



Tax Concession for Hong Kong Single Family Offices (1/3)

Requirements of the Single Family Office (“SFO”)

At least 75% of the assessable profits are derived from services provided to Family-owned Investment Holding Vehicles (“FIHVs”), Family-owned Special Purpose Entities (“FSPEs”), intermediate FSPEs and single family members.



A private company (incorporated in or outside Hong Kong) normally managed or controlled in Hong Kong.

At least 95% of beneficial interest is held (directly or indirectly) by one or more members of a single family and the remaining 5% of beneficial interest could be held by non-family members;

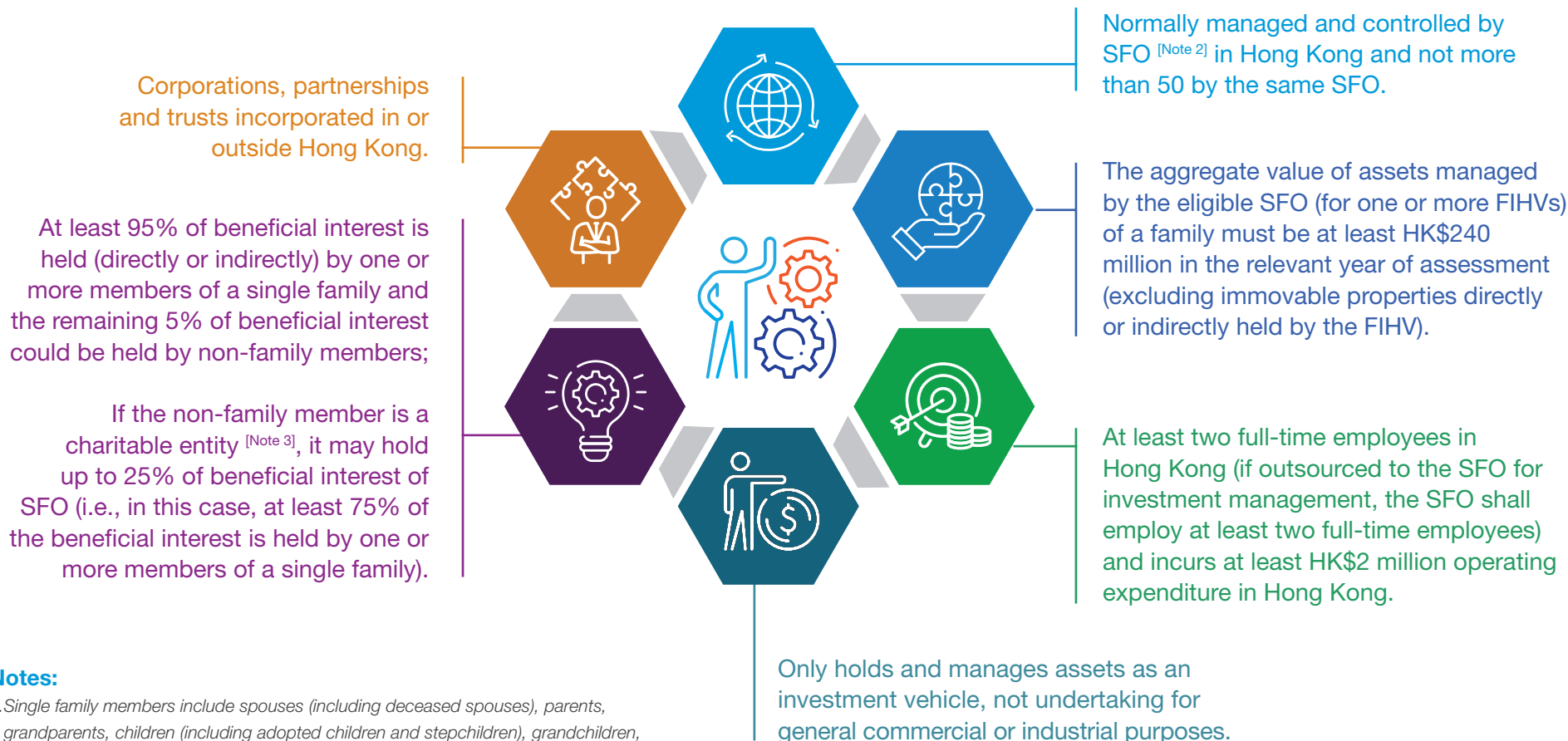
If the non-family member is a charitable entity ^[Note 2], it may hold up to 25% of beneficial interest of SFO (i.e., in this case, at least 75% of the beneficial interest is held by one or more members of a single family).

Notes:

1. A SFO that only serves the family is not required to obtain a license.
2. A charitable entity is a charitable institution or trust of a public character that is exempt from tax under Section 88 of the Inland Revenue Ordinance (“IRO”).

