

THE ASIAN FAMILY OFFICE

Driving Impact
and Innovation



TRADITIONAL ASIAN KNOTS CONVEY WISHES FOR GOOD FORTUNE, HAPPINESS AND PROSPERITY.

Crafted from a single length of cord or thread, the knots are often associated with longevity, unity, harmony and success.

Each has its own meaning, which finds a connection in families and their hopes for the future.

SOME TRADITIONAL ASIAN KNOTS:



PAN CHANG
(Endlessness
and continuity)



CLOVERLEAF
(Success)



SQUARE KNOT
(Good fortune)



COIN KNOT
(Cycle of life)



ROUND BROCADE
(Balance and
completeness)




To watch the video that
accompanies this report, please
scan the above QR code.

CONTENTS

Foreword: A new era of purpose and passion	4
About the research	6
<i>Seven key findings</i>	7
Section One: Elevating the impact of philanthropy	8
Case study: Why the Octava Foundation thinks like a business to drive bold change	13
Case study: The Raintree Foundation's work in rural India	15
<i>5 steps to create positive impact</i>	19
<i>Philanthropy in Singapore</i>	21
Section Two: Seizing the innovation opportunity	25
Section Three: The EY overview of philanthropy tax considerations	34



FOREWORD

A NEW ERA
OF PURPOSE
AND PASSION

What is driving the new generation of Asian philanthropists? How are they using innovation to make a longer-lasting and more positive impact on the world? And how should their family offices evolve to support them in this activity, while also responding to new challenges around tax, risk management, and family governance?

It was with questions like these in mind that DBS Private Bank embarked on our latest research into Asian family offices. Our approach was to carry out a survey of 200 senior executives in single family offices across the region, and then delve deeper into the latest trends by way of wide-ranging conversations with some of Asia's leading philanthropists and experts in the field.

In the first section of this report, we discuss the growing passion that wealthy families have for driving social and environmental change through philanthropy. In so doing, we consider why six in 10 family offices, despite the pressures of economic and geopolitical upheaval, believe philanthropy to be a higher priority for their principals now than it was just a few years ago.



For many families, commitment to philanthropy translates into direct participation with non-profit organisations and engagement with evolving disciplines such as impact investing and patient capital. By taking a more strategic approach – and spreading their wealth across investments with varying time horizons and levels of risk – ultra-high-net-worth individuals (UHNWIs) are going far beyond the ‘chequebook philanthropy’ that saw them supporting causes without long-term involvement in the past. We do, however, hear concern about the lack of expertise available in some of these areas, which is becoming more acute as the number of family offices and foundations grows.

In section two, we take a broader look at the role that innovation is playing in today’s family office, with a focus on why executives need to adopt a more open and entrepreneurial mindset if they are to navigate the complex challenges that lie ahead. One of the key messages here is that innovation, done well, can help family offices turn the most formidable of risks into opportunities for achieving family goals and enabling the personal ambitions of family members.

Finally, in section three, we try to address some of the practical tax-related issues that family offices will encounter as they develop a cross-border philanthropy strategy. It is worth noting that less than half (44%) of our respondents are currently very confident in their ability to secure tax efficiencies relating to philanthropy. To support them, we set out EY’s overview of philanthropy tax considerations, which is an extract from our full supplementary report, *Tax Considerations in Key Asian Jurisdictions*.

As ever, we hope you enjoy our report and we would be delighted to discuss its themes and conclusions with you in more detail.



Shee Tse Koon

*Group Executive and Group Head of
Consumer Banking Group and Wealth Management,
DBS Bank*

ABOUT THE RESEARCH

The Asian Family Office: Driving Impact and Innovation is based on three sources:

1. A survey of 200 senior executives at single family offices from locations across Hong Kong Special Administrative Region (SAR), India, Indonesia, mainland China, Malaysia, Philippines, Singapore, Taiwan and Thailand
2. A series of in-depth qualitative interviews with family principals and senior executives from family offices and foundations
3. An overview of multi-jurisdiction tax information provided by EY

The report was researched and written by FT Longitude, the research and thought leadership division of *The Financial Times*, in summer and early autumn 2023.

