

Key Characteristics of Main Forms of Business Entities in Singapore

(Updated on 25 October 2024)

	Sole Proprietorship	General Partnership	Limited Partnership (LP)	Limited Liability Partnership (LLP)	Company (Private Limited)
General information	Simple form of business vehicle. Usually used by small business such as the neighborhood retail businesses, renovation contractors and practicing professionals striking out on their own. Partnership: 'The relation which subsists between persons carrying on a business in common with a view of profit.'		A partnership comprising at least 1 general partner and 1 limited partner. Generally found in the private equity and fund investment businesses.	Combines features of companies and general partnerships. Particularly attractive to professionals (e.g. lawyers and accountants).	A business form in which shareholders enjoy limited liability protection and are typically not personally liable for business debts.
Ownership (Owner(s) and number of owners/ shareholders)	Sole proprietor. 1.	Partners. Maximum number of partners: 20 (Except for partnership engaged in professional practice).	Partners. Maximum number of partners: NIL	Partners have a share in the capital and profits of the LLP. Maximum number of partners: NIL	Min. 1 director and 1 shareholder who may be the same person. Exempt private company: Up to 20 shareholders (who are not a corporation). Private company: Up to 50 shareholders. Public company: More than 50 shareholders.
Legal status	Not a separate legal entity.			Separate legal entity (Can enter into contracts, hold property, sue and be sued and exist irrespective of change of partners/ shareholders).	
Liability for debts of the business	Sole proprietor (Fully liable).	Partners (Fully liable).	General partners (Fully liable); Limited partners (Up to maximum amount stipulated in partnership agreement).	LLP. Partner(s) liable for debts and losses from his/ her own wrongful acts or negligence.	Company. Shareholder(s) are not liable for the debts of the company.
Management of the business (Note: Undischarged bankrupts cannot manage the business without approval from the Court or the Official Assignee.	Sole proprietor. If the sole proprietor ordinarily resides outside Singapore, an authorized personnel need to be appointed. Authorised personnel has the same responsibilities and liabilities as the sole proprietor.	Partners. If all partners ordinarily reside outside Singapore, an authorized personnel need to be appointed.	General partners. If all general partners ordinarily reside outside Singapore, a manager who ordinarily resides in Singapore need to be appointed.	Partners. Must appoint at least 1 manager who ordinarily resides in Singapore.	Board of directors. Must appoint at least 1 director who ordinarily resides in Singapore.
Appointment of a company secretary ordinarily residing in Singapore	Not required.				Yes (If company has 2 or more directors, 1 of them may act as the company secretary).
Access to finance	Only from sole proprietor's or partners' personal investment (i.e. own funds) and borrowings secured by his/ her own assets and/ or credit-worthiness.				Can access capital market.

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Returns	Sole proprietor is entitled to full profits from business.	Partners are entitled to share of profits from business.			Shareholder(s) is/ are entitled to share of dividends. Dividends are paid out of retained earnings.
Audited financial statements	No.				Yes (Except for non-listed "small company", "small group" and dormant company as defined in the Companies Act 1967).
Filing of annual returns (Including financial statements in XBRL format)	No.				Yes (Exempt private companies which are solvent as at financial year end date need not file financial statements).
Annual declaration of solvency	No.	No.	No.	Yes.	Optional.
Taxation	No tax payable by business. Where proprietor is an individual, profit will be taxed based on personal income tax rates.	No tax payable by partnership. Each partner will be taxed on his/ her share of income from partnership.			Taxable at 17% on the company's chargeable income. 1-tier tax system: Dividends received by shareholders not subject to personal income tax.
Registration/ Set up fees payable to ACRA	Individual sole proprietor/ partners (individuals) who carry on their business under their full name(s) are not required to register.		LP and limited partners registered under LP Act.	LLP registered under the LLP Act.	Company registered under the Companies Act 1967.
	S\$15 name application fee + S\$100 for 1-year registration fee (S\$160 for 3 years)			S\$15 + S\$100 one-time off registration fee	S\$15 + S\$300 one-time off incorporation fee
Business succession	Sole proprietorship ceased when sole proprietor exits the business. Existence of partnership is subject to terms in partnership agreement. General partnership can be converted to limited partnership.			Perpetual succession until LLP/ company is wound up or stuck off. Addition and removal of partners does not affect the continuity of LLP/ company.	
Transfer of ownership	Through transfer by sole proprietor of assets used for business.	All partners transferring all partnership property to buyers of business or retiring partner withdrawing (Generally does not transfer his/ her partnership interest to another person).		Sale of whole LLP business done through transfer of all LLP assets.	Through transfer of shares.
Termination of business	When business ceased, sole proprietor or partner may notify ACRA accordingly. ACRA may cancel registration if no renewal is made (Note: Business registration need to be renewed annually).			Partners or directors can either wind up the business or apply to ACRA to strike off the LLP/ company's name from the register. Strike off application can be made if criteria stipulated by ACRA are satisfied.	