

The Singapore Variable Capital Company ("VCC")

March 2020

Why the VCC?

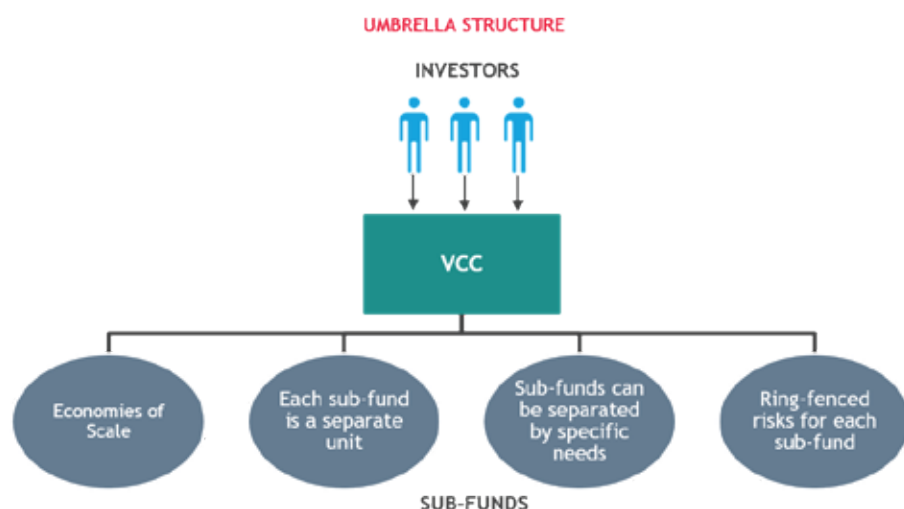
The VCC is a corporate vehicle tailored specifically for collective investment schemes. It is a **game-changer** for Singapore's fund management industry as it provides an attractive alternative structure for Singapore fund managers. It will encourage funds to be **established in or re-domiciled to Singapore**, further promoting Singapore as a wealth and management hub.

The VCC provides greater **flexibility** for fund managers with the possibility to establish an umbrella structure with **multiple sub-funds** that can accommodate both traditional and alternative fund strategies. As the tax treatment remains the same as that of a Singapore company, it is only required to submit a single tax return and financial statements. Further, it is only required to have one board of

directors, thereby creating **economies of scale** and improving operational and **cost efficiency**.

The VCC also permits the use of either Singapore or international accounting standards and allows access to Singapore's wide tax treaty network. In addition, the **tax exemptions** available for Singapore funds and Family Offices under the Enhanced-Tier Fund (13X) and the Singapore Resident Fund (13R) also apply to VCCs. The requirements for these schemes will need to be met by the VCC **as a whole** rather than at sub-fund level.

Please refer to BDO's tax alert '**Introduction of the Singapore Variable Capital Company**' from January 2019 for more information on the key features of a VCC.



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Why now?

As part of the VCC framework's official launch in January 2020, the Monetary Authority of Singapore ("MAS") also launched a **VCC Grant Scheme** whereby they will co-fund up to 70% of eligible expenses paid to Singapore-based service providers, such as legal and tax services, for work done in Singapore in relation to the VCC. The grant is capped at **S\$150,000** per application with a maximum of three VCCs per fund manager. The scheme is funded by the Financial Sector Development Fund and will run until **January 2023**. We expect that this scheme will encourage adoption of the newly launched VCC framework. The Singapore government also wants to create more opportunities for Singapore-based fund service providers such as legal and tax advisors, accountants and fund administrators whilst further enhancing Singapore's position as an international financial hub.

With the **increased scrutiny on offshore jurisdictions** and enhanced regulatory and reporting requirements in recent years, we are pleased to see the Singapore government further encouraging the consolidation of fund domiciliation and fund management activities in Singapore. We know that the VCC is

a fund structure similar to those commonly seen in other established fund jurisdictions, but with the benefit of learning from these, the VCC structure takes the best from other investment vehicles and creates a **superior** investment option that will be quicker, easier and cheaper to establish and operate.

