

A photograph of the Singapore skyline at night, featuring numerous illuminated skyscrapers and buildings along the waterfront. The lights are reflected in the water. A large orange circle is overlaid on the left side of the image, containing the text.

## SINGAPORE UPDATES

*Recent changes to MAS family office incentives and brief recap of GST and Stamp Duty issues of interest*

6 December 2022

withersworldwide  
The law firm for success

# Introduction to Withers

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Since 1896 we have been trusted advisors to businesses with complex legal needs, in good times and bad.

We champion our clients' interests, locally and globally, from offices across the US, Europe and Asia-Pacific.

We are proud to help many of our clients use their success to make the world a better place.

The law firm for success.

1896  
Founded

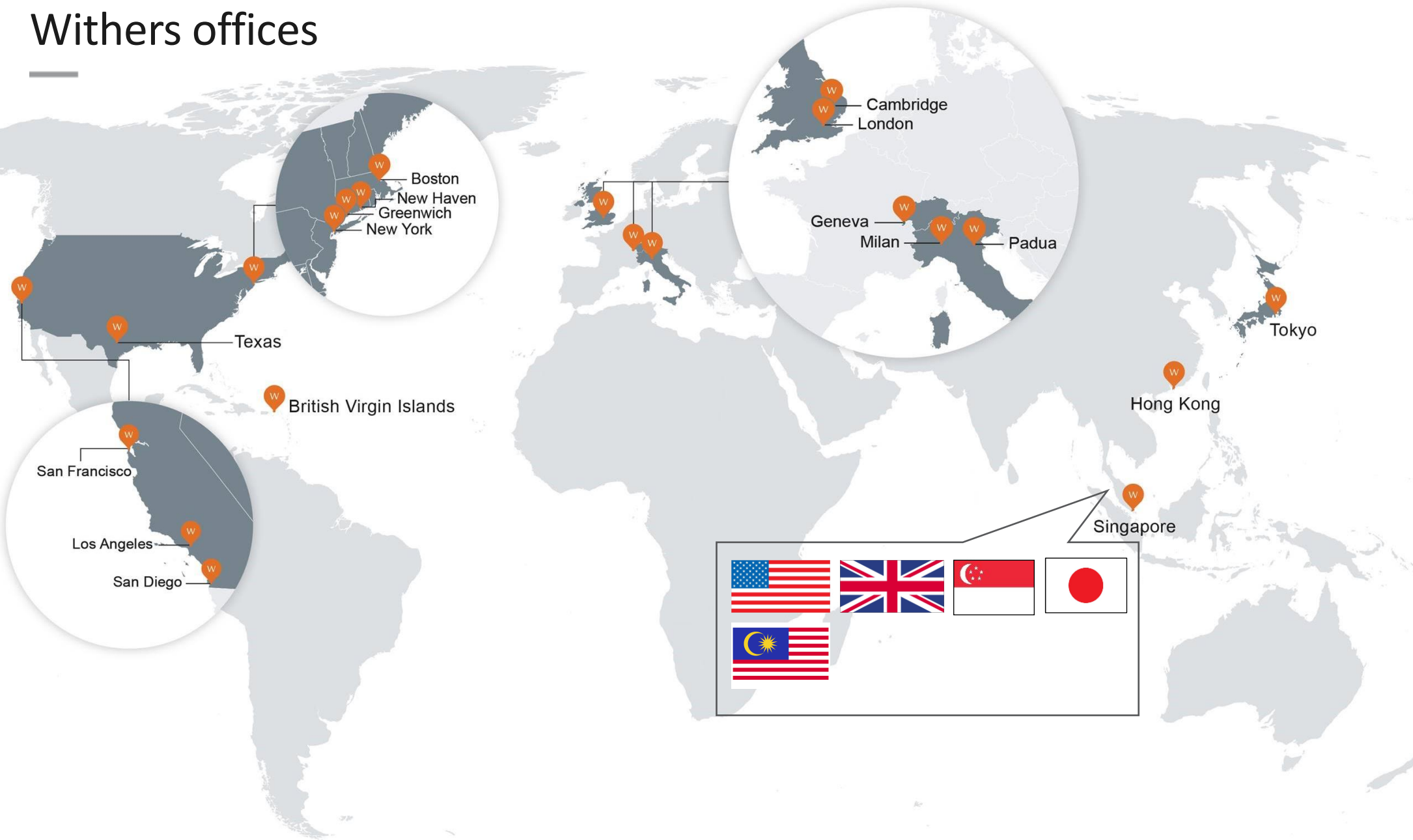
1100+  
People

17  
Offices

65  
Languages



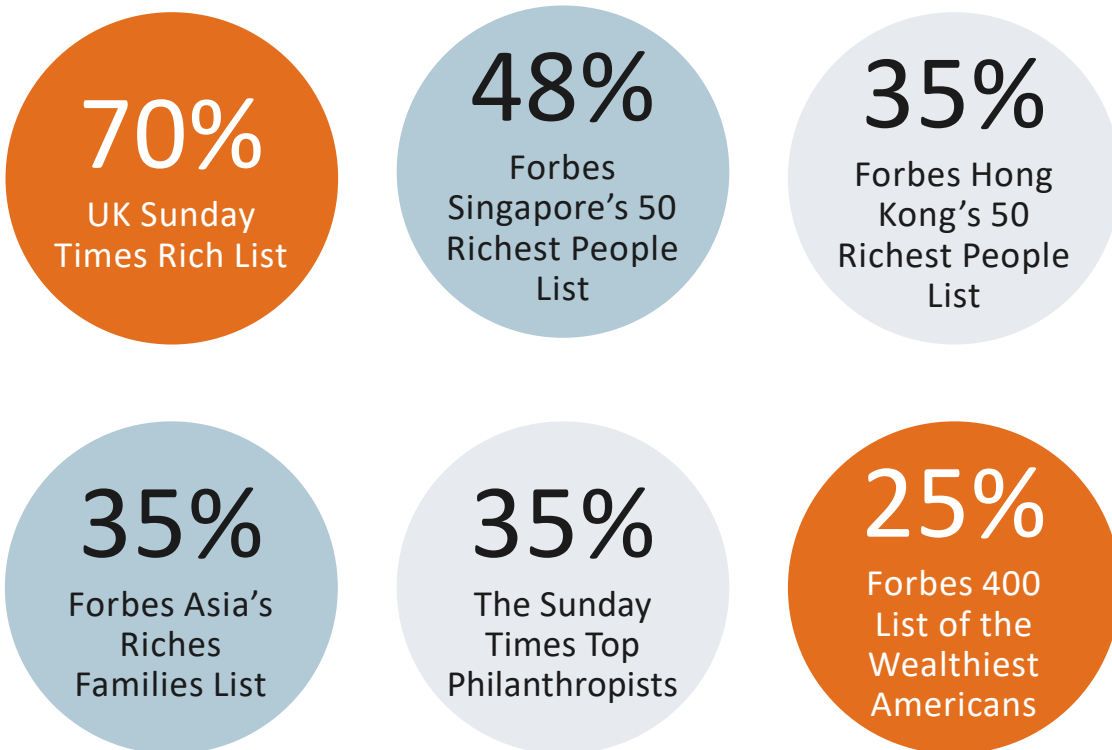
# Withers offices



# International private clients

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Our clients include:



Since 1896 we have been trusted advisors to successful people and businesses with complex legal needs.

We champion our clients' interests, locally and globally, from offices across the US, Europe and Asia-Pacific.



"The firm is excellent... It is a full-service firm, so they have lawyers who can advise on all the various areas of law. Our clients can come with a whole bag of problems and need a variety of advice, so we can really tap into the expertise of different partners."

