

Building your family  
business to last



## PRIVATE CLIENT SERVICES

THE POWER OF BEING UNDERSTOOD  
ASSURANCE | TAX | CONSULTING



At RSM, we will be your trusted advisors to look after **YOU**, your **FAMILY** and your **LEGACY**. Our aim is to build strong and long-term relationships with you and your family.

Our dedicated specialist team focuses on servicing business owners and families, protecting the interests of business founders or patriarchs, helping businesses to grow and preserve wealth through generations.



## OUR APPROACH

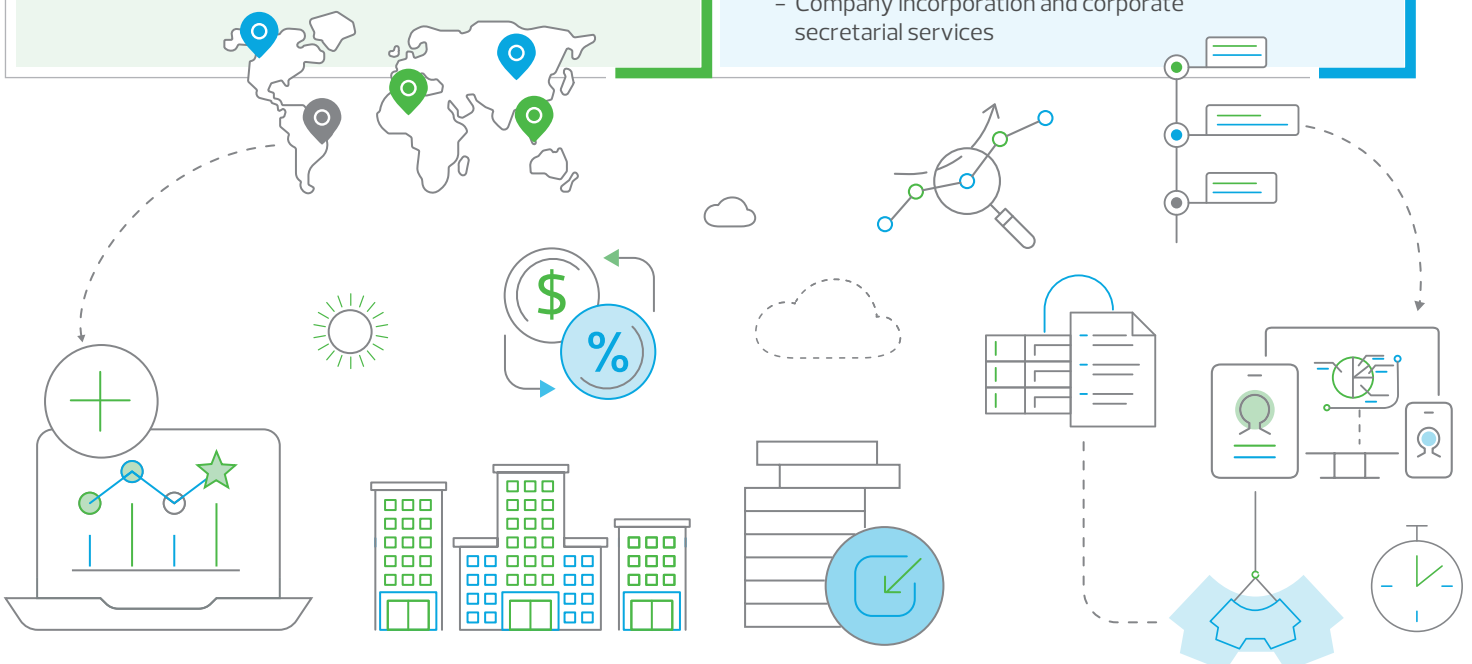


### Achieving your goals

- Create an organised structure to better manage wealth and prepare the transition to next generation
- Consolidate and move away from entities established in tax haven jurisdictions following the increased reporting and implementation of economic substance rules globally
- Establish a tax efficient wealth planning structure with the following advantages:
  - favourable tax regime for family offices
  - no dividend withholding tax
  - generally no capital gains tax
  - licence exemption for the conduct of fund management activity
  - fairly low individual tax rates
  - no estate duty, inheritance and gift taxes
- Establish and organise a structure to achieve the desired philanthropic activities

### Areas of our assistance

- Assist in developing a family office governance framework and addressing risk management concerns
- Advice on alignment of business interests among family members and the control of key businesses over generations
- Assist in your longer term plans such as initial public offering, mergers and acquisitions and business disposals
- Provide advice to next generation on ownership and leadership needs in preparation of their succession
- Advice on tax efficient family office structure setup to meet the family's needs and assist with MAS tax incentive application
- Assist with Employment Pass and/or Permanent Residence status application through the Global Investor Programme
- Assist in regulatory and annual compliance requirements:
  - FATCA and CRS filings
  - Annual tax return filings
  - Accounting and financial statement preparation
  - Company incorporation and corporate secretarial services





## SINGLE FAMILY OFFICE SETUP IN SINGAPORE

Updated conditions for section 130 and section 13U tax incentive schemes effective from 5 July 2023