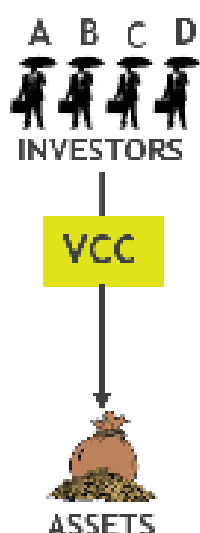
As the grant will make it **cheaper** to set-up a VCC in Singapore compared to other traditional fund jurisdictions such as the Cayman Islands, we expect now to be the time that fund managers will be attracted to the VCC, including those with existing funds overseas. We anticipate that these funds will now consider using this opportunity to create new VCC funds in Singapore or to re-domicile their investment funds to Singapore.

In addition, with the recent **Economic Substance legislation** coming into force and the Cayman Islands being put on the European Union blacklist of tax havens, we expect to see the demand for Singapore as a fund location increase. This is partly due to Singapore being safe, with a stable economy and being on the Organisation for Economic Co-operation and Development's "white list" but

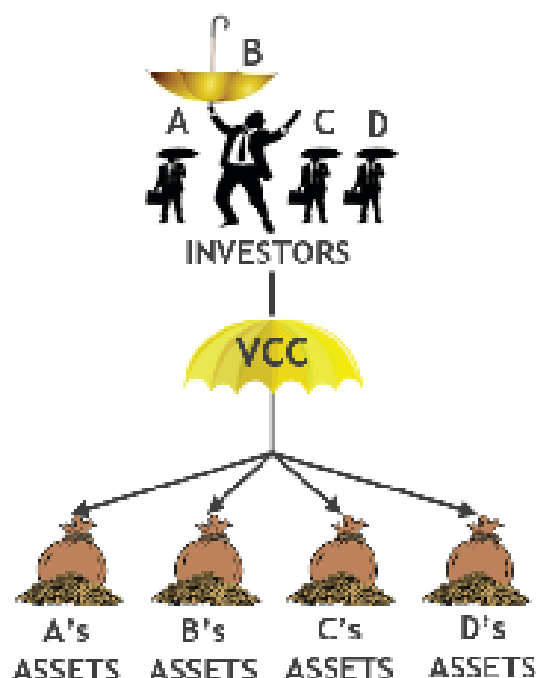
also because the VCC provides a **robust yet flexible framework**, enhancing Singapore's value as an international fund management centre.

As Singapore deals with the escalating COVID-19 outbreak, we are also not surprised that the focus of the Singapore Budget 2020 was on providing Singapore with an economic package to mitigate the impact from the COVID-19 outbreak. However, we were pleased that VCCs did feature in the Budget in some context in the Annexes. We note that a further incentive scheme, **Section 13H**, with regard to venture capital funds and venture capital fund management companies may now be granted to venture capital funds which are constituted as foreign-incorporated companies or VCCs.

STANDALONE FUND



UMBRELLA STRUCTURE



How can BDO help?

At BDO, we support our clients by providing a **unique one-stop-shop** approach. Our advisers act for a number of Singapore funds and Family Offices and bring a wealth of **expertise and experience** to meet their needs. Clients benefit from a comprehensive range of services, from financial and tax advisory, through to post implementation services and ongoing compliance. Our aim is first and foremost to help clients effectively structure and protect their wealth.

As an **international** organisation which understands our client's needs, we are fully committed to assist high net worth individuals to achieve their objectives through practical, bespoke advice, tailored to their priorities. The relationships with our clients are built on trust and confidentiality. We invest in building **longstanding relationships** through providing the highest possible level of technical expertise, care and personal service. We go beyond fulfilling our responsibilities and work to meet our clients' real needs.

We guide our clients through each stage of the process and provide ongoing support throughout the funds' respective lifespan. Our Fund and Family Offices services include:

- ▶ Tax advisory
 - ensuring a tax efficient structure
- ▶ Incorporation and implementation
 - including applying for Singapore tax incentives
- ▶ Tax compliance
 - corporate, personal, trust filing as required
- ▶ Family governance
 - building a sustainable framework for future generations
- ▶ Accounting
- ▶ Audit
- ▶ Immigration services
- ▶ Common Reporting Standard/ Foreign Account Tax Compliance Act compliance services
- ▶ Regulatory and Compliance services
 - including application of license for fund management companies
- ▶ Corporate secretarial services



