

Singapore Variable Capital Company (VCC) – At a glance

VCC framework in Singapore, 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

01 VCC must be managed by a regulated fund manager, based in Singapore

02 Foreign funds, similar to a VCC, can be re-domiciled as VCCs in Singapore

03 VCC must appoint a Singapore based company secretary

Accounting Aspects

01 Paid-up capital of VCC is always equal to its NAV

02 Each sub-fund has to present a separate audited financial statement

03 Can prepare financial statements under SFRS, IFRS or US GAAPs with consistency across sub-funds

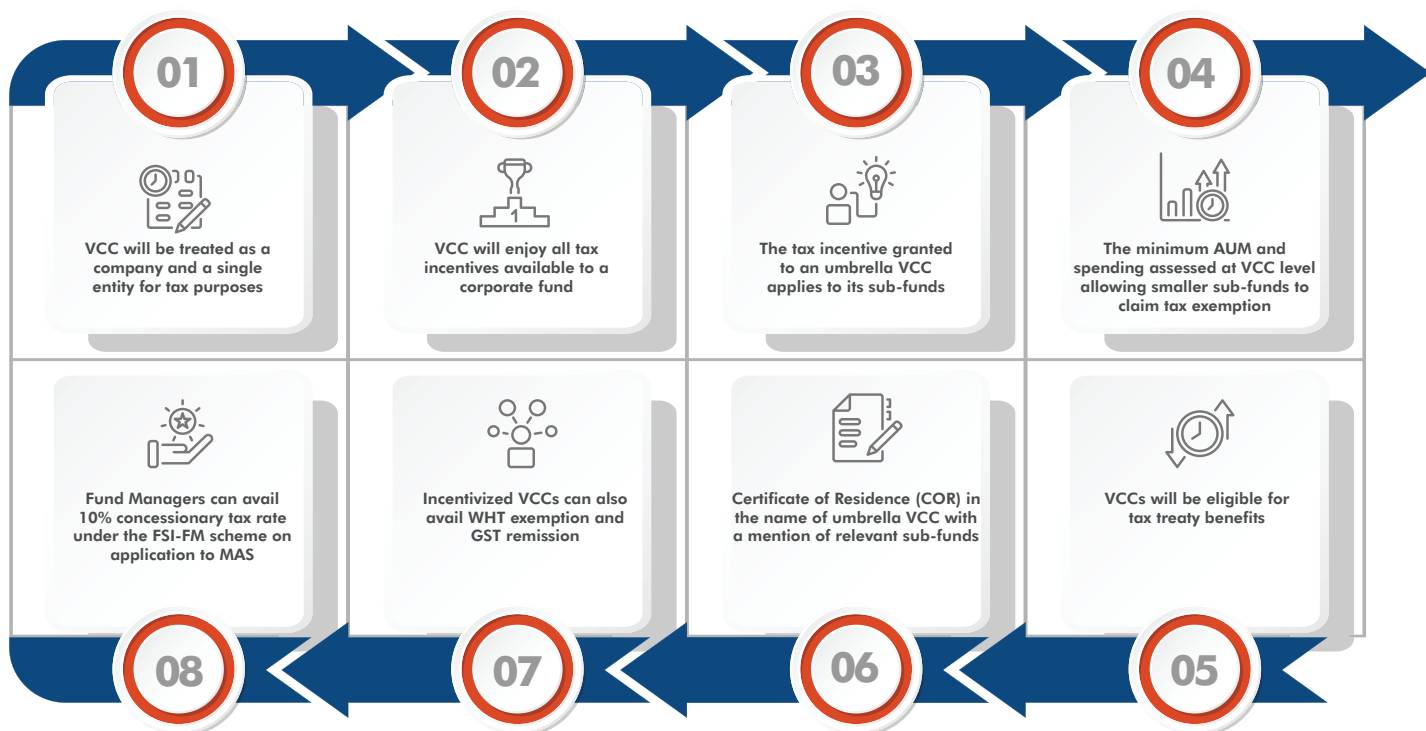
Tax regime

Available tax incentive schemes for corporate funds (including those set-up as VCCs) in Singapore:

The Resident Fund Scheme ("SRF Scheme") under Section 13O of Income Tax Act, 1947 ("ITA") and Enhanced-Tier Fund Scheme ("ETF Scheme") under Section 13U of ITA schemes provide tax exemption of 'specified income' from 'designated Investments' to VCC.

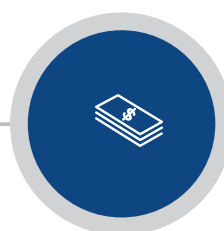
Key conditions under SRF Scheme		Key conditions under ETF Scheme	
Applicable for	Singapore resident funds (incorporated as a company in Singapore)	Singapore or Non-Singapore funds (corporate / non-corporate)	Applicable for
Fund investors	Financial penalty on non-qualifying investors investing above a certain percentage (30% / 50%) in the fund	No such condition	Fund investors
Minimum AUM requirement	<u>FY ending in 2027 and thereafter</u> S\$5 million in Designated Investment ("DI") as at end of each FY	SGD 50 million at the point of application and as at end of each FY)	Minimum AUM requirement
Minimum spending	<u>FY before 2027</u> Must incur at least S\$200,000 Local Business Spending ("LBS") (including management fees, remuneration and other operating costs) annually <u>FY 2027 and thereafter</u> Tiered LBS from S\$200,000 to S\$500,000 based on AUM in DI as at end of FY	Tiered LBS from S\$200,000 to S\$500,000 (including management fees, remuneration and other operating costs) based on AUM in DI as at end of FY	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





How can Dhruva help?

Advice you on fund management and VCC structure

1

Draft relevant tax section in PPM and reviewing fund documentations

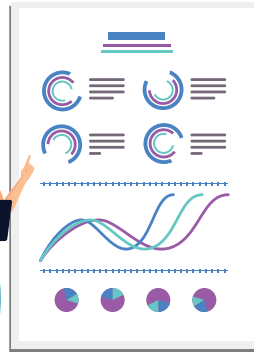
2

Assist you in applying for relevant (13O/13U) tax incentives to MAS

3

Assist you in obtaining Certificate of Residence from IRAS

4



5

Assist you with tax compliances for VCC

6

Assist you in obtaining Financial Service Incentive – Fund Management Scheme for fund managers

7

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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