



Singapore Variable Capital Company (VCC) – At a glance

The launch of VCC framework in Singapore, finally addresses the shortcomings of the traditional corporate fund structure allowing greater ease of entry and exit to investors while providing privacy, tax exemptions and other advantages. VCC framework truly gears up the asset management industry, hitherto setting up funds mostly overseas.

Key features of VCCs

Legal Structure: Corporate entity incorporated under VCC Act; VCC is administered by ACRA and managed by a fund manager regulated by the MAS

Two types of VCC: Standalone and Umbrella

Capital repatriation: Redemptions at NAV/ dividends freely allowed out of capital

Investor privacy: No public access to financial statements and investor details

Key features of umbrella VCC

1 Economies of scale: Setting up an umbrella VCC with multiple sub-funds brings operational and tax efficiencies

2 Ring fencing: Assets and liabilities of each sub-fund are segregated. VCC Act voids any other arrangements inconsistent with segregation

3 Set up: Possible to set-up a VCC with single sub-fund and add further sub-funds later

Corporate Secretarial Aspects



Accounting Aspects

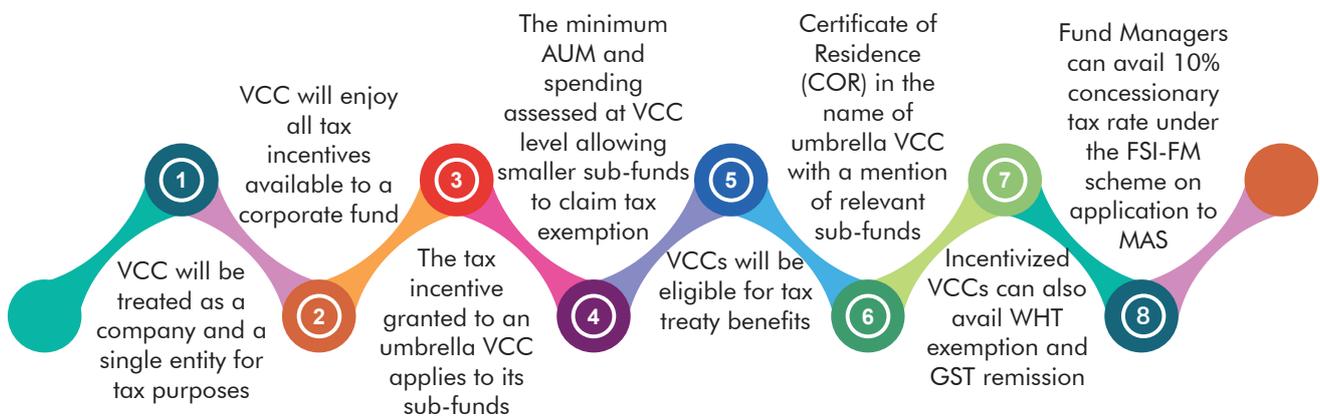


Tax regime

Available tax incentive schemes for corporate funds in Singapore:

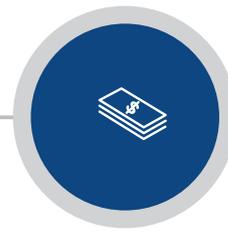
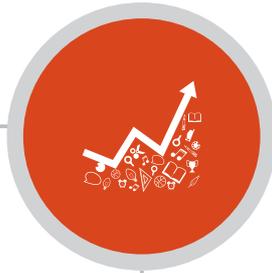
The Enhanced-Tier Fund Scheme (ETF) and Resident Fund Scheme (SRF) schemes provide tax exemption of 'specified income' from 'designated Investments'.

| | SRF under Section 13R | ETF under Section 13X | |
|-------------------------|--|--|-------------------------|
| Applicable for | Singapore resident funds (incorporated as a company in Singapore) | Singapore or Non-Singapore funds (corporate / non-corporate) | Applicable for |
| Fund investors | Financial penalty on Singapore based non-individuals investing above a certain percentage (30% / 50%) in the fund | No such condition | Fund investors |
| Minimum AUM requirement | None | At least SGD 50 million at the point of application | Minimum AUM requirement |
| Minimum spending | Must incur at least S\$200,000 expenses (including management fees, remuneration and other operating costs) annually | Must incur at least S\$200,000 expenses (including management fees, remuneration and other operating costs) annually, that will be paid to Singapore residents | Minimum spending |



What can VCC be used for?

