



Fund Structuring in Singapore

A Practical Guide to VCCs, Limited Partnerships,
Unit Trusts, MAS Licensing, and Tax Incentives

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Introduction

Singapore has established itself as one of the leading fund domiciles in Asia. As at March 2025, approximately 1,200 Variable Capital Companies (VCCs) and more than 810 limited partnerships were registered in Singapore, managed by over 600 financial institutions comprising fund management companies and banks that are regulated by MAS. This growth reflects Singapore's combination of a stable legal system, an extensive double taxation agreement (DTA) network, a well-resourced and pragmatic regulator, and a range of attractive fund tax incentive schemes.

This guide provides a practical overview of the key fund vehicle options available in Singapore, the MAS licensing framework for fund managers, and the principal tax incentive schemes. It is aimed at fund managers and family offices evaluating Singapore as a domicile for their investment fund or single-family office structure.

Fund Vehicle Options

Funds established in Singapore typically take one of four forms: the Variable Capital Company (VCC), the limited partnership (LP), the unit trust, or the private limited company. Each has distinct characteristics suited to different strategies, investor bases, and operational preferences.

Variable Capital Company (VCC)

The VCC is a corporate structure purpose-built for investment funds, established under the Variable Capital Companies Act 2018 (effective January 2020). It has rapidly become the vehicle of choice for open-ended funds and multi-strategy platforms in Singapore.

Key features:

- Separate legal personality with a variable share capital structure – shares can generally be issued and redeemed at NAV without shareholder approval or solvency statements required under the Companies Act. However, the VCC remains subject to general insolvency law, directors' duties, and any restrictions in its constitution or fund documents.
- Can be set up as a standalone fund or as an umbrella VCC with multiple sub-funds. Sub-fund assets and liabilities are ring-fenced by statute (s 29, VCC Act).
- Dividends may be paid out of capital, providing flexibility for income distribution strategies.
- Register of members is not publicly accessible (but must be disclosed to public authorities on request).
- Must be managed by a Permissible Fund Manager (i.e., a MAS-licensed or exempt fund manager).
- Must appoint: (i) at least one Singapore-resident director; (ii) at least one director who is a director or qualified representative of the VCC's fund manager (this may be the same person as in (i)); (iii) a Singapore company secretary; and (iv) an auditor approved or registered (as the case may be) under the Accountants Act 2004.
- Financial statements must be prepared in accordance with IFRS, Singapore FRS, or US GAAP.
- Subject to AML/CFT requirements supervised by MAS.

Umbrella VCC

The umbrella structure is one of the VCC's most powerful features. Fund managers can deploy multiple investment mandates (e.g., private equity, credit, real estate, digital assets) under a single legal entity, sharing boards, administrators, auditors, and compliance functions across sub-funds. Partial tax exemption is applied at the umbrella level, and each sub-fund's assets and liabilities are segregated by statute.

Limited Partnership (LP)

The Singapore limited partnership, governed by the Limited Partnerships Act 2008, remains the preferred structure for closed-ended private equity, venture capital, and real-asset strategies. According to ACRA formation data, in the period from January to October 2025, the number of new LP registrations exceeded that of new VCCs, reflecting the continued appeal of the LP for PE/VC fund formation.

Key features:

- Comprises at least one general partner (GP, with unlimited liability) and one or more limited partners (LPs, with liability limited to their agreed contribution).
- Governed primarily by the limited partnership agreement (LPA) – free from the capital maintenance and dividend rules applicable to companies.
- Tax transparent: the LP itself does not pay tax; each partner is taxed individually on their share of the fund's income.
- LP particulars may be kept confidential from the public if the fund manager is MAS-regulated and other conditions are met.
- Foreign GPs are permissible, but a locally resident manager is then required to be appointed by such foreign GP for regulatory compliance.
- Not a separate legal entity for income tax purposes – cannot access Singapore's DTA network directly.
- From 1 January 2025, LPs can apply for tax exemption under a new s 130A of the Income Tax Act (extending the s 130 scheme to LP structures).