Tax Concession for Hong Kong Single Family Offices (2/3)

Requirements of the FIHV



Notes:

1. Single family members include spouses (including deceased spouses), parents, grandparents, children (including adopted children and stepchildren), grandchildren, siblings (including siblings of spouses) and their spouses and children, among others.
2. See above for the SFO requirements.
3. A charitable entity is a charitable institution or trust of a public character that is exempt from tax under Section 88 of the IRO.



Tax Concession for Hong Kong Single Family Offices (3/3)

Qualifying Transactions and Incidental Transactions

Scope of qualifying transactions

- Similar to scope under the prevailing Hong Kong Unified Fund Exemption (“UFE”) Regime and no local investments is required, including:
 - Securities
 - Shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, a private company
 - Futures contracts
 - Foreign exchange contracts under which the parties to the contracts agree to exchange different currencies on a particular date
 - Deposits other than those made by way of a money-lending business
 - Bank deposits
 - Certificate of deposit
 - Exchange-traded commodities
 - Foreign currency
 - Over-the-counter derivatives products
 - An investee company’s shares co-invested by a partner fund and Innovation and Technology Venture Fund Corporation under the Innovation and Technology Venture Fund Scheme
- The trading receipts from incidental transactions must not exceed 5% of the total trading receipts from qualifying transactions and incidental transaction. Otherwise, the entire income from incidental transactions will not be exempt under the Hong Kong Single Family Office Tax Concession (though it may still be exempt if the income from incidental transactions is offshore-sourced).
- The tax exemption for qualifying transactions of the FIHV or its FSPE will not be affected by the non-qualifying transactions.

When private companies holding immovable properties in Hong Kong are involved

- The same test under Hong Kong UFE Regime will apply, including:-
 - Does the private company hold more than 10% of its assets in immovable properties in Hong Kong?
 - Has the private company been held by a FIHV or FSPE for more than 2 years?
 - Is the private company controlled by a FIHV or FSPE?
 - Whether the short-term assets held by the private company exceed 50% of their total asset value?



Comparison of tax concession in Hong Kong and Singapore (1/4)

	Hong Kong	Singapore		
	Single Family Offices Tax Concession	Onshore Fund Tax Incentive Scheme (13O Scheme)	Enhanced Tier Tax Incentive Scheme (13U Scheme)	Offshore Fund Tax Incentive Scheme (13D Scheme)
Legal form	Any form of legal entity (including corporations, partnerships and trusts)	Only applicable to companies or Variable Capital Companies ("VCC") registered in Singapore	Any form of legal entity (including corporations, partnerships, trusts, funds and VCC) with no restriction on the place of incorporation/ registration	Corporations, trusts and individuals whose place of incorporation/ residence is outside of Singapore with no business in Singapore
Tax incentives	Qualifying transactions and incidental transactions (not exceed 5%) carried out by FIHV are exempt from Hong Kong Profits Tax	Specified income derived from designated investments is exempted from Singapore Corporate Income Tax ("CIT") (cannot be combined with other CIT incentives)		
Eligible investments	<ul style="list-style-type: none"> Specified assets, including most of the financial investments Not more than 5% of incidental transactions There are certain requirements for private companies holding immovable properties in Hong Kong (see the previous page) 	<ul style="list-style-type: none"> Designated investments, including most of financial investments Excluding: insurance, cryptocurrency, investments involving Singapore immovable properties, family-owned operating companies held for long-term purposes and operating companies set up solely to manage internal working capital and retained earnings 		
Investors	<ul style="list-style-type: none"> At least 95% of beneficial interest is held (directly or indirectly) by one or more members of a single family and the remaining 5% of beneficial interest could be held by non-family members No restriction on whether they are Hong Kong or non-Hong Kong residents 	Non-individual investors in Singapore, alone or with their related parties, shall not hold more than a certain percentage of beneficial interest (i.e., 30% if there are less than 10 investors and 50% if there are not less than 10 investors)	N/A	Non-individual investors in Singapore, alone or with their related parties, shall not hold more than a certain percentage of beneficial interest (i.e., 30% if there are less than 10 investors and 50% if there are not less than 10 investors)
Administrator	Managed by the SFO, with at least 75% of the assessable profits are derived from services provided to FIHV, FSPE, intermediate FSPE and single family members.	<ul style="list-style-type: none"> Incorporated in Singapore Registered with the Monetary Authority of Singapore ("MAS"), or holding a Capital Markets Services ("CMS") licence, or being specifically exempted from holding a CMS licence (Note 1) There is no restriction on income source under tax incentive schemes, however, from a regulatory perspective, the SFO cannot provide investment management services to non-family funds on the basis that the SFO mentioned in Note 1 does not hold a CMS licence 		



Comparison of tax concession in Hong Kong and Singapore (2/4)

