

Updates to Singapore Funds Tax Incentive Schemes

Key takeaways
Irrelevant to Single Family Offices

8 Oct 24



Snapshot

1 13 O/U/D schemes **extended** until 2029

- **Income tax** exemption, associated **GST & WHT** benefits **extended** until 31st Dec 2029

2 Existing schemes' rules **amended**

- **Industry feedback** integration led to schemes **improvement** i.e. increased **clarity** and **flexibility**
- OECD-inspired **substance requirements** led to **new economic conditions** esp. **increased requirements for 130**

3 New 13 OA scheme

- Dedicated to funds structured as **SG limited partnership**



New **economic conditions** applicable to 130/OA & 13U

	NEW rules	Current rules
AUM	<ul style="list-style-type: none">• AUM is defined as the amounts invested in designated investments (i.e. asset classes in-scope of exemption schemes)• Min. AUM to be met at the time of application and at FYE	<ul style="list-style-type: none">• AUM = NAV• 13U: AUM min. test at application time
Annual min. business spending conditions	<ul style="list-style-type: none">• Same rules for 130/OA and 13U• Amount is AUM-based: from 200 k (AUM < 250 m) to 500 k (AUM > 2 billion)	<ul style="list-style-type: none">• <i>Local</i> spending required for 13U, unlike for 130• Flat amount (200k)



Other new rules applicable to 130/OA & 13U

	NEW rules	Current rules
Close-end fund regime	<ul style="list-style-type: none">• Flexibility re. meeting economic conditions:<ul style="list-style-type: none">☐ Min. AUM waived after 5th year☐ Min. spending conditions (i) to be met on a cumulative basis and (ii) waived after 10th year• Voluntary and irrevocable election	<ul style="list-style-type: none">• N/A
Investment strategy conditions	<ul style="list-style-type: none">• The fund only needs to operate within the scope of the strategy defined in its documentation (PPM, IMA...)• MAS to be notified of investment strategy changes	<ul style="list-style-type: none">• Fund needs to comply with a MAS-approved investment strategy



13U specific new rules

Clarified (less stringent) economic conditions: *Fund, Feeders and SPVs to be considered together*

- **Minimum AUM** and **spending conditions** are to be **computed on a consolidated basis**
- *In other words, a **fund**, its **SPVs** and **feeders** are **considered as one single entity or group** for the purpose of meeting these conditions*



130 specific new rules

More stringent economic conditions

- **AUM SGD 5m** minimum
- At least **2 investment professionals** shall be employed by the fund management company

The fund no longer needs to be a new company

- The fund can **deploy cash before filing** the application
- *No longer needed to rely on exceptions (e.g. warehousing of investments)*



130A

New incentive scheme applicable to Singapore limited partnerships

- **130A is derived from 130:** the **economic conditions** of both schemes are the **same**
- **Reminder:** *SG LPs are look-through vehicles for the purpose of SG income tax - i.e. 130A results in the exemption of Singapore income tax for limited partners of the LP*



13D specific new rules

More stringent economic conditions

- At least **1 investment professional** shall be employed by the fund management company
- *Such requirement will be self-assessed by the fund*



Timeline



New rules will apply from **1st Jan 2025**
to existing and new awards



Grace periods apply
allowing a gradual enforcement of
new rules until 2027



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