Legacy assets and the regularisation of clients

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The warnings of 2011 and the review of existing clients

Every financial centre that abandoned tax secrecy faced the problem of its existing book of clients. Accounts opened under the old rules contained assets that clients had never declared at home. The new rules would expose these assets to foreign tax authorities through automatic exchange and, from 1 July 2013, could turn them into the proceeds of crime in the eyes of Singapore law. Switzerland addressed the problem through a combination of American penalties, bilateral programmes and foreign voluntary disclosure schemes. Singapore chose a different route. It relied on supervisory pressure on its own institutions, without any amnesty or special programme of its own.

The starting point was the warning of September 2011, followed in October 2011 by an instruction to review client and asset pools. The Ministry of Finance later described it as requiring institutions to reject prospective clients where there were reasonable grounds to suspect that their assets were the proceeds of serious crimes, including tax evasion. The consultation paper of 2012 made the obligation explicit.

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Institutions were to undertake a critical review of all existing accounts "to assess the tax legitimacy of assets booked" and to identify high-risk accounts. The requirements would apply to new and existing accounts alike.[1]

MAS also recorded that the private banking industry, through its Private Banking Industry Group, was developing a set of sound practices as a conceptual framework for the new requirement.[2] In practice, banks asked their clients to confirm their tax compliance, requested evidence where the risk profile called for it and ended relationships with clients who would not or could not provide it.[3]

The reporting date of 1 July 2013

The critical date was 1 July 2013. In its response of March 2013, MAS rejected the suggestion that the reporting obligation should apply only to tax evasion committed after the designation. Institutions were required to file suspicious transaction reports on any assets they held on 1 July 2013 that they knew or had reasonable grounds to suspect were proceeds of the designated tax offences. Until then, they had to keep an internal list of such accounts and their transactions, available for review by MAS and the auditors, and to reassess it on that date.[4]

The rule had a clear effect. A bank could not keep undeclared legacy assets quietly on its books after July 2013 and treat them as an inheritance from the past. Either it satisfied itself that the assets were legitimate, or it had to report them, which would in many cases end the relationship. Clients who wished to remain had an incentive to regularise their position with their home authorities. Those who did not were likely to leave. The open question was where they would go.

Hold-mail, dormant accounts and the end of discreet services

Some services of the old private banking model also came under scrutiny. In June 2014 MAS published guidance on private banking controls based on a review of Singapore-based banks and merchant banks. It singled out hold-mail services, under which statements are kept by the bank, as vulnerable to abuse, since the delayed

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receipt of statements allowed misappropriation and other irregularities to go undetected. MAS expected a rigorous control framework for such services and noted that some institutions had stopped advertising them on account-opening forms and raised their fees.[5] MAS treated hold-mail as a fraud risk. For decades it had also served clients who preferred that no bank correspondence reach their home country.

Foreign amnesties and the Indonesian programme

For many clients, regularisation took place through programmes in their home countries. The most important for Singapore was the Indonesian tax amnesty of 2016–2017, which ran in three periods and ended on 31 March 2017. Declarations totalled Rp 4,855 trillion from about 956,000 taxpayers, while repatriation reached Rp 128.3 trillion, about US$9.61 billion, against commitments of Rp 146.6 trillion.[6] A large share of the assets declared abroad was held in Singapore. The modest level of repatriation suggests that many Indonesian clients declared their Singapore assets while leaving them where they were.

MAS has given banks precise instructions for such cases. The guidelines to Notice 626 list participation in a tax amnesty programme as an indicator of tax-related suspicion. Where a customer participates, the bank should file a suspicious transaction report stating which accounts have been declared and decide on a risk basis whether to review them. If the review raises grounds for suspicion, it should file a further report. The guidelines add that banks should encourage customers to use the opportunity of an amnesty to ensure that their tax affairs are in order or regularised. The risk assessment of 2024 confirms that participation in foreign amnesty programmes is one of the typical reasons for tax-related reports.[7]

No amnesty in Singapore

Singapore itself has never offered foreign clients an amnesty, since it has no jurisdiction over their foreign tax liabilities. For Singapore taxes, IRAS operates a Voluntary Disclosure Programme. A disclosure that is complete, timely and self-initiated, made before IRAS raises a query or announces an audit or investigation, attracts no penalty if made within one year of the filing deadline. Later disclosures

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attract a reduced penalty of 5 per cent of the tax undercharged for each year of delay.[8] The programme matters for residents of Singapore, including the growing number of wealthy families who have moved there. It does nothing to cure a foreign tax liability.