Unit Trust

A unit trust is constituted by a trust deed, with assets held by a trustee on behalf of unitholders. It is not a separate legal entity and does not need to be registered with ACRA. Unit trusts have historically been widely used for retail authorised funds and certain institutional mandates.

Key features:

- Legal ownership of fund assets is vested in the trustee; investors hold units.
- The trustee will typically be required to hold a trust business licence under the Trust Companies Act 2005, although certain exemptions may apply (e.g., for private trust companies, exempt persons, and approved CIS trustees in specific contexts).
- No public register – offers privacy, particularly for private trusts.
- Trustee oversight provides an additional layer of governance and investor protection.
- Can be attractive for certain tax structuring purposes depending on the jurisdiction of underlying investments.

- Additional trustee fees and legal costs compared to corporate structures; market sentiment has shifted towards VCCs and LPs for most new fund formations.

Private Limited Company (Pte. Ltd.)

A traditional private limited company under the Companies Act 1967 remains viable for single-strategy, closely held, and closed-ended funds. It benefits from Singapore’s extensive DTA network and is well-understood by investors.

Key features:

- Separate legal entity; shareholders’ liability limited to unpaid share capital.
- Subject to strict capital maintenance rules – dividends may only be paid out of profits; share buybacks limited to 20% of issued ordinary capital.
- Strict accounting, audit, and annual filing requirements under the Companies Act.
- Can directly access Singapore’s DTA network (unlike LPs).
- 50-shareholder limit for private companies.
- Often used as the fund management company (rather than the fund vehicle itself).

Comparison of Fund Structures

Feature	VCC	LP	Unit Trust	Pte. Ltd.
Legal personality	Yes	No	No	Yes
Governing law	VCC Act 2018	LP Act 2008	Trust deed + SFA (if retail)	Companies Act 1967
Tax transparency	No (taxed at entity level)	Yes (pass-through)	Generally transparent	No (taxed at entity level)
DTA access	Yes	No (not a legal person)	Via trustee entity	Yes
Sub-fund / umbrella	Yes (statutory segregation)	No	No	No
Capital flexibility	Variable capital; dividends from capital	High (governed by LPA)	High (governed by trust deed)	Restricted (capital maintenance rules)
Privacy (member register)	Not public	Can be kept confidential	No public register	Public (ACRA)
Best suited for	Open-ended, multi-strategy, hedge, family office	Closed-ended PE/VC, real assets	Retail funds, institutional mandates	Single-strategy, closely held
Tax incentive schemes	s 130, s 13U	s 130A (from 2025), s 13U	s 130, s 13U	s 130, s 13U

MAS Licensing for Fund Managers

Any person carrying on fund management activities in Singapore must be licensed or exempted by the Monetary Authority of Singapore (MAS) under the Securities and Futures Act 2001 (SFA). The Registered Fund Management Company (RFMC) regime was repealed on 1 August 2024 and is no longer available; existing RFMCs were required to transition to become accredited/institutional Licensed Fund Management Companies (A/I LFMCs). The principal categories of fund manager are now:

Licensed Fund Management Company (LFMC)

A full Capital Markets Services (CMS) licence for fund management under s 86 of the SFA. Two categories exist: a Retail LFMC (which may serve all investor types, including retail investors) and an Accredited/Institutional LFMC (A/I LFMC, which is restricted to serving accredited and institutional investors only). The A/I LFMC has effectively replaced the former RFMC regime as the entry-level licence for new managers serving sophisticated investors. A/I LFMCs that transitioned from RFMCs remain subject to an AUM cap of SGD 250 million as a licence condition, which can subsequently be lifted by MAS. LFMCs are subject to ongoing regulatory requirements including minimum base capital (generally SGD 250,000 for A/I LFMCs and SGD 1 million for Retail LFMCs), risk-based capital adequacy, annual audits, compliance arrangements, and MAS reporting.

