Practical consequences for families and their advisers

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Choosing the scheme and the structure

The choice between section 13O, section 13OA and section 13U follows from the size of the assets and the existing structure. A family with S$20 million to S$50 million in investable financial assets, held or to be held in a Singapore company or limited partnership, will use section 13O or 13OA. A family with larger assets held through offshore vehicles, or one that wants a master-feeder structure, will consider section 13U, with its higher threshold and third professional. The variable capital company, examined in Chapter IV of this part, can serve as the fund vehicle in either case.

The family should plan the first two years with care. The second or third investment professional must be in place by the end of the first basis period, the capital deployment requirement applies from the end of the first full year, and the local spending must be reached every year. A family office that starts business in the second half of a year has little time to recruit. Late recruitment leads to the revocation of the award from its commencement date.

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Living with the conditions

Compliance with the conditions is an annual exercise. The fund submits an annual declaration within four months of its financial year end, while the family office files its own annual return under the licensing framework within the same period.[1] The two filings serve different purposes, so families should make sure that the figures reported in each are consistent.

The bank relationship deserves equal attention. The private banking account is a continuing condition of the award. Losing the account through a bank's decision to exit the relationship would put the award at risk. Families should therefore keep their onboarding files current, respond promptly to requests for information and avoid structures or transactions that a bank would find hard to explain.

Checklist for families and advisers

- Confirm that the office serves only family members within the five-generation definition, family-funded charities and key employees within the 10 per cent limits.
- Incorporate the office in Singapore, open accounts with an MAS-licensed bank for the office and each vehicle, and file the notice of commencement within 14 days of starting business.
- For existing offices, file the notice before 15 June 2027 and stop relying on paragraph 5(1)(b) of the Second Schedule.
- Choose between sections 13O, 13OA and 13U by reference to the size of designated investments, excluding holdings in the family's operating businesses.
- Recruit qualifying investment professionals, including at least one non-family member, before the end of the first basis period, and document their roles, experience and salaries.
- Budget local business spending for each tier and keep records of payments to Singapore contracting parties.

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- Plan the capital deployment requirement before the end of the first full year, using the 2x multiplier where it suits the investment strategy.
- Prepare a complete source-of-wealth file with all citizenships, past and present, and expect independent screening.
- Report changes of beneficial owners, directors, key staff and intermediate entities to MAS under the terms of the tax award.
- Keep the award letter confidential and never present the exemption or the award as regulatory approval.

Notes

1. MAS, Response to Feedback, 6 November 2024, para 4.15 and n. 5 (annual declaration of S13O/S13U funds within four months of the financial year end, including AUM and total business spending). ↩

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