We would like to thank the following for their time and insight:

Family principals and philanthropists

- Chua Weiling, *Director of Philanthropy, Chua Foundation and CEO, One Hill Capital*
- Leena Dandekar, *Founder, Raintree Foundation*

and Raintree Family Office

- Sapna Kewalramani Malhotra, *Philanthropy Director, Kewal Ramani Foundation*
- Thomas Riber Knudsen, *Director, Rumah Group*
- Poman Lo, *Founder, Bodhi Love Foundation and Institute of Sustainability & Technology, Founding Managing Partner, AlphaTrio Capital, and Vice Chairman, Regal Hotels Group*
- Nanette Medved-Po, *Founder, HOPE and PCX*
- Arvind Narula, *Chairman, Urmatt Group*

Philanthropy executives from family offices and foundations

- Carol Liew, *Managing Director, ECCA Family Foundation*
- Raman Sidhu, *CEO, Octava Foundation*
- Lee Poh Wah, *CEO, Lien Foundation*

Regulators and government agencies

- Dino Tan, *Senior Vice President and Head, International Organisations Programme Office, Singapore Economic Development Board*
- Kelly Teo, *Director and Head, Financial Centre Development Department, Banking Development*



SEVEN KEY FINDINGS

- 1 At a time of economic and geopolitical uncertainty, philanthropy is becoming more important for Asia's wealthy families.** Above all, this is driven by their desire to perpetuate legacy and instil family values, their sense of responsibility to make a better world, and their commitment to the wellbeing of successive generations.
- 2 As younger family members exert greater influence over philanthropic decision-making, family offices are embracing a more strategic, systematic and hands-on approach.** To maximise their impact, some are taking inspiration from innovative methods pioneered in the corporate world.
- 3 Family offices are under growing pressure to demonstrate that their philanthropy is working as hard as it can. Most admit that they need to get better at quantifying impact.** Two in three (67%) say they are applying more scrutiny to charitable causes than they did in the past.
- 4 Blended investment strategies, which combine long-term and short-term commitments with varying levels of risk, are evolving fast.** This is providing new scope for innovation in philanthropy while helping to support larger developmental goals.
- 5 A shortage of specialist talent is holding back some family offices, which can end up paying a premium for guidance at the expense of grantees.** Some are, however, optimistic that a new wave of philanthropy talent is coming through.
- 6 Family offices must innovate to enable their principals' global ambitions in the face of strategic, commercial, financial, and personal risk.** Just 27% consider themselves very strong at managing risk in general, while two in three (65%) admit they need to strengthen processes to ensure a legacy for the family's wealth.
- 7 Six in 10 respondents suggest that younger family members expect more extensive support from their family offices than do the senior generation.** Creative thinking around environmental and sustainability challenges, along with wide-ranging support to enable personal goals, may help family offices enhance and expand the existing set of services that they provide to their families.

SECTION ONE

ELEVATING THE IMPACT OF PHILANTHROPY

“When we were growing up, my grandmother would take the family to homes for the elderly and disabled to volunteer and distribute food,” recalls Chua Weiling, Director of Philanthropy at the Chua Foundation, and CEO of One Hill Capital in Singapore.

“When she passed on, the family wanted to start a foundation to perpetuate her legacy and to instil in our future generations the value of giving and helping the needy.”

Almost 10 years later, the Chua Foundation continues to support initiatives in special needs and elderly care. “In this way, we hope to advocate compassion and a sense of responsibility towards the less fortunate.”

According to DBS Private Bank’s latest research, Asia’s new generation of philanthropists are building on values like these. They are becoming more strategic by concentrating their resources on the causes that will make the most

impact, increasing their direct involvement with charities, and adopting a sophisticated approach that may combine grant-giving, impact investing, and venture philanthropy. In turn, they are driving deeper and longer-lasting change than ever before.

Six in 10 family offices tell us, for example, that philanthropy is a higher priority for their principals now than it was just a few years ago. In our conversations with leading philanthropists, we hear a similar story.

“My finance team tells me that idealism needs to go in the back pocket sometimes, but I don’t agree with that,” says Arvind Narula, Chairman of Thailand’s Urmatt Group, who has been supporting deprived farming communities in the north of the country for more than 40 years. “There’s too much hunger, too much poverty. Besides, we can’t take our wealth with us at the end of our lives. Instead of just helping ourselves, we can help thousands of families.”





