

Dear SRS Members,

We're pleased to reimburse 30 complimentary Gardens by the Bay Season Pass Tickets for members only. This Season Pass provides unlimited admission to Flower Dome and Cloud Forest for up to 6 months (9th April 2022 to 8th October 2022).

Please email your details to Secretariat : [secretariat@remisiers.org](mailto:secretariat@remisiers.org) by 21st April 2022 (Thursday, 5.00 p.m.) :

- \* Full Name :
- \* Broking House :
- \* Email :
- \* PayNow Number :

SRS will reimburse up to 30 Season Passes. If there are more than 30 applications, we'll be having a ballot. All successful members will be notified via email accordingly. The successful member will then need to apply for the Season Pass ticket personally by accessing the attached Gardens by the Bay link and pay first.

10 Years of Wonders Season Pass ([gardensbythebay.com.sg](http://gardensbythebay.com.sg))

We'll reimburse you after the member shows proof of the Season Pass purchase either via email or SRS WhatsApp (9777 9825) to Secretariat. SRS is unable to apply for this value for money Season Pass as this special promotion is meant for individuals only. Please note that successfully balloted members should make the Season Pass Application by 2nd May 2022.

Should you require any clarification, please do not hesitate to contact Secretariat at Tel : 6735 1772.

Enjoy the changing floral displays ranging from precious peonies, romantic roses, whimsical hydrangeas to vibrant hanging gardens and cheery sunflowers to brighten up your day.

I'm also pleased to forward herewith 2 Business Times articles about the recent announcement by MAS to mandate Family Offices to invest more in Singapore's Capital Markets and our congratulatory response. We're hopeful that this good move by MAS would help to build vibrancy of our stock market.

Cheers & have a nice day. 😊

Best regards,

S.Nallakaruppan

President

The Society of Remisiers (Singapore)

# MAS tightens criteria for family offices to qualify for tax incentives

BT 14-April-2022

Bar will be raised from Apr 18, with new requirements on fund sizes, AUM growth and business spending, among other stricter specifications

By Kelly Ng  
kellyng@spsh.com.sg  
@KellyNgBT

**Singapore**

The bar for family offices to qualify for tax incentives will be raised from Monday (Apr 18), with new requirements on fund sizes, AUM (assets under management) growth and business spending, among other stricter criteria.

From that day, applications for funds managed and/or advised directly by a family office must have a

minimum fund size of S\$10 million at the point of application. Applicants must commit to increasing AUM to S\$20 million within a 2-year period, under the new Section 130 of the Income Tax Act, which pertains to funds for which fund vehicles are incorporated and based in Singapore.

Previously, the conditions for tax incentives under this section did not stipulate a minimum fund size.

MAS informed stakeholders of

the impending changes this past Monday. Tax experts *The Business Times* (BT) spoke to were unsurprised by the tightened requirements, with many saying that they will enhance the quality of family offices in Singapore.

A "family office" refers to an exempt fund-management company that manages assets for or on behalf of a family or families, and which is wholly-owned or controlled by members of the same family/families.

Under the new guidelines, family offices under Section 130 must also have at least 2 investment professionals. There is now no prescribed minimum number of employees for single family offices.

Whithers KhattarWong's tax lawyers Stacy Choong and Yeoh Lian Chuan said in a note on the changes that while not expressly stated in the guidelines, MAS may be more stringent in assessing the academic and professional experience of proposed investment pro-

fessionals, be they family members or unrelated persons.

Under the new Section 130, which pertains more broadly to funds managed by a fund manager in Singapore, the family office must have at least 3 investment professionals, with at least 1 of them being a non-family member. The fund will be given a 1-year grace period to employ the non-family member as an investment professional.

Continued on Page 2

## MAS tightens criteria for family offices to qualify for tax incentives

Continued from Page 1

For family offices under S130 and S13U, the minimum total business spending requirements are now subject to a tiered framework pegged to AUM size. The original spending floor of S\$200,000 in total business spending for S130 will remain for funds with AUM smaller than S\$50 million.

Under S13U, funds of AUM smaller than S\$100 million will now need to incur at least S\$500,000 in local business spending.

Currently, S13U applications have to incur at least S\$200,000 in local business spending - already a tighter requirement than "total business spending" for S130 cases.

For both cases, minimum spending will be raised to S\$1 million for funds of S\$100 million and above. Again, these pertain to "total business spending" for S130 cases and "local business spending" for S13U cases.

MAS specified that "total business spending" should relate to operating activities of the fund and excludes financing activities.

The changes also require funds under both schemes to invest at least 10 per cent of their AUM or S\$10 million, whichever is lower, in local investments at any one point in time. Examples include equities listed on Singapore-licensed exchanges, qualifying debt securities, funds distributed by Singapore-licensed fund managers, or private-equity investments into non-listed Singapore-incorporated companies, such as start-ups.

Funds that are unable to meet the local investment criteria at the point of application will have to indicate the amount and types of local investments they plan to invest in. They will be given a one-year grace period to do so.

