


Family Offices in Singapore

An overview


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ASEAN | CHINA | MIDDLE EAST

WongPartnership LLP (UEN: T06LL0003B) is a limited liability law partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A)




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What is a family office?

- No precise/cookie-cutter definition
 - “I know it when I see it!”*
- A customisable entity that is purpose/function driven
- Can serve a single family or multiple families
- Centralised management and administration of the family’s affairs
 - Wealth / investment management
 - Legal / tax planning
 - Family Governance
 - Estate Planning / Trusteeship

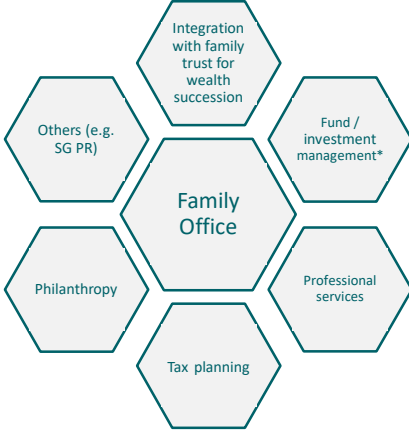
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Common functions of a family office




Family Office

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Position in HK

- Bill* introduced providing tax concessions for investments managed by eligible single-family offices, with retrospective effect from 1 April 2022.
- Family-owned investment holding vehicles and their portfolios of special purpose entities exempted from tax.
- Definition:

A private company is a family office if— (a) the central management and control of the company is exercised in Hong Kong; and (b) the company provides services to specified persons of a family

*Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Bill 2022

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Fund Management and the Family Office

- Requirement to hold capital markets services (CMS) licence if carrying on business in certain regulated activities, such as fund management (see *Section 82(1) and Second Schedule of the Securities and Futures Act*)
- Ad hoc exemption available under *Section 99(1)(h) the Securities and Futures Act*)

99.—(1) *The following persons are exempted in respect of the following regulated activities from the requirement to hold a capital markets services licence to carry on business in such regulated activities:*

(h) such other person or class of persons in respect of any regulated activity as may be exempted by the Authority

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Single Family Office (SFO) – How is an SFO defined for licensing or regulatory purposes? Is an SFO required to be licensed under the SFA and/or the FAA?

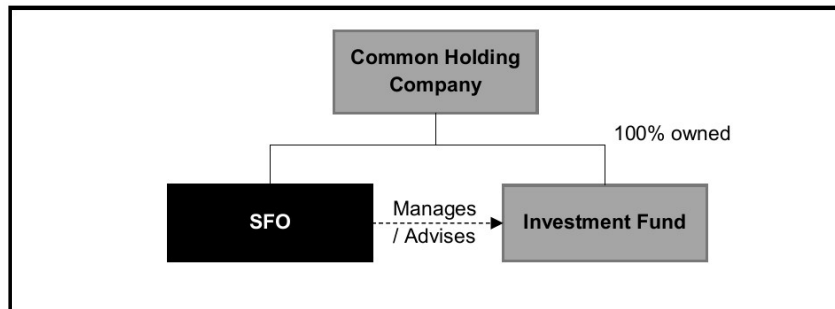
- The term 'single family office' is not defined under the SFA. An SFO typically refers to an entity which manages assets for or on behalf of only one family and is wholly owned or controlled by members of the same family. The term 'family' in this context may refer to individuals who are lineal descendants from a single ancestor, as well as the spouses, ex-spouses, adopted children and step children of these individuals.
- It is not MAS' intention to license or regulate SFOs. There are existing class exemptions from licensing under the SFA and FAA for the provision of fund management and financial advisory services respectively to related corporations.
- An SFO may rely on the exemption provided for a corporation which manages funds for its related corporations, under paragraph 5(1)(b) of the Second Schedule to the SF(LCB)R. An example of an ownership structure for an SFO which could fall under this exemption is illustrated in the following page:

Information extracted from "FREQUENTLY ASKED QUESTIONS (FAQs) ON THE LICENSING AND REGISTRATION OF FUND MANAGEMENT COMPANIES" by MAS ([sfa-faqs-on-the-licensing-and-registration-of-fund-management-companies-nov-2022.pdf](https://www.mas.gov.sg/sfa-faqs-on-the-licensing-and-registration-of-fund-management-companies-nov-2022.pdf)) ([mas.gov.sg](https://www.mas.gov.sg))

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An SFO that provides financial advisory services to its related corporations may rely on an existing exemption from licensing under regulation 27(1)(b) of the Financial Advisers Regulations.

