



Termination of a Singapore company

Introduction

When the (natural) life cycle of a Singapore company comes to an end, the owners, creditors or its members may decide to terminate the company.

In Singapore there are three options to process the termination of a company.

- Striking off
- Voluntary liquidation
- Compulsory winding up



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Striking off

Striking off is the easiest, least costly and often fastest process which is more suitable for less complex situations.



Criteria for the company

- Ceased trading
- Not involved in court or legal proceedings
- Not subject to any ongoing or pending regulatory action or disciplinary proceeding
- No assets or liabilities at time of application for strike off
- No outstanding penalties or tax liabilities
- No outstanding charges in the charge register
- All shareholders must consent to striking off

Process

- Collect outstanding debts and settle all payments to suppliers, vendors.
- Close all company bank accounts
- Prepare financial statement (i.e. zeroized accounts) until date of ceasing of business and tax computation for tax clearance
- Resolution for shareholder consent for strike off
- Submit final tax computation to Inland Revenue Authority of Singapore (IRAS)
- Apply to Accounting and Corporate Regulatory Authority (ACRA - the local registry) for strike off

Estimated timeline

The estimated time from start of application with local registry to strike off is around 6 months.



Voluntary liquidation

Winding up is a more formal company liquidation process that involves the orderly winding up of the company affairs, the appointment of a liquidator to manage the process of realizing the company assets, ceasing or sale of operations, payment of its debts if any, and distribution of surplus assets if any.

Once the winding up process begins, the company shall cease to carry on its business. The corporate powers of the company, however, will remain until the company is dissolved.

Criteria for the company

The members or creditors can choose this option if they think that the company will be able to pay its debts, in full, within 12 months after commencement of winding up.

Process

- Declaration of Solvency by majority of Directors and filed with local registry
- Directors send notice of extraordinary general meeting (EGM) for special resolution for winding up company and appointment of liquidator
- Prior to the EGM, the notice of appointment of provisional liquidator and declaration of solvency has to be advertised in local newspapers
- At EGM, voluntary liquidation must be approved by majority of not less than 75% of the votes and liquidator is appointed
- A second special resolution passed to empower liquidator to recover, realise, settle debts and divide surplus of assets if any among members
- Second special resolution filed with local registry, a copy of the resolution lodged with the Registrar of Companies, a winding up application duly made to the Court by the company and circulated in newspapers and in the *Gazette* in Singapore





- Liquidator proceeds to wind up affairs of company, file necessary notifications with relevant local government agencies and accounts to be drawn up to show the realization of assets
- Liquidator to call second EGM to present final accounts
- Liquidator to file the return of final accounts and general meeting
- Company is dissolved ~3 months after filing with local registry

Note: Court has the power to declare the dissolution to be void at any time within 2 years after date of dissolution should any interested person make a successful application.

Estimated timeline

For less complex cases, the estimated time is less than one year.

Compulsory winding up

A Singapore company may be wound up under Court Order; e.g. the company is unable to pay its debts:

- Court may appoint liquidator to review assets and creditors claims
- Directors of the company are deprived of the power to run the company but may need to assist and co-operate with liquidator





How Corpag can help you

If you would like to find out more about, or need corporate secretarial assistance with, striking off or liquidation of a Singapore company, please contact Maxim van Veluw at our Corpag Singapore office.



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