Yeoh said the stricter criteria will "enhance the level of substance" of family offices in Singapore, even as it may deter smaller players from setting up shop here.

Ong Sim Ho, a director at Drew &

### Raising the bar

Changes to tax incentive schemes for family offices from April 18

|  | SECTION 130   | SECTION 13U   |
|--|---|---|
| <b>Minimum AUM</b>   | <b>Currently:</b> No stipulated fund size.<br><b>New:</b> S\$10m at point of application, to be increased to S\$20m within a 2-year grace period.   | <b>No change:</b> S\$50m at point of application.   |
| <b>Investment professionals (IPs)</b><br>IPs include portfolio managers, research analysts, or traders, who are earning more than S\$3,500 per month and substantially engaged in the qualifying activity.   | <b>Currently:</b> Fund can be managed or advised directly by a fund management company in Singapore.<br><b>New:</b> Each family office must employ at least 2 IPs.  | <b>New:</b> Each family office must employ at least 3 IPs, with at least 1 being a non-family member.   |
| <b>Business spending</b>   | <b>Currently:</b> Fund needs to incur at least S\$200,000 in total business spending per financial year.<br><b>New:</b> Fund will be subject to a tiered business spending framework.<br>The original spending floor will remain for funds with AUM smaller than S\$50 million. In funds with AUM of between S\$50 million and S\$100 million, minimum total business spending will now be raised to S\$500,000. For funds with AUM above S\$100 million, minimum total business spending will be raised to S\$1 million. | <b>Currently:</b> Fund needs to incur at least S\$200,000 in local business spending per financial year.<br><b>New:</b> Fund will be subject to a tiered business spending framework.<br>For funds with AUM smaller than S\$100 million, minimum local business spending will be raised to S\$500,000.<br>For funds with AUM of S\$100 million and above, minimum local business spending will be raised to S\$1 million. |
| <b>Local investment</b><br>Examples include equities listed on Singapore-licensed exchanges, qualifying debt securities, funds distributed by Singapore-licensed fund managers, or private-equity investments into non-listed Singapore-incorporated companies, such as start-ups. | <b>New:</b> Fund managed by a family office must invest at least 10 per cent of its AUM or S\$10 million, whichever is lower, in local investments at any one point in time.  |   |

Compiled by BT

Napier, said the changes were expected. "The family office sector has seen robust growth over the last 3 years, and it is the right time to deepen the quality and professionalism of family-office management," he noted.

Singapore has gained prominence as the preferred base for family offices, with their numbers here doubling to 400 in 2020, compared with the year before.

Denton Rodyk's senior partners Loh Kia Meng and Edmund Leow agreed that the tightened requirements reflect the success of MAS' schemes for family offices. "The fact that MAS is doing this now

shows that they can afford to be a bit more selective. The backlog of applications is prolonging the waiting time and is not good for our reputation for efficiency," Loh said.

Leow noted that the schemes, with their current requirements, have sometimes been misused for activities other than fund management. "Having a higher qualifying AUM raises Singapore's profile in the market and (sends a signal that it is) not where you can buy a passport by purchasing a condo for US\$2 million," he added.

Ultra-high net worth families with "genuine intentions" to set up family offices here are unlikely to be deterred by the new require-

ments, Ng Aik-Ping, HSBC Global Private Banking's head of family office advisory for Asia Pacific said.

Anuj Kagalwala, asset and wealth management tax leader at PwC said that the raising of the bar is a "natural logical step" and noted that the new requirements can help stimulate Singapore's economy by creating more jobs and greater capital flows to local businesses.

In response to BT's queries, an MAS spokesperson said that the new changes "seek to increase the professionalism of family offices in Singapore, and enhance the positive spillovers to the Singapore economy".

## *Good move by MAS to mandate family offices to invest more in Singapore*

THE Society of Remisiers (Singapore) applauds the recent move by MAS to mandate qualifying family offices to invest at least 10 per cent of their assets under management (AUM) – or S\$10 million, whichever is lower – in local investments.

It includes equities listed on the Singapore Exchange, qualifying debt securities, funds distributed by Singapore-licensed fund managers and private equity investments in unlisted Singapore incor-

porated companies. It's only fair for qualifying family offices to invest more of their moneys in the Singapore capital markets as they enjoy an attractive preferential tax rate of 10 per cent instead of the normal corporate tax rate of 17 per cent.

The number of family offices in Singapore has grown exponentially to 400 in 2020 compared to 200 in the prior year.

The AUM managed by these

Singapore-based managers is more than S\$4 trillion and a portion of it invested in Singapore would go a long way in establishing a much more vibrant Singapore capital market.

We're hopeful that this good move will boost the liquidity of our capital markets and accord better valuations of companies listed on the Singapore Exchange.

It will also act as a catalyst for more good companies to list on

the Singapore Exchange which will then attract much more investor participation and consequently add depth and breadth to our markets.

We look forward to more of such effective measures by MAS to rebuild the vibrancy of our capital markets.

**S Nallakaruppan**

President

The Society of Remisiers  
(Singapore)