7); and (b) notice of cessation of business (7 days) under section 377(1).	Section 379(6) and (7) is amended to standardise the notification timeline for filing the situation of branch register of members or a change to 30 days. Reason for amendment This is a technical amendment to standardise the notification period to ease administration. To protect creditors' interests, the 7-day timeline for filing the notice of cessation will be retained.
Shorten time frame for removing foreign company's name from register [Amendment of section 377]	A foreign company is required to file a notice with the Registrar within 7 days of its cessation under section 377(1). However, the Registrar will only remove the name of the foreign company from the register after 12 months from the lodgement of the notice.	Section 377(1) is amended to shorten the time frame from 12 months to 3 months for the Registrar to remove the name of the foreign company from the register Reason for amendment There is no necessity for a 12-month timeframe since there is no value to leave the company's name on the register.
Expanding grounds for striking-off of foreign company [Amendment of section 377]	The Registrar may strike-off a foreign company: (a) where the Registrar has reasonable cause to believe that it has ceased to carry on business or to	The Amendment Act will introduce 3 new grounds for striking-off: (a) Where the authorised representative wishes to resign but is unable to do so because there is no replacement

	<p>have a place of business in Singapore; or</p> <p>(ii) if he is satisfied that the foreign company is being used for an unlawful purpose or for a purpose prejudicial to public peace, welfare or good order etc.</p>	<p>authorised representative, and the foreign company has failed to respond or act within a period of 12 months;</p> <p>(b) The authorised representative has received no instructions within a period of 12 months of request as to whether the foreign company intends to continue its registration.</p> <p>(c) The foreign company has no authorised representative (the foreign company does not appoint a replacement authorised representative for more than 6 months following the death of the sole authorised representative).</p> <p>Reasons for change</p> <ul style="list-style-type: none"> • Safeguard for sole authorised representative • Striking off affects only the registration of the foreign company in Singapore and not its existence.
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