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Advisors Pte. Ltd.

FAMILY OFFICES IN SINGAPORE

MAY 2025



Overview

With the rise in wealth generation among Asian families over recent decades, Asian families are increasingly taking a more structured approach towards the consolidation, protection, and management of their family wealth.

This has increased the demand for the structures for family offices, such as Single Family Offices (“SFOs”), Multi-Family Offices (“MFOs”), Managed Accounts, and Private Trusts, etc.

Various factors play an important part in identifying a suitable structure for a family offices, such as:

- The flexibility of retaining control / decision-making powers within the family;
- The professional investment and management of the family’s wealth;
- The governance of family assets and privacy;
- Succession planning and wealth protection;
- Overall tax efficiency; and
- Ease in complying with various tax and regulatory reporting requirements and other compliances.



Singapore as a Global Wealth Management Centre

Singapore has solidified its position as a leading global financial services hub, renowned for its strategic location, stable government, robust tax and regulatory environment, and an exceptionally efficient yet cost-effective legal and financial ecosystem.

As of January 2025, Singapore has become one of the most preferred jurisdictions for wealth management in Asia and globally. The number of **SFOs** in Singapore has seen significant growth, increasing to over 2,000 by the end of 2024, up from 1,650 in August 2024 which is up by 43% in a year.

High Net Worth Individuals ("**HNWIs**"), particularly from India and the ASEAN regions, favour Singapore for establishing their family offices due to several factors:

- **Access to regional and global financial markets:** Singapore's strategic location serves as a gateway

to Southeast Asian markets, providing unparalleled connectivity.

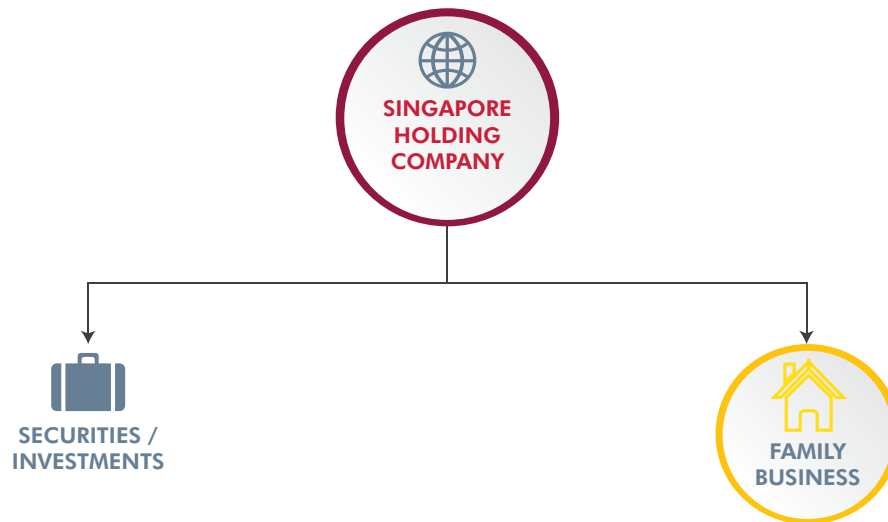
- **Proactive involvement of the Monetary Authority of Singapore ("MAS"):** MAS actively fosters a conducive ecosystem for family offices, implementing policies favourable for setting up family offices and trusts.
- **Immigration opportunities:** Programs like the Global Investor Programme ("**GIP**") and employment passes for family office employees or members facilitate relocation to Singapore.
- **Tax efficiencies:** Singapore offers attractive tax incentive schemes and access to a wide network of tax treaties, enhancing overall tax efficiency for family offices.

These factors collectively contribute to Singapore's appeal as a premier destination for wealth management and family office establishment.



