Scrutiny after 2023

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The money laundering case and the family offices

On 15 August 2023 the police arrested ten foreign nationals in coordinated raids. The assets eventually seized, frozen or subject to prohibition of disposal orders amounted to about S$3 billion. All ten were convicted and sentenced to terms of between 13 and 17 months, with forfeiture of assets.[1] The case is examined in full in Chapter VI of this part. For the family office regime its significance lay in a fact that emerged in Parliament: six single family office funds with tax incentives were linked to the convicted persons or their spouses.

In a reply of 2 July 2024, Gan Kim Yong explained that the tax benefits had been withdrawn from the financial year in which the owners or their spouses were charged or convicted. Benefits received earlier could not be clawed back unless the conditions had been breached, although the assets forfeited exceeded the tax benefits.[2] The episode showed the limits of the award as a control instrument. MAS could revoke a tax benefit. It could not undo the reputational damage of having granted it.

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On 4 July 2025 MAS imposed penalties totalling S$27.45 million on nine financial institutions for anti-money laundering breaches in connection with the case.[3] The penalties confirmed the logic of the framework. The banks that onboard family offices and their principals carry the first line of defence and bear the consequences when it fails.

The next test came in 2025. After the United States imposed sanctions on individuals linked to Prince Holdings, MAS identified two family office funds with tax incentives that were linked to the sanctioned individuals and ceased their incentives. In the same reply of 5 November 2025, Chee Hong Tat, Minister for National Development and Deputy Chairman of MAS, said that about 3 per cent of some 1,300 applications under sections 13O and 13U had been rejected over the previous three years. Fewer than 1 per cent of the tax-exempt family offices of that period had been linked to money laundering convictions. He described the approach of MAS as risk-proportionate.[4]

Screening and source of wealth

After the case, the application process for the tax incentive changed character. From 1 October 2024 applicants were reported to require a screening report on the family from one of a small number of approved providers, among them several large accounting firms. The questions on the source of wealth became more detailed. Reporting all citizenships, including past ones, became standard. MAS has stated that it screens applicants for adverse reports and for money laundering and terrorism financing risks, and that applicants must open accounts with Singapore financial institutions, which conduct their own due diligence.[5]

The immediate effect was a sharp slowdown. Processing times lengthened. Families who had moved staff to Singapore waited months for a decision while their bank accounts remained in onboarding. In July 2025 Chee Hong Tat, Deputy Chairman of MAS, announced that most applications would now be processed within three months, against close to twelve months at the height of the backlog. He added that the authorities were working with private banks to speed up account opening. On

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25 May 2026 the Private Banking Industry Group committed to reducing account-opening times for most clients to within one month by the end of 2026, compared with an industry median of five to six weeks.[6]

Parliament asks for numbers

The family office became a recurring subject of parliamentary questions. Members asked for the number of offices, their employment, their origin, their assets and the tax revenue forgone. The government answered the first questions and declined, in substance, to answer the others. In August 2026 a Nominated Member asked for the assets under management of approved offices by country of origin and for the number and size of pending applications. The reply gave the total number and the regional origin but no figure for assets.[7]

The reticence has reasons. Detailed figures by country could expose individual families in small source markets, while the award letters themselves are confidential. The absence of data nevertheless makes it difficult to assess whether the incentive pays for itself. Critics point to the tax forgone and to the effect of wealthy newcomers on property prices and public sentiment, a question that Chapter V of Part I examines. Supporters point to employment, spending and the business generated for the financial sector.

Governance risks inside the family office

Scrutiny after 2023 did not concern money laundering alone. The rapid growth of the sector brought inexperienced families into contact with advisers of varying quality. In March 2025 the founder of a family office went to court against four former employees and a British Virgin Islands company, alleging the misappropriation of some S$74 million discovered in December 2023.[8] The allegations had not been tried at the time of writing. The case prompted the parliamentary question of April 2025 mentioned above. It illustrates a point that MAS itself has made: since family offices are not regulated, the protection of the family depends on its own governance and controls.

