



@preqin

# The Asian Luxembourg: Singapore as a Fund Location

1 September 2020





# Today's Agenda

## Welcome

---

### Presentation by Preqin

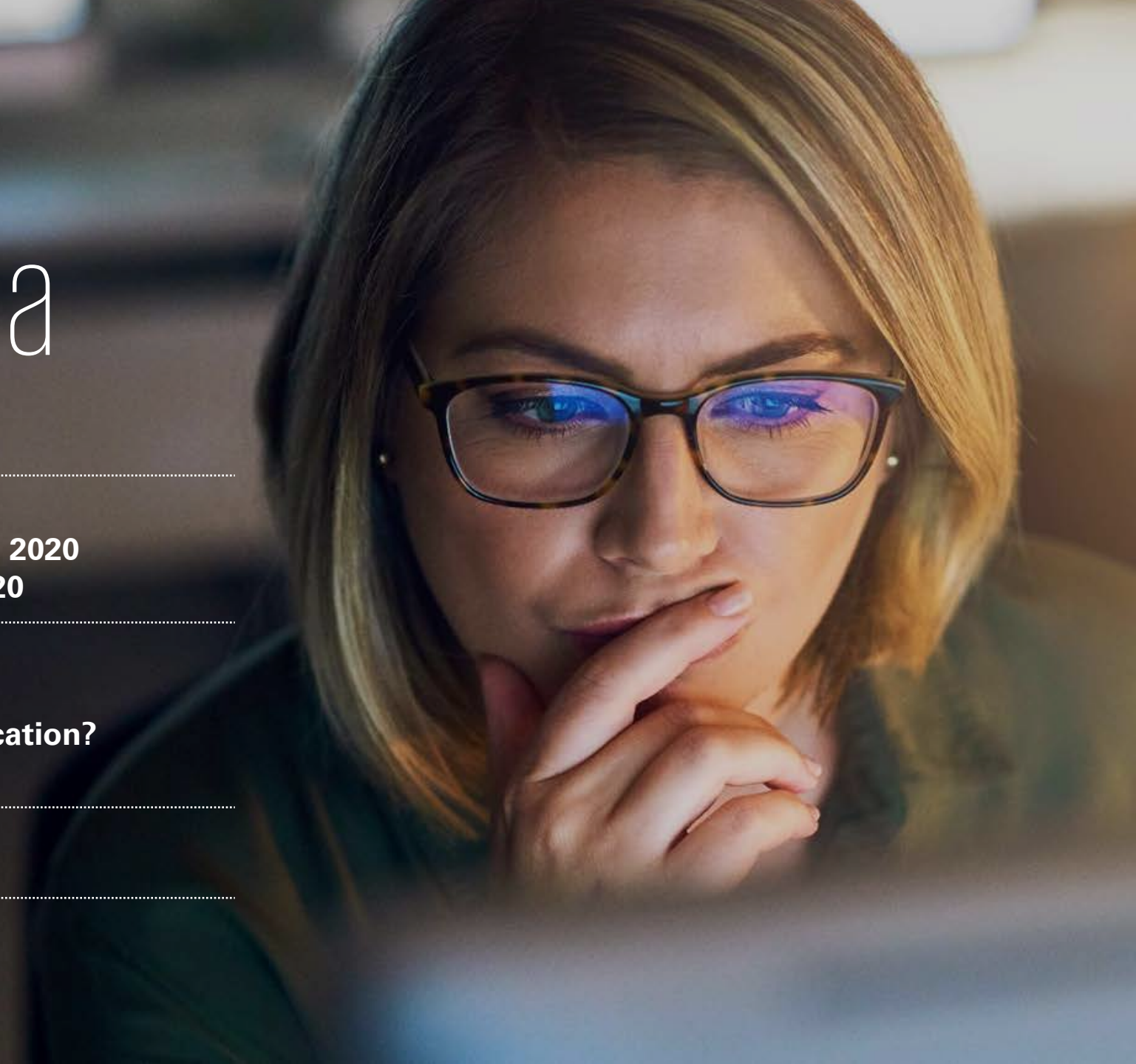
- The Alternative Assets Landscape in 2020
  - Outlook & Investor Intentions in 2020
- 

### Presentation by KPMG in Singapore

- Economic Substance Laws
  - Why choose Singapore as a fund location?
  - Typical Fund Structures
- 

