

# Tax Incentives for Singapore-based Fund Managers

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## AGENDA

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### Tax Incentives

- Resident Fund Scheme (13R)
- Enhanced Tier Fund Scheme (13X)
- Offshore Fund Scheme (13CA)

# Introduction

2014 statistics:

- Global AUM → US\$71.4 trillion
- Asia AUM → US\$5.2 trillion
- Singapore AUM → US\$1.8 trillion
  - Private equity/venture capital growth by over 40%
  - Real estate growth by over 80%
  - Traditional asset managers growth by 4%

*Source: Monetary Authority of Singapore (MAS) Asset Management Annual Survey Results*

# Resident Fund Scheme (13R)

|                   | Resident Fund Scheme   |
|-------------------|--|
| <b>Purpose</b>    | Aimed at Singapore resident funds (incorporated as a company) managed by a Singapore fund manager  |
| <b>Benefit</b>    | Specified Income from Designated Investments is exempted from tax. (This exempts trading gains and remittances, which are usually taxable by Singapore tax resident companies. ) |
| <b>Legal form</b> | Singapore company (tax resident in Singapore)  |

# Resident Fund Scheme (13R) (Cont'd)

|                           | Resident Fund Scheme  |
|---------------------------|---|
| <b>Fund Manager</b>       | Approved Singapore fund management company  |
| <b>Investors</b>          | <ul style="list-style-type: none"> <li>• Cannot be 100% owned by Singapore investors</li> <li>• For all Specified Income to be exempt, each investor must be a Qualifying Investor</li> <li>• Any non-Qualifying Investor will have to pay an amount equivalent to the tax on their share of the fund's income</li> </ul> |
| <b>Fund size</b>          | No restrictions   |
| <b>Fund Administrator</b> | Singapore based fund administrator  |
| <b>Fund Expenditure</b>   | Must incur at least S\$200,000 in business spending (including management fees, remuneration & other operating costs)   |

# Enhanced Tier Fund Scheme (13X)

|                   | Enhanced Tier Fund Scheme   |
|-------------------|---|
| <b>Purpose</b>    | Aimed at all funds over S\$50 million managed by a Singapore fund manager   |
| <b>Benefit</b>    | Specified Income from Designated Investments is exempted from tax. (This exempts trading gains and remittances, which are usually taxable for Singapore tax resident companies. ) |
| <b>Legal Form</b> | Company, trust or Limited Partnership   |

# Enhanced Tier Fund Scheme (13X) (Cont'd)

|                           | Enhanced Tier Fund Scheme  |
|---------------------------|--|
| <b>Fund Manager</b>       | <ul style="list-style-type: none"> <li>Approved Singapore fund management company</li> <li>Must employ at least 3 investment professionals (earning at least S\$3,500 per month and engaged in qualifying activities)</li> </ul> |
| <b>Investors</b>          | No restrictions  |
| <b>Fund size</b>          | At least S\$50 million (committed capital) at point of application (aggregated across master and feeder funds)   |
| <b>Fund Administrator</b> | Singapore based fund administrator where fund is incorporated in Singapore   |
| <b>Fund Expenditure</b>   | Must incur at least S\$200,000 in business spending (including management fees, remuneration & other operating costs)  |

# Offshore Fund Scheme (13CA)

|                   | Offshore Fund Scheme   |
|-------------------|--|
| <b>Purpose</b>    | Aimed at non-Singapore funds managed by a Singapore fund manager   |
| <b>Benefit</b>    | Specified Income from Designated Investments is exempted from tax. (This exempts trading gains and remittances, which are usually taxable by Singapore tax resident companies. ) |
| <b>Legal Form</b> | Non-Singapore company, trust or Limited Partnership  |



# Offshore Fund Scheme (13CA) (Cont'd)



|                           | Resident Fund Scheme   |
|---------------------------|--|
| <b>Fund Manager</b>       | Approved Singapore fund management company   |
| <b>Investors</b>          | <ul style="list-style-type: none"> <li>• Cannot be 100% owned by Singapore investors</li> <li>• For all Specified Income to be exempt, each investor must be a Qualifying Investor</li> <li>• Any non-Qualifying Investors will have to pay an amount equivalent to the tax on their share of the fund's income</li> </ul> |
| <b>Fund size</b>          | No restrictions  |
| <b>Fund Administrator</b> | No restrictions  |
| <b>Fund Expenditure</b>   | No restrictions  |

# Singapore Variable Capital Company (S-VaCC)

- March 2016, government announced proposed introduction of new regulatory framework for open-ended investment companies in Singapore
- To encourage more asset managers to domicile their funds in Singapore
- To promote development of local fund administration industry by offering a fund administration structure which is more efficient than that under the Companies Act (Cap. 50)
- Would address the redemption and other problems encountered with Singapore corporate fund structures
- Would be able to claim as a company on the treaty benefits of the double taxation agreements.



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