An intentional approach

The research suggests that wealthy families see philanthropy as an urgent priority that can achieve long-term, systemic change. Indeed, 61% of family offices say they would benefit from adopting a more strategic approach than in the past, to maximise their impact on the world. For some, this may involve a major, periodic landscape study to gain a deeper understanding of the issues they want to tackle. Others are reviewing their mission on a more frequent basis.

Lee Poh Wah, CEO of the Lien Foundation in Singapore – which aims to improve the lives of seniors through its work in healthy longevity, palliative care and mental health – believes philanthropists should make sure they are reaching beyond their comfort zones.

“We revisit our mission from time to time, to stay relevant to a changing society,” Mr Lee says. Such reassessments have led to a reduced focus on early childhood development programmes, for example, after these initiatives began receiving a significant increase in government funding.

“We identify the gaps and neglected areas to avoid duplicating efforts of government agencies,” he explains. “These often lie at intersections, such as between health and social care. Palliative care is another area where we are expanding regionally.”

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People are more passionate than you think. They will come out and say, ‘You know what? I’m willing to take a pay cut. I just want to do something meaningful.’



Nanette Medved-Po

*Founder of HOPE
and PCX*

In the Philippines, Nanette Medved-Po, the founder of HOPE and PCX – social enterprises that support sustainable education and plastic pollution initiatives, respectively – believes that an ad hoc approach to philanthropy is becoming less effective considering the challenges ahead.

“The world is in crisis on so many fronts and it has become clear that ‘business as usual’ has failed us,” she argues. “Putting money to work on issues that ensure our collective futures might better represent a philanthropist’s values than putting their name on a building.”

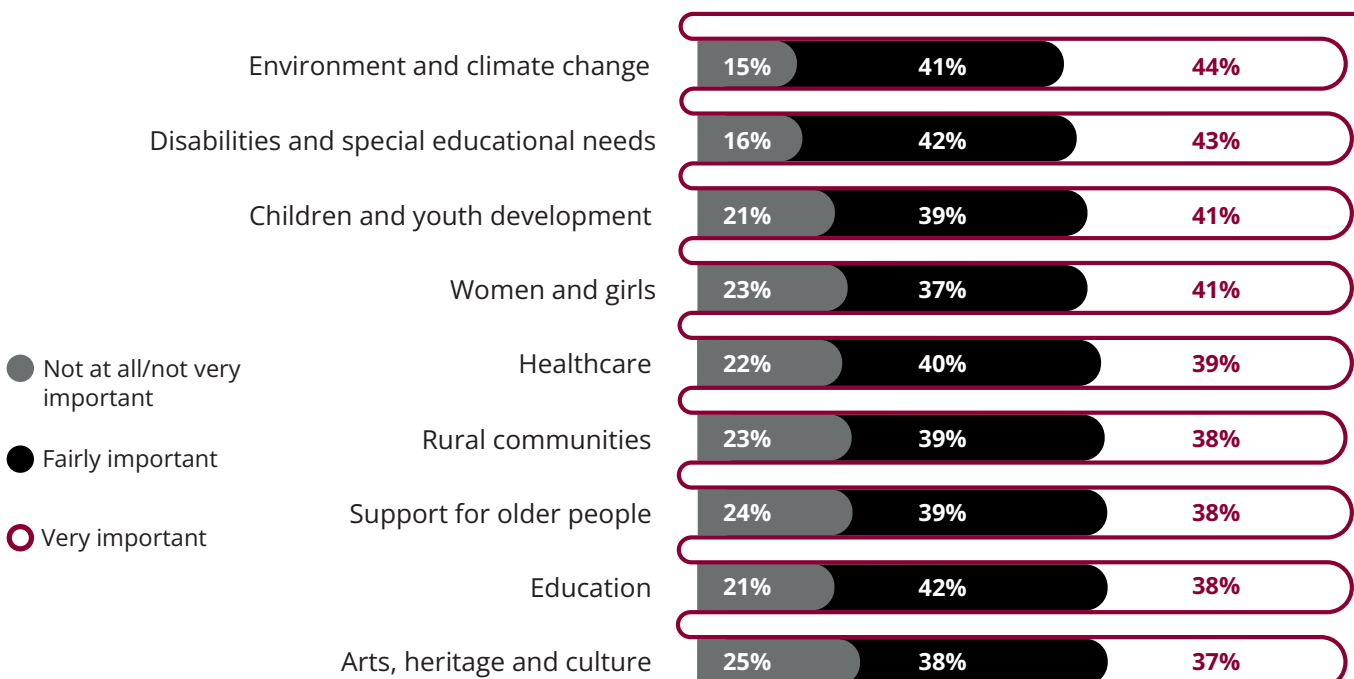
In our survey, we see a particular desire among philanthropists to build a brighter future for those yet to be born. In this respect, affluent families in today’s Asia have bold ambitions for what they can achieve. Close to three in four

