

Singapore, a top quality jurisdiction for a family office or family trust

There are numerous factors to consider when a family is contemplating the establishment of a family office or family trust. Singapore is an excellent and ever improving jurisdiction for both, with its wealth of reputable government, financial, legal and accounting expertise. Woon Hum Tan, Partner and Head of Trust, Asset & Wealth Management at Shook, Lin and Bok, a law firm in Singapore, expounded on some of the key factors for clients and intermediaries to consider.

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TAN'S LAW FIRM IS AN independent practice with 100 years of legal history. Tan is one of seven specialists in his firm who cover funds and trusts, including investment trusts, REITs, private family office structures and family trust structure.

He and his colleagues have immense experience in structuring the appropriate vehicles for their clients, as well as great understanding of the business and family issues that determine the ultimate structures and their constitutions.

Tailor made solutions

“There is no one size fits all approach when devising plans for family offices and trusts,” says



[WOON HUM TAN](#)
Shook Lin and Bok

Tan. “First and foremost, we consider in detail what suits clients in order to decide the best fit for them in terms of their philosophy, their strategy, their asset holding, the type of family that they have as well, including factors such as willingness to give away control, or assets, who is the chosen child to take over and so forth.”

Tan explains the basic concept of a special purpose vehicle and how the structure can apply to a family office. The SPV is a normal holding company with the client(s) or organisation holding the controlling shares of the vehicle, that vehicle then holds the investments.

The SPV might be established in jurisdictions such as Singapore, Hong Kong, British Virgin Islands or other Caribbean Islands. The SPV will have directors, but the management teams might often be in the operational or investment holding subsidiaries.

Simplicity better than complexity

Tan explains that a family office can be structured in the same way and does not need to be a highly complex structure. The family office, he explains, could be simply a private limited company or a foundation, and included in the family office might be a team of professionals such as investment managers, wealth managers, insurance experts, legal advisors, traders

and business people, all in-house advisors serving the company and the family.

Tan believes that Singapore is an excellent location for a family office due to a host of reasons such as low corporate and personal income tax, zero capital gains tax, zero estate duty, no forced heirship, a reputable international financial centre, a growing wealth management hub, established legislation, an independent and efficient judiciary as well as the availability of the tax neutral Singapore foreign private trust.

Additionally, Tan notes that there are the Economic Development Board has some incentives and schemes for family offices with sizeable assets under management in Singapore.

Family councils to include several generations

Tan advises the formation of a family council that comprises not just the founder generation but the second and even third generations as well. Aside from everyday decisions such as who to hire, the council can declare a family government document, or charter, which sets down the ‘dos’ and ‘don’ts’, even down to which colleges or universities the younger generation can attend.

“Yes, some founders can be very conservative,” explains Tan, “I am not here to say what is right or wrong, that is not part of the

discussion, our role is to act for the clients to respect their wishes. Of course, things can change later, the family council can make decisions down the road, including on the family charter, if such a document has been created.”

Private Trusts

He also briefly highlights the positive features of private trusts. But Tan also notes that there are features that deter certain clients, for example that it is not a separate legal entity, it is created by a concept in equity, with a trustee appointed who has considerable powers and is at arms’ length from the originator of the assets and the beneficiaries of the trust.

While the newer generations in China and Southeast Asia understand the structure and efficacy of trusts, some clients however cannot get over the hurdle of the trust concept.

In general, nevertheless, Tan explains that more and more clients understand and appreciate the value of private trusts and the implication of their establishment and the role of trustees.

In conclusion, Tan says that clients need to take expert advice and that Singapore is an increasingly appealing jurisdiction for the establishment of family office and trust due to its regulatory environment, government incentives and general financial, legal and accounting infrastructure. ■