## Q&A

---



# Speakers



**Teo Wee Hwee**

Partner  
Head of Real Estate and  
Asset Management, Tax  
KPMG in Singapore



**Anulekha Samant**

Partner  
Asset Management and  
Real Estate, Tax  
KPMG in Singapore



**Marian Rajanathan**

VP, APAC Investor Data  
Preqin

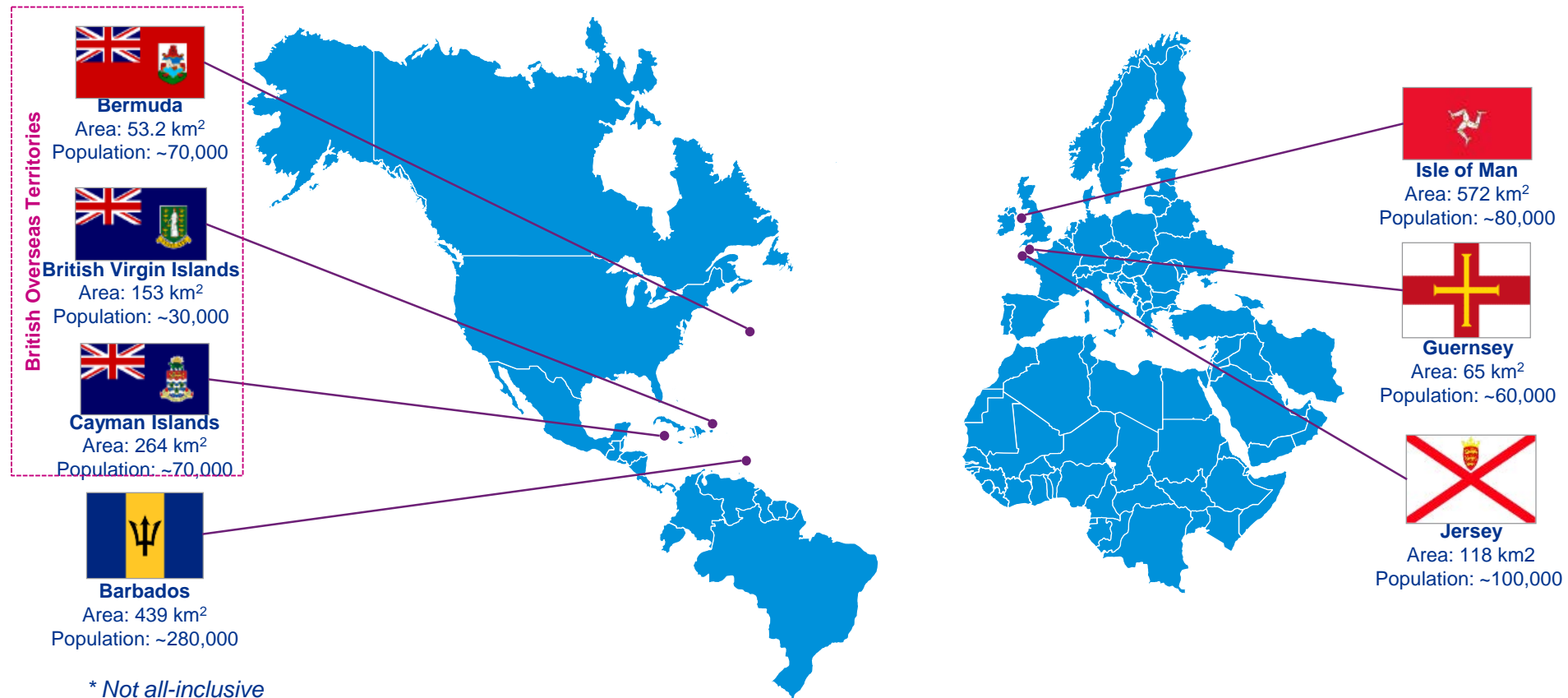


# Economic Substance Laws



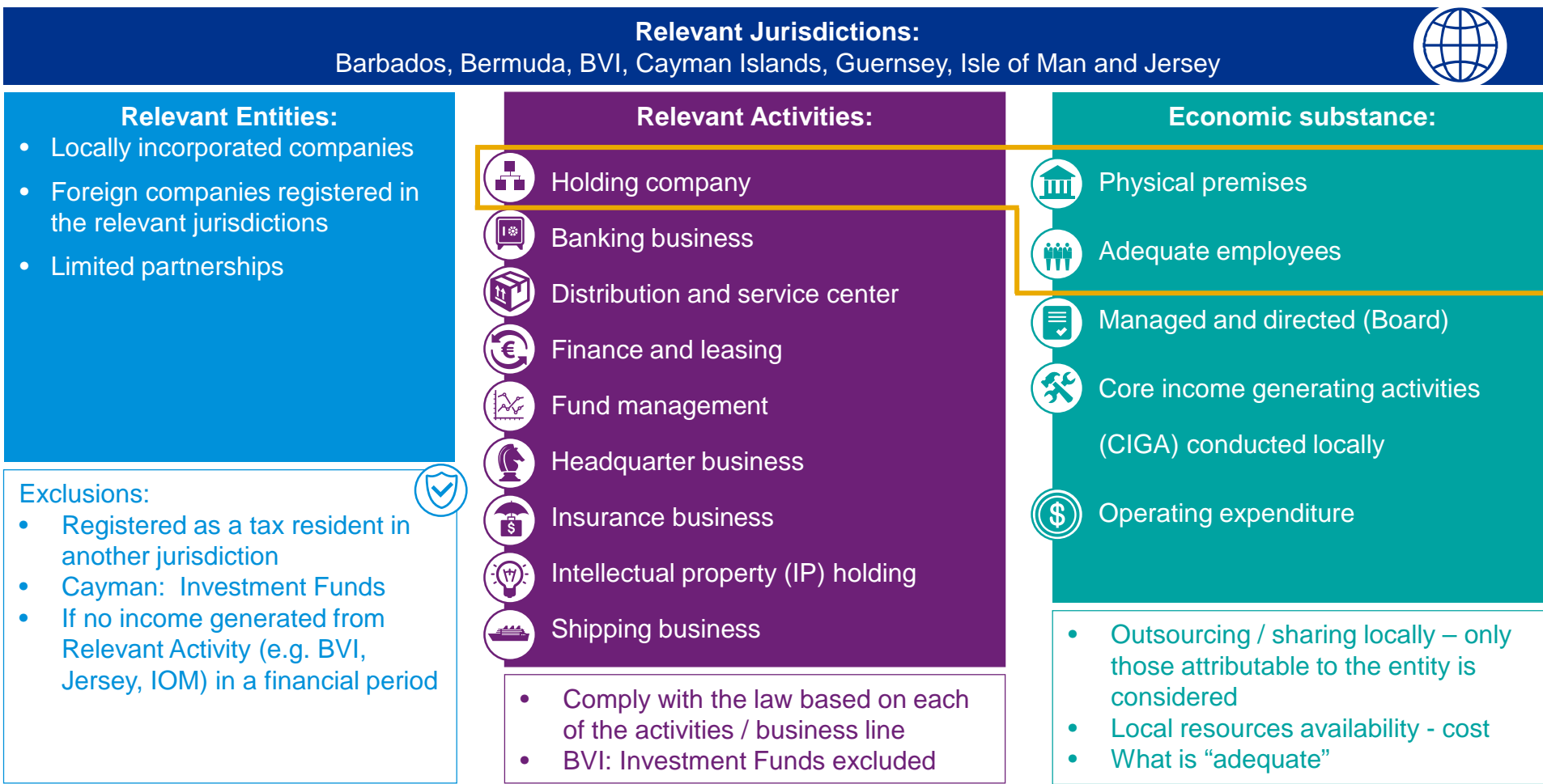
# Economic Substance Laws

In response to the OECD and EU reports, several jurisdictions have introduced economic substance laws. While each jurisdiction has introduced its own legislation and guidance, the key requirements are broadly similar across jurisdictions (as they are based on the recommendations made by the OECD and the CCG).





