

**FAQs FOR CHANGES TO THE ENTREPASS
SCHEME FROM 1 SEPTEMBER 2013**

1. When was the EntrePass introduced? What is the intent of the EntrePass Scheme?

The EntrePass was introduced in October 2003 with the intent of enhancing Singapore's entrepreneurial vibrancy.

2. What are the changes? When will it take effect?

Since 1 September 2013, we have enhanced the existing EntrePass criteria to ensure that we facilitate, and continue to attract the right foreign entrepreneurial talent who can add to the vibrancy of the local entrepreneurship scene. The changes have been enhanced at both entry and renewal stages.

Entry stage:

The EntrePass scheme will only target businesses that have the potential to value-add meaningfully to our economy.

For a business to be considered for the EntrePass, applicants have to show evidence that their businesses meet at least one of these requirements:

- i. Receives funding/investment from a recognised third-party Venture Capitalist (VC)/business angel who is accredited by a Singapore government agency;
- ii. Holds Intellectual Property (IP) that is registered with a recognised national IP institution, e.g. US Patent Office, European Patent Office, China Patent Office, Japan Patent Office, etc.;
- iii. Has ongoing research collaboration with a recognised research institution recognised by A*STAR/institution of higher learning, e.g. the six local universities and five polytechnics;
- iv. Is an incubatee at a Singapore government-supported incubator.

[For elaboration on these requirements, please refer to question 13]

New EntrePass applications, who meet the revised criteria, will be awarded a one-year pass. However, there will be a mid-year audit to check on progress and applicants need to demonstrate efforts on scaling up their businesses.

Examples of documents to show progress are – (a) tenancy agreement, (b) staff employment contracts/CPF statements, (c) research collaboration milestones/documents.

Renewal stage:

We will continue to assess the contributions of the EntrePass holders via economic and employment indicators. However, to ensure that the contributions of the EntrePass holders are commensurate with the number of years operating

in Singapore, we will introduce a progressive renewal criteria framework (See **Table 1** below).

Table 1: Progressive renewal criteria framework

No of years after award of Entrepass	No of local jobs created*	Minimum Total Business Spending
1	2	\$100,000
2	4	\$150,000
3	6	\$200,000
4	8	\$300,000
≥5	10	\$400,000

**Local jobs created refers to number of full-time employees (Singaporeans and Permanent Residents) engaged by the company under a [contract of service](#) who have worked for a calendar month, and are receiving their monthly salary on time as well as CPF contributions similar to the industry norm. Only local workers paid at the prevailing salary threshold equivalent for full-time employment (existing salary equivalent for full-time employment is \$1,000) would be considered full-time employees.*

The number of local jobs created will be calculated based on CPF contributions over a three-month period. We exclude the current month as well as the preceding month. For example, the number of local jobs created for August is worked out using April, May and June's CPF contributions.

3. Why is there a need to do verification at the 6-month mark?

The EntrePass is issued to foreign entrepreneurs who are ready to start and operate a new business in Singapore. To ensure that the foreign entrepreneurs remain committed in fulfilling their business plans, the verification is necessary to decide whether they are allowed to continue their stay in Singapore.

4. What is the rationale for introducing a progressive renewal framework?

We recognise that a company would need to grow to a certain size to contribute meaningfully to our economy. Thus, a progressive renewal framework is put in place to spur the EntrePass applicants and at the same time, ensure valuable contribution is made locally. Therefore, the enhancement in the renewal framework is to ensure that these EntrePass holders grow progressively in their start-up/development phase.

5. I am an existing EntrePass holder. How would the changes affect my renewal application?

The changes will apply to all existing EntrePass holders.

There are four groups of EntrePass holders:

- i. EntrePass holders who came in before 28 September 2009 and have opted NOT to be assessed under the existing EntrePass renewal criteria;
- ii. EntrePass holders who came in before 28 September 2009 and have opted to be assessed under the existing EntrePass renewal criteria;
- iii. EntrePass holders who came in under the revised criteria after 28 September 2009; and
- iv. New EntrePass holders who came in after we introduced the proposed new criteria from 1 September 2013.

i. EntrePass holders (before 28 September 2009) and have opted NOT to be assessed under the existing EntrePass renewal criteria

EntrePass holder who came in before 28 September 2009 and have NOT opted to be assessed under the previous set of EntrePass renewal criteria introduced in 28 September 2009, will be required to meet the first-year renewal criteria under the progressive renewal criteria framework. **They will have one year from the effective date of the revision (1 September 2013) or next renewal, whichever is later, to meet the enhanced first year renewal criteria.**

For example, they will be assessed under the old renewal criteria if they renew their application before 1 September 2014. However, if they renew their application on and after 1 September 2014, they will be assessed under the progressive renewal criteria. EntrePass holders who could and choose to meet the renewal criteria at the higher level (e.g. the third-year renewal criteria) from the onset, are welcomed to do so.

ii. EntrePass holders (before 28 Sep 2009) and have opted to be assessed under the existing EntrePass renewal criteria AND

iii. EntrePass holders that came in under the revised criteria (after 28 Sep 2009).

As the EntrePass holders under groups (ii) and (iii) would already be assessed based on economic (i.e. Total Business Spending) and employment (local job creation) indicators, these EntrePass holders would be expected to meet the renewal criteria pegged to the number of years that they are on their EntrePass (see table above).