(71%) tell us that their principals are increasingly thinking about the wellbeing of future generations. This sentiment may be related to the importance that they attribute to environmental initiatives and those that support vulnerable younger people (see Figure 1).

As this urgency grows, so does the need for family offices to ensure that the family’s money is working as hard as possible to make an impact. More than two in three (67%) say their families are applying more scrutiny to charitable causes than in the past.

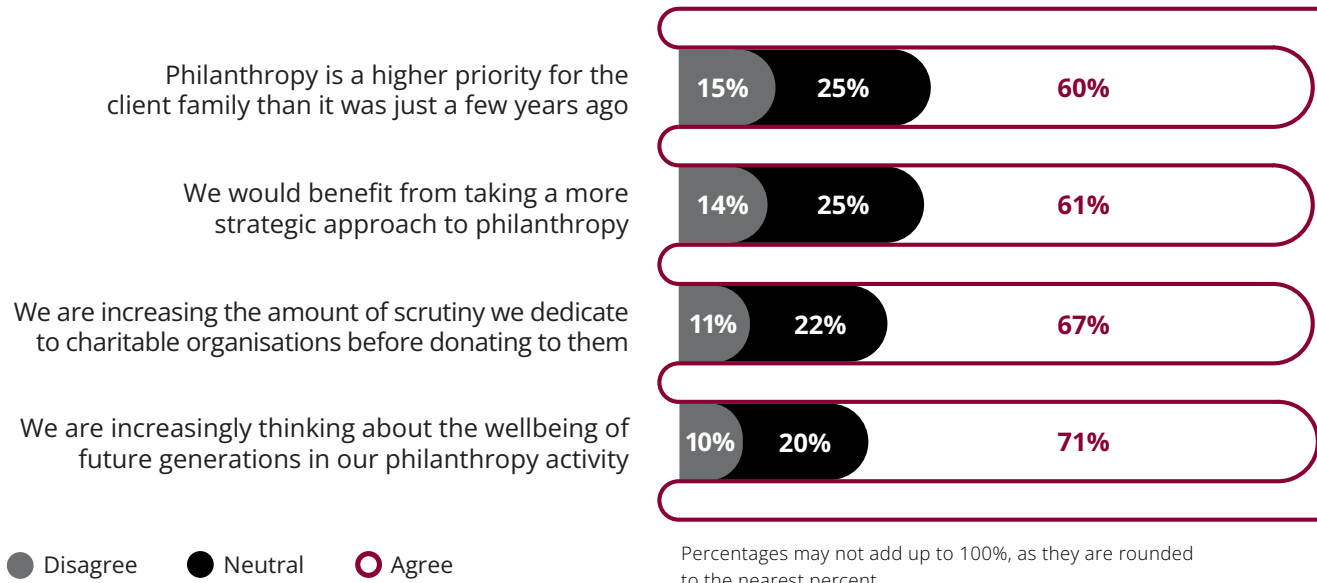
“People want the satisfaction of knowing that their money did something right,” says Mr Narula. “I would advocate against just giving your money away, but to follow up on how it was used through advice and mentorship.”

Figure 1: Which philanthropic causes are currently most important to the client family?



Percentages may not add up to 100%, as they are rounded to the nearest percent.

Figure 2: To what extent do you agree or disagree with the following statements?



CASE STUDY

WHY THE OCTAVA FOUNDATION THINKS LIKE A BUSINESS TO DRIVE BOLD CHANGE

The Octava Foundation is a Singapore-based grantmaker, which supports educational attainment and skills development among disadvantaged children through a venture philanthropy investment approach.¹

When the foundation realised it was “spreading itself too thinly” across several programmes, its leadership team and board decided to rethink their strategy to deliver a deeper impact. For CEO Raman Sidhu, a more investment-like approach appeared to be the answer, through which Octava would provide core funding at early stages and also support capability development among recipients. “Effective organisations build efficacious programmes,” she says. “That’s as true for businesses as it is for social purpose organisations.”