Testimonial from a wealth professional  
in Chambers HNW

# Singapore Tax

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## 1. Income Tax

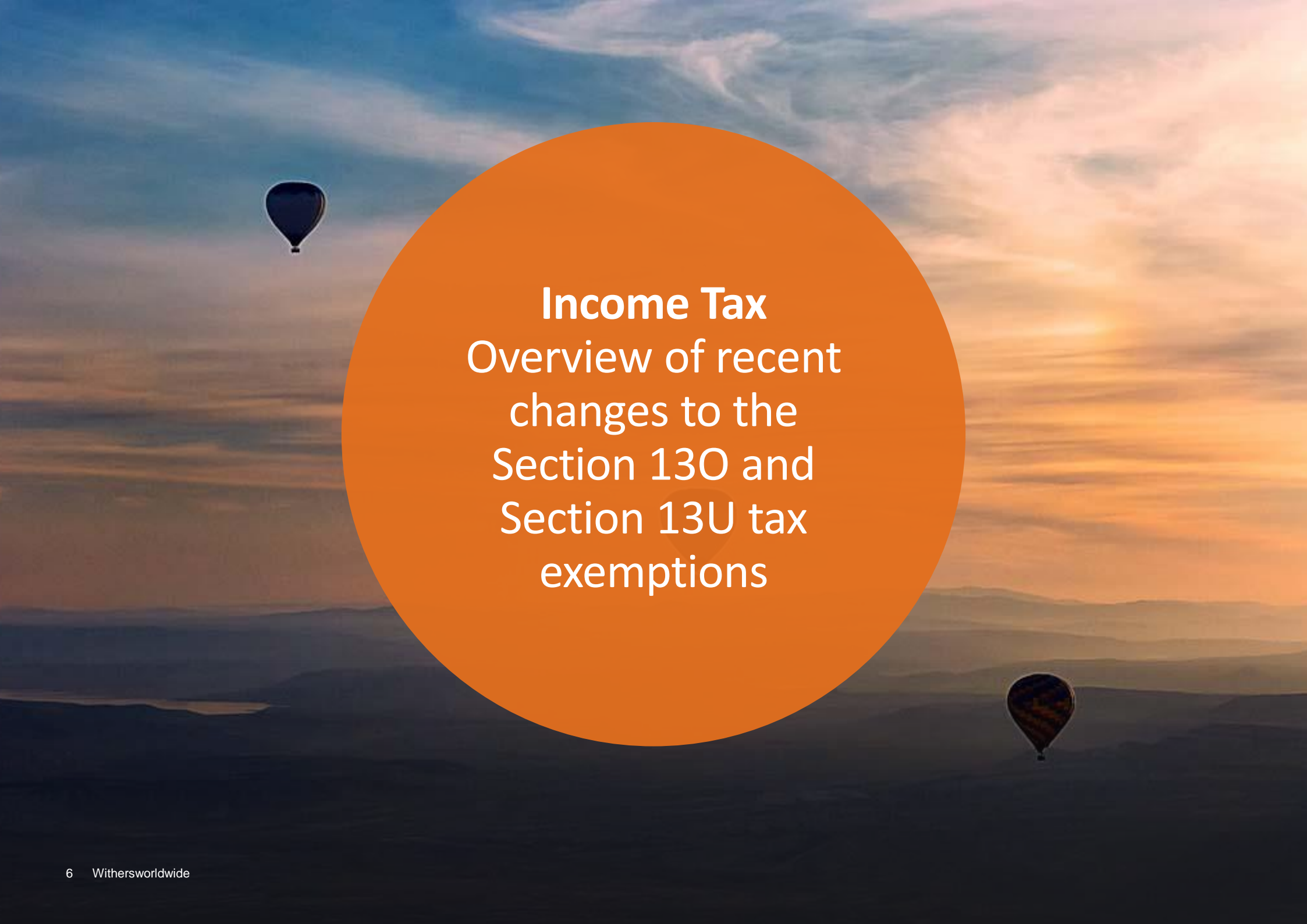
Overview of recent changes to the Section 13O and Section 13U tax exemptions **including MAS' most recent guidance on 1 December 2022**

## 2. GST

Brief recap of GST issues of interest including the Overseas Vendor Registration Regime

## 3. Stamp Duty

Brief recap of stamp duty issues for purchasing Singapore residential property under a trust

The background of the slide is a scenic photograph of a sunset or sunrise over a valley. The sky is filled with soft, wispy clouds in shades of blue, orange, and yellow. Two hot air balloons are visible: one in the upper left and another in the lower right. A large, solid orange circle is centered on the slide, containing the title and subtitle text in white.

# **Income Tax**

## Overview of recent changes to the Section 130 and Section 13U tax exemptions

# Singapore's Ultra-Wealthy Population Will Likely Grow by About 300 Per Cent by 2026

Writings by CAMILLIA DASS | March 10, 2022



## How Singapore is Becoming Asia's Family Office Hub

Family Offices (FOs) are shaping the region: here's why Singapore continues to be the first choice for families

18 Feb 2022 • 6 min read

## Singapore family office scene set to soar in sophistication

Private capital markets, sustainable investing, and philanthropy are key trends to watch in the industry

Faye Ong

WED, AUG 24, 2022 - 05:50 AM

UPDATED WED, AUG 24, 2022 - 7:12 AM

## Singapore's ultra-wealthy population expected to grow by almost 300 per cent by 2026

According to a new report by Knight Frank, Singapore's population of ultra-high-net-worth individuals (UHNWIs), defined as those with net assets of US\$30 million (S\$40.7 million) or more, is set to increase by 268 per cent by 2026.