The Direct Holding of Investments by Singapore Residents

Traditionally, HNIs have held their assets directly, through a self-managed holding company, as depicted below:

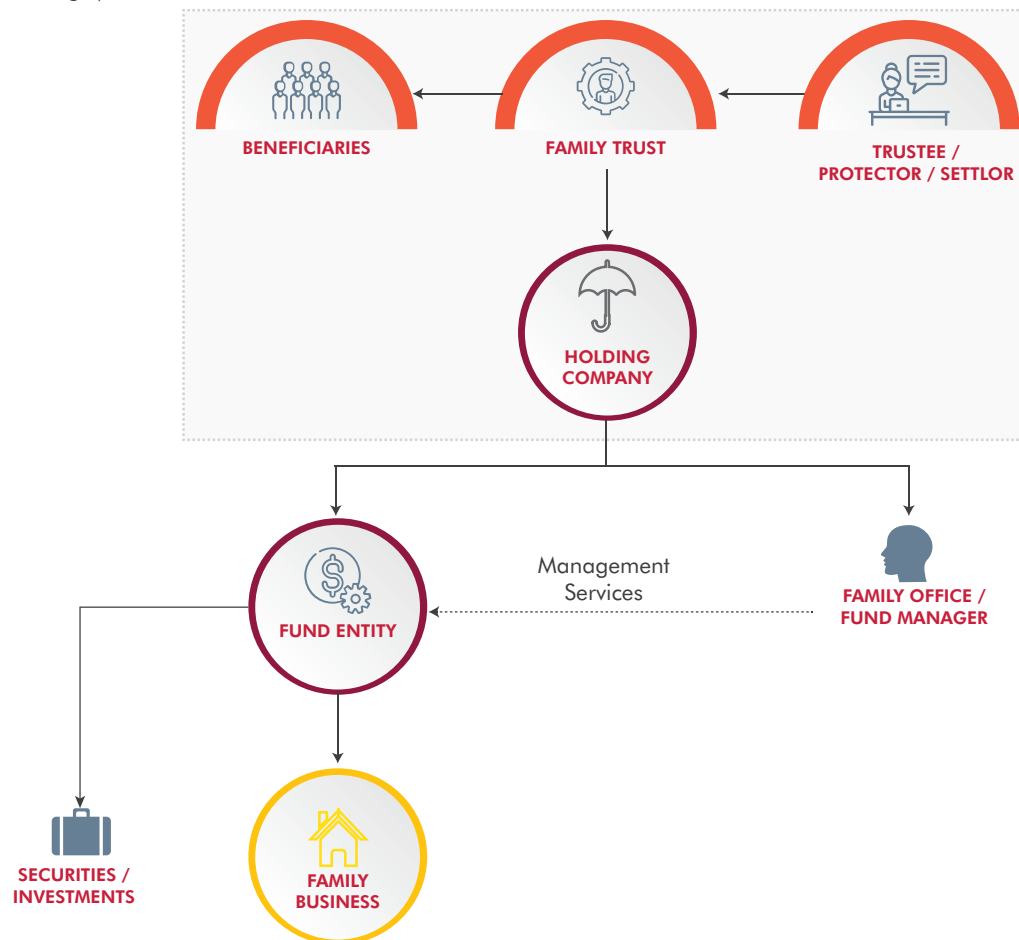


While capital gains arising from sales of passive investments are not taxable in Singapore for resident individuals and companies (unless it is caught by Section 10L of Singapore Income-tax Act ("**SITA**") in case of disposal of foreign assets by companies), one duly needs to consider the risk of gains being treated as taxable 'trading gains' in place of non-taxable 'capital gains'.

For substantial shareholdings, Singaporean companies may also rely upon the safe harbour exemption under Section 13VV of the SITA for the non-taxability of gains on such disposals. For other assets, such companies would need to rely upon the principle of 'badges of trade' in order to determine whether such gains would be classified as 'capital gains' or 'trading profits'. This subjectivity may be addressed by structuring SFOs to avail the fund exemption regime, as further discussed below.