This meant adopting the market assessment and horizon-scanning approaches pioneered in the corporate world. “It helped us identify a sweet spot around inequity in education that was large enough to warrant new and innovative

programming and make a difference, but manageable enough for our resources,” explains Ms Sidhu.

The foundation also spent time and resources understanding the evidence base for investment models that could address disparities in educational outcomes and assessing whether they could be applied in Singapore. “Grantmakers with great intentions can’t just show up and act like they know everything and tell social purpose organisations what to do,” asserts Ms Sidhu.

The strategic approach has enabled Octava to become bolder in its ambitions. “We’ve developed a higher risk appetite,” she says. “We support more prototyping and piloting than before. In our initial years, we were passive funders, waiting for solutions. Now we see ourselves as part of the value chain, a partner and capacity builder that can support the co-designing of nuanced solutions for wicked issues in enabling equitable education.”

1. Venture philanthropy involves providing capital to address social and environmental challenges through commercially viable means, but with no expectation of direct financial returns. Source: *Design Your Giving to Maximise Your Impact*. June 2023. Published by the Wealth Management Institute as part of the Impact Philanthropy Partnership of Singapore.

Hands-on involvement

One sentiment that comes up repeatedly in our discussions with philanthropists is that financial donations, in themselves, do not satisfy the desire to create a better future. For many family members, and especially those in the younger generation, the best way to work with charities is through direct participation. In our survey, 61% of respondents say that the next generation are more interested in working directly with charitable causes than their elders.

Sapna Kewalramani Malhotra, Philanthropy Director at the Kewal Ramani Foundation in Singapore, says that her family looks to support charities by sharing knowledge and practical advice from their work with other nongovernmental organisations (NGOs). “We have a few programmes that we have supported long-term, and in those cases we are anchor donors because we are a safety net for these

programmes and have very close relationships with them,” she says.

Ms Kewalramani Malhotra explains that her foundation’s closeness to these specific programmes – which are involved in education, health and development, and welfare and protection for women and children – helps them provide more meaningful support. “We have gained domain understanding of how schools and eye hospitals operate, and how welfare for children operates in shelter homes, so we can share our learnings with new grantees,” she says.

“Traditional donations are giving way to more active engagement,” agrees Ms Medved-Po, who puts a premium on the value that she can bring on a global scale by convening likeminded philanthropists to make a collective effort.

“Many philanthropists today are leveraging their own expertise, networks and influence to surface initiatives.”



CASE STUDY

THE RAINTREE FOUNDATION'S WORK IN RURAL INDIA

In the Western Ghats mountain range, Leena Dandekar's Raintree Foundation provides a powerful example of how a family can take an extremely hands-on approach to philanthropy – to the extent that it starts to dominate a large proportion of their lives.

"I didn't know that I would end up working this hard, for so many years," says Ms Dandekar. "Writing a cheque, after selling the stake in our company, would have been an easy ticket to doing good, but we knew we could do something larger. I could see that people in the Mumbai slums were choosing to live there, despite the hardships of these places, because they had come from somewhere even worse. So, I had to go back and see what the root cause was."

The Raintree Foundation describes its work as "building climate resilience for living landscapes". This includes supporting rural communities in the Western Ghats by focusing on how the environment and the local economy are connected, such as by creating employment that supports regenerative agriculture

and agroforestry. The foundation also runs programmes to support physical and mental health within the community.

"We are strong on community custodianship and are creating peoples' biodiversity registers and biodiversity management committees," Ms Dandekar explains. "It gives the community control, to prevent exploitation or – if there are medicinal plants that can be exploited – to have a say in how the resources are used. The next step is ecotourism relating to the conservation programme, which creates income for women because the hospitality industry in India will typically be women-led."



Emerging and evolving practices

As well as volunteering their time to work with NGOs, we find wealthy families pursuing a range of alternative methods to ‘traditional’ chequebook donations to charity.

