



SETTING UP A SINGLE FAMILY OFFICE IN SINGAPORE

Structuring and Tax Incentive Schemes



WHAT IS A SINGLE FAMILY OFFICE (SFO)?

SFOs are typically used to manage assets and affairs for or on behalf of only one family and is wholly owned or controlled by members of the same family*.



WEALTH TRANSITION & LEGACY PLANNING

- Transitioning wealth to next-gen
- Legacy and estate planning
- Next-gen education



INVESTMENT MANAGEMENT

- Portfolio investment management
- Bankable & non-bankable asset management
- Liquid assets
- Real estate
- Private equity
- Family holding companies
- Other assets



NON-BANKABLE & LUXURY ASSETS

- Residential properties
- Estates
- Auto-mobiles
- Art / antique / high-value collections

What can an SFO be used for?



PHILANTHROPY

- Grant review
- Grant-making
- Project management

**'family' may refer to individuals who are lineal descendants from a single ancestor, as well as the spouses, ex-spouses, adopted children and step children of these individuals.*



Key Considerations in setting up an SFO



Assets

Real estate, bankable assets, moveable properties of the family etc.



Objectives

Investment, philanthropy, portfolio risk management and governance



Tax Incentives

Lower tax rates for applicable funds: 13O, 13U, 13D, 13G of the Income Tax Act



License Exemptions

Apply to MAS for license exemptions under the Securities and Futures Act 2001 and the Financial Advisers Act 2001



Investment strategy

Determine risk profile and investment objectives, and personal assets to be used for investments for proposal to MAS and EDB



Operational requirements

Determine SFO's premises, administrative matters (bank accounts, IT systems, auditors, accountants, legal advisors)



Succession planning tools

Succession of SFO ownership, power of attorney, and trust arrangements

License Exemptions

SFOs can be designed to be exempt from regulation under Singapore's local securities law such that there is no need to obtain a license to provide fund management or financial advisory services.

SFO to
provide **Fund
Management
Services**

If the SFO is set up to manage funds for its related corporations, or assets held by members of the same family, it may apply to MAS for an exemption to hold a Capital Markets Services license for fund management.

Securities and Futures Act 2001 (Securities and Futures (Licensing and Conduct of Business) Regulations)

If the SFO is set up to provide financial advisory services to its related corporations, it may apply to MAS for an exemption to hold a Financial Adviser's license.

Financial Advisers Act 2001 (Financial Advisers Regulations)

SFO to
provide
**Financial
Advisory
Services**

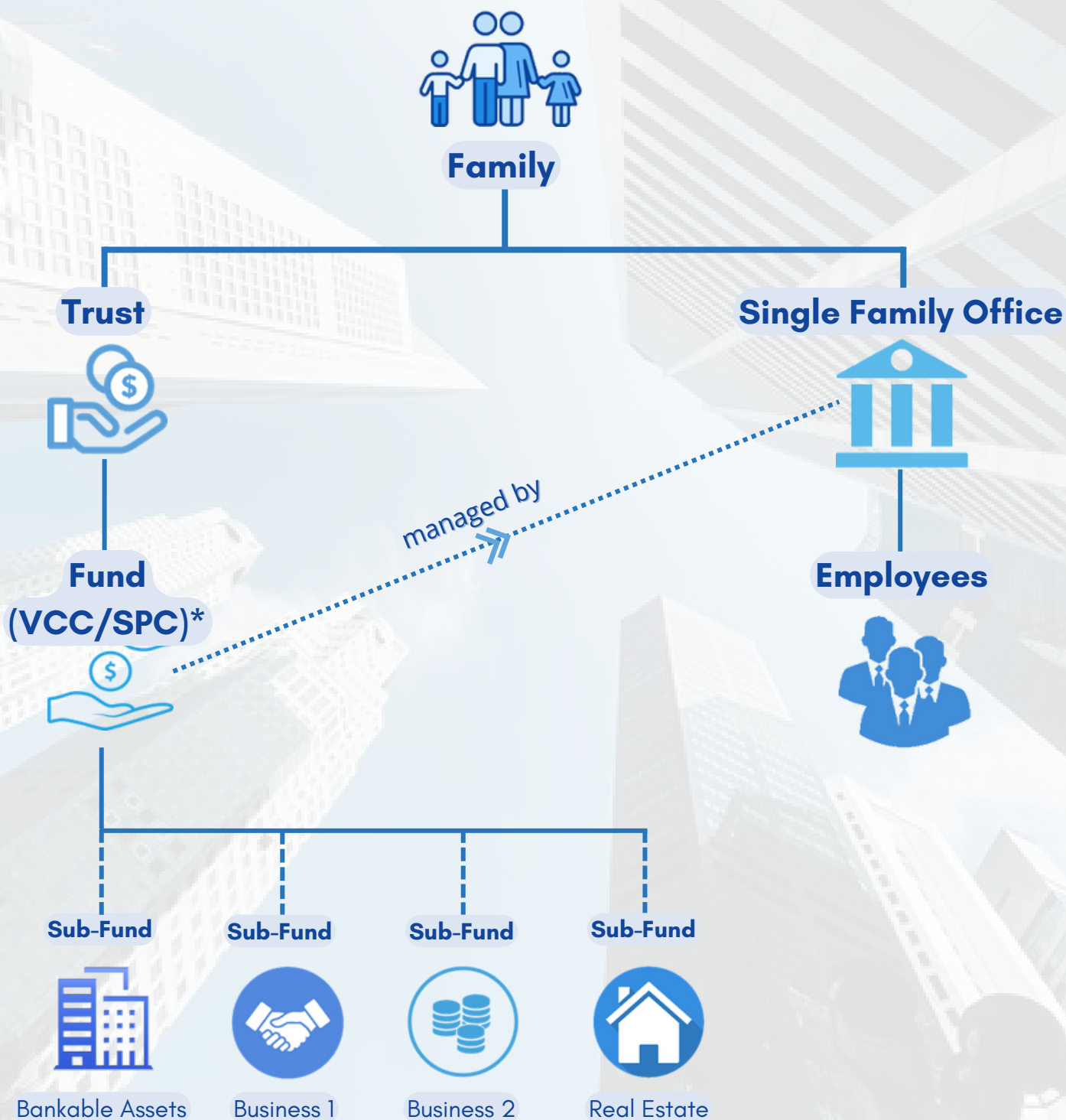
TAX INCENTIVE SCHEMES

An SFO may choose to apply for tax incentive schemes to enjoy lower corporate income tax rates, such as the Enhanced-Tier Fund Tax Incentive (13U), the Singapore Resident Fund Scheme (13O), the Offshore Fund Tax Incentive (13D), and the Venture Capital Fund Incentive (13G).

	13O	13U	13D	13G, Fund Management Incentive (FMI)
Minimum AUM	S\$10m at the point of application with commitment to increase to S\$20m within 2 years	Min. of S\$50m	No restrictions	S\$10m (FMI requires S\$40m comprising of 13G Funds)
Employment Obligations	At least 2 Investment Professionals (IP)	At least 3 IPs	None	At least 1 additional IP by the end of FMI award
Minimum Business Spend	<p>AUM < S\$50m Spending: S\$200k</p> <p>S\$50m ≤ AUM < S\$100m Spending: S\$500k</p> <p>S\$100m ≤ AUM Spending: S\$1mil</p>	<p>AUM < S\$50m Spending: S\$500k</p> <p>S\$50m ≤ AUM < S\$100m Spending: S\$500k</p> <p>S\$100m ≤ AUM Spending: S\$1mil</p>	No restrictions	At least S\$100,000 multiplied by the incentive tenure to be met by the end of the incentive tenure
Local Investment	Must comprise at least 10% of the fund's AUM or S\$10m (whichever lower)	Must comprise at least 10% of the fund's AUM or S\$10m (whichever lower)	No restrictions	A certain percentage in unlisted Singapore based companies by year 5 of the incentive or by the end of the incentive, whichever earlier

Basic SFO Structure

An SFO should be structured according to the priorities of the family, taking into account the structuring considerations listed in the previous section. An SFO can be structured for charitable purposes, family administration purposes, and/or for the management of investment of the family's funds and assets through the use of available tax incentives.



*Variable Capital Company (VCC), Segregated Portfolio Company (SPC)

GLOBAL INVESTOR PROGRAMME (GIP)

An investor who is looking to start a business or invest in Singapore may consider applying for Permanent Resident status under the Economic Development Board's GIP scheme, subject to the qualifying criteria set out below.

Profile	To Qualify	Investment Option
Established Business Owners	<ul style="list-style-type: none"> Entrepreneurial and biz track record of ≥ 3 years, Currently running a company with annual turnover AND p.a. on average for the 3 years preceding application each \geq S\$200m, If Company is privately-held, shareholding in the company $\geq 30\%$, AND Company is engaged in 1 or more of the industries listed in Annex B of EDB's GIP factsheet*. 	A, B, or C
Next Gen Business Owners	<ul style="list-style-type: none"> Immediate family should have shareholding of $\geq 30\%$ OR you are the largest shareholder in the company used, Company's annual turnover AND p.a. on average for the 3 years preceding application each \geq S\$500m, Must be part of the Company's management team (C-Suite / Board), AND Company is engaged in 1 or more of the industries listed in Annex B of EDB's GIP factsheet*. 	A, B, or C
Founders of Fast Growth Companies	<ul style="list-style-type: none"> Must be a founder and one of the largest indiv. shareholders of a Company with valuation of \geq S\$500m, Company must be invested into by reputable VC / Private Equity firms, AND Company is engaged in 1 or more of the industries listed in Annex B of EDB's GIP factsheet*. 	A, B, or C
Family Office Principals	<ul style="list-style-type: none"> Must possess entrepreneurial, investment or management track record of ≥ 5 years, AND Must have net investible assets of \geq S\$200m. 	C

Option A: Invest S\$2.5m in new business entity or in the expansion of an existing business operation.
Option B: Invest S\$2.5m in a GIP fund that invests in Singapore-based companies.
Option C: Invest S\$2.5m in a new or existing Singapore-based SFO with a AUM \geq S\$200m.

*Accessible at: <https://www.edb.gov.sg/en/how-we-help/global-investor-programme.html>

** Net Investible Assets include all financial assets, such as bank deposits, capital market products, collective investment schemes, premiums paid in respect of life insurance policies and other investment products, excluding real estate.

HOW CRESCO CAN HELP

About Our Company

We are an independent Singapore-based investments and advisory firm, focused on providing advisory and consulting services to clients across a spectrum of practices including SFOs, Funds, Private Market Financing & Investments, Proprietary Investments, Business Restructuring, M&A, and Structuring of Deals & Transactions.

Get in touch to get started!



Our Services

- ✓ Set Up the SFO
- ✓ Manage Businesses under the SFO
- ✓ Financing and Capital-raising for Businesses and Funds under the SFO
- ✓ Assist with investment activities & execute such investments of the Funds under the SFO
- ✓ Provide Corporate Services to the SFO and Fund
- ✓ Corporate Advisory Services