The Typical Structure of Single Family Offices in Singapore

In order to facilitate the professional management of funds, succession planning, as well as certainty regarding local taxation, etc., a family office in Singapore typically considers setting up a separate fund entity in Singapore, which will hold various assets inside and outside Singapore. Below is a typical structure of the Single-Family Offices in Singapore –

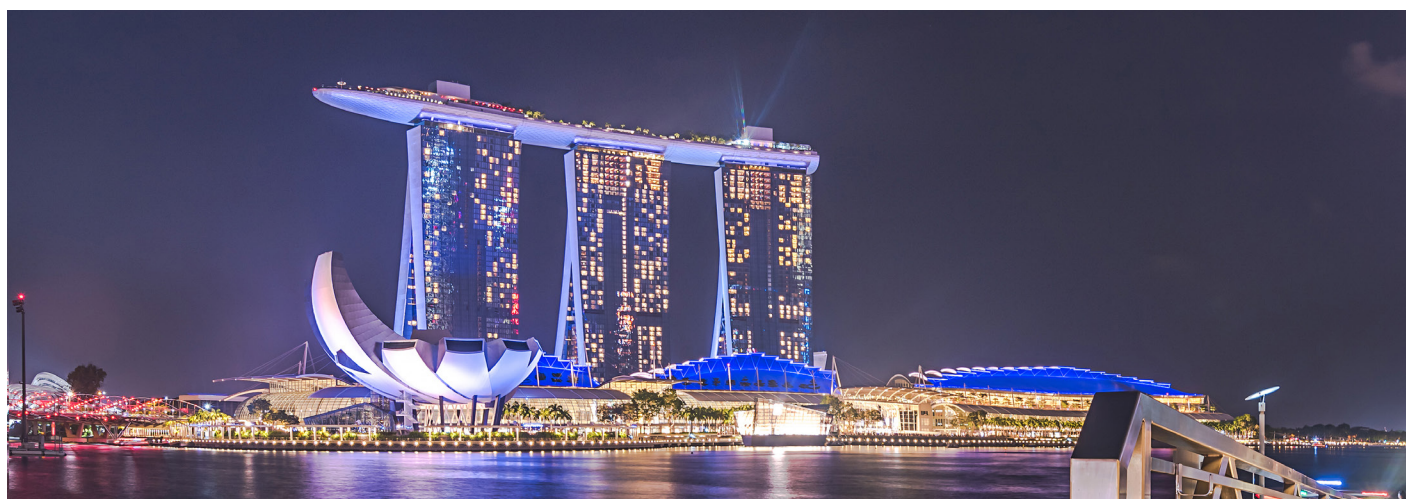


In the typical structure, a fund entity in Singapore would be controlled and managed by a Family Office entity that has been set up in Singapore. A fund entity can seek approval for tax exemption for gains as well as a wide range of qualifying income under Section 13U of the SITA ("**13U Scheme**") where the assets under management ("**AUM**") are at least SGD 50 million. In cases where the AUM is less than SGD 50 million, tax exemption under Section 13O of the SITA ("**13O Scheme**") may be sought, according to the facts and circumstances of each case.

MAS has revised the guidelines / requirements on family office structures which will take effect from 05 July 2023 and shall be applicable for all the applications made on or after such date..

Brief comparison between 13O Scheme and 13U Scheme for Single-Family Offices:

Conditions	Singapore Resident Fund Scheme (13O / 13OA Scheme)	Enhanced-Tier Fund Scheme (13U Scheme)
Approval requirements	Approval required	Approval required
Legal form and location	Singapore company (13O) or limited partnerships (13OA)	No restrictions on legal form and jurisdiction
Minimum AUM at the point of application and throughout the incentive period	Minimum S\$20 million	Minimum S\$50 million
Minimum Investment Professionals ("IPs")	Minimum 2 IPs of whom at least 1 is not a family member of the beneficial owners of 13O/13OA fund	Minimum 3 IPs at least 1 is not a family member of the beneficial owners of 13U fund
Shareholding test for the fund	Yes, subject to ownership restriction ("30 / 50 rule")	No restriction
Singapore fund administrator	Required	Required (only if the Fund is a Singapore company)
Minimum annual spending requirements	Tiered spending requirements of S\$200k to S\$1m, with minimum S\$200k in local business spending	Tiered local spending requirements of S\$500k to S\$1m, with minimum S\$200k in local business spending
Private banking account	The fund must have a private banking account with a MAS-licensed financial institution at the point of application and throughout the incentive period.	
Minimum capital deployment requirement	The fund incentivised under 13O / 13OA / 13U fund must invest at least the lower of: (i) 10% of its AUM or (ii) S\$10 million in specified instruments. There is a manner specified for computation of minimum capital deployment requirement based on the investments made in specified instruments.	

