Why the fund incentives matter for digital assets

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Singapore's fund industry rests on three statutory exemptions. Sections 13D, 13O and 13U of the Income Tax Act 1947 exempt "specified income" derived by an approved fund from "designated investments", provided the fund is managed by a Singapore-based fund manager and meets the conditions that MAS sets. Without an exemption a fund that is tax-resident in Singapore would pay 17 per cent on its trading profit. A fund that buys and sells assets frequently is a trader under the badges analysis of Chapter I. With an exemption the fund pays nothing on the specified income regardless of its trading pattern. For a digital-asset fund the exemptions matter more than for a long-only equity fund, since the trading intensity of most crypto strategies makes the capital-gains argument weak and the exemption the only reliable shield.[1]

The three schemes were extended by Budget 2024 to 31 December 2029 and their conditions revised by MAS Circular FDD Cir 10/2024 of 1 October 2024 with effect from 1 January 2025. Budget 2025 and the circulars that followed made further adjustments. The state of the conditions on 30 June 2026 is set out below.[2]

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Notes

1. Income Tax Act 1947 (2020 Rev. Ed.), ss. 13D (formerly 13CA), 13O (formerly 13R) and 13U (formerly 13X); Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 and the parallel regulations for ss. 13O and 13U. The sections were renumbered in the 2020 Revised Edition of the Act, in force 31 December 2021. ↩
2. MAS Circular FDD Cir 10/2024 of 1 October 2024 (revised conditions for ss. 13D, 13O and 13U with effect from 1 January 2025), as summarised in Deloitte Singapore, *Tax Bytes*, 3 October 2024. ↩

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