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## FAMILY OFFICES IN SINGAPORE

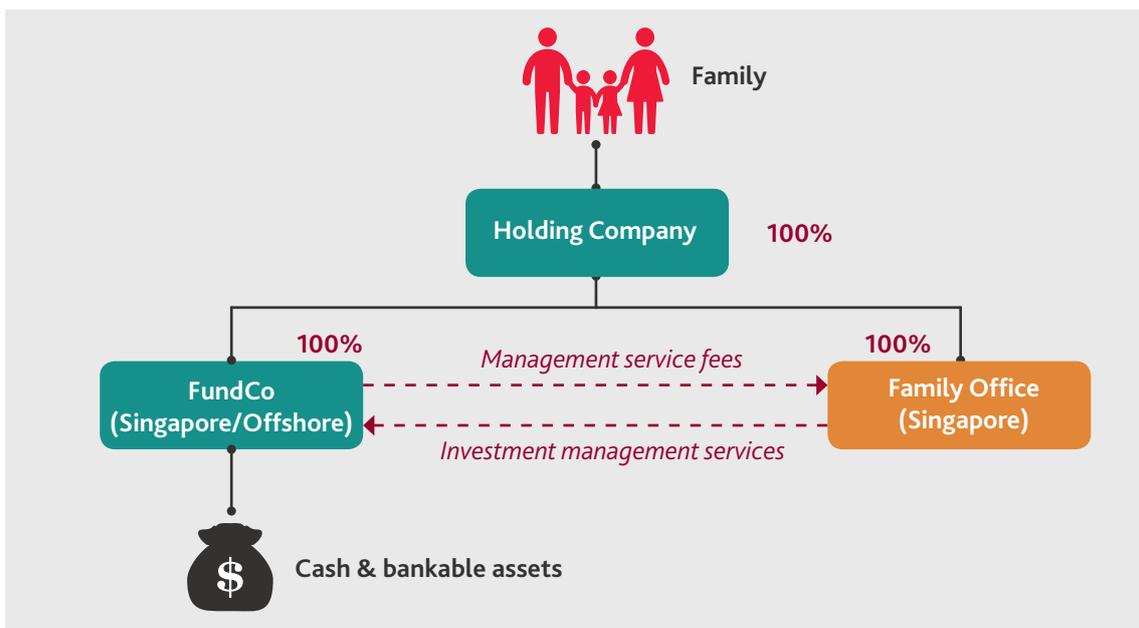
### FAMILY OFFICES IN SINGAPORE

Many Asian high net worth families are transitioning into the next generation. As such, there is growing demand from these families to put a proper structure in place to manage the family's wealth. Family offices are becoming an increasingly popular arrangement to meet these demands.

Family offices are typically entities that conduct the day-to-day management and administration of the assets of high net worth families. Family offices may be set up for various reasons, including the facilitation of the training of the next generation to manage the family's wealth and succession planning.

Singapore is a popular location for family offices, especially those with significant assets. Family offices in Singapore have had average assets under management of US\$857 million in 2017, almost double the Asia-Pacific average of US\$445 million, according to a survey conducted on 262 family offices in a UBS/Campden Wealth report.

#### TYPICAL FAMILY OFFICE STRUCTURE



One reason for this popularity is Singapore's willingness to introduce policies promoting the family office sector which attracts families to use it as a base to manage their investments globally.

The tax incentive schemes which make it tax efficient for families to manage their wealth through a Singapore family office are of particular interest. These tax incentive schemes, which may reduce tax on investment gains to zero, include:

1. Onshore Fund Tax Incentive Scheme (Section 13R);
2. Offshore Fund Tax Incentive Scheme (Section 13CA); and
3. Enhanced-Tier Fund Tax Incentive Scheme (Section 13X).

These schemes provide families with various options with regard to the location (i.e. Singapore or offshore) and the type of vehicle (e.g. a company, trust, or Singapore Variable Capital Company (S-VACC)) for their fund structures.

With the increasing scrutiny by the tax authorities on the use of tax havens and offshore entities to hold assets, these schemes offer a viable alternative for high net worth families keen to ensure that their assets are held in tax compliant and tax efficient structures.

Setting up the family office in Singapore helps achieve tax efficiency for the investment portfolio while avoiding the scrutiny that may arise from the use of jurisdictions that may be seen as tax havens.

The Singapore government also exempts the single family offices from licensing requirements, unlike other financial centres in the world (e.g. Hong Kong and Dubai) where licensing is mandatory.

There are also strong non-tax reasons that make Singapore a conducive place to set up a family office. Singapore's strategic location in Asia, as well as its well-established financial sector with a strong rule of law, stable political environment and economy and high standard of living means that it makes sense for family members to base and carry out their operations in Singapore.

## HOW WE CAN HELP

At BDO, we have the expertise and experience in a broad range of services relating to family offices including efficient tax planning, setting up family offices, incentive applications and ongoing tax filings. Please feel free to contact us and let us know how we can assist you.

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