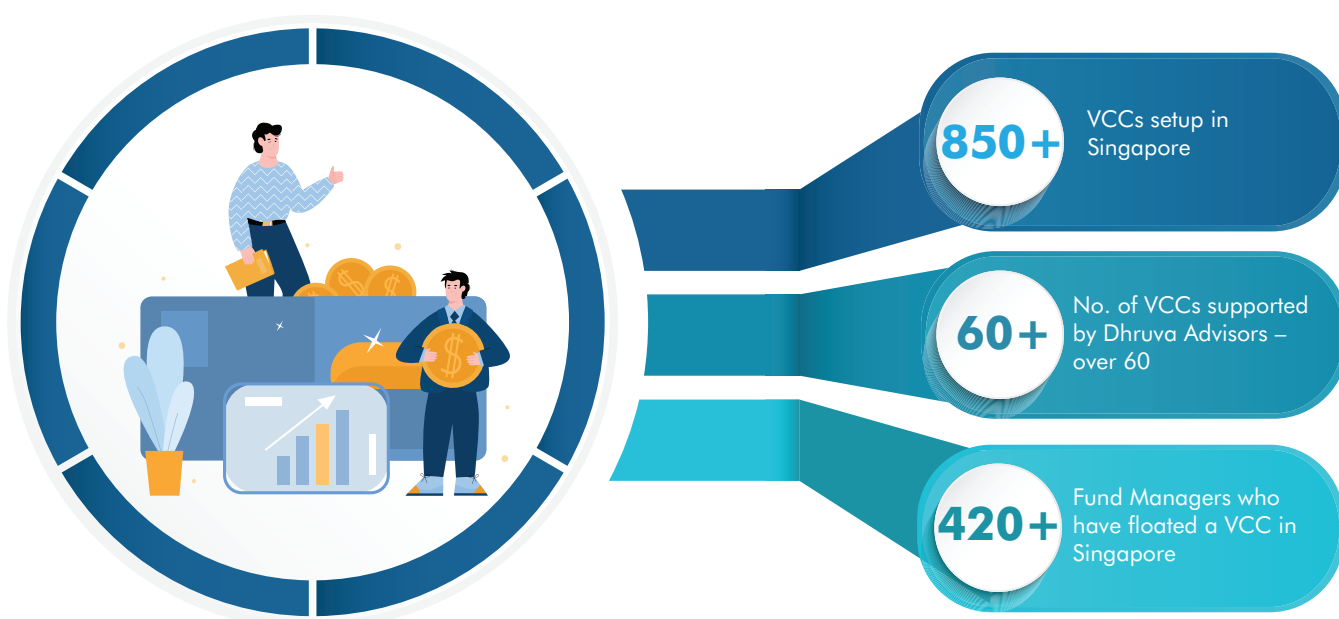


# Singapore Variable Capital Company (VCC)

## – A game changer

After the launch of the Variable Capital Companies (VCC) framework in 2020, Singapore is fast emerging as the global hub for setting-up of investments funds. Fund managers are adopting the VCC structure for its flexible capital structure, effective segregation of assets and liabilities, and ability to cater to open and close-ended funds.



*"We have grown steadily as a leading fund management and domiciliation hub, with variable capital companies incorporated in Singapore since we introduced this new investment fund structure just two years ago."*

- Opening Remarks by Mr. Ravi Menon, Managing Director, Monetary Authority of Singapore, at Singapore Financial Forum 2022 on 19 May 2022

## Singapore Asset & Wealth Management - Recent Trends & Strategies



Impact investment funds



Digital Asset Platform



AI-based Funds



Infrastructure Funds



Hedge Funds



Real estate Funds (REITs)



Healthcare focused funds



Fintech



Multi-family office



SPAC Platform



Venture Capital Funds



Private Equity Funds



Asia-focused and global Funds



Technology Funds



Private Wealth Management



Shipping and maritime focused funds

### 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

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

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

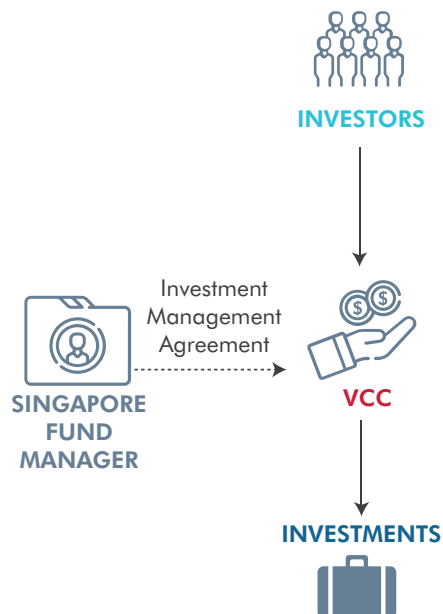
**Set up:** Possible to set-up a VCC with single sub-fund and add further sub-funds later