Although most family offices still make individual donations, primarily in the form of planned giving after the passing of a family member, 55% support social enterprises that strike a balance between addressing social and environmental issues and operating successfully as businesses.

Impact investing,² through which investors finance initiatives while generating returns, is pursued by four in 10 (38%) respondents to our survey. Meanwhile, donor-advised funds – allowing investors to benefit from tax deductions that they can dedicate to other charitable causes – are popular with the same proportion, reinforcing the need for family offices to stay abreast of tax regulations.

Increasingly, philanthropists develop sophisticated strategies that spread funds across a variety of investments with different return horizons and levels of risk, some of which will contribute to blended finance initiatives that support larger developmental goals. This will typically involve aligning with evolving investment philosophies such as patient capital (allowing for returns over a long time horizon) and catalytic capital (seeking to unlock societal transformation by making concessions around risk and return).

Thomas Riber Knudsen, Director at Rumah Group family office, explains how he and his wife, Kathlyn Tan, combine multiple approaches in pursuit of their goals for ocean conservation, focusing on all levels of the system. “You could say we work with the whole stack rather than focusing on one intervention, and deploy according to the needs,” he says.

2. Impact investing is the practice of investing to address social and environmental challenges while generating premium or competitive to below-market financial returns. Source: *Design Your Giving to Maximise Your Impact*. June 2023. Published by the Wealth Management Institute as part of the Impact Philanthropy Partnership of Singapore.

“We try to support a range of activities, from grassroots engagement in Singapore and Indonesia, where we engage with local organisations and make smaller grants, to larger organisations such as Conservation International and the Good Food Institute.”

One of the drivers of Rumah Group’s ocean strategy is to invest in areas where institutional investors are less likely to participate due to their more cautious approach to risk. “For us, this means investing in individuals who are mission-aligned and who we believe in, while investing in an area that was not an obvious fit for financial institutions because the solutions are at such early stages,” adds Mr Knudsen.

The talent crunch

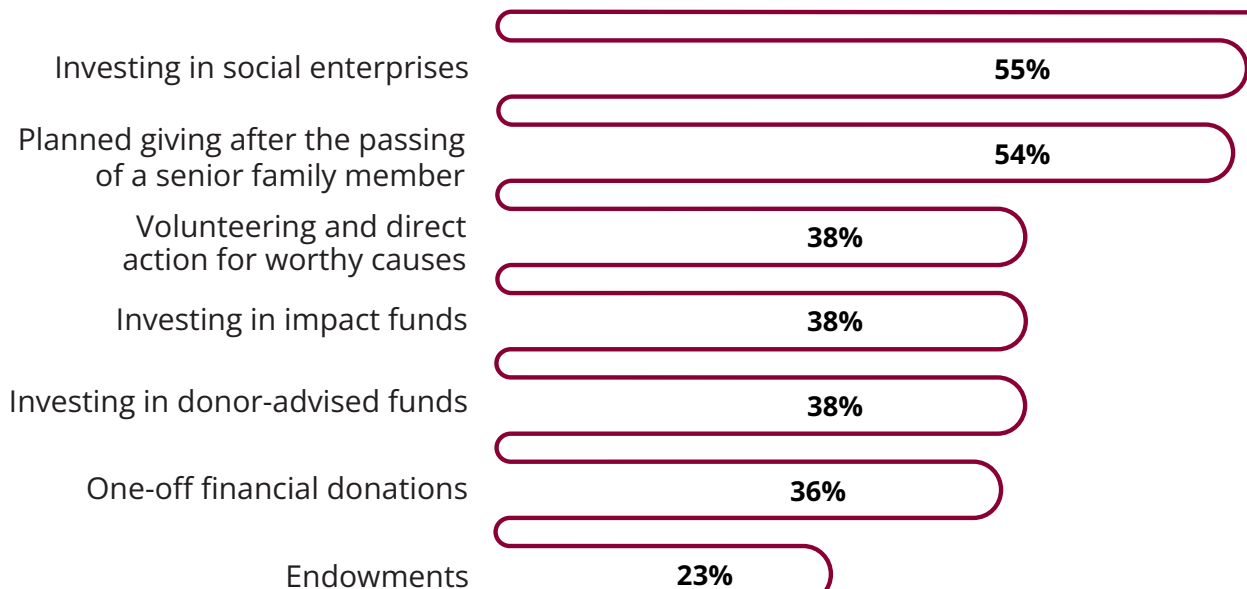
Throughout our conversations with philanthropists, it became clear that many were looking to the

family office for wide-ranging support across all the practical considerations of philanthropy.

