



MOORE

THE SINGAPORE FAMILY OFFICE

Moore Business Advisory



THE SINGAPORE FAMILY OFFICE

Moore Business Advisory



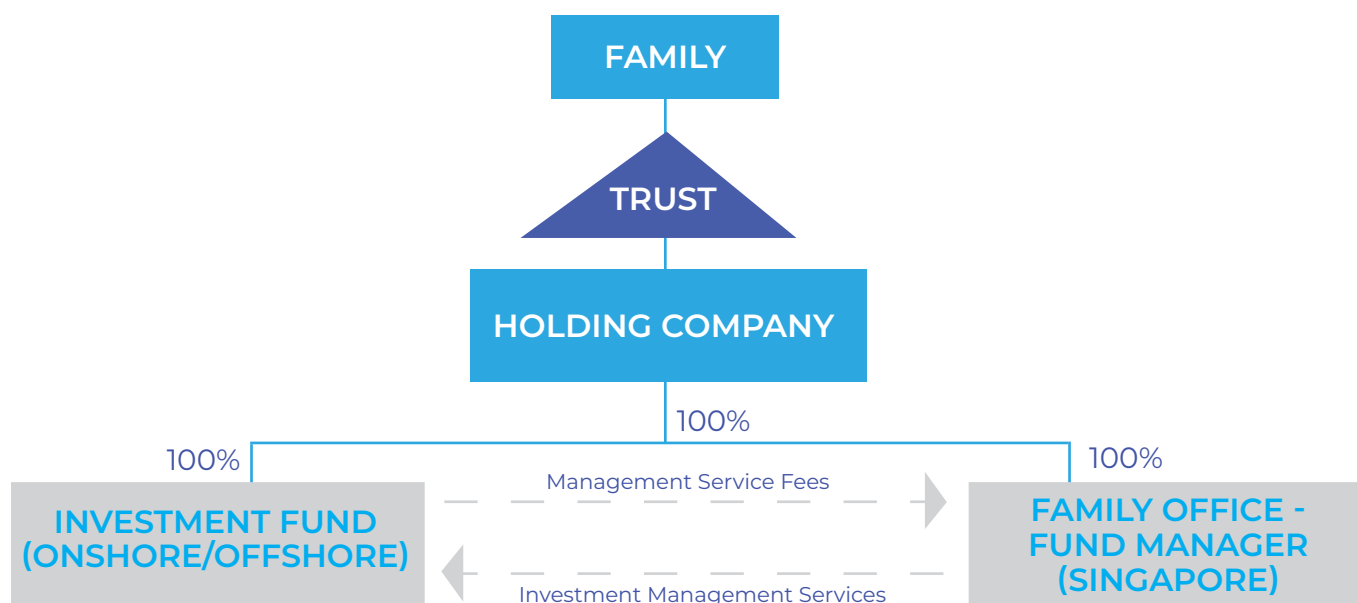
THE FAMILY OFFICE

Family Offices have gained popularity in recent years. Initially intended to look after the wealth of ultra-high net worth families, the modern day family office goes far beyond that. From just a small group that handles the family's financial affairs and corporate duties, Family Offices have evolved into a full suite service provider in the areas of investment and asset management, legal, compliance and regulatory, accounting and administration, family education, family repatriation, philanthropic management, succession planning, wealth transfer, and the list goes on. But no matter how the Family Office has evolved, it remains to serve a single purpose which is to look after the Family's interests.

A Family Office can be either a single Family Office ("SFO") or a multi-Family Office ("MFO"). As the term suggest, a SFO manages a single family's affairs with some level of assistance from professionals such as private bankers, lawyers, accountants, etc. On the other hand, a MFO serves multiple families providing a one-stop, full service office.

There are various considerations in deciding the kind of structure to adopt. In Asia, a typical Family Office structure involves a holding company, and one or more investment vehicles held directly or via a Trust. The Family Office serves as the fund manager of the investment vehicles.





THE SINGAPORE FAMILY OFFICE

In deciding where to set up the Family Office structure, the location of the investment vehicle plays an important factor. Key considerations include: investors' familiarity and geographical proximity, ease of injection of capital and exit flexibilities, ease of cash repatriation, availability of tax efficient measures, presence of competent service providers, strong financial system with various investment and banking options, cost efficiency and ease of compliance requirements, safety and political stability, among others.