# Economic Substance Laws

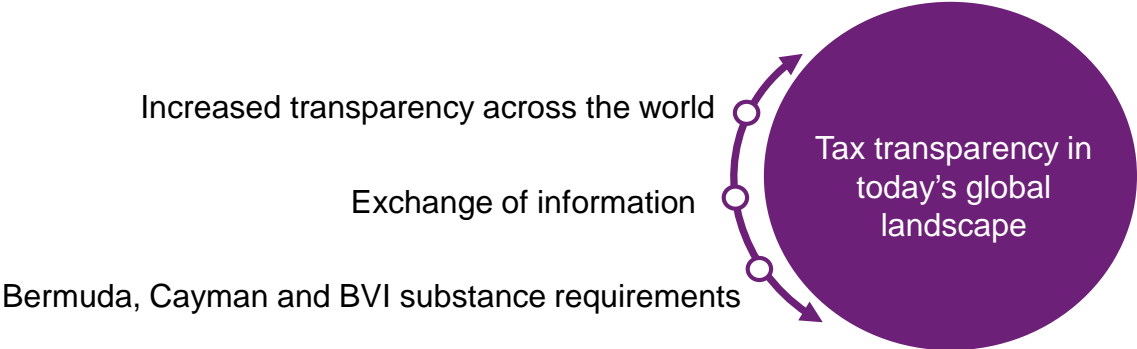
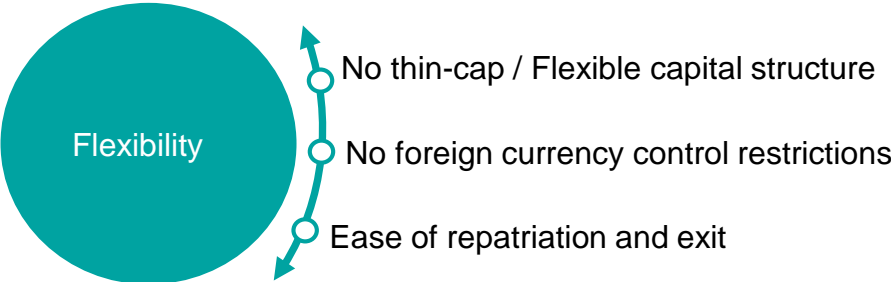
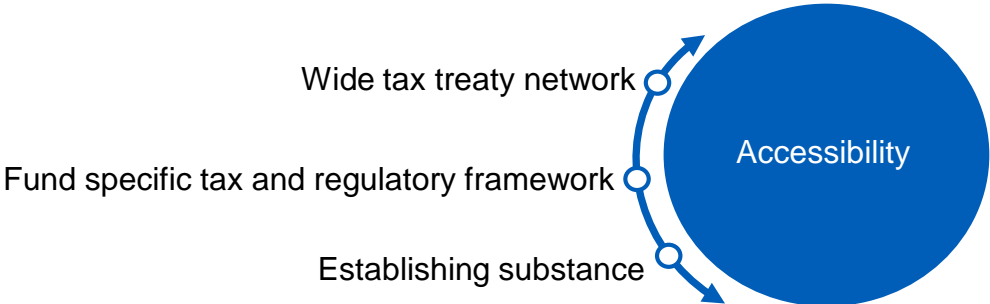
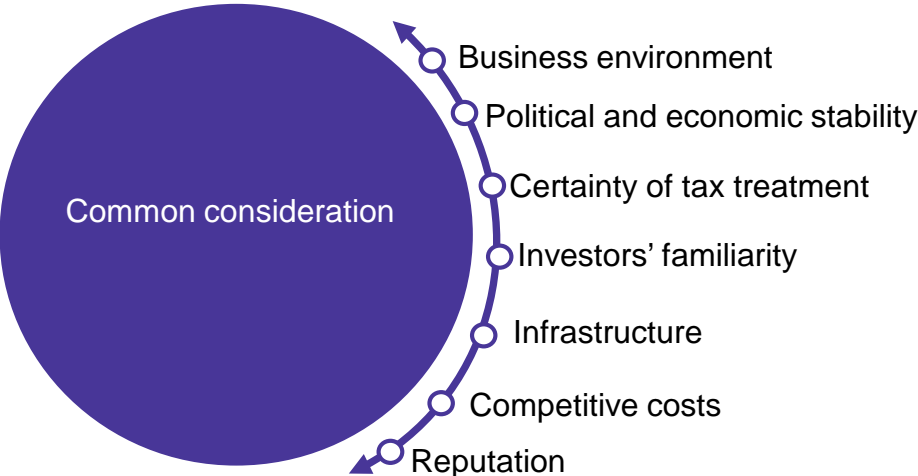




Why Singapore?

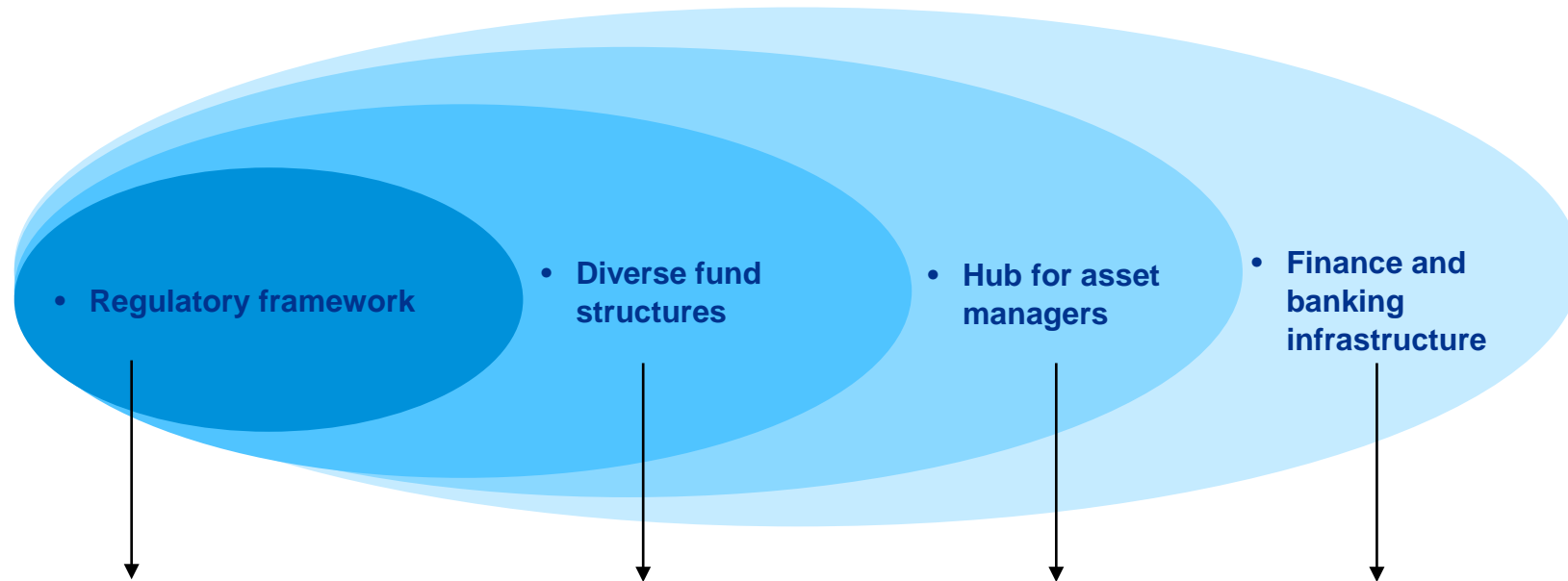


# Robust Investment Platform





# Robust Investment Platform



• **Regulatory framework**

- Transparent regulations / licensing and registration regime
- Business friendly government authorities. MAS working closely with the industry with asset management as a close focus.
- Adaptive laws to consistently encourage the growth of the Industry