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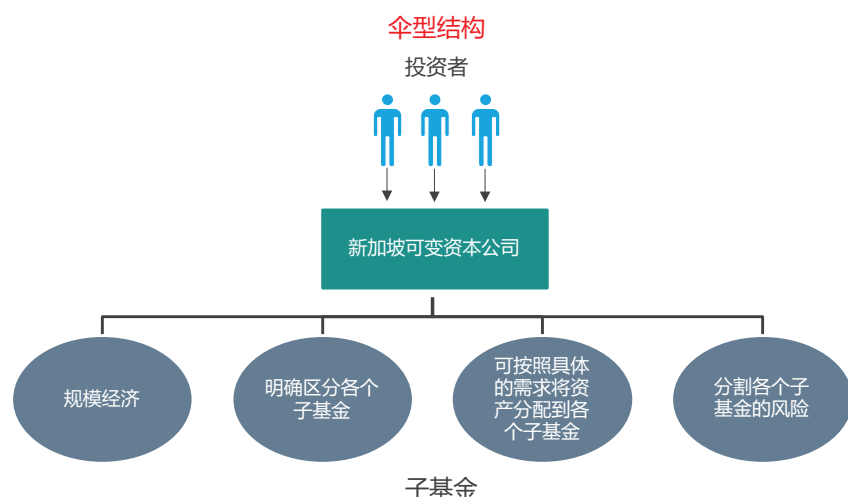
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新加坡可变资本公司 (“VCC”)

2020年3月

什么是VCC以及您应该考虑使用VCC作为基金主体的各种原因



VCC是专门为集体投资计划量身定制的企业工具。它为新加坡基金管理公司提供了一个具有吸引力的另类结构，而将会是改变新加坡基金管理行业常规的一个架构。

它将鼓励新的基金在新加坡设立，也会鼓励现有的海外基金将基金主体迁往新加坡。这么一来，它会进一步推动新加坡成为一个财富和管理中心。

VCC为基金经理在管理各基金和拟定投资策略时，提供了更大的灵活性。以VCC作为基金主体能让基金经理建立一个涵盖多个子基金的伞形结构。此结构可容纳传统和另类的基金策略，从而让基金经理在决定投资策略时，有更多的选择。由于VCC的税收待遇与新加坡公司相同，所以只需

要提交一份纳税申报单和财务报表。此外，它只需要有一个董事会，从而创造规模经济，提高业务和成本效率。

VCC还允许基金选择使用新加坡或国际会计准则准备它的财务报表。此外，VCC是一个新加坡主体。因此，以VCC作为基金主体的基金将可使用新加坡广泛的税收协定网络，尽量减少双重征税。另外，新加坡的基金免税计划（即新加坡基金税收优惠计划（13R）和特级基金税收优惠计划（13X））也适用于VCC。申请这些基金免税计划的VCC只需在VCC整体的层面上满足免税计划的条件，而无需在各个子基金层面上满足其条件。

关于VCC的更多详情，请参考BDO新加坡在2019年1月发布的可变资本公司介绍。

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为什么现在是使用VCC作为基金主体的最好时期？

VCC框架在2020年1月正式发布。

以进一步鼓励基金采用新推出的VCC 框架，并且为新加坡的基金服务商（如法律和税务顾问、会计师和基金管理人员）创造更多机会，新加坡金融管理局（MAS）也同时推出了VCC补助计划。在该计划下，MAS 将补贴高达70% 所支付给新加坡服务商的费用。可享受补贴的费用包括聘请法律和税务顾问在新加坡履行与VCC相关的职责时所产生的服务费。每宗申请的补助金额可高达15万新元，而限制每家基金管理公司所管理的基金最多可有3个VCC主体申请VCC补助计划。

该补助计划将由金融业发展基金资助，有效期达三年，至2023年1月。

通过发布VCC框架和提供以上所述的VCC补助计划，新加坡政府期望继续巩固新加坡作为国际金融中心的地位。

近年来，各国已对海外司法管辖区愈为关注，监管和申报要求也愈趋提高。在这种形势下，我们很高兴看到新加坡政府积极推动基金管理活动，以及鼓励海外基金将基金主体迁往新加坡并在此合并基金架构。

VCC结构类似于其他基金设立首选地区的基金结构。但是，新加坡从这些地区学习，采取各基金结构和投资工具中的精华，从而创建一个优越的投资选项。与其他投资结构和投资工具相比，VCC 将会更快、更简单、更便宜建立和运作。

