

## Singapore Fund Fact Sheet

April  
2022

The Monetary Authority of Singapore (“MAS”) has announced updated conditions for family offices that wish to apply for the Section 13O and Section 13U tax incentives. These conditions take effect 18 April 2022.

The updated conditions apply **only** to fund vehicles who hold assets on behalf of families and are wholly owned or controlled by members of the same families. In practice, family refers to individuals who are lineal descendants of a single ancestor and includes spouses, ex-spouses, adopted children and stepchildren of these individuals.

For the avoidance of doubt, fund vehicles managed by licensed fund managers applying for Section 13O or Section 13U exemption are **not** subject to the updated conditions.

### 1. If the Fund is Managed by a Licensed Fund Manager

The following conditions (as before) would continue to apply if a licensed fund manager is engaged.

	S13O	S13U
<b>Fund manager</b>	Based in Singapore	
<b>Tax exemption on</b>	“Specified Income” derived from “Designated Investments”	
<b>Validity</b>	Throughout life of fund	
<b>Ownership</b>	Can be 100% owned by Singapore persons	
<b>Location of fund</b>	Onshore	Offshore / onshore
<b>Minimum fund size</b>	-	S\$50 million
<b>Minimum spend</b>	S\$200,000 p.a.	S\$200,000 p.a. (local)
<b>MAS approval</b>	Required	Required
<b>Investment professionals</b>	-	Fund manager must employ at least three investment professionals
<b>Financial penalty</b>	Non-qualifying investors	-
<b>Tax residency of fund</b>	In Singapore	In / outside Singapore
<b>Fund vehicle</b>	Singapore incorporated company (including VCC)	Constituted in all forms (including VCC)

18-02/03, 30 Cecil Street  
Prudential Tower  
Singapore 049712

T: +65 6908 8870

Firstname.lastname@  
rawlinson-hunter.com.sg

## 2. If the Fund is managed by a Single Family Office (“SFO”)

The following will apply to a fund managed by a SFO which is exempt from being a licensed fund manager:

	S130	S13U
<b>Fund manager</b>	Based in Singapore	
<b>Tax exemption on</b>	“Specified Income” derived from “Designated Investments”	
<b>Validity</b>	Throughout life of fund	
<b>Ownership</b>	Can be 100% owned by Singapore persons	
<b>Location of fund</b>	Onshore	Offshore / onshore
<b>Minimum fund size</b>	Minimum fund size of S\$10 million at the point of application.  A commitment to increasing the AUM to S\$20 million within a 2-year grace period.	Minimum fund size of S\$50 million at the point of application.
<b>Minimum spend</b>	Incur a minimum of Total Business Spending (“TBS”) depending on their AUM:  AUM less than S\$50 m: TBS of S\$200,000  AUM more than (or equal to) S\$50m but less than S\$100m: TBS of S\$500,000  AUM more than (or equal to) S\$100 m: TBS of S\$1m	Incur a minimum of Local Business Spending (“LBS”) depending on their AUM:  For AUM less than S\$100m: LBS of S\$500,000  For AUM more than (or equal to) S\$100m: LBS of S\$1 million
<b>MAS approval</b>	Required	Required
<b>Investment Professionals</b>  <i>IPs refers to individuals who are Singapore tax residents. They should be substantially engaging in performing the role of portfolio manager, research analyst and traders and are earning more than S\$3,500 per month</i>	Fund manager employs at least 2 IPs at the point of application.  A one-year grace period can be given to employ a second IP if this requirement is not met at the point of application.	Fund manager employs at least 3 IPs, with at least one IP being a non-family member, at the point of application.  A one-year grace period can be given to employ one non-family member as an IP if this requirement is not met at the point of application.
<b>Local investment</b>	Invest at least 10% of its AUM or S\$10 million, whichever is lower, in local investments at any one point in time. A one-year grace period would be given if the above requirement is not met by the point of application.  Local investments include the following: <ul style="list-style-type: none"> <li>• Equities listed on Singapore licensed exchanges</li> <li>• Qualifying debt securities</li> <li>• Funds distributed by Singapore-licensed/registered fund managers</li> <li>• Private equity investments into non-listed Singapore incorporated companies with operating businesses in Singapore</li> </ul>	
<b>Financial penalty</b>	Non-qualifying investors	-
<b>Tax residency of fund</b>	In Singapore	In / outside Singapore
<b>Fund vehicle</b>	Singapore incorporated company (includes VCC)	Constituted in all forms (includes VCC)

Under the updated conditions, awardees can enjoy a grace period to fulfil certain conditions. If the conditions are not met, the MAS may reserve the right to revoke the incentive and thus expose the fund to Singapore tax. Hence, applicants should carefully assess whether they are able to meet the aforesaid conditions before making the application.

## Our Team



**Peter Milnes**  
Managing Partner  
Direct Dial: (+65) 6908 8878  
Email: [peter.milnes@rawlinson-hunter.com.sg](mailto:peter.milnes@rawlinson-hunter.com.sg)



**Jill Carpenter**  
Partner, Trust  
Direct Dial: (+65) 6908 8807  
Email: [jill.carpenter@rawlinson-hunter.com.sg](mailto:jill.carpenter@rawlinson-hunter.com.sg)



**Gim Chew**  
Tax Director  
Direct Dial: (+65) 6908 8873  
Email: [gim.chew@rawlinson-hunter.com.sg](mailto:gim.chew@rawlinson-hunter.com.sg)