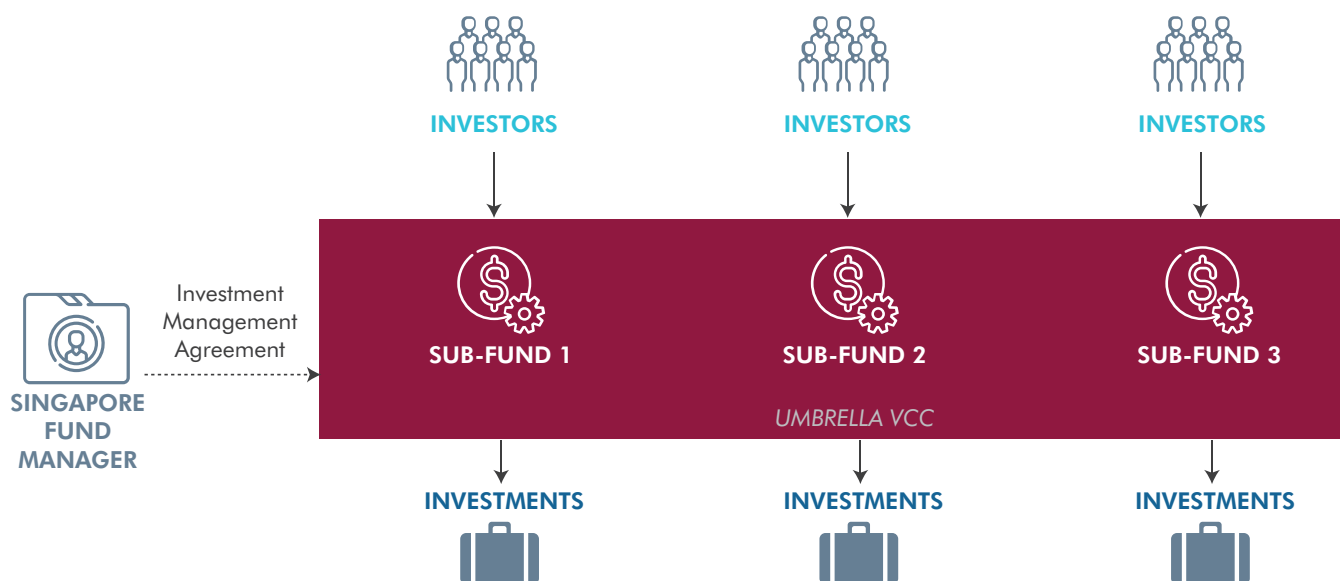
## VCC Fund Structure



VCC can be a standalone for a single fund



VCC can also be setup as an Umbrella VCC with multiple sub-funds



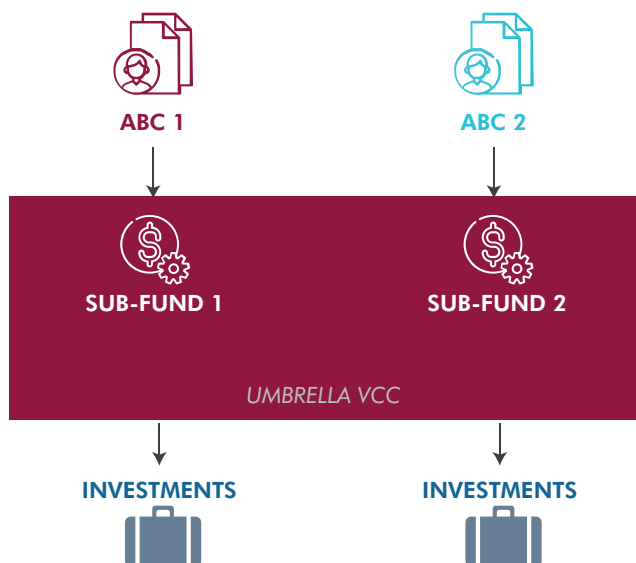
## VCC benchmarked against other fund structures

