SINGAPORE BRIEFING

Tax Incentives for funds managed in Singapore - Part II (Existing award holders)

September 2026

In Part II of the tax updates for funds managed in Singapore, the content is tailored to existing Section 13O, 13OA and 13U award holders whose awards were approved before 1 August 2026. This update incorporates the announcements by the Monetary Authority of Singapore ("MAS") on 15 June 2026 on the revised framework for Single Family Office ("SFO") and the announcement on 31 July 2026 regarding tax incentives for funds managed in Singapore.

1. Single-Family Office ("SFO") structures

The fund can continue to rely on the Sections 13O, 13OA and 13U tax incentive ("Fund Incentives") for tax exemption if the key economic conditions (summarized in Appendices 1 and 2) are met. For completeness, the key economic conditions for Section 13D (non-resident fund) are included in Appendix 3.

The following key changes announced will apply to SFO structures unless notified by the MAS otherwise in writing:

Reduction in annual minimum local business spending

The lowered requirements (details in Appendix 1) for annual minimum local business spending applies to existing Fund Incentives holders as well.

Definition of family member

Certain Fund Incentives for SFO structure require at least one non-family member to be employed as an investment professional ("IP"). From 15 June 2026, the MAS has clarified on the definition of family members.

The definition of family members now includes all lineal descendants of a common ancestor which includes:

- Spouses (current or former)
- Legally adopted children or stepchildren
- Parents-in-law
- Siblings-in-law

The common ancestor (living or deceased) must not be more than 5 generations removed from the youngest generation that established the SFO in Singapore. With the expanded definition, SFOs need to assess annually if the non-family member IP criteria continue to be met.

Key employees' ownership

Key employees are allowed a non-controlling stake of up to 10% in the funds managed by the SFO. The MAS considers Executive Directors, CEO, CFO and investment professionals to be key employees.

Private banking account requirement

Fund vehicles are required to maintain a private banking account regardless of whether this condition was expressly mentioned in the Tax Incentive award letter. MAS stressed that failure to comply with this could lead to a revocation of Tax Incentives granted.

Bank account requirements

The SFO must maintain a bank account with a MAS-licensed bank.

Notification and reporting requirements

Existing SFOs should assess their circumstances to ensure that they can meet the conditions under the revised framework. A Notification of Commencement of Business ("Notification") is to be filed by 15 June 2027.

An annual return is also required to be submitted within 4 months from the SFO's financial year end following the Notification.

2. Non-SFO structures

This section is relevant for funds whose investments are managed by licensed financial institutions. The focus below is again limited to **family-owned investment holding vehicles**. The key economic conditions for the fund vehicles are summarized in Appendix 2.

The most significant change relevant to family-owned investment holding vehicles is:

Assets under Management in Designated Investments

The minimum assets under management ("AUM") in Designated Investments ("DI") requirement now only needs to be met at the point of application. The annual minimum AUM in DI condition has been removed retroactively from 1 January 2025.

With the removal of the annual minimum AUM in DI requirement, fluctuations in asset values of investments alone will not adversely impact the enjoyment of tax exemption. Families that decide to wind down their funds are now assured that tax exemption can still apply during the winding down process.

3. Other key changes

The following changes are relevant to both SFO and non-SFO structures.

5% cap on physical Investment Precious Metals ("IPM")

The 5% cap on investment in physical IPM is lifted from 1 August 2026 onwards and gains on investments in physical IPM are now tax-exempted.

Tokenised interests

The MAS clarified that tokenised interests in designated investments qualify for tax exemption if the token holder has the same interests, rights and obligations as direct ownership of an underlying designated investment.

We recommend that care should be taken to review the contractual and ownership rights of the token holder and not to regard this as a blanket exemption.

Please feel free to contact us if you have any questions about the changes announced.

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Appendix 1 – Section 13O, 13OA and 13U: Existing SFO Funds from 1 August 2026

