Updates on Singapore Fund Tax Incentives for funds managed by single family offices

Singapore has established itself as one of the leading private banking and wealth management centres in Asia. With the increasing growth in the family office ecosystem in Singapore, the Singapore Government has sought to increase the professionalism of family office professionals and enhance the positive spin-off to the Singapore economy.

The Monetary Authority of Singapore (MAS) has provided updated guidance on the requirements for the incentive regime under the section 13O (previously known as 13R) and 13U (previously known as 13X) for funds managed by single family offices (SFOs). The updated conditions below apply to applications submitted to the MAS from 18 April 2022 (with certain prescribed exceptions for applications currently in-progress).

Updated key conditions

		13O Scheme	13U Scheme
1	**Minimum Assets under Management (AUM) of the Fund**	• At the point of application: **S$10 million** [NEW] • Growth in AUM to **S$20 million** within a 2-year grace period. [NEW]	• 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.*	• At the point of application: SFO employs at least **two** IPs. [NEW] • The SFO may have 1-year grace period to employ the second IP. [NEW]	• At the point of application: SFO employs at least **three** IPs with **at least one IP being a non-family member**. [NEW] • The SFO may have 1-year grace period to employ the non-family member. [NEW]
3	**Minimum Annual Business Spending to be incurred by the Fund**		
	AUM at the end of the reporting period:	Total business spending	Local business spending
	• AUM < S$50 million	S$200,000	S$500,000 [NEW]
	• S$50 million ≤ AUM < S$100 million	S$500,000 [NEW]	
	• AUM ≥ S$100 million	S$1 million [NEW]	
4	**Local Investment** [NEW] *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.*	• 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.	
5	**Other conditions per Income Tax Act, Income Tax Regulations, Circulars**	Continue to apply	Continue to apply

The above updated conditions apply for fund vehicles which are managed or advised directly by a SFO which (i) is an exempt fund management company which manages assets for or on behalf of the family(ies) and (ii) is wholly owned or controlled by members of the same family(ies). The above does not apply to 13O / 13U applications made for investment funds managed by licensed fund managers or exempt fund managers for immovable assets under paragraph 5(1)(h) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business Regulations).

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