Exempt Fund Manager

Certain entities are exempt from the requirement to hold a CMS licence, including banks licensed under the Banking Act, merchant banks that hold a merchant bank licence, or are treated as having been granted a merchant bank licence, under the Banking Act, and finance companies licensed under the Finance Companies Act. These entities may manage VCCs and other fund vehicles without a separate fund management licence.

Single Family Office (SFO) Exemption

An SFO managing assets solely for the benefit of one family is currently exempt from MAS licensing in most cases by relying on the existing class exemption under the SFA for the provision of fund management to related corporations. In November 2024, MAS published its response to a 2023 consultation paper proposing a new structure-agnostic class exemption for SFOs, aimed at harmonising the qualifying criteria (including ownership structure, family member definitions, AML/CFT requirements, and notification obligations) and addressing potential money laundering risks. As at the date of this guide, the new SFO class exemption framework has not yet been implemented; SFOs continue to operate under the existing related-corporation exemption pending its formal introduction. SFOs and their fund vehicles must in any event comply with applicable AML/CFT obligations through their MAS-regulated banking relationships.

Fund Tax Incentive Schemes

Singapore offers several fund tax incentive schemes under the Income Tax Act 1947 (ITA) that can exempt specified income (including capital gains, dividends, and interest) derived from designated investments. The two long-standing schemes are sections 13O and 13U; section 13OA was introduced from 1 January 2025 to extend the framework to Singapore-registered limited partnerships:

Section 13O – Onshore (Singapore-Resident Company) Scheme

The s 130 scheme provides income tax exemption on specified income derived from designated investments by a fund that is a Singapore tax-resident company (including a VCC). Key conditions (as updated from 1 January 2025):

- **Fund size:** Minimum AUM in designated investments measured against financial statements (not NAV): SGD 20 million at the point of application for funds managed by an SFO (with no top-up grace period; the previous concession allowing AUM to dip below the threshold during the basis period has been removed); and SGD 5 million by end of each financial year for non-SFO Section 130 funds.
- **Fund manager:** Must be managed in Singapore by a company holding a capital markets services licence under the Securities and Futures Act 2001 for fund management or that is exempted under that Act from holding such a licence; or by a person approved by the Minister or authorised body.
- **Local business spending:** Tiered local business spending (applicable only to non-SFO Section 130 funds), per the 2025 framework: SGD 200,000 per year for AUM in DI below SGD 250 million; SGD 300,000 per year for AUM in DI of SGD 250 million up to (but not including) SGD 2 billion; and SGD 500,000 per year for AUM in DI of SGD 2 billion or more. This includes fees paid to Singapore-based service providers: fund management fees, legal, accounting, audit, administration, and custody fees.
- **Investment professionals:** Singapore fund manager must employ at least two investment professionals in Singapore (applicable only to non-SFO Section 130 funds).
- **Tax residency:** The fund must be a Singapore tax resident (i.e., controlled and managed in Singapore).

Section 13U – Enhanced Tier Scheme

The s 13U scheme provides income tax exemption on a broader range of designated investments and is aimed at larger funds. Key conditions:

- **Fund size:** Minimum SGD 50 million in designated investments at the point of application and as at the end of each financial year thereafter (applicable only to non-SFO Section 13U funds/fund structures).
- **Local business spending:** Tiered local business spending (applicable only to non-SFO Section 13U funds/fund structures): SGD 200,000 per year for AUM in DI below SGD 250 million; SGD 300,000 per year for AUM in DI of SGD 250 million up to (but not including) SGD 2 billion; and SGD 500,000 per year for AUM in DI of SGD 2 billion or more.
- **Investment professionals:** At least three in Singapore.
- The fund need not be a Singapore tax-resident company (i.e., it can be constituted overseas), but must be managed in Singapore by a company holding a capital markets services licence under the Securities and Futures Act 2001 for fund management or that is exempted under that Act from holding such a licence; or by a person approved by the Minister or authorised body.