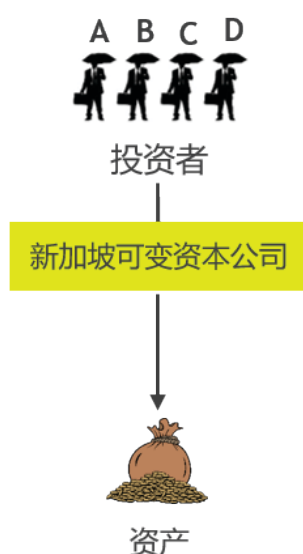
况且，上述的VCC补助计划将减低在新加坡设立VCC的成本。有鉴于此，与开曼群岛等其它传统基金管理地区相比，在新加坡设立VCC将会是一个较便宜的选择。因此我们预计，基金管理公司（包括那些现有海外基金的）将被VCC框架吸引。我们预计这些基金将考虑抓紧这个时机，在新加坡创建新的VCC基金，或将现有的海外基金主体迁

往新加坡。

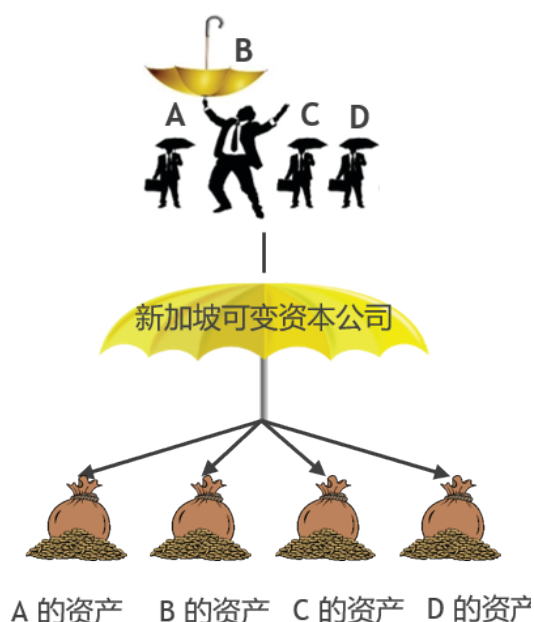
此外，随着最近经济实质法案的生效以及开曼群岛被列入欧盟避税天堂黑名单，我们预计新加坡作为基金地点的需求将会增加。这一方面是因为新加坡生活环境安全，经济稳定，而且被列入经济合作与发展组织（OECD）的“白名单”。另一方面是因为VCC提供了一个实际而灵活的框架，提升了新加坡作为国际基金管理中心的地位。

在新加坡应对日益升级的新冠疫情爆发的同时，新加坡2020年财政预算案主要关注与通过提供一揽子的经济计划，减轻新冠疫情对新加坡经济所造成的影响。虽然如此，财政预算案也有提到VCC框架。从2020年4月起，有关创业投资基金和创业投资基金管理公司的免税计划（即新加坡所得税法令第13H条）将可授予以外国注册公司或VCC形式成立的创业投资基金。

独立基金



伞型结构



BDO能如何提供协助?

在BDO，我们为我们的客户提供独特的一站式服务。我们的顾问为许多新加坡基金和家族办公室服务，并为他们提供丰富的专业知识和经验，以满足他们的需求。从财务和税务咨询服务，到实施后所需的持续合规服务，我们为客户提供全面的服务。我们的目标首先是帮助客户有效得计划和保护他们的财富。

作为一个了解客户需求的国际组织，我们致力于高净值人士提供切合他们需要的实用建议，帮助他们实现目标。我们与客户的关系建立在信任和保密的基础上。我们尽我们所能，通过提供高水平的技术专长、关怀和个人服务，于我们的客户建立长期的合作关系。我们不仅履行我们的职责，我们也尽量满足客户的实际需求。

我们指导我们的客户通过每个阶段的过程，并为各个基金提供长久的持续服务与支持。我们的基金和家族办公室服务包括：

- ▶ 税务咨询服务
 - 从税务角度，确保架构有效并可行
- ▶ 公司成立和实施服务
 - 包括协助客户为基金申请新加坡税收优惠
- ▶ 税务合规服务
 - 为公司、个人与信托提供相关的税务申报服务
- ▶ 家族治理服务
 - 为后代构建一个可持续发展的框架
- ▶ 会计服务
- ▶ 审计服务
- ▶ 移民服务
- ▶ 海外账户税收合规法案（FATCA）和共同申报准则（CRS）的相关服务
- ▶ 监管与合规服务
 - 包括为基金管理公司申请资本市场服务牌照
- ▶ 公司秘书服务



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