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Case-by-case Exemption for Single Family Office (SFO) – Can an entity which does not fall within the scope of existing class licensing exemptions apply for a licensing exemption?

- Yes, an entity that is in substance managing funds on behalf of a single family only, but that does not fall neatly within the scope of existing class licensing exemptions may seek a licensing exemption from MAS under section 99(1)(h) of the SFA.
- The application for a licensing exemption requires the following:
 - Business profile for the incorporation of the SFO as filed with the Accounting and Corporate Regulatory Authority ("ACRA") of Singapore; and
 - Signed declaration letter from the ultimate beneficial owner(s) of the SFO.

The application should be submitted via <https://go.gov.sg/singlefamilyoffices>

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Key Concepts:

- Investing in a Fund vs. Other forms
- Fund Manager (SFO) vs. Fund Entity (Investment Fund)
- SFO vs. MFO
- Different types of Fund Entities
- Setting up SFO/MFO vs. s13O/U ITA

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Tax Incentives Applicable to the Fund

- Relevance?
 - Source / Territoriality
- Section 13O (formerly 13R) and Section 13U (formerly 13X) Income Tax Act
 - *Requires application to MAS*
 - *Min AUM*
 - *Legal form of Fund Entity*
 - *Number of Investment Professionals*
 - *Required Business Spending*

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Key Conditions under Section 130 and Section 13U

| | | Section 130 | Section 13U |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Minimum Assets under Management (AUM) of the Fund | <ul style="list-style-type: none"> At the point of application: S\$10 million Growth in AUM to S\$20 million within a 2-year period | <ul style="list-style-type: none"> At the point of application: S\$50 million |
| 2 | Minimum Investment Professionals (IPs) employed by the SFO who are Singapore tax residents - IPs refer to portfolio managers, research analysts and traders who are earning more than S\$3,500 per month and must be engaging substantially in the qualifying activity. | <ul style="list-style-type: none"> At the point of application: SFO employs at least two IPs. The SFO may have 1-year grace period to employ the second IP. | <ul style="list-style-type: none"> At the point of application: SFO employs at least three IPs with at least one IP being a non-family member. The SFO may have 1-year grace period to employ the non-family member. |

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Key Conditions under Section 130 and Section 13U (continued)

| | | Section 130 | Section 13U |
|---|-------------------------------------------------------------|--------------------------------|--------------------------------|
| 3 | Minimum Annual Business Spending to be incurred by the Fund | | |
| | AUM at the end of the reporting period: | <u>Total</u> business spending | <u>Local</u> business spending |
| | • AUM < S\$50 million | S\$200,000 | S\$500,000 |
| | • S\$50 million ≤ AUM < S\$100 million | S\$500,000 | |
| | • AUM ≥ S\$100 million | S\$1 million | |

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Key Conditions under Section 130 and Section 13U (continued)

| | Section 130 | Section 13U |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <p>4 Local Investment</p> <p>Local investment products may include: i) equities listed on Singapore-licensed exchanges, ii) qualifying debt securities, iii) funds distributed by Singapore-licensed/registered fund managers, iv) private equity investments into non-listed Singapore-incorporated companies (e.g., start-ups) with operating business(es) in Singapore.</p> | <ul style="list-style-type: none"> • At the point of application: Invest at least 10% of its AUM or S\$10 million, whichever is lower, in local investments at any one point in time. • The Fund may have 1-year grace period to invest at least 10% of its AUM or S\$10 million, whichever is lower. | |

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THANK YOU

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