	SECTION 130	SECTION 13U
Assets under Management ("AUM")	<ul style="list-style-type: none"> <li>Minimum AUM of SGD20 million in Designated Investments at the point of tax incentive application and throughout the incentive period</li> </ul>	<ul style="list-style-type: none"> <li>Minimum AUM of SGD50 million in Designated Investments at the point of tax incentive application and throughout the incentive period</li> </ul>
Investment Professionals ("IPs")	<ul style="list-style-type: none"> <li>Minimum of two IPs<sup>1</sup> to be employed by the Family Office, with at least one IP being a non-family member of the beneficial owner(s), at the point of application and throughout the incentive period</li> </ul>	<ul style="list-style-type: none"> <li>Minimum of three IPs<sup>1</sup> to be employed by the Family Office, with at least one IP being a non-family member of the beneficial owner(s), at the point of application and throughout the incentive period</li> </ul>
Spending Requirement	<ul style="list-style-type: none"> <li>A tiered spending requirement pegged to the AUM size applies to the Fund. Minimally SGD200,000 local business spending<sup>2</sup> must be incurred by the Fund in each basis period relating to any year of assessment</li> <li>For a Fund with AUM of SGD50 million or more, the spending requirement may be met in a combination of (a) minimum SGD200,000 local business spend, plus (b) eligible donations to local charities and/or (c) grants to blended finance structures with substantial involvement of financial institutions in Singapore [see Table A below for further details]</li> </ul>	
Capital Deployment Requirement ("CDR")	<p>The Fund must invest at least 10% of its AUM or SGD10 million, whichever is lower, in the following options:</p> <ol style="list-style-type: none"> <li>Equities, REITs, Business Trusts or ETFs listed on MAS-approved exchanges</li> <li>Qualifying Debt Securities</li> <li>Non-listed funds distributed by licensed financial institutions in Singapore</li> <li>Investments into non-listed Singapore-incorporated operating companies with operating businesses and with substantive presence in Singapore</li> <li>Climate-related investments</li> <li>Blended finance structures with substantial involvement of financial institutions in Singapore</li> </ol> <p>1.5 times or 2 times the amount invested in eligible investments will be recognised for the purpose of CDR computation [see Table B below for further details]</p>	
Private Banking Account	<ul style="list-style-type: none"> <li>The Fund must maintain a Private Banking Account with a MAS-licensed financial institution at the point of application and throughout the incentive period</li> </ul>	

**Table A – Spending Requirement**

TIERED SPENDING REQUIREMENT	AUM OF THE FUND AS AT THE END OF ITS FINANCIAL YEAR		
	Less than SGD50 million	SGD50 million to less than SGD100 million	SGD100 million or more
Spending requirement in each year of assessment	Local business spend of at least SGD200,000	Local business spend of at least SGD500,000	Local business spend of at least SGD1 million
Spending requirement may be met by	Minimum SGD200,000 local business spending	Minimum SGD200,000 local business spending + Eligible donations to local charities + Grants to blended finance structures [Recognised as two times the amount spent]	



## Table B – Capital Deployment Requirement

Investment into any of the following will be scaled up by a multiplier indicated, when computing if the CDR has been met.

Capital deployed in	Multiplier
<ul style="list-style-type: none"><li>Equities listed on MAS-approved exchanges</li><li>ETFs with primary mandates to invest in Singapore-listed equities on MAS-approved exchanges</li><li>Non-listed funds distributed in Singapore with primary mandates to invest in Singapore-listed equities on MAS-approved exchanges</li><li>Deeply concessional capital in blended finance structures with substantial involvement of financial institutions in Singapore</li></ul>	2 times
<ul style="list-style-type: none"><li>Concessional capital in blended finance structures with substantial involvement of financial institutions in Singapore</li></ul>	1.5 times

### Notes:

- Investment Professionals ("IPs") refer to portfolio managers, research analysts or traders who have relevant formal work experience or academic qualifications and earn more than SGD3,500 per month. Wealth creators who lack the relevant work experience or academic qualifications may still qualify as IPs if they can demonstrate having sufficient experience in managing their personal wealth.  
All IPs must be tax resident in Singapore and engage substantially in the qualifying activity. For wealth creators however they are allowed to spend time running the family business which they own. All other IPs may only hold non-executive roles outside their employment with the Family Office.
  - Local Business Spending are expenses paid to local entities. The expenses include but are not limited to remuneration, management fees, tax advisory fees and operating costs but exclude taxes, penalties or expenses relating to financing activities.
- If the approved section 130/13U Fund fails to satisfy the specified ongoing conditions for any basis period, it will not be able to enjoy the tax exemption on the specified income derived from Designated Investments for that basis period concerned. The tax exemption may be enjoyed in a subsequent period during the life of the Fund if the Fund is able to satisfy the specified conditions in that subsequent period.

## ABOUT US

RSM is the largest professional services firm outside the Big Four in Singapore, and the sixth largest globally.

We provide assurance, tax, advisory as well as business support services.

We focus on growing businesses, helping them to improve profits, enhance business value and internationalise.

## QUICK FACTS

 Serving businesses for over 35 years	 Over 1,200 professionals in Singapore, China & Malaysia	 Member of world's 6 <sup>th</sup> largest accounting & consulting network	 Ranked as a leading tax firm in Singapore by "World Tax" (a Euromoney publication)	 Presence in China (Shanghai, Beijing, Chengdu, Suzhou, Shenzhen, Hangzhou, Hong Kong)
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