



PORTCULLIS NOTICES

MCI (P) 070/07/2021

18 May 2022

FAMILY OFFICE UPDATE

We would like to inform you that on 11 April 2022, the Monetary Authority of Singapore ("MAS") announced that the application criteria for the incentives schemes under sections 13O (previously section 13R) and 13U (previously section 13X) of the Income Tax Act 1947 would be updated for fund vehicles managed or advised directly by a family office which: (i) is an exempt fund management company who manages assets for or on behalf of the family(ies) and (ii) is wholly owned or controlled by members of the same family(ies).

The application process and conditions for (i) funds set up by other applicants and (ii) applications by family offices which have submitted preliminary information before 18 April 2022 and with correspondences with the MAS in the last 6 months will not be subject to the updated conditions.

Updated Conditions for s13O Tax Incentive Scheme

The updated conditions for section 13O are as follows:

1. The fund must have a minimum fund size of S\$10 million at the point of application and commit to increasing its minimum asset under management ("AUM") to S\$20 million within a 2-year grace period.
2. The family office managing or advising the fund must employ at least two investment professionals. If the family office is unable to employ two investment professionals at the point of application, the fund would be given a one-year grace period to employ the second investment professional.
3. The fund must incur at least S\$200,000 in total business spending in each basis period relating to any year of assessment, subject to the tiered business spending framework set out in the table below.



PORTCULLIS GROUP

6 Temasek Boulevard
Suntec Tower Four #09-05
Singapore 038986
Tel: +65 6496 0496
+65 6836 9555
Info.Singapore@portcullis.co
www.portcullis.co

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4. The fund managed by the family office will invest at least 10% of its AUM or S\$10 million, whichever is lower, in local investments at any one point in time. In the event that the fund is unable to invest at least 10% of its AUM or S\$10 million, whichever is lower, in local investments by the point of application, the fund would be given a one-year grace period to do so. Local investments may include: (i) equities listed on Singapore-licensed exchanges, (ii) qualifying debt securities, (iii) funds distributed by Singapore-licensed/registered fund managers, (iv) private equity investments into non-listed Singapore-incorporated companies (e.g., start-ups) with operating business(es) in Singapore.

Updated Conditions for s13U Tax Incentive Scheme

The updated conditions for s13U are as follows:

1. The fund has a minimum fund size of S\$50 million at the point of application.
2. The fund is managed or advised directly throughout each basis period relating to any year of assessment by a family office in Singapore, where the family office employs at least three investment professionals with at least one investment professional being a non-family member. In the event that the family office is unable to employ one non-family member as an investment professional by the point of application, the fund would be given a one-year grace period to do so.
3. The fund will incur at least S\$500,000 in local business spending in each basis period relating to any year of assessment, subject to the tiered business spending framework that is set out in the table below.



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Tiered business spending framework

	Minimum Total Business Spending	Minimum Local Business Spending
AUM range	130	13U
AUM < S\$50 million	S\$200,000	S\$500,000
S\$50 million ≤ AUM < S\$100 million	S\$500,000	
AUM ≥ S\$100 million	S\$1 million	

Please do not hesitate to contact your relationship manager on the above matters if you have any queries.

Thank you for your attention to these matters.

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