Trusts across the border

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Singapore is not a party to the Hague Trusts Convention of 1 July 1985. Switzerland ratified it with effect from 1 July 2007 and implemented it in Art. 149a to 149e of the Swiss Private International Law Act (PILA; IPRG). A Singapore-law trust holding tokens is therefore recognised in Switzerland under the Convention. A Swiss court will apply Singapore law to its validity, construction and administration.[1] The reverse is simpler than it looks. Switzerland has no domestic trust law, after the Federal Council abandoned the Swiss trust bill in 2024 (Part D, Chapter VIII), so there is no Swiss trust to recognise in Singapore. A Swiss settlor who wants a trust uses a foreign law, frequently Singapore law where the trustee and assets are in Asia. Singapore recognises foreign-law trusts at common law by applying the chosen law. The Trustees Act applies to a trust only to the extent that Singapore law governs it.

Cross-border perspective

A family with members in Zug and Singapore that wants a single vehicle for its digital assets will usually find a Singapore-law trust with a licensed trust company as trustee the most practical answer. Switzerland recognises it under the Hague Convention. Singapore taxes it on a territorial basis, with the trustee's trading gains potentially exempt where the trust qualifies under the relevant income tax

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provisions (Part M, Chapter IV). The Swiss-resident beneficiaries are taxed in Switzerland on distributions and, for a revocable trust, on the underlying assets as if they were the settlor's (Part G, Chapter IX). The tokens should sit with a MAS-licensed custodian under a custody trust in the trustee's favour. What the family must accept is that the trustee alone controls the keys. A structure in which a family member retains a key and can move assets without the trustee's co-operation is a sham waiting to be found.

Notes

1. Hague Convention on the Law Applicable to Trusts and on their Recognition of 1 July 1985, in force for Switzerland since 1 July 2007 (SR 0.221.371). Art. 149a–149e PILA (SR 291). ↩

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