Criteria	Section 13O / Section 13OA	Section 13U
AUM *(defined as value of designated investments from 1 January 2025)*	No annual AUM requirement for pre-18Apr22 and 18Apr22 award holders. 5Jul23 award holders require a minimum of S$20 million in Designated Investments at the end of each basis period.	No annual AUM requirement for pre-18Apr22 and 18Apr22 award holders. 5Jul23 award holders require a minimum AUM of S$50 million in Designated Investments at the end of each basis period.
Fund administrator	Must use a Singapore based fund administrator.	Must use a Singapore based fund administrator if the fund is a Singapore incorporated company & tax resident.
Investment Professionals ("IPs") employed by SFO	The pre-18Apr22 award holders have no IP requirements. The 18Apr22 award holders require 2 IPs throughout the incentive period. The 5Jul23 award holders require 2 IPs throughout the incentive period with one IP being a non-family member.	The pre-18Apr22 award holders require 3 IPs throughout the incentive period. The 18Apr22 and 5Jul23 award holders require at least 3 IPs, with at least one IP being a non-family member, throughout the incentive period.
	IPs refer to individuals who are Singapore tax residents with relevant work or academic qualifications. They should be substantially engaging in performing the role of portfolio manager, research analyst or traders and earn more than S$3,500 per month.	
Minimum annual local business spending	For pre-18Apr22 award holders - Section 13O: total business spending of S$200,000 - Section 13U: local business spending of S$200,000 For 18Apr22 and 5Jul23 award holders Incur at least Local Business Spending ("LBS") of S$200,000, depending on their AUM: AUM less than S$250 million: LBS of S$200,000 AUM more than (or equal to) S$250 million but less than S$2 billion: LBS of S$500,000* AUM more than (or equal to) S$2billion: LBS of S$1 million^ * LBS can include the following after incurring a minimum LBS of S$300,000* or S$500,000^ respectively: - Eligible local donations to local charities - Grants to blended finance structures (recognized as 2 times spending)	
Minimum annual Capital Deployment Requirement ("CDR")	The pre-18Apr22 award holders have no CDR requirements. For 18Apr22 and 5Jul23 award holders Invest at least 10% of its AUM or S$10 million, whichever is lower in: • Listed on MAS-approved exchanges • Distributed by MAS licensed financial institutions • Non-listed Singapore-incorporated operating companies with operating business and substantive presence in Singapore The CDR is to be met at the end of each YA. Investment in the following will yield a 2X multiplier for computing CDR: - Equities listed on MAS-approved exchanges - Funds investing substantially in Singapore-listed equities - Blended instruments distributed by licensed financial institutions in Singapore - Non-listed Singapore-incorporated operating companies with operating business and substantive presence in Singapore	
Private bank account	Have a private bank account with a MAS-licensed financial institution at the point of application and throughout the incentive period.	

Appendix 2 – Section 13O, 13OA and 13U: Existing Non-SFO Funds from 1 August 2026

Criteria	Section 13O / Section 13OA	Section 13U
AUM *(defined as value of designated investments from 1 January 2025)*	Minimum fund size of S$5 million in Designated Investments at the point of application. A grace period of up till YA 2028 (financial year 2027) is available to meet the entry AUM requirement. No minimum fund size requirement thereafter.	Minimum fund size of S$50 million in Designated Investments at the point of application. No minimum fund size requirement thereafter.
Fund administrator	Must use a Singapore based fund administrator.	Must use a Singapore based fund administrator if the fund is a Singapore incorporated company & tax resident.
Minimum Investment Professionals ("IPs") employed by fund management company *(from 1 January 2025)*	Employ at least 2 IPs throughout the year. A grace period of up till YA 2028 is available to meet the IP requirement.	Employ at least 3 IPs throughout the year.
	IPs refer to individuals who are Singapore tax residents with relevant work or academic qualifications. They should be substantially engaging in performing the role of portfolio manager, research analyst or traders and earn more than S$3,500 per month.	
Minimum annual local business spending *(from 1 January 2025)*	Incur at least Local Business Spending ("LBS") of S$200,000*, depending on their AUM: AUM less than S$250 million: LBS of S$200,000 AUM more than (or equal to) S$250 million but less than S$2 billion: LBS of S$300,000 AUM more than (or equal to) S$2 billion: LBS of S$500,000	
Private bank account *(applicable only if fund vehicle is wholly owned or controlled by a single family)*	Have a private bank account with a MAS-licensed financial institution at the point of application and throughout the incentive period.	

*The MAS allows a grace period for incentive award holders to meet the tiered local business spend requirements:

i. *13U awards commencing before 1 January 2025: meet* LBS requirements by financial year 2027, and in all subsequent years.

ii. *13O/OA award commencing from 1 January 2025 to financial year ending 2026:* meet LBS requirements by financial year 2027, and in all subsequent years.

Appendix 3 – Section 13D: Requirements for SFO & non-SFO Funds

Criteria	Section 13D
AUM *(defined as value of designated investments from 1 January 2025)*	No minimum fund size.
Tax residency	Non-Singapore tax resident
Minimum Investment Professionals ("IPs") employed by fund management company or SFO *(from financial year ending 2027)*	Employs at least 1 IP throughout the year. IPs refer to individuals who are Singapore tax residents with relevant work or academic qualifications. They should be substantially engaging in performing the role of portfolio manager, research analyst or traders. There is no specific salary requirement.
Beneficial owner's presence in Singapore	If owned by an individual, the individual is not a Singapore citizen or tax resident in Singapore. If owned by a company, the company does not carry on a business in Singapore and if it had derived taxable income from investments, those investments were transferred at market value. If owned by a trust, the trustee does not have a Singapore permanent establishment or carry on business in Singapore apart from its function as trustee of the trust. Additionally, if the trustee had derived taxable income from investments, those investments were transferred at market value.