

Companies (Amendment) Act 2014 – How This Affects Your Company’s Annual Filing

The Companies (Amendment) Act 2014 (the “CAA”) was passed in Parliament in October 2014. On 15 April 2015, the Accounting and Corporate Regulatory Authority announced that the legislative changes under the CAA will come into force in two phases, on 1 July 2015 (“Phase 1”), and in the first quarter of 2016 (“Phase 2”).

The CAA has introduced the largest number of changes to the Singapore Companies Act, Cap. 50 (the “CA”) since it was first enacted in 1967. The key objective of the review was to update the Singapore Company Law to meet the evolving business landscape, reduce the regulatory burden and maintain a transparent corporate environment that instills investor confidence.

We look at a couple of changes in the annual filing requirements in the CAA which reduce the cost of compliance for small to medium sized companies.

Audit Exemption

Currently, a company would be exempt from the requirement to prepare audited financial statements if:

- (a) it is an exempt private company with revenue of not more than S\$5.0 million in a financial year; or
- (b) it has been dormant since the time of its formation or since the end of the previous financial year.

The CAA introduces the concept of small companies. The following companies would be exempt from audit requirements:

- A small company;
- A parent company which is a small company and is part of a small group; and
- A subsidiary company which is a small company and part of a small group.

A company is a small company for a financial year if:

- a) It is a private company; and
- b) It meets at least two of the three criteria below for the immediate past two financial years:
 - i. revenue for each financial year does not exceed S\$10 million;
 - ii. value of the company’s total assets at the end of each financial year does not exceed S\$10 million;
 - iii. number of employees at the end of each financial year does not exceed 50.

A small group is one which meets at least two of the three quantitative criteria above on a consolidated basis for the immediate past two consecutive financial years.

Table 1 below summarises these changes.

Audit Exemption	Current Criteria	New Criteria
	1) EPC with revenue of <=5 million; or 2) Dormant company.	1) Small company; or 2) Small company which is part of a small group.

(Table 1)

The above amendment will come into force on 1 July 2015 and applies for financial years commencing on or after 1 July 2015.

Financial Reporting Exemption

Under the CAA, a dormant company can now look forward to even greater ease of administration. Companies which are considered dormant for a financial year under the CAA would be exempt altogether from the duty to prepare financial statements for that particular financial year, provided they are able to satisfy certain prescribed criteria. In addition, the definition of a dormant company has been expanded under the CAA.

Table 2 below summarises these changes.

Financial Reporting Exemption	Current CA	New CA
	Not Available.	Available for dormant companies which satisfy prescribed criteria.

(Table 2)

This exemption will come into effect in the first quarter of 2016.

The above changes reflect the aims of reducing the regulatory burden on small companies and moving further towards a risk-based approach. There will be transitional provisions in place for the application of the above exemptions.

For more information and guidance on whether your company meets the above criteria or how the CAA may have impacted your annual return, financial statement and audit requirements, please contact us at [click here to contact us](#). We have a team of experienced and qualified company secretarial professionals who are dedicated to helping your company meet its compliance obligations in Singapore.

How PwC's Corporate Support Services can help you

Our Corporate Support Services team assists our clients in managing their business from Singapore incorporation and company secretarial compliance, through to preparation of monthly and year end accounts, annual returns, payroll services to meet both internal and statutory deadlines.

The guide is intended as a brief overview only – please contact us for further information and advice.

Melvin Poon, Partner +65 6236 7688 melvin.kl.poon@sg.pwc.com