With the above considerations, it is not surprising to see Singapore as one of the popular investment locations. Singapore is a prominent financial hub in

Asia boasting an excellent triple A credit rating. It has policies aimed at becoming a fund management hub in Asia. Singapore also has a stable political scene, and is one of the safest countries to live for foreign investors considering relocation to Singapore.

In terms of tax, Singapore adopts a quasi-territorial basis of taxation, has a low corporate income tax rate, and has a sizeable number of tax treaties with other jurisdictions for avoidance of double taxation. The Singapore government has also put in place various tax incentive schemes that can attract Family Offices to base their investment activities in Singapore. Currently, there are three tax incentive schemes that grant Singapore income tax exemption on specified income derived from designated investments under Section 13D, Section 13O and Section 13U of the Singapore Income Tax Act.

TAX INCENTIVE SCHEMES

The tax incentive schemes available to investment funds are as follows:

	TYPE OF INVESTMENT FUND		
	Section 13D Offshore Fund	Section 13O Approved Singapore Tax Resident Company	Section 13U Enhanced Tier Fund
Fund's Legal Form	Companies, trusts and individuals	Companies incorporated in Singapore, Variable Capital Companies	Companies, trusts, limited partnerships, and Variable Capital Companies
Fund's Residence	Non-Singapore tax resident with no presence in Singapore	Must be Singapore tax resident	No restriction
Fund Manager	<p>Must be based in Singapore and hold a Capital Markets Services ("CMS") licence unless exempted from holding a CMS licence</p> <p>A Single Family Office which carries on fund management activities solely for the family may apply to the Monetary Authority of Singapore ("MAS") for exemption from holding a CMS licence</p>		
Fund Administrator	In the context of a Singapore-based Family Office, this could be the accounting service provider		
Investor	<p>100% of the issued securities can be held by Singapore persons</p> <p>Financial penalties apply to non-qualifying investors (i.e. Singapore non-individual investors exceeding prescribed thresholds)</p>		No restrictions
Use of Singapore Treaties	No	Yes	Depends on the legal form and residence of the fund
Minimum Assets Under Management ("AUM")	No restrictions	S\$ 10 million at the point of application and must commit to increase to S\$ 20 million within two years	S\$ 50 million
Minimum Annual Business Spending	No restrictions	S\$ 200,000 if AUM < S\$ 50 million. S\$ 500,000 if AUM between S\$ 50 million and S\$ 100 million. S\$ 1 million if AUM above S\$ 100 million	S\$ 500,000 if AUM < S\$ 100 million. S\$ 1 million if AUM S\$ 100 million and above

	TYPE OF INVESTMENT FUND		
	Section 13D Offshore Fund	Section 13O Approved Singapore Tax Resident Company	Section 13U Enhanced Tier Fund
Minimum Number of Professional Employees	No restrictions	Employ at least two Investment Professionals (IP). If unable to employ two IP's at the point of application, a one-year grace period is given to employ the second IP	3 experienced investment professionals earning at least S\$3,500 per month (at least one must be a non-family member)
Approval Requirement from the Monetary Authority of Singapore	No approval required	Approval required No change in investment strategy allowed after approval	
Tax Treatment	In general terms, tax exemption applies on specified income from designated investments, managed by the Singapore Family Office. Examples include dividends from offshore investments and interest from loans to non-residents		
Local Investment	No restrictions	Invest at least 10% of its AUM or S\$ 10 million, whichever is lower, in local investments at any one point in time	

MAS will consider the eligibility of the funds for exemption under 13O and 13U on an individual case by case basis and will require the following information:

- The shareholding structure of the family group;
- Information on how the family office is related to the investment fund vehicle and the beneficiaries;
- Names of the shareholders and directors of the family office;
- Information on the activities that will be carried out by the family office; and
- Information on the family whose assets will be managed by the family office.

The exemption schemes are currently available until 31 December 2024. However, as long as the Fund is approved for the tax incentive scheme by 31 December 2024, it can continue to enjoy the tax exemption for the life of the Fund.