• **Diverse fund structures**

- Company / LPs / REITs / BTs / VCCs
- Option for both onshore and offshore fund structures
- Ease of set up and maintenance

• **Hub for asset managers**

- 5-10% potential CIT rates
- Deep talent pool

• **Finance and banking infrastructure**

- Availability of financial grants
- Access to a strong banking sector
- Availability of competent, professional service providers



# Singapore's Fund Management Incentives



# Overview of Singapore's Fund Management Incentives

## Fund

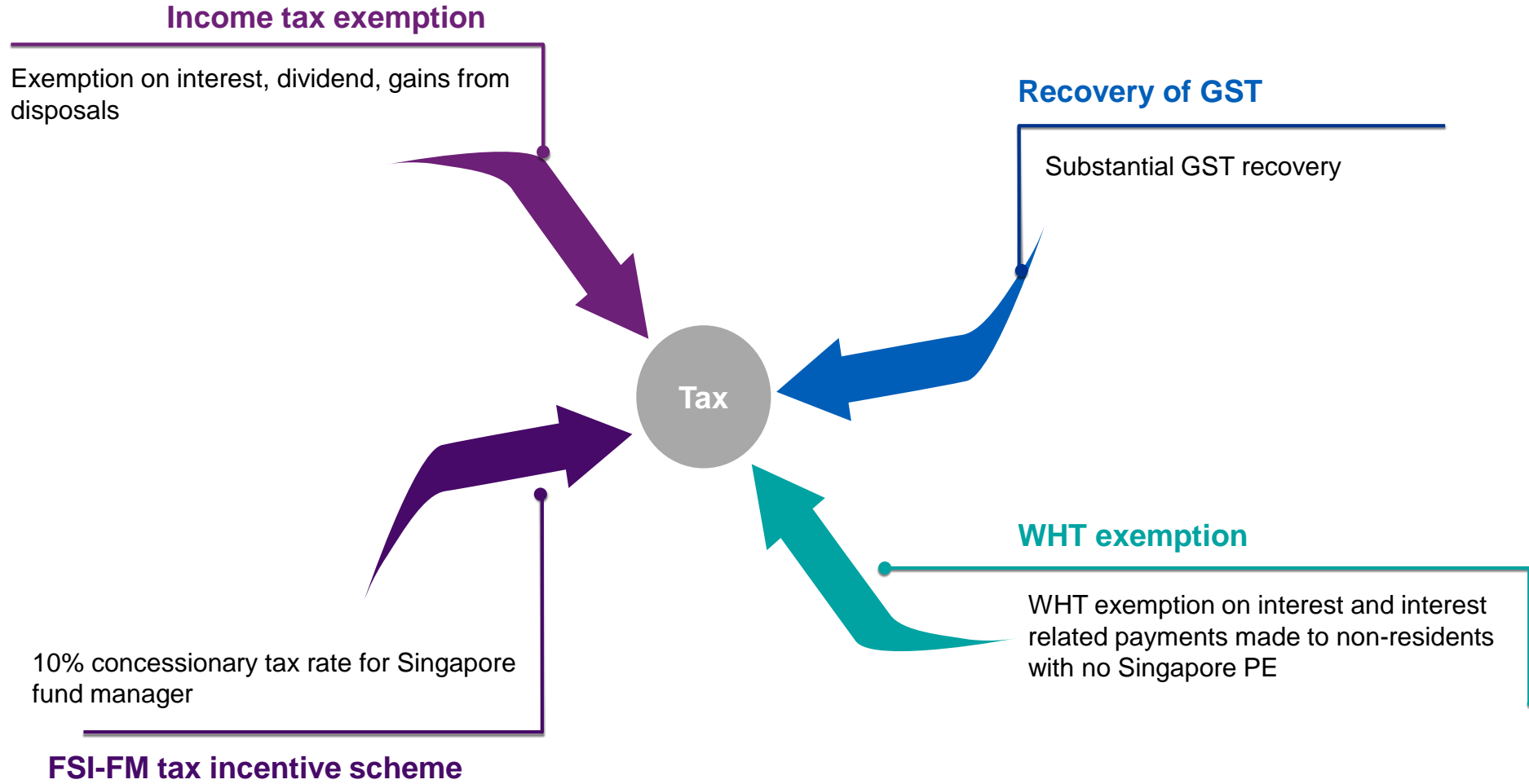
- Singapore Resident Fund Scheme (**Section 13R**)
- Enhanced-Tier Fund Tax Incentive Scheme (**Section 13X**)
- Singapore Venture Capital (VC) Fund Scheme (**Section 13H**)

## Fund Manager

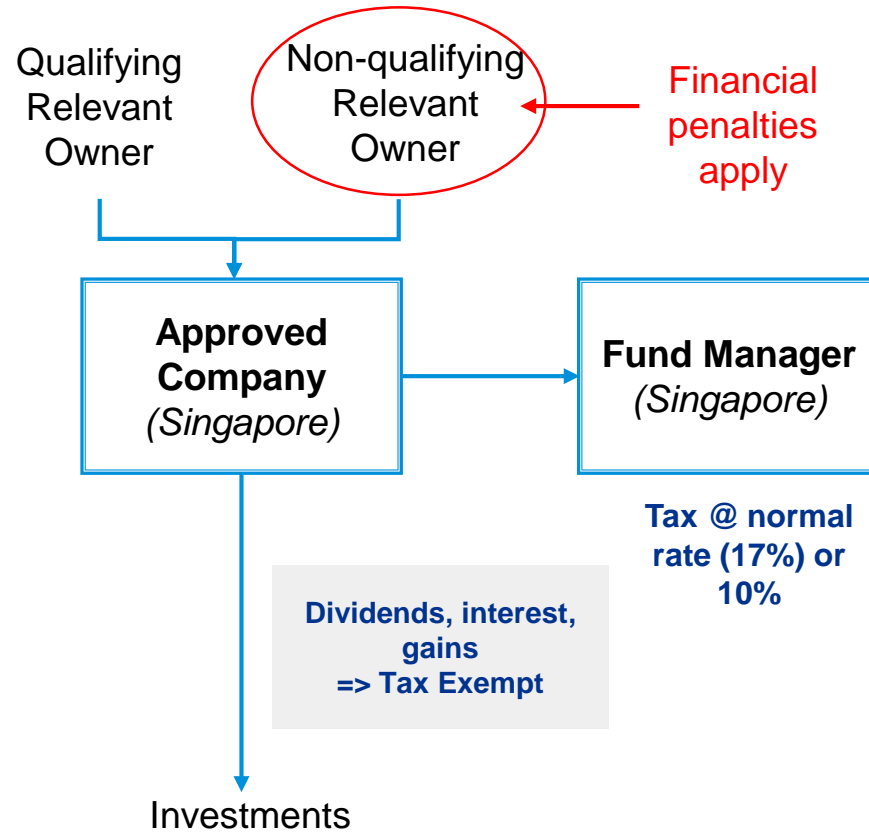
- Financial Sector Incentive – Fund Management (**FSI-FM**)
- Fund Management Incentive (**FMI**)