Family offices have confidence in the level of support that they provide in this space, but they acknowledge that there are areas where they could improve their capabilities, especially when it comes to securing tax efficiencies – specifically in terms of reductions to capital gains, estate, or income tax – and reaching consensus among family members on the right causes to support. The underlying issue here relates to challenges around attracting and retaining top talent.

Two in three respondents to our survey admit that they are finding it difficult to provide specialist expertise around some of the causes that their client family wants to support. Another area for potential improvement relates to quantifying the impact of philanthropic activity, which also relies on specialist knowledge and skills.

Figure 3: Which of the following approaches to philanthropy does the client family most favour at the current time?



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The current market offers a limited pool of suitable talents, and their cost doesn't always align with the scale of grants we target.



Carol Liew

*Managing Director,
ECCA Family Foundation*

Carol Liew, Managing Director of the ECCA Family Foundation in Singapore, is concerned that a time-intensive, high-touch venture philanthropy approach can result in inflated operating expenses. “The cost of running projects, considering the amount of time we spend with each partner and community, is very high,” she says.

“The same dynamic applies when we require external assistance for research and evaluations. The current market offers a limited pool of suitable talents, and their cost doesn't always align with the scale of grants we target. This is especially true as we prioritise early-stage, small-to-medium-sized non-profit organisations.”

In the Philippines, Ms Medved-Po also believes that talent is the top challenge in Asian philanthropy. She is optimistic, however, that there are increasing numbers of people with a passion for doing good in the world. They may choose to work for foundations despite competition from other sectors that offer greater financial incentives.

“People are more passionate than you think,” she says. “They will come out and say, ‘You know what? I’m going to quit my job. I’m willing to take a pay cut. I just want to do something meaningful.’ Looking at the younger generations, I absolutely have hope because they’re so driven by purpose and care so much about the world.”

5 STEPS TO CREATE POSITIVE IMPACT

1 Build up your courage, conviction and knowledge

Philanthropists talk about the importance of courage and conviction, but these should be combined with a deep understanding of the problems at hand. “Without investing in the right knowledge, your best intentions can create unintended consequences,” says Ms Kewalramani Malhotra.

2 Ask yourself tough questions

Lee Poh Wah of the Lien Foundation says decision-making in his team is guided by several factors, each of which calls for careful reflection. “We prioritise problems that align with our focus areas and that we wish to learn about, we look for capable and collaborative leaders, and we assess our ability to contribute our expertise and resources beyond monetary terms,” he says. “Finally, we ask ourselves whether we are the best-suited partner to maximise the project’s potential.”

3 Define an approach that will deliver your goals

Our respondents stress that there can be no one-size-fits-all approach to philanthropy, and that everybody’s journey is unique. This may require a combination of direct participation, patient capital and grant-making. In the words of Ms Medved-Po: “The only advice I can give to others is to try and make as much difference as you can, where you can. That’s going to be different for everybody.”



4 Adopt the mindset and zeal of an entrepreneur

Philanthropy is about finding long-term solutions, believes Ms Chua. This may mean thinking like an entrepreneur. "Philanthropists and charity organisations need to have a disruptive mindset and innovative thinking to break through the traditional cycle and find creative ways to support larger-scale change," she says.

5 Support the dreamers

"If you are going to give money away, give it to the dreamers who have a practical approach to making their dreams come true," advises Mr Narula, adding that many do not need a significant amount of seed capital to create a proof of concept. "Maybe five of them will make a difference in the world. They will change your life."





PHILANTHROPY IN SINGAPORE

Philanthropy is thriving in Singapore. Here, Kelly Teo from the Monetary Authority of Singapore (MAS), and Dino Tan from the Singapore Economic Development Board (EDB) explain what makes the city state attractive to today's philanthropists.

A lively ecosystem

Singapore's philanthropy ecosystem is diverse and growing in significance. Temasek Trust – which provides governance and financial oversight of Temasek Holdings' community contributions – recently initiated its Philanthropy Asia Alliance,³