## Singapore millionaires surge to 526,000; ultra-wealthy up 8.6% to 4,200

Ultra-rich - those with at least US\$30 million - expected to jump further 43% to almost 6,000 by 2026

TUE, MAR 01, 2022 - 08:00 AM | UPDATED WED, MAR 02, 2022 - 8:38 AM

# Updates relating to the Section 130/U Schemes

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1. The tightened qualifying conditions introduced from 18 April 2022
2. Expanding the threshold for including trading in physical investment precious metals
3. **The latest MAS clarifications announced on 1 December 2022!**

# Tightened conditions to the Section 13O/U Schemes

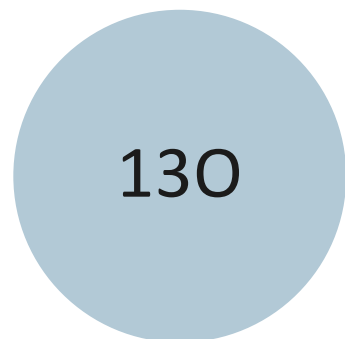
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1. Minimum AUM of the applicant fund entity
2. Minimum number of investment professionals hired by the exempt fund manager
3. Minimum business spending of the applicant fund entity
4. Local investments

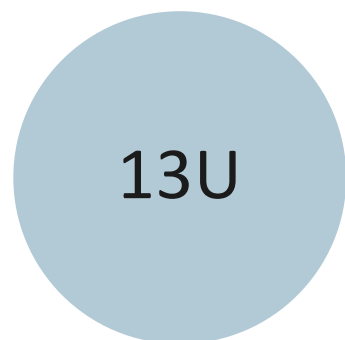
# Minimum AUM

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Pre-18 April 2022



No minimum



**S\$50m** at the point of application

From 18 April 2022



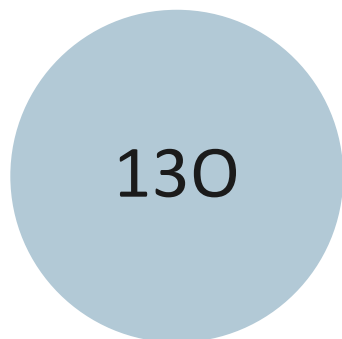
Minimum **S\$10m net AUM** at the point of application and must commit to increasing net AUM to **S\$20m** within a 2-year grace period.



**S\$50m net AUM** at the point of application

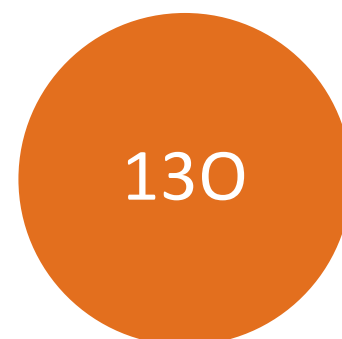
# Minimum Investment Professionals Hires

Pre-18 April 2022



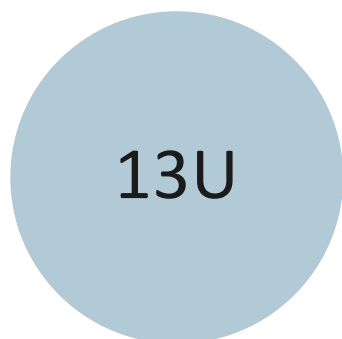
No prescribed minimum

From 18 April 2022



SFO must employ at least **2 IPs**.

If the SFO is unable to employ 2 IPs by the point of application, the Fund would be given a 1-year grace period to do so.



At least **3** IPs at the point of application

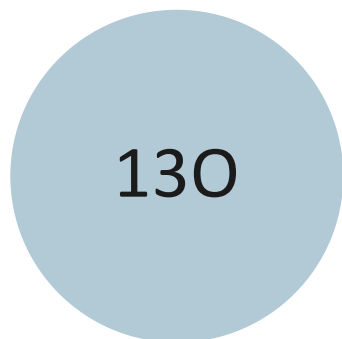


At least **3 IPs**, at least **1 of whom must be a non-family member**.

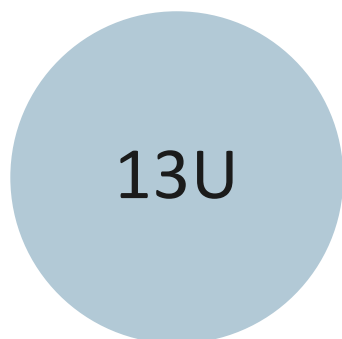
If the SFO is unable to employ 1 non-family member IP by the point of application, the Fund would be given a 1-year grace period to do so.