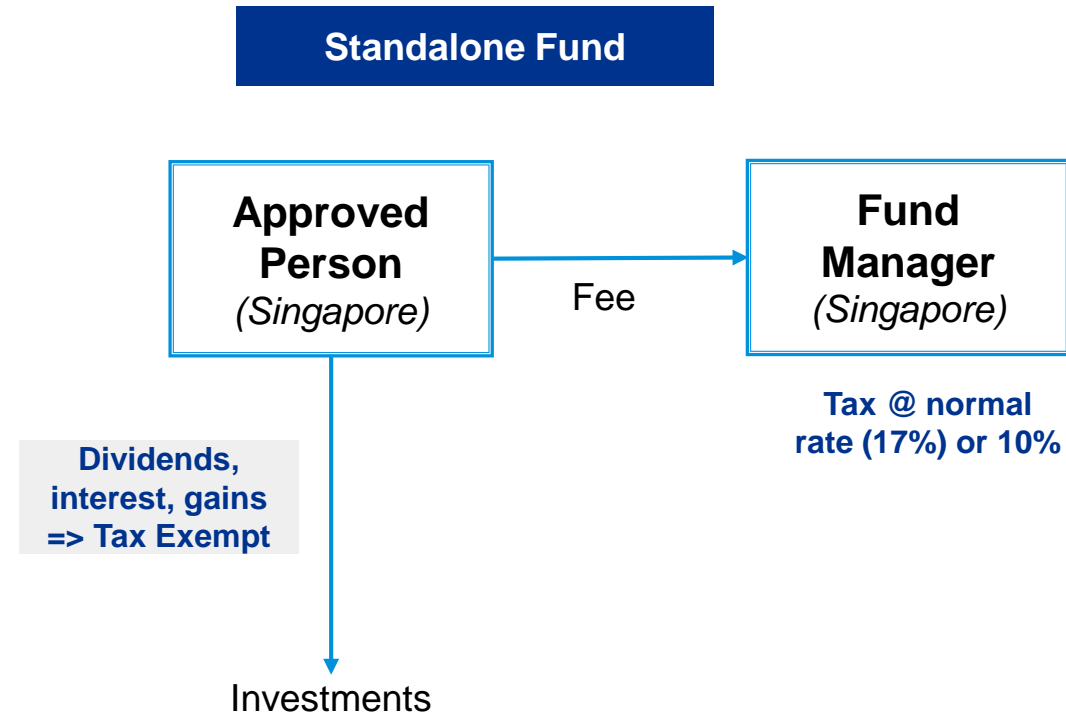
# Overview of Singapore's Fund Management Incentives



# Section 13R - Singapore Resident Fund (SRF) Scheme

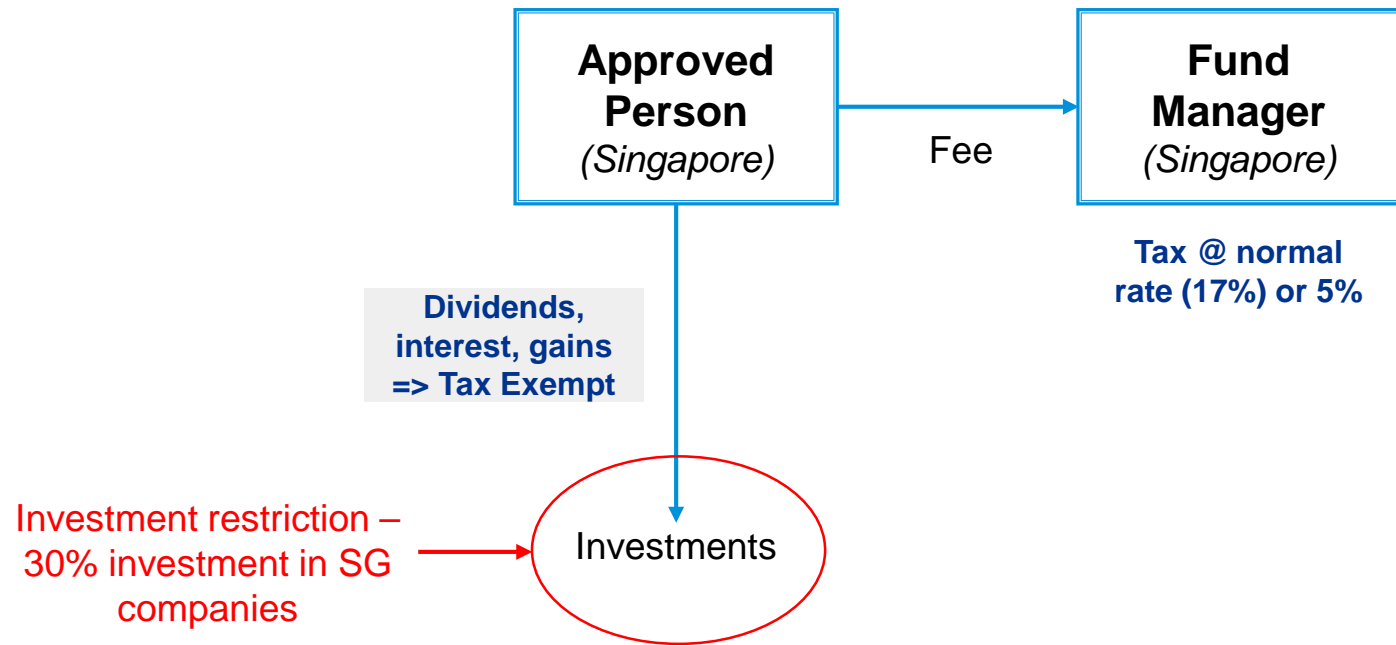


# Section 13X - Enhanced-Tier Tax Incentive (ETF) Scheme





# Section 13H - Singapore Venture Capital (VC) Fund Scheme



# Tax Implication – Fund Manager

## FSI FM scheme – Fund Manager of Section 13X / 13R funds

- **10% concessional tax rate (reduced from 17%)**
- Must have minimum AUM of at least SGD250 million
- Must have at least 3 investment professionals (as defined)

## FMI scheme – Fund Manager of Section 13H funds

- **5% concessional tax rate (reduced from 17%)**
- Must have minimum AUM of Section 13H funds of at least SGD40 million
- Hires at least one additional investment professional by the end of the FMI award (as defined)