	Hong Kong	Singapore		
	Single Family Offices Tax Concession	Onshore Fund Tax Incentive Scheme (13O Scheme)	Enhanced Tier Tax Incentive Scheme (13U Scheme)	Offshore Fund Tax Incentive Scheme (13D Scheme)
Private Banking Account Requirements	N/A	For SFO applicants as stated in Note 1 only: <ul style="list-style-type: none"> Must have a private banking account with a MAS-licensed financial institution at the point of application and throughout the incentive period 		N/A
Whether application is required	No prior approval or application is required	A formal application and approval with the MAS is required		No approval or application is required
Minimum Asset Threshold ("AUM")	HK\$240 million (~US\$30 million) (excluding investments in immovable properties)	For SFO applicants as stated in Note 1 only: <ul style="list-style-type: none"> Minimum S\$20 million (~US\$15 million) in designated investments at the point of application and throughout the incentive period 	For SFO applicants as stated in Note 1 only: <ul style="list-style-type: none"> Minimum S\$50 million (~US\$37.5 million) in designated investments at the point of application and throughout the incentive period 	N/A
Investment manager	At least two full-time employees in Hong Kong with the necessary qualifications (not limited to family members or not)	For SFO applicants as stated in Note 1 only: <ul style="list-style-type: none"> At least two investment professionals, of whom at least one investment professional is a non-family member at the point of application and throughout the incentive period Investment professionals must be Singapore residents with relevant experiences and a monthly salary of not less than S\$3,500, engaging more than 50% of the time in the qualifying activity 	At least three investment professionals who are Singapore residents with relevant experience and earn a monthly salary of not less than S\$3,500, engaging more than 50% of the time in the qualifying activity For SFO applicants as stated in Note 1 only: <ul style="list-style-type: none"> At least one investment professional is a non-family member at the point of application and throughout the incentive period 	N/A



Comparison of tax concession in Hong Kong and Singapore (3/4)

	Hong Kong	Singapore		
	Single Family Offices Tax Concession	Onshore Fund Tax Incentive Scheme (13O Scheme)	Enhanced Tier Tax Incentive Scheme (13U Scheme)	Offshore Fund Tax Incentive Scheme (13D Scheme)
Minimum expense requirements	At least HK\$2 million (~US\$250,000) operating expenses incurred in Hong Kong per financial year	<p>At least S\$200,000 (~US\$150,000) operating expenses per financial year</p> <p>For SFO applicants as stated in Note 1 only:</p> <ul style="list-style-type: none"> ▪ If AUM is less than S\$50 million (~US\$37.5 million), at least S\$200,000 (approximately US\$150,000) <u>local</u> operating expenses per financial year; ▪ If AUM is S\$50 million and above, but less than S\$100 million (~US\$75 million), at least S\$500,000 (~US\$375,000) <u>local</u> operating expenses per financial year; ▪ If AUM is not less than S\$100 million, at least S\$1 million (~US\$750,000) <u>local</u> operating expenses per financial year. <p>If AUM is S\$50 million and above, donations to local charities and grants to blended finance structures with substantial involvement of financial institutions in Singapore can be included in the computation of local operating expenses (the latter can be scaled up by a 2x multiplier)</p>	<p>At least S\$200,000 (~US\$150,000) <u>local</u> operating expenses per financial year</p> <p>For SFO applicants as stated in Note 1 only:</p> <ul style="list-style-type: none"> ▪ If AUM is less than S\$50 million (~US\$37.5 million), at least S\$200,000 (approximately US\$150,000) operating expenses per financial year; ▪ If AUM is S\$50 million and above, but less than S\$100 million, at least S\$500,000 (~US\$375,000) local operating expenses per financial year; ▪ If AUM is not less than S\$100 million, at least S\$1 million (~US\$750,000) local operating expenses per financial year. 	N/A



Comparison of tax concession in Hong Kong and Singapore (4/4)

	Hong Kong	Singapore		
	Single Family Offices Tax Concession	Onshore Fund Tax Incentive Scheme (13O Scheme)	Enhanced Tier Tax Incentive Scheme (13U Scheme)	Offshore Fund Tax Incentive Scheme (13D Scheme)
Capital Deployment Requirement	N/A	<p>For SFO applicants as stated in Note 1 only: At least 10% of AUM or S\$10 million (~US\$7.5 million), whichever is lower, should be invested in the following investments ("Eligible Investments"):</p> <ul style="list-style-type: none"> ▪ Securities listed on the Singapore Stock Exchange ("SGX") ▪ Qualified Bonds ▪ Non-listed funds issued by licensed/registered fund companies in Singapore ▪ Private equity investments in unlisted companies incorporated and operating in Singapore. ▪ Climate-related investments; ▪ Blended finance structures with substantial involvement of financial institutions in Singapore <p>Certain types of Eligible Investments can be scaled up by a 1.5x or 2x multiplier for Capital Deployment Requirement computation.</p>		N/A
Number of FIHVs that can benefit from tax concession	50	N/A		
Effective period	Effective from 1 April 2022	Permanent exemption if approval is obtained before 31 December 2024		31 December 2024

Notes:

1.If the administrator is (i) specifically exempted from holding a CMS licence, and (ii) 100% owned or controlled by the same family members, there are additional conditions that would apply to SFO applicants.

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