Section 130A – LP Scheme (from 1 January 2025)

The new s 130A scheme extends the s 130 framework to funds constituted as Singapore limited partnerships registered under the LP Act. This is a significant development that enhances the tax efficiency of Singapore LP structures for PE/VC funds. Each partner of an approved s 130A fund can avail itself of tax exemption on its share of specified income from designated investments, subject to meeting the relevant conditions.

2025 Transition Rules

Funds granted s 130 or s 13U approval before 1 January 2025 are not required to comply with the updated AUM, local business spending, and investment professional requirements until the financial year ending in 2027 (YA 2028). PE/VC funds may make an irrevocable election for “closed-end fund” treatment: the minimum AUM requirement is waived from the sixth incentive year, and local business spending is waived from the eleventh year.

Family Office Considerations

Singapore has become a leading jurisdiction for SFOs, driven by the s 130 and s 13U tax incentive schemes and the existing class exemption from MAS licensing for fund management to related corporations. Key structuring considerations:

- **Fund vehicle:** The VCC has become the preferred vehicle for family offices seeking flexibility, privacy, and access to the s 130/13U schemes. The umbrella VCC structure allows a family to manage multiple investment mandates (equities, fixed income, alternatives, direct investments) under a single corporate entity.
- **SFO entity:** The fund management company is typically a Singapore Pte. Ltd. operating under the existing related-corporation class exemption (pending the implementation of the proposed structure-agnostic SFO class exemption). It must manage assets solely for the benefit of one family.
- **Global Investor Programme (GIP) Option C:** Under GIP Option C, high-net-worth individuals may establish an SFO in Singapore managing a minimum of SGD 200 million in AUM (of which at least SGD 50 million must be deployed and maintained throughout the five-year residence period in one of four EDB-specified investment categories: (i) equities, REITs, business trusts, or ETFs listed on MAS-approved exchanges; (ii) qualifying debt securities such as bonds, notes, commercial papers, and certificates of deposit; (iii) funds distributed by Singapore-licensed or registered managers; or (iv) private equity injections into non-listed Singapore-based operating companies) as a pathway to permanent residency. Applicants must also commit to hire at least five incremental family office professionals (of whom at least three must be Singapore citizens) by the end of the five-year period.
- **Substance requirements:** The SFO must demonstrate genuine substance in Singapore – local staff (including investment professionals), a physical office, and meaningful local business spending. MAS and IRAS will scrutinise whether the SFO is substantively managed and controlled in Singapore.

Useful Resources

- **MAS – Variable Capital Companies:** mas.gov.sg/regulation/Variable-Capital-Companies
- **ACRA – Variable Capital Companies:** acra.gov.sg/manage/variable-capital-companies/overview
- **Economic Development Board of Singapore – Global Investor Programme:** edb.gov.sg/en/incentives-and-programmes/global-investor-programme.html
- **MAS – Fund Management:** mas.gov.sg/regulation/capital-markets/fund-management
- **IRAS – Fund Tax Incentive Schemes (ss 130, 13U, 13OA):** iras.gov.sg/taxes/corporate-income-tax/specific-topics/funds-managed-by-singapore-fund-manager

- **VCC Act 2018:** sso.agc.gov.sg/Act/VCCA2018
- **Limited Partnerships Act 2008:** sso.agc.gov.sg/Act/LPA2008
- **Securities and Futures Act 2001:** sso.agc.gov.sg/Act/SFA2001

Disclaimer

This guide is intended for general informational purposes only and does not constitute legal, tax, regulatory, or professional advice. The regulatory framework, tax incentive conditions, and MAS requirements summarised in this guide are subject to change. Fund managers, family offices, and investors should seek independent professional advice tailored to their specific circumstances, investment strategy, and investor base before making structuring or domiciliation decisions. You are strongly recommended to seek specific advice before taking any action based on the information it contains. No responsibility can be taken for any loss arising from action taken or refrained from on the basis of this publication.

Questions? Get in touch.

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