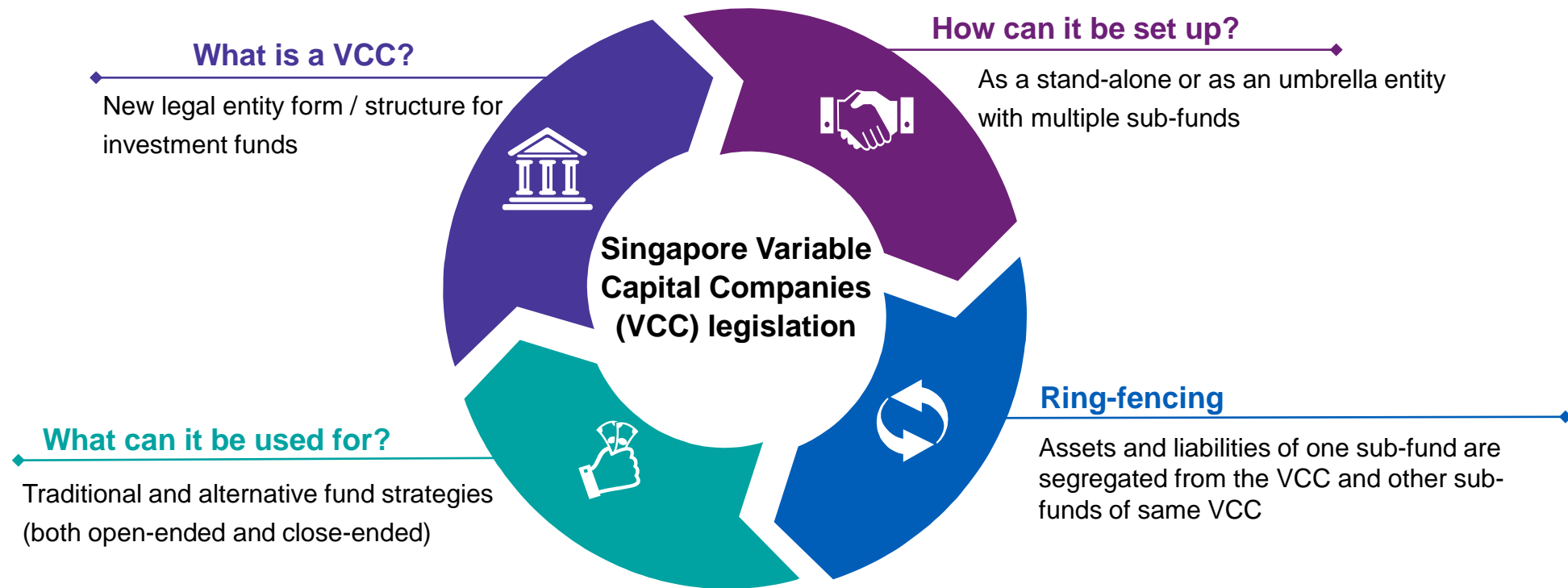


# Variable Capital Company

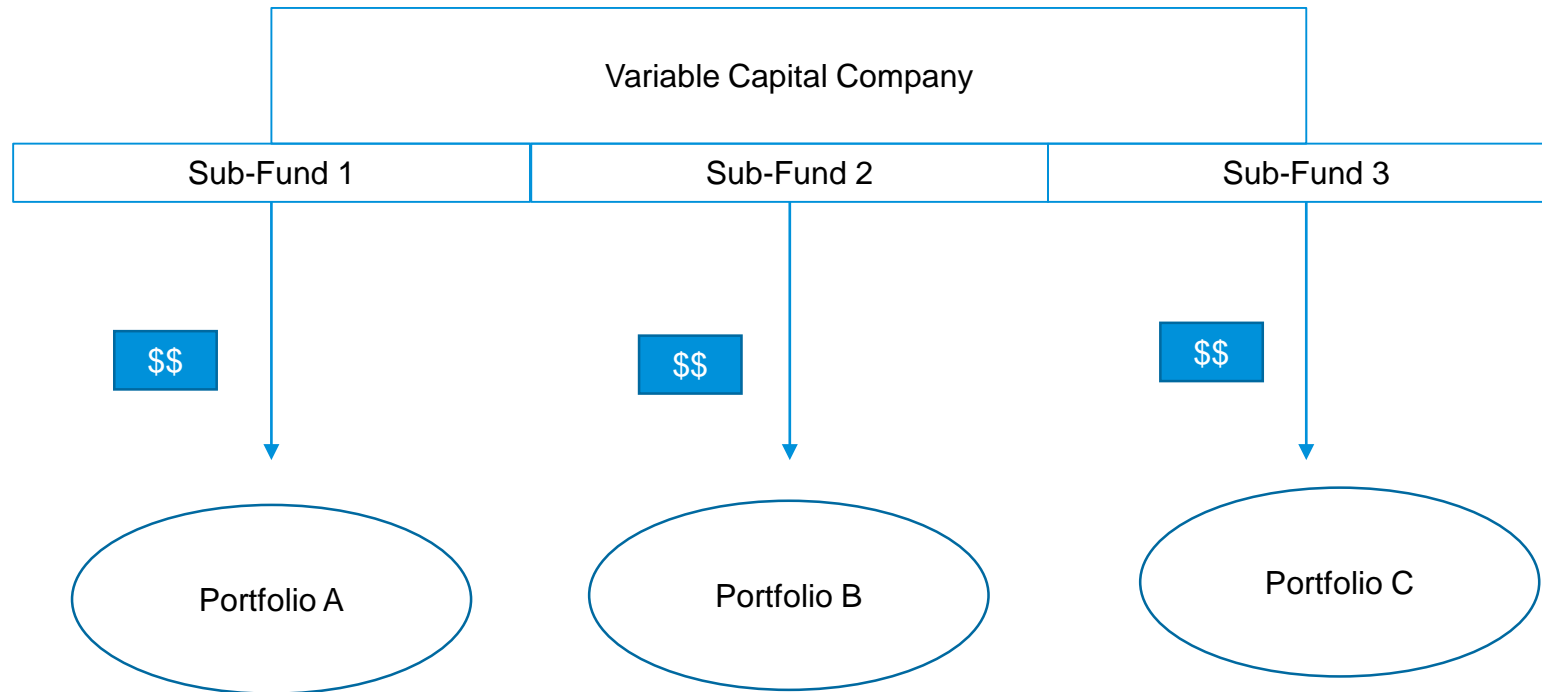




# VCC – Overview



# VCC – Ring Fencing of Risks

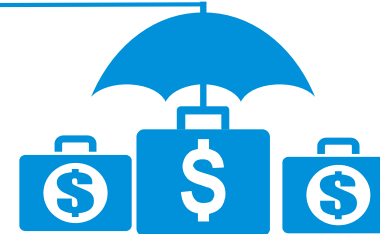


# VCC – Key Tax Features



## Stand-alone (single fund) VCC

- Tax treatment similar to that of a Singapore company.
- Benefits of ETF Scheme and SRF Scheme extended to VCC (including WHT exemption on interest and interest related payments)