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Calibration between attraction and integrity

The circular of 31 July 2026 shows that the pendulum has not swung only towards restriction. It gives family offices more time to hire their investment professionals, simplifies the testing of the minimum size to the point of application and the end of each period, and streamlines the spending and deployment conditions.[9] The circular followed a review announced in Parliament in October 2025, which aimed to reduce operational friction through simpler application documents and reporting and a wider range of eligible investments. MAS said at the time that it had observed no net outflow of family offices.[10] The licensing framework dropped the requirement of a legal opinion and lengthened the deadlines for filing. At the same time, the bank account condition now covers every office and every award, and the five-generation limit closes a route by which unrelated investors might have pooled their money.

The resulting regime combines generosity in substance with rigour in procedure. The tax benefit itself has not been reduced. The minimum sizes of S$20 million and S$50 million have stayed where they stood in 2023. The state has concentrated its effort on knowing who the families are, where their money comes from and which banks hold it. Chapter VI of this part draws the broader lesson of the 2023 case for onboarding and source-of-wealth checks. Chapter III of Part K compares Singapore's approach with that of its competitors.

Notes

1. Wikipedia, "2023 Singapore money laundering case" (accessed November 2026): arrests on 15 August 2023; about S$3 billion in assets; sentences of 13 to 17 months for the ten convicted, with forfeiture of assets. ↩
2. MAS, written reply by Gan Kim Yong to a parliamentary question by Usha Chandradas, Nominated Member of Parliament, 2 July 2024 (mas.gov.sg, "Written reply to Parliamentary Question on SFOs awarded tax benefits linked to money laundering case"): six SFO funds awarded tax incentives linked to individuals convicted in the case or their spouses; benefits withdrawn from the financial year in which the owners or their spouses were

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charged or convicted; no claw-back of earlier benefits unless the conditions were breached; forfeited assets far exceed any tax benefits accorded. ↩

3. Wikipedia, "2023 Singapore money laundering case" (accessed November 2026): on 4 July 2025 MAS imposed S$27.45 million in penalties on nine financial institutions for AML breaches related to the case. ↩
4. MAS, written reply by Chee Hong Tat, Minister for National Development and Deputy Chairman of MAS, on behalf of Gan Kim Yong, to parliamentary questions by Kenneth Tiong, He Ting Ru, Sylvia Lim, Louis Chua Kheng Wee and Abdul Muhaimin Abdul Malik, 5 November 2025 (mas.gov.sg, "Single Family Office tax incentive recipients following US sanctions on Prince Holdings"). ↩
5. Caproasia, 12 July 2025, as above, reporting that applications from 1 October 2024 require a screening report from one of six providers, including EY, KPMG, PwC and BDO Advisory; Caproasia, 18 October 2024, as above, reporting the parliamentary replies of 16 October 2024 on MAS screening of applicants and on accounts with Singapore financial institutions. ↩
6. Caproasia, "Singapore Tax Incentives (13O & 13U) Family Offices Application Wait Time Reduced from 12 Months to 3 Months …", 12 July 2025; Hubbis, "What Practitioners Should Know About Singapore's New 3-Month Family Office Tax Incentive Approval Regime" (hubbis.com, accessed November 2026): approvals "close to 12 months" in late 2023 and early 2024, target "within three months" subject to complete applications; Association of Banks in Singapore, media release "Singapore Private Banking Industry Group to Enhance Customer Onboarding Processes to Achieve Faster Account Opening Times", 25 May 2026. ↩
7. MAS, written reply of 5 August 2026 to Dr Neo Kok Beng, as above, which gives no AUM figure for SFOs and does not address pending applications. ↩
8. Caproasia, 12 July 2025, as above, reporting a lawsuit filed in March 2025 by the founder of a single family office against four former employees and a BVI company over the alleged misappropriation of S$74 million, discovered in December 2023. ↩

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9. MAS, FDD Cir 05/2026, para 1(b). ↩
10. MAS, written reply by Gan Kim Yong to a parliamentary question by He Ting Ru, 14 October 2025 (mas.gov.sg, "Written reply on family offices"). ↩

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