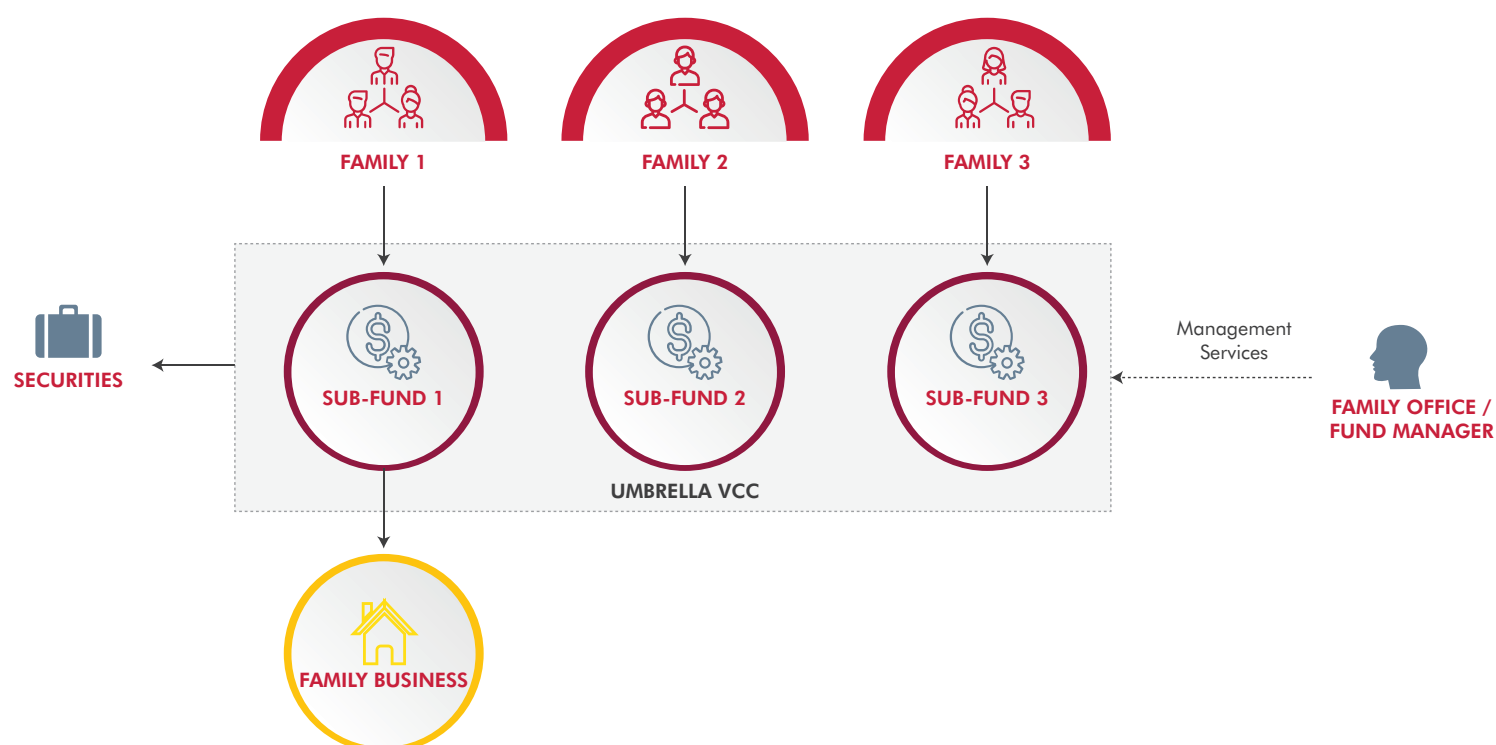


Multi-Family Offices and Private Wealth Management

The Multi Family Office (“MFO”) structure is more suitable for families with relatively small AUMs and which does not have any existing presence in Singapore, since setting-up their own office and staff in Singapore may entail much higher investments, or families which wishes to avail services of external fund manager to manage their portfolio. In fact, certain families with the long-term objective of having their own SFO may start with an MFO, while retaining the flexibility to change the structure to an SFO.