# Minimum Business Spending

Pre-18 April 2022



At least S\$200,000 in total business spending per annum.



Minimum S\$200,000 in total **local** business spending per annum.

From 18 April 2022



Minimum total business spending (per annum):

- **AUM < S\$50m: S\$200,000**
- **For AUM ≤ S\$50m but < S\$100m: S\$500,000**
- **For AUM ≤ S\$100m: S\$1m**

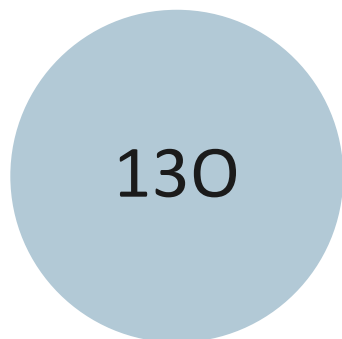


Minimum total **local** business spending (per annum):

- **For AUM ≤ S\$50m but < S\$100m: S\$500,000**
- **For AUM ≤ S\$100m: S\$1m**

# Minimum Local Investments

Pre-18 April 2022



No requirement



From 18 April 2022



Must invest in local investments comprising at least **10% of the Fund's AUM or S\$10m**, whichever is lower.

1-year grace period available.



"**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.**

# Refinement of the list of specified income from designated investments – Physical Investment Precious Metals (“IPMs”)

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Pre-19 February 2022	From 19 February 2022
<p>Allowed if:</p> <ul style="list-style-type: none"><li>• Trading of IPMs was done <b>in connection with and is incidental to</b> the trading of commodity derivatives; and</li><li>• Trade volume of such physical commodities is <b>capped at 15% of the total trade volume</b> of those physical commodities and related commodity derivatives.</li></ul>	<p>Allowed so long as:</p> <ul style="list-style-type: none"><li>• Investment in IPMs is <b>capped at 5% of the total investment portfolio</b> held by the fund entity during the incentive period of the fund tax exemption award.</li></ul>

# 1 December 2022 MAS Updated Guidance

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- Timing for the funding of the section 13O fund applicant – the availability / scope of the warehousing exception for family office funds.
- Whether operating businesses related to the UBO can be included for the purposes of meeting the “Local Investments” criteria.
- Requirement to maintain AUM and prescribed computation for annual declaration purposes.
- Primacy of SFO in relation of sub-delegation investment management arrangements



# **GST**

Brief recap of points  
of interest including  
the Overseas  
Vendor Regime

# The Overseas Vendor Registration Regime

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- Implemented 1 January 2020
- Purpose to achieve parity in GST treatment for all services consumed in Singapore (whether procured locally or overseas)
- An overseas supplier is required to register for GST if it:
  - has an annual global turnover exceeding S\$1 million; and
  - makes business-to-customer ('**B2C**') supplies (i.e. transactions made to non-GST registered customers, which includes non-GST registered individuals and businesses) of digital services to customers in Singapore **exceeding S\$100,000**.

# The Overseas Vendor Registration Regime

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- The OVR regime will expand significantly from **1 January 2023**, where **all B2C supplies of imported remote services**, whether digital or non-digital, will be taxed via the OVR regime.
- "Remote services" refers to any services where, at the time of performance of the services, there is no necessary connection between the physical location of the recipient and the place of physical performance. **This would include professional services** (e.g. investment advisory, brokerage services, legal, tax and accounting services etc).
- There are remote services that are excluded from the scope of the OVR regime.



## **Stamp Duty**

Brief recap of stamp  
duty issues for  
purchasing Singapore  
residential property  
under a trust

# ABSD (Trust)

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- Implemented 9 May 2022
- Applies to any transfer of residential property into a living trust
- 35% ABSD (Trust) is in addition BSD.
- Refund available if all conditions are met. (Remission application)
  - Must be held for “**identifiable individual beneficiaries**” only
  - ABSD (Trust) was duly paid.
  - Remission application submitted **within 6 months** from date of execution of instrument.
- An **identifiable individual beneficiary of a trust** for whom an estate or interest in residential property is held on trust, is an individual –
  - a. who is identified in the declaration of trust as a beneficiary of the property whether solely or together with another; and
  - b. who, because of the trust, **has beneficial ownership** of the property (whether solely or together with another) **that is not, under the terms of the trust, revocable, variable, or subject to any condition subsequent**,  
  
but excludes an individual who is entitled to any estate or interest in property in remainder or reversion”

# Thank you!

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