One important consideration to note is that once the investment strategy/objective of the Fund has been approved by MAS it cannot be changed.

Meanwhile, the fee derived by Family Office is subject to the prevailing corporate tax rate of 17%, unless the Family Office is awarded the Financial Sector Incentive – Fund Management (“FSI-FM”) Award.

FSI-FM

Under the FSI-FM Scheme, fee income derived by a Singapore Fund Manager from managing or advising a qualifying fund is taxed at a concessionary tax rate of 10% instead of the normal corporate tax rate of 17%.

The conditions to qualify for the FSI-FM Scheme include:

- Fund manager must hold a CMS license unless exempted by the MAS
- Fund manager must employ at least three experienced investment professionals earning at least S\$3,500 per month
- Fund manager must have a minimum AUM of S\$250 million

MAS will also consider projections for increase in AUM, increase in headcount and annual business spending before it grants the FSI-FM award.

In the case of the Family Office, as long as the Family Office meets the above conditions, it may be entitled to the concessionary tax rate of 10%.

Economic Development Board (“EDB”) Global Investor Programme – Family Office option

For Families intending to relocate to Singapore, the EDB administers a Global Investor Programme that grants foreign investors and their immediate family members, permanent residency in Singapore. To apply, eligible foreign investors must commit to invest at least S\$2.5 million in certain approved business and investment activities in Singapore and maintain the investment for at least five years.

Variable Capital Company (“VCC”)

The investment vehicles may be set up as a Limited Partnership, Trust or Company.

With effect from January 2020, a new type of corporate structure was created to suit investment funds.

A VCC is a corporate entity formed under the VCC Act. It has shareholders and a Board with fiduciary duties responsible for its governance (i.e. similar to board of directors in a company incorporated under the Companies Act). It will also have a Singapore fund manager (i.e. Licensed Fund Manager or Licensed Multi Family Office) and a custodian of assets.

Applicable to both Section 13O and 13U incentives, the VCC has the following features and advantages:

- VCC can be set up as a single standalone fund, or as an umbrella fund with two or more sub-funds, each holding different assets
- VCCs can be used as vehicles for both open-ended and closed-end funds
- The capital of the VCC will always be equal to its net assets
- Allows shares to be issued and redeemed without the need for shareholder approval
- VCC can pay dividends out of capital (not only from profits);
- Allows the filing of a single tax return for the fund and its sub-funds; and
- Allows re-domiciliation of a foreign VCC into a Singapore VCC.

MOORE HELP

Moore Business Advisory can help you through the process of setting up a Family Office and a VCC in Singapore, assisting you through the regulatory process, and ongoing accounting and taxation requirements, including advice to be given to specific accounting and taxation issues.



MOORE GLOBAL NETWORK

At Moore, our purpose is to help people thrive – our clients, our people and the communities they live and work in. We're a global accounting and advisory family of over 34,000 people in 522 offices across 112 countries, connecting and collaborating to take care of your needs – local, national and international.

When you work with Moore firms, you'll work with people who care deeply about your success and who have the drive and dedication to deliver results for you and your business. You'll have greater access to senior expertise than with many firms. We'll be here for you whenever you need us – to help you see through the maze of information, to guide you in your decisions and to make sure you take advantage of every opportunity. To help you thrive in a changing world.

CONTACT US

Willy Ng – Director,
Moore Business Advisory

E willyng@mooreba.com.sg

T +65 6329 2708

LinkedIn [Willy Ng](#)



Or follow us [@mooresingapore](#)
and [@moore_sg](#) on Instagram



www.mooresingapore.com

We believe the information contained herein to be correct at going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein. This brochure is not a substitute for professional advice. Printed and published by © Moore Business Advisory Pte. Ltd., an associate firm of Moore Stephens LLP who is a member firm of Moore Global Network Limited ("MGNL"), a worldwide association of independent firms. MGNL and its member firms are legally distinct and separate entities. Moore Business Advisory Pte. Ltd. (Unique Entity No : 201632641C) is a limited liability company registered with Accounting and Corporate Regulatory Authority of Singapore.

Copyright 2022. Moore Business Advisory Pte. Ltd. All rights reserved.