

Establishing Inbound Family Offices In Singapore

Sunil Iyer
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INTRODUCTION



What is a Family Office?

- Simplest definition: an organisation who assumes day-to-day administration and management of a family's affairs.
- In practice, it means a lot of different things to different people.
- Most Single Family offices focus on a combination of management of investments, liaison with private banks, family governance, succession planning, tax planning, estate & philanthropic planning
- Many Multi-Family offices focus primarily on investment management, but recently we have seen a trend of expanding to look at other areas beyond investments

Recent Trends in Singapore

- Aligned with Singapore's growth as a centre for private wealth and an attractive tax regime, the following has been witnessed:
 - an increase in the number of wealthy individuals from abroad looking to relocate to Singapore and to set-up a structure to manage their wealth
 - Foreign professionals (typically with a banking background) looking to set-up multi-family office type structures to provide wealth management solutions to high-net worth clients in South-East Asia
 - An increase in law firms and trust companies to support the above activity



SINGLE FAMILY OFFICES

Overall Considerations

Form of family office structure driven by several factors including:

- Its intention:
 - To provide a structure to manage family affairs (e.g. investment and non-investment)
 - To ensure succession planning / governance of family assets
 - Asset protection
 - Tax efficiency
- Nature of assets to be held
- Whether management of family office is done in house or outsourced

Tax Considerations

- Tax planning will depend on several factors, including where investment decisions are taken, where shareholders / beneficial owners / beneficiaries / directors based; and on type of income
- Taxability of passive income (e.g. dividend income / passive income)
- Taxability of gains / trading income

Tax Considerations

- Applicability of tax exemptions in Singapore:
 - Section 13Z (Capital Gains safe harbour exemption)
 - Section 13X (Enhanced Tier Fund Scheme)
 - Section 13G (Qualifying Foreign Trust Exemption)

Other Considerations

Regulatory Considerations

- Related Corporation exemption under Securities and Futures Act
- Necessity / Benefits to get approval from regulator (Monetary Authority of Singapore)

Immigration Considerations

- Current state of immigration in Singapore
- Employment Pass for family members and Family Office Employees
- Global Investor Programme – Permanent Residence



MULTI FAMILY OFFICES (MFO)

Multi Family Offices

Tax Considerations

- MFOs won't hold any assets directly and will either manage assets in special purpose entities or via Limited Powers of Attorney
- Income will usually be management & performance fees, which will be taxed at standard corporate tax rates
- FSI-FM exemption is available for fund managers (reduces rate down to 10%)

Regulatory Considerations

- Need to be granted approval by MAS as either a Registered Fund Management Company or Licensed Fund Management Company depending on AUM and type & number of investors served



Q&A





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Contact Us



CONTACT US

Shanker Iyer

Email shanker@iyerpractice.com

Phone +65 6532 5746

Mobile +65 9760 6488

160 Robinson Road #17-01

SBF Center

Singapore 068914

Sunil Iyer

Email sunil@iyerpractice.com

Phone +65 6532 5746

Mobile +65 9699 0961

160 Robinson Road #17-01

SBF Center

Singapore 068914

Sanjay Iyer

Email sanjay@iyerpractice.com

Phone +852 2529 9952

Mobile +852 9355 3495

Unit 29E, 29/F Admiralty Centre Tower 1

18 Harcourt Road, Admiralty

Hong Kong

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