	Limited Partnerships	Trust	Conventional companies	VCC
<b>Legal perspective:</b>				
Separate legal status	✓	✗	✓	✓
Limited liability	✓	✗	✓	✓
Requirement to setup as a collective investment scheme		✗	✗	✓
<b>Ease of operations:</b>				
Minimum capital requirements	✗	✗	✗	✗
Confidentiality of information – no public access to financial statements and investor details	✓	✓	✗	✓
Segregated-cell based structure	✗	✓	✗	✓
Flexibility to distribute profits	✓	✓	✗	✓
Flexibility in issuance and redemption of shares	✓		✗	✓
<b>Tax standpoint:</b>				
Tax transparent status in Singapore	✓	✗	✗	✗
Eligibility to access to tax treaty network	✗	Generally, yes	Available	Available
Eligible to apply for tax incentive schemes under 13O	✗	✗	✓	✓
Eligible for availing tax incentive schemes under 13U	✓	✓	✓	✓

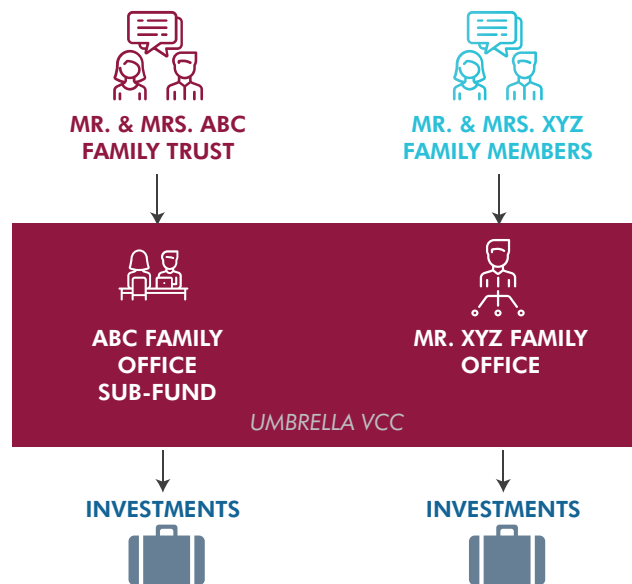


## VCCs - Illustrative use cases

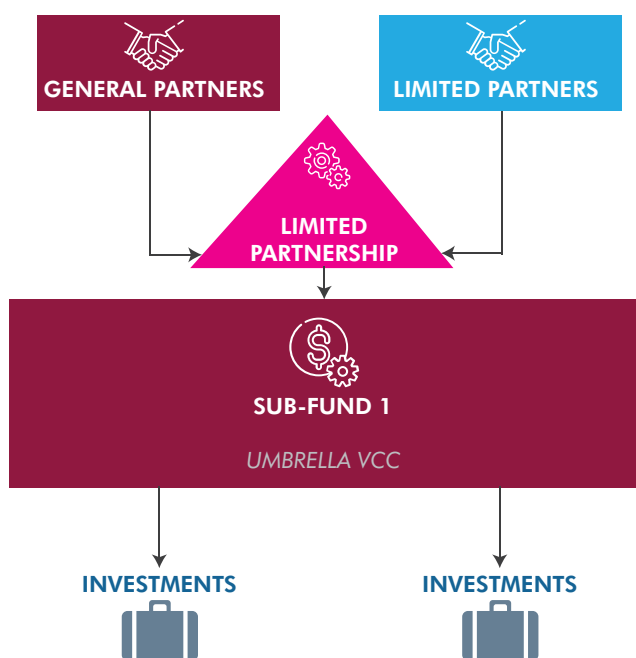
### Typical structure for open-ended / close-ended Hedge Fund, Private Equity & Venture Capital funds



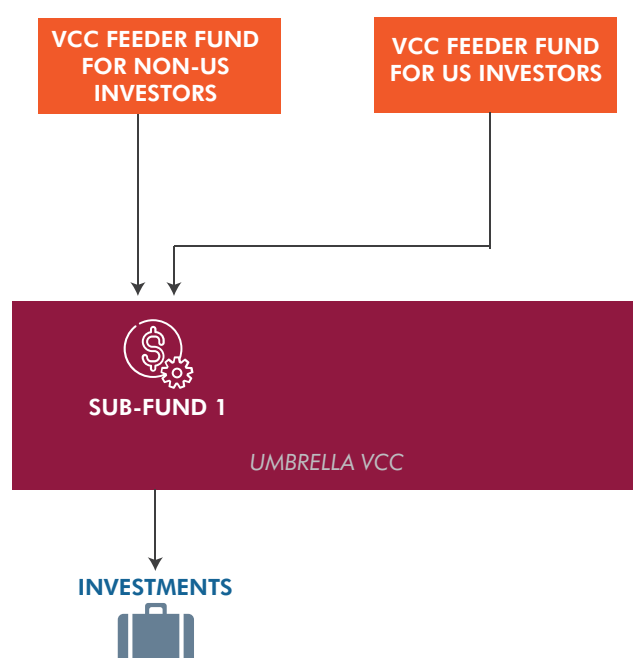
### Multi-family office structure



### Partnership Feeder Structure



### VCC Master-feeder structure



## Tax regime

Available tax incentive schemes for corporate funds (including VCCs) in Singapore:

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

SRF under Section 13O		ETF under Section 13U	
Applicable for	Singapore resident funds (incorporated as a company in Singapore)	Singapore or Non-Singapore funds (corporate including VCCs / 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 fund size	None	At least SGD 50 million at the point of application	Minimum fund size
Business 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	Business spending



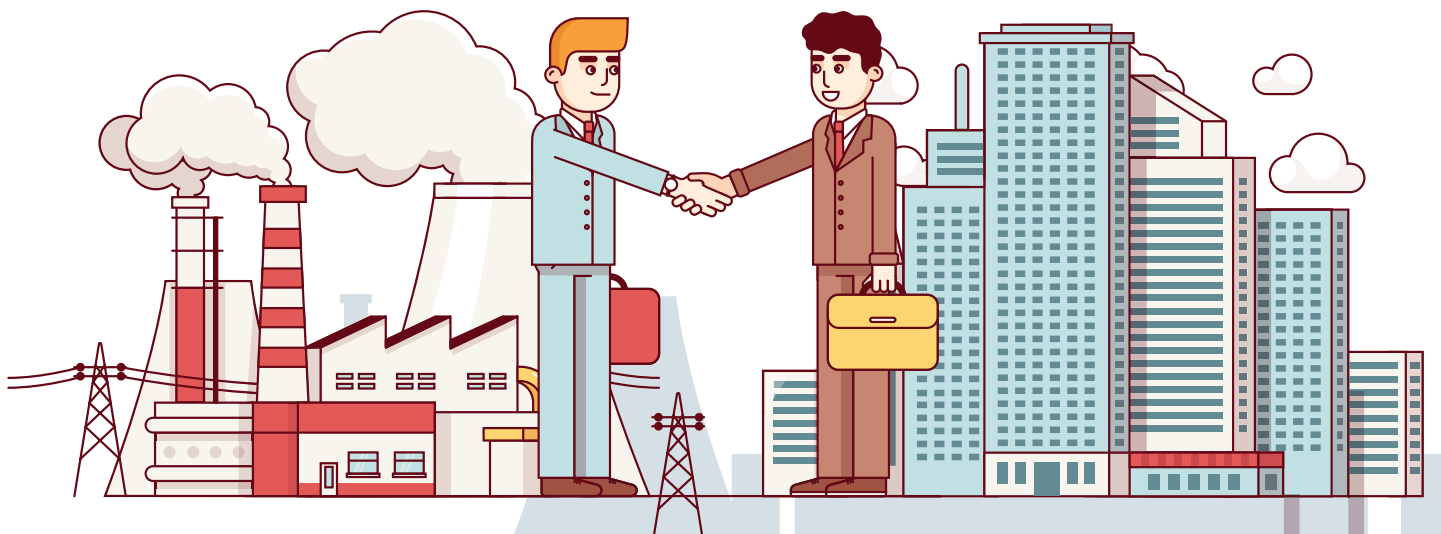
## Extended VCC Grant Scheme (valid till 15 Jan 2025)

### Eligibility

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

Covers up to 30% of qualified expenses, capped at S\$ 30,000 per VCC

Only first time qualified fund managers can avail the grant for maximum 1 VCC



### Services covered under the grant

Tax advice in relation to VCC set up

Corporate secretarial cost for set up

Regulatory compliance matters for set up phase

Tax incentive application expenses

Legal documentation preparation for VCC

## How can Dhruva help?





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

**Dinesh Kanabar**  
CEO

E mail: [dinesh.kanabar@dhruvaadvisors.com](mailto:dinesh.kanabar@dhruvaadvisors.com)

## About Dhruva

Dhruva Advisors is a tax and regulatory services firm, working with some of the largest multinational groups. Its brings a unique blend of experience, having worked for the largest investors, advising on the largest transactions and on several of the largest litigation cases in the tax space. We also work closely with the Government of India (GoI) on policy issues and with our clients on advocacy matters.

We believe in thinking out of the box, handholding our clients in implementing complex solutions and working towards achieving results. We have offices in Singapore, Mumbai, Ahmedabad, Bengaluru, Delhi, Pune, Kolkata, and Dubai apart from our network firms with offices in 100 location across the globe. We advise clients across multiple sectors including financial services, IT and IT-enabled services (ITES), real estate and infrastructure, telecommunications, oil and gas, pharmaceuticals, chemicals, consumer goods, power, as well as media and entertainment.

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