

# Updated Conditions: Tax Incentive for Single Family Offices

## OVERVIEW

Effective from 5 July 2023, MAS has introduced revised conditions for Single-Family Offices (SFOs) interested in applying for the 130/13U tax incentive schemes. The goal of these updated measures is to motivate SFOs to deploy their capital in a more purposeful manner, thereby fostering a purpose-driven approach that enhances the wealth management industry.



### Update (1) – Assets under Management

Section	Previously	Update
130	S\$10 million AUM at point of application, with grace period of 2 years to increase AUM to S\$20 million	Removal of grace period – S\$20 million AUM throughout the incentive period

There is no change to the 13U tax incentive scheme, the required AUM remains at S\$50 million throughout the incentive period. MAS has also clarified that the minimum AUM has to be deployed in Designated Investments as per the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010.



### Update (2) – Investment Professionals (IPs)

Section	Previously	Update
130	<ul style="list-style-type: none"> <li>Minimum of 2 IPs</li> <li>1 year grace period to employ second IP</li> </ul>	<ul style="list-style-type: none"> <li>Removal of grace period</li> <li>At least one IP cannot be a family member of the beneficial owner(s) of the family office</li> </ul>
13U	<ul style="list-style-type: none"> <li>Minimum 3 IPs with at least one who is not a family member of the beneficial owner(s) of the family office</li> <li>1 year grace period to employ the non-family member IP</li> </ul>	<ul style="list-style-type: none"> <li>Removal of grace period</li> </ul>



### Update (3) – Minimum Spending Requirement

The implementation of a new minimum spending requirement marks significant changes to both the 130 and 13U tax incentive schemes. Previously, these schemes were distinguished between total business spending and local business spending. However, the new framework unifies these conditions into a streamlined, tiered approach. Notably, the updated conditions introduce flexibility by permitting eligible donations to local charities and grants to blended finance structures with substantial involvement of financial institutions in Singapore to fulfil the criteria.

	AUM		
	AUM < S\$50 million	S\$50 million ≤ AUM < S\$100 million	AUM ≥ S\$100 million
<b>Applicable Scheme</b>	130	130/13U	130/13U
<b>Spending Requirement in each YA</b>	≥ S\$200,000	≥ S\$500,000	≥ S\$1 million
<b>Spending Requirement may be met by</b>	Minimum S\$200,000 Local Business Spending	Minimum S\$200,000 Local Business Spending + Eligible donations to local charities + Grants to Blended Finance Structures (recognised as 2x spending)	Minimum S\$200,000 Local Business Spending + Eligible donations to local charities + Grants to Blended Finance Structures (recognised as 2x spending)



#### Update (4) – Capital Deployment Requirement (CDR)

The CDR overrides the previous local investment requirement. While the quantum of S\$10 million or 10% of AUM (whichever is lower) remains the same, MAS has expanded the list of qualifying investments.

- Equities, REITs, Business Trusts, or ETFs listed on MAS-approved exchanges
- Qualifying debt securities
- Non-listed funds distributed by licensed financial institutions in Singapore
- Investments into non-listed Singapore-incorporated companies with operating business and with substantive presence in Singapore
- Climate-related investments
- Blended finance structures with substantial involvement of financial institutions in Singapore

In addition, certain eligible investments will be scaled by a multiplier when computing the CDR.

<b>2x multiplier</b>	<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 by licensed financial institutions 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>
<b>1.5x multiplier</b>	<ul style="list-style-type: none"> <li>• Concessional capital in blended finance structures with substantial involvement of financial institutions in Singapore</li> </ul>

- *Concessional capital*: financing where the financier accepts a lower rate of return or higher risk than that which the borrower ordinarily has to offer to financiers seeking commercial risk-adjusted rate of return
- *Deeply concessional capital*: capital that (i) has zero income earned on the investment; or (ii) bears first loss before any other equity and earns lower return than any other equity or debt

**AT A GLANCE:  
Summary of 130/13U conditions specific to SFOs**

	130	13U
<b>Form of Fund Entity</b>	Company incorporated in Singapore	No restrictions
<b>AUM</b>	Minimum S\$20 million in Designated Investments at point of application and throughout the incentive period	Minimum S\$50 million in Designated Investments at point of application and throughout the incentive period
<b>Investment Professionals (IPs)</b>	Minimum 2 IPs, of whom at least one is not a family member of the beneficial owner(s) at point of application and throughout the incentive period	Minimum 3 IPs, of whom at least one is not a family member of the beneficial owner(s) at point of application and throughout the incentive period
<b>Tiered Business Spending Framework</b>		
<b>AUM &lt; S\$50 million</b>	≥ S\$200,000	
	<i>Minimum S\$200,000 Local Business Spending</i>	
<b>S\$50 million ≤ AUM &lt; S\$100 million</b>	≥ S\$500,000	
	<i>Minimum S\$200,000 Local Business Spending + Eligible donations to local charities + Grants to Blended Finance Structures (recognised as 2x spending)</i>	
<b>AUM ≥ S\$100 million</b>	≥ S\$1 million	
	<i>Minimum S\$200,000 Local Business Spending + Eligible donations to local charities + Grants to Blended Finance Structures (recognised as 2x spending)</i>	
<b>Capital Deployment Requirement (CDR)</b>	Invest S\$10 million or 10% of AUM (whichever is lower) in qualifying investments <ul 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 companies with operating business 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> </ul> 1.5x or 2x amount invested in eligible investments recognised for Capital Deployment Requirement computation	
<b>Private Banking Account</b>	The Fund must have a private banking account with a MAS-licensed financial institution at the point of application and throughout the incentive period	
<b>Fund Manager</b>	Singapore-based and holding CMS license, unless exempted	





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