For both traditional and alternative fund strategies (both open-ended and close-ended)



For pooling and investing funds



For re-domiciling the funds from non-treaty jurisdictions

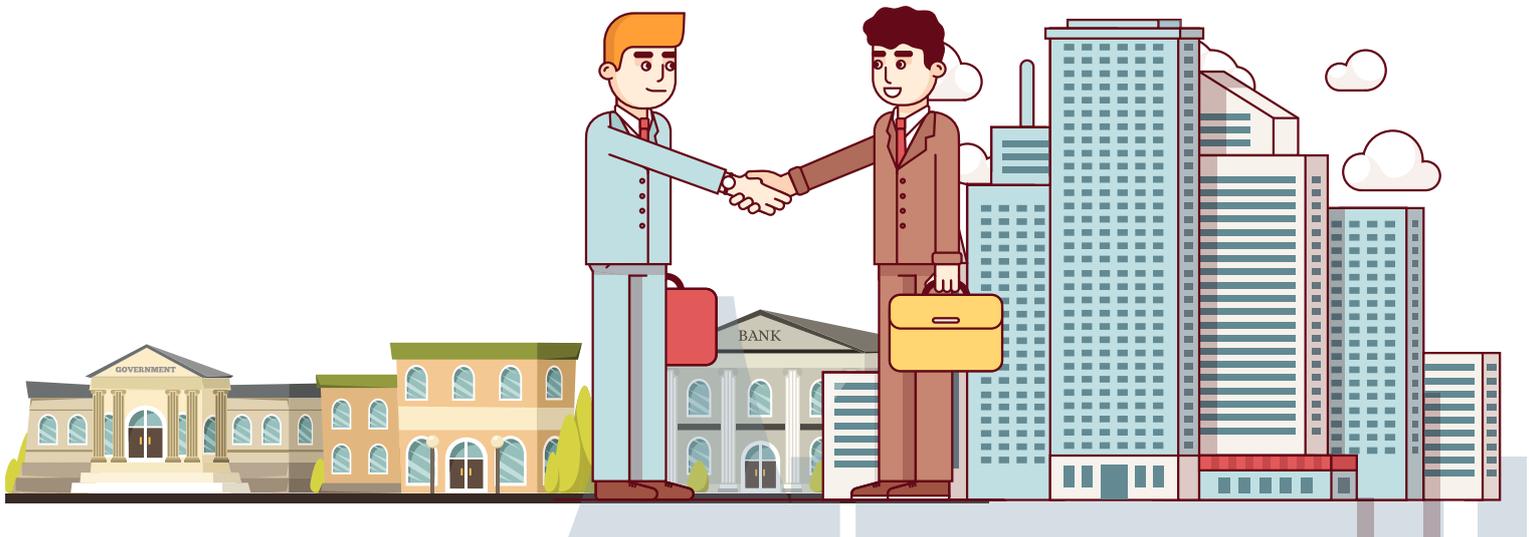
VCC Grant Scheme (launched on 15th Jan 2020)

Eligibility

Application can be made within 3 months of registration of VCC in Singapore

Covers up to 70% of qualifying expenses, capped at SGD 150,000 per VCC

One fund manager can avail grant for maximum 3 VCCs



Expenses qualifying for grant

Tax advisory fees in relation to VCC set up

Corporate secretarial cost for set up

Regulatory compliance matters for set up phase

Tax incentive application fees

Legal documentation preparation for VCC





How can Dhruva help?

Advise you on fund management and VCC structure

1

Incorporate / re-domicile your VCC

2

Assist you in applying for MAS grant scheme

3

Draft relevant statutory documents

4

Assist you in applying for relevant (13R/13X) tax incentives to MAS

5

6

Assist you in obtaining COR from IRAS

7

Act as your Company Secretary

8

Assist you with tax compliance

9

Assist you in setting up and licensing of fund managers

10

Coordinate appointment of external facilitators (e.g. auditors, fund administrators, etc.)



VCC structure can have wide usage for various fund and wealth management needs, please contact us for further discussion:

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About Dhruva

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