They will have one year from the effective date of the revision (1 September 2013) or next renewal, whichever is later to meet the proposed renewal criteria (depending on the number of years operating business in Singapore).

For example, if they renew their application before 1 September 2014, they will be assessed under the current renewal criteria of total business spending and

skilled worker employment. However, if they renew their application on and after 1 September 2014, they will be assessed under the progressive renewal criteria tied to the number of years of operations.

iv. New EntrePass holders

This group will be subjected to the enhanced entry and renewal framework from the effective date of the enhanced framework.

6. Why is the EntrePass renewal assessed based on Total Business Spending and Local Employment of company?

The Total Business Spending and Local Employment of company are reliable indicators of the EntrePass holder's contributions to an economy. The Total Business Spending indicates the dollar value contribution of the EntrePass holders to Singapore economy while the Local Employment ensures that local employment benefits from foreign-owned businesses.

Similar indicators are commonly adopted by other countries, such as US, too.

7. What is the definition of "Total Business Spending" criterion used to assess EntrePass renewals?

Total Business Spending (TBS) is the total operation expense as indicated in the audited financial statements except the following:

- a) Royalties/Franchise fees/Know how fees to overseas companies;
- b) Work subcontracted to overseas companies; and
- c) Remuneration to applicant and his/her immediate family.

8. "Total Operating Expenses", "Royalties/Franchise Fees/Know How Fees to Overseas Companies", "Work Subcontracted to Overseas Companies" and "Remuneration to Applicant & Immediate Family" are used to compute the "Total Business Spending" criterion used to assess EntrePass renewals. What is the definition of these terms?

The definitions are:

- a) **Total Operating Expenses**
Day-to-day expenses arising in running a business, such as employees' salaries, rental and depreciation.
- b) **Royalties**
Royalties include amount paid as consideration for the right to use copyrights, patents, trademarks, etc.
- c) **Franchise Fees**
Franchising is an arrangement in which a party (the franchisor) has developed a way of running a business successfully, licenses the rights to operate that business format, under its trademark or name, to another

party (the franchisee). Franchise Fees are fees paid to the franchisor.

d) Know-How Fees

Know-How are confidential concepts, formulae, software code, technical information etc that is proprietary to a company. Know-How fees are fees paid to tap on the Know-How.

e) Subcontract

Also known as outsourcing, subcontract is a contract by which one agrees to render services or to provide materials necessary for the performance of another contract.

f) Remuneration

Commonly known as pay, salary, or wage given to employees.

9. How long is the validity period of EntrePass? Can I apply for longer validity period?

A newly issued and renewed EntrePasses would be valid for a period of up to one year. If the applicant needs a longer duration, he or she will need to provide the reason and we will look into it.

10. I am an existing EntrePass holder. My business does not seem to meet the revised criteria. Can I apply for exemption?

In order not to disrupt the existing business operations, existing EntrePass holders can continue to operate their businesses without the need to meet the revised criteria.

However, EntrePass holders who have been given sufficient notice to apply for renewal, but are late, will be subjected to the prevailing criteria.

11. What dependant pass privileges are EntrePass holders entitled to?

EntrePass holders are entitled to dependant privileges, similar to mainstream Employment Pass holders.

EntrePass holders **who have met the minimum Total Business Spend of at least \$150,000 and have created at least four local jobs** may apply for Dependants' Pass for their:

- Spouses
- Unmarried children under 21 years of age, including those legally adopted.

They may also apply for Long Term Visit Passes (LTVPs) for their:

- Common-law spouses
- Unmarried Handicapped children aged above 21 years old
- Unmarried Stepchildren aged under 21 years old

In addition, only EntrePass holders who have met the minimum Total Business Spend of at least \$300,000 and have created at least eight local jobs can bring in their parents.

**Existing EntrePass holders who had dependant privileges accorded to them under the previous EntrePass framework may retain them.*

12. Can you elaborate more on the five requirements?

i. Receives funding/investment from a recognised third-party venture capitalist (VC)/business angel who is accredited by a Singapore government agency

- Funding strictly monetary, at least \$100,000.
- Applicant to provide Shareholder certificate as supporting document or at least show documentary proof of commitment from VC/business angel on investment.
- Examples include Infocomm Investments, EDB Investments and National Research Foundation, SPRING SEEDS Business Angel Scheme, Contact Singapore Global Investor Programme.

ii. Holds an IP that is registered with a recognised national IP institution

- The IPs must have completed filing with the national IP institution.
- One of the Shareholders must be the owner of the IPs and the IPs can be expired.
- The IPs must be related to the proposed business conducted in the EntrePass application.

iii. Has ongoing research collaboration with a research institution recognised by Agency for Science, Technology and Research (A*STAR) or Institution of Higher Learning

- Duration of research collaboration is not essential (This is due to the 6 months audit check to ensure operations are ongoing).
- Research institution to provide us with a contact point.
- Only applicants with ongoing research collaboration will be allowed.
- Research collaboration must be related to the proposed business.

iv. Is an incubatee at a government-supported incubator

- Only existing incubatee is allowed.
- Incubatee's work must be related to proposed business.