The regularisation of legacy assets in Singapore was therefore a private process, enforced by supervision. Banks reviewed their books. Clients regularised their position at home or left, while MAS inspected the results. That approach spared Singapore the spectacle of the American programme for Swiss banks. It also means that there is no public record of the scale of the problem, of the amounts regularised or of the assets that left Singapore for less demanding centres.

Notes

1. Ministry of Finance, press release of 14 May 2013: MAS directed financial institutions in September 2011 to guard against illicit inflows; in October 2011 they were alerted to review client and asset pools and to reject prospective clients where there are reasonable grounds to suspect their assets are proceeds of serious crimes, including tax evasion. MAS, Consultation Paper P019-2012, paras. 5 and 9(a): requirements "will apply to both new and existing accounts"; FIs to "Undertake a critical review for all existing accounts to assess the tax legitimacy of assets booked and identify high-risk accounts"; enhanced due diligence for clients with high risk of wilful or fraudulent tax evasion. ↩
2. MAS, Consultation Paper P019-2012, preface para. 4: the private banking industry, "through the Private Banking Industry Group", was working on industry sound practices providing a conceptual framework for implementation. ↩
3. Practice of Singapore private banks from 2012–2013 onwards of requiring tax compliance confirmations or declarations from existing clients and exiting non-compliant clients; to be documented from industry or press sources. ↩
4. MAS, Response to Feedback of 28 March 2013, paras. 4.1–4.2: FIs "will be required to file STRs on any assets it holds as at 1 Jul 2013 that it knows or has

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reasonable grounds to suspect, are proceeds of the tax offences designated under the CDSA"; internal list of such accounts to be maintained before that date and made available to MAS and the auditors; reassessment on 1 July 2013. ↩

5. MAS, *Guidance on Private Banking Controls*, Information Paper, June 2014, paras. 1.2 and 4.11–4.12: observations drawn from a review of private banking activities of Singapore-based banks and merchant banks; accounts with hold-mail services "are more susceptible to being abused"; institutions limiting the offer by not specifying it on account-opening forms and raising fees. ↩
6. Wikipedia, "Tax amnesty" (accessed November 2026), section on Indonesia: programme in three consecutive periods ending on 31 March 2017; asset declarations of Rp 4,855 trillion from 956,000 taxpayers; repatriation commitments of Rp 146.6 trillion and realised repatriation of Rp 128.3 trillion (about US$9.61 billion). ↩
7. MAS, Guidelines to MAS Notice 626 (version of 1 July 2025), Appendix B, para. B-9(x) and note 22: participation in a Tax Amnesty Programme as an indicator; the bank should file an STR indicating participation and the declared accounts, adopt a risk-based approach to any review and file a further STR where grounds for suspicion arise; banks "should encourage customers to use the opportunity accorded by a TAP to ensure that their tax affairs are in order or regularised". *Money Laundering National Risk Assessment 2024*, para. 6.2.18: typical reasons for filing tax crime related STRs "included customers being traced to adverse news and/or customers being involved in foreign tax amnesty programmes". ↩
8. IRAS, "Voluntary Disclosure of Errors for Reduced Penalties" (iras.gov.sg, individual income tax, accessed November 2026): disclosure must be accurate, complete, timely and self-initiated, before a query or notification of an audit or investigation; no penalty within the one-year grace period after the statutory filing deadline; thereafter a reduced penalty of 5 per cent of the tax undercharged for each year. ↩

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