

Singapore Fund and Family Office Regime from Tax and Regulatory Perspective



Iyer
Practice
ADVISERS

SINGAPORE | HONGKONG
25 YEARS IN PRACTICE



INTRODUCTION

Singapore Tax System

- Singapore taxes businesses on a preceding year basis on:
 - Singapore sourced income and
 - Foreign sourced income received in Singapore
- Prevailing corporate tax rate is 17% (effective tax rate is lower as partial tax exemption is given)
- Various types of tax incentives are put in place to incentivise development of key industries e.g. fund management services
- Currently, Singapore has no capital gain tax, gift tax or inheritance tax

An Overview of the Tax Incentives and Regulatory Frameworks

	Single Family Offices	Asset Holding Vehicles	Multiple Family Offices/ Fund Managers	Fund Vehicles
Tax Incentives	<ul style="list-style-type: none"> ✓ Subject to standard corporate tax 	<ul style="list-style-type: none"> ✓ 13G/13Q ✓ 13X/13R/13CA ✓ S13Z 	<ul style="list-style-type: none"> ✓ Subject to standard corporate tax ✓ May qualify for FSI-FM 	<ul style="list-style-type: none"> ✓ 13X/13R/13CA
Regulatory Regime	<ul style="list-style-type: none"> ✓ May qualify for licensing exemptions 	<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> ✓ Registered or Licensed Fund Management Companies 	<ul style="list-style-type: none"> ✓ Authorised ✓ Recognised ✓ Restricted ✓ Exempted

Singapore Budget 2019: The tax concession schemes under S13CA, S13R and S13X have been extended and enhanced, allowing application to a much wider set of scenarios.



SINGLE FAMILY OFFICES

General Considerations

Form of family office structure driven by several factors including:

- Its intention:
 - To provide a structure to manage family affairs (e.g. investment and non-investment)
 - To ensure succession planning / governance of family assets
 - Asset protection
 - Tax efficiency
- Nature of assets to be held
- Whether management of family office is done in house or outsourced

Tax Considerations

- Tax planning will depend on several factors, including where investment decisions are taken, where shareholders / beneficial owners / beneficiaries / directors based; and on type of income
- Taxability of passive income (e.g. dividend income)
- Taxability of gains / trading income
- Applicability of tax exemptions in Singapore:
 - Section 13Z (Capital Gains safe harbour exemption)
 - Section 13X (Enhanced Tier Fund Scheme)
 - S13R (Resident Fund Scheme), S13CA (Offshore Fund Scheme)
 - Section 13G (Qualifying Foreign Trust Exemption)



Other Considerations

Regulatory Considerations

- Related Corporation exemption under Securities and Futures Act
- Application for Exemption under section 99(1)(h) of the Act

Immigration Considerations

- Current state of immigration in Singapore
- Employment Pass for family members and Family Office Employees
- Global Investor Programme – Permanent Residence



MULTI FAMILY OFFICES (MFO) / FUND MANAGERS

Tax Considerations

- MFOs won't hold any assets directly and will either manage assets in special purpose entities or via Limited Powers of Attorney
- Income will usually be management & performance fees, which will be taxed at standard corporate tax rates
- FSI-FM exemption is available for fund managers (reduces rate down to 10%)
- Applicability of tax exemptions in Singapore:
 - S13R (Resident Fund Scheme)
 - S13CA (Offshore Fund Scheme)
 - Section 13X (Enhanced Tier Fund Scheme)

Other Considerations

Regulatory Considerations

- Need to be granted approval by MAS as either a Registered Fund Management Company or Licensed Fund Management Company depending on AUM and type & number of investors served
- Where a CIS is offered in Singapore, the fund manager must apply for the CIS to be one of the following schemes, depending on type of investors offered to and where the CIS is constituted, unless otherwise exempted:
 - Authorised Schemes*
 - Recognised Schemes*
 - Restricted Schemes
 - Exempted Schemes

* a prospectus in compliance with the SFA must be lodged and registered

Various Steps in the Process

Initial Services

- Application to MAS for licensing exemptions
- Application to MAS for Section 13X exemption
- Incorporation of asset holding companies
- Establishment of Trust structure
- Tax Advisory
- Application for employment passes / Global Investor Programme

Ongoing Services

- Company & Fund Administration services
- Accounting services
- Tax compliance services
- Provision of Trusteeship / Trust administration services
- Payroll services



General Services

- International & Domestic Tax
- Company Formation & Administration
- Trusts & Foundations
- Immigration & HR
- Regulatory & Compliance
- Accounting & Financial Reporting



The insight
to be your
trusted
adviser



Contact Us

Sanjay Iyer

Email sanjay@iyerpractice.com

Mobile +852 9355 3495

Phone +852 2529 9952

Unit 605-08, 6/F Wing On Centre

111 Connaught Road Central

Hong Kong

iyerpractice.com

Disclaimer: This presentation of slides is intended as a general guide only, and the application of its contents to specific situations will depend on the particular circumstances involved. Accordingly, readers should seek appropriate professional advice regarding any particular problems that they encounter, and this presentation should not be relied on as a substitute for this advice. While all reasonable attempts have been made to ensure that the information contained in this presentation is accurate, The Iyer Practice accepts no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it.