SFOs with a strong track record and experienced staff may also seek a fund management license, if they wish to manage the wealth of other families, thereby creating their own MFO structure.

In addition to corporate structure, Variable Capital Company (“VCC”) can be explored for MFO structure. Singapore launched VCCs, a new corporate structure for funds, back in January 2020. This framework is designed to offer greater flexibility and facilitate a seamless fund / wealth management experience in Singapore, by allowing the setting up of sub-funds under an Umbrella VCC, with privacy as well as less cumbersome capital maintenance requirements. VCCs also enjoy similar tax incentives as those that are available to traditional fund entities under Section 13O and Section 13U of the SITA. A typical multi-family office structure is as below -



How Can We Help?

We can assist you in achieving your commercial objectives in tax in an efficient as well as a compliant manner. An illustrative list of the areas in which we can help you is as follows:

- Assisting families with a cost-benefit analysis of an SFO vs MFO;
- Assisting with the structuring of a family office in Singapore – this would include working with a lawyer to devise a structure in a regulatory-compliant manner in order to avail a fund management license exemption;
- Advising on the migration and consolidation of family assets within the chosen structure (including working with the client's management team in order to identify the asset classes that may be housed under the SFO structure);
- With the support of our wider network of tax firms across the globe, we would also advise on
 - any cross-border taxation aspects relating to the migration of assets under an SFO structure;
- Providing end-to end services in order to set up the identified structure, including:
 - assistance in setting up the corporate entities;
 - reviewing various documents; and
 - co-ordinating with lawyers, fund managers, and other stakeholders;
- Assisting with obtaining the requisite approvals from the regulators in Singapore (i.e. MAS) and India;
- Managing the routine tax, accounting, and other compliance and administrative matters for the SFO; and
- Assisting with any matters relating to transfer pricing



About Dhruva Advisors Singapore

Dhruva Advisors Pte. Ltd. operates as an integral part of Dhruva Advisors LLP, a premier boutique firm specializing in tax and regulatory services. At Dhruva, we collaborate closely with our clients to deliver pragmatic and innovative solutions to complex tax and business challenges while ensuring seamless end-to-end compliance. Headquartered in Mumbai, India, Dhruva Advisors LLP has a robust presence with 11 offices across India and key global locations, including the Middle East and Singapore. Our team comprises over 450 highly skilled tax professionals, including chartered accountants and tax attorneys, led by 22 distinguished partners. As a member firm of WTS Global—a prestigious network of leading tax and regulatory advisory firms spanning more than 100 countries—we offer our clients world-class expertise with a global perspective.

Key differentiators:

- Strategic approach to complex problems
- In-depth, specialised and robust advice
- Strong track record of designing and implementing pioneering solutions
- Trailblazers in tax controversy management
- Long history of involvement in policy reform
- Technical depth and quality

Our professionals leverage their decades of experience in Fortune 500 companies, as well as the Big 4, to provide value-centric advice and seamless implementation. Our team also has deep industry experience across industry sectors. We leverage our industry experience to provide business focused, practical solutions.

Our clients range from across industries including asset management, technology, infrastructure and real Estate, FMCG, trading, and food and beverages.

- Dhruva Advisors has been recognised as the “Best Newcomer Firm of the Year” at the ITR Asia Tax Awards 2016.
- Dhruva Advisors has been consistently recognised as the “India Tax Firm of the Year” at the ITR Asia Tax Awards in 2017, 2018, 2019, 2020 and 2021.
- Dhruva Advisors has also been recognised as the “India Disputes and Litigation Firm of the Year” at the ITR Asia Tax Awards 2018 and 2020.
- Dhruva Advisors has been consistently recognised as a Tier 1 firm in India’s ‘General Corporate Tax’ and ‘Indirect Tax’ ranking tables as a part of ITR’s World Tax guide. The firm is also listed as a Tier 1 firm for India’s ‘Transfer Pricing’ ranking table in ITR’s World Transfer Pricing guide.
- WTS Dhruva Consultants has been recognised as the “Best Newcomer Firm of the Year” at the ITR European Tax Awards 2020.



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