## Umbrella (multiple sub-fund) VCC

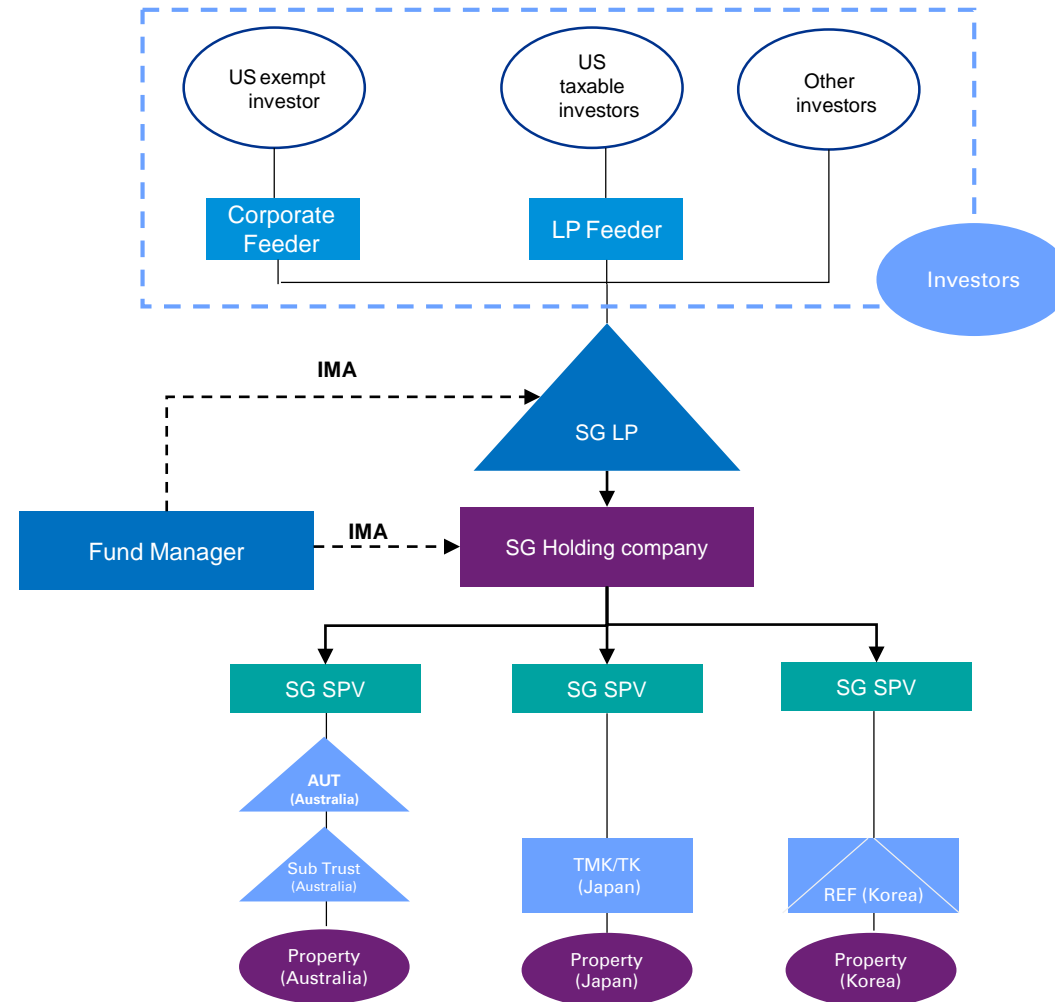
- VCC can apply for tax incentives on behalf of its sub funds
- Conditions under the ETF Scheme and SRF Scheme only need to be met by the umbrella VCC (and not to each individual sub-fund)
- If umbrella VCC fails to meet incentive conditions, umbrella VCC (and its sub-funds) will not be able to enjoy tax exemption for the given year.
- Single CIT return will be filed by umbrella VCC regardless of number of sub-funds



# Typical Singapore Structures

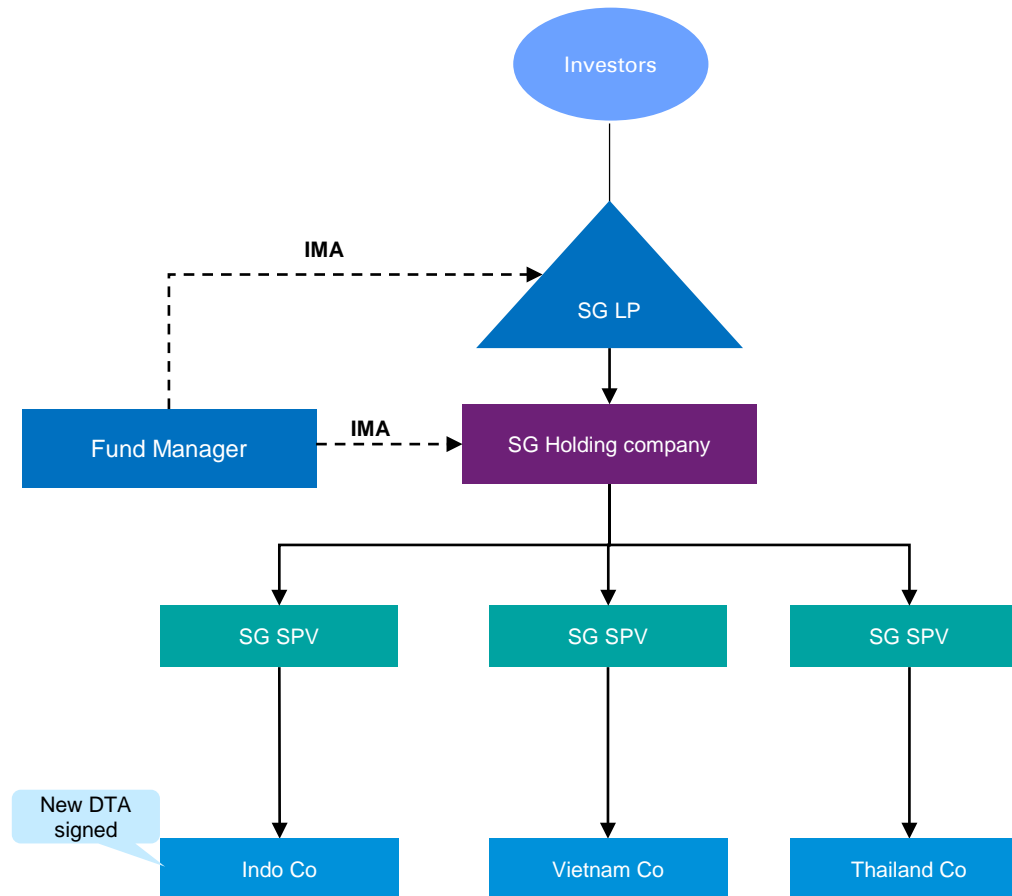


# Typical Structures - Real Estate

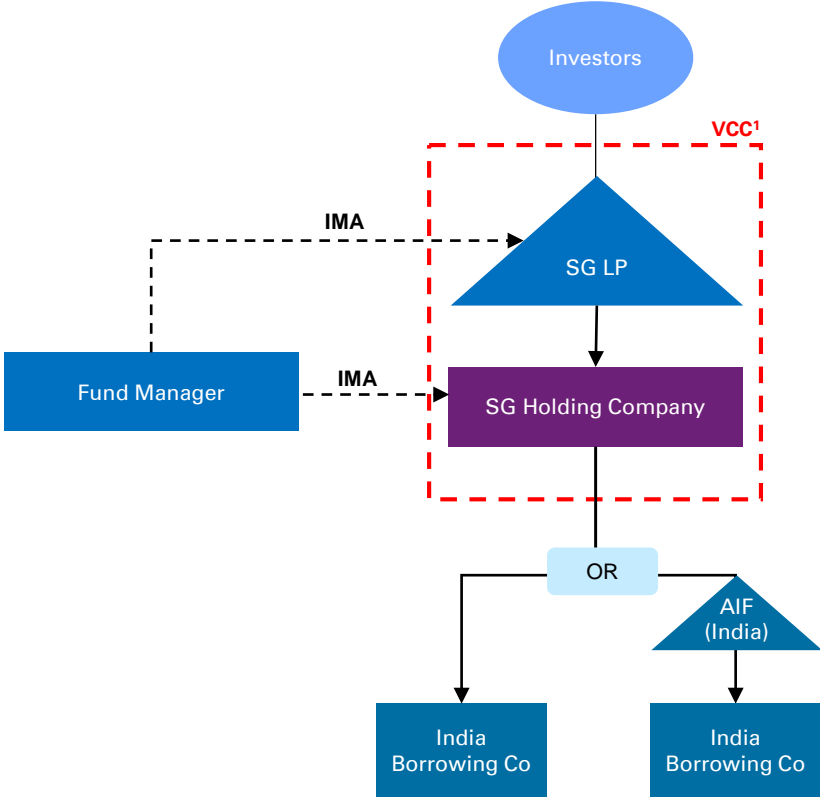




# Typical Structures - Private Equity

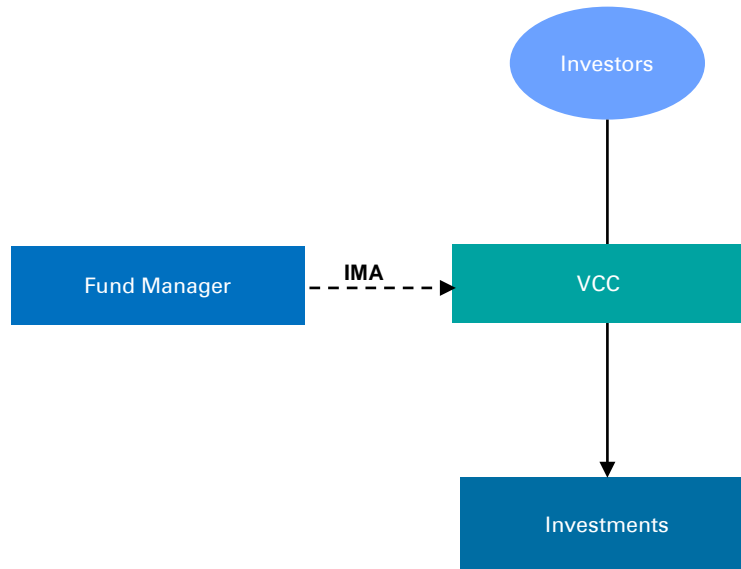


# Typical Structures - Credit Fund (India)



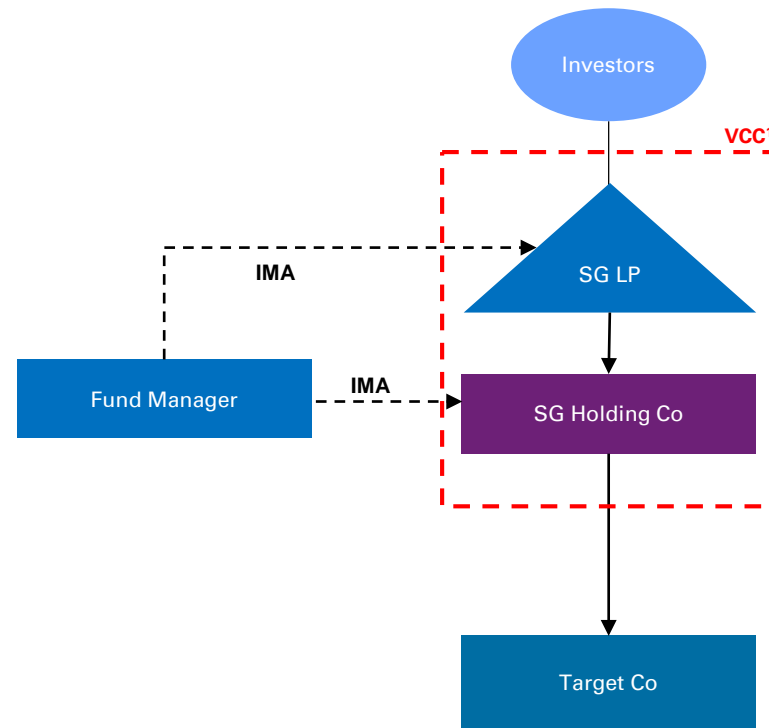
<sup>1</sup>Could be set up as a VCC

# Typical Structures - Hedge Fund



***<sup>1</sup>Could be set up as a VCC***

# Typical Structures - Venture Capital



*¹Could be set up as a VCC*



# Contacts



**Teo Wee Hwee**  
Partner  
Head of Real Estate and  
Asset Management, Tax  
KPMG in Singapore

Email: [weehweeteo@kpmg.com.sg](mailto:weehweeteo@kpmg.com.sg)



**Anulekha Samant**  
Partner  
Asset Management and Real Estate, Tax  
KPMG in Singapore

Email: [asamant@kpmg.com.sg](mailto:asamant@kpmg.com.sg)



**Marian Rajanathan**  
VP, APAC Investor Data  
Preqin

Email: [marian.rajanathan@preqin.com](mailto:marian.rajanathan@preqin.com)





# Thank You

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG Services Pte. Ltd. (Registration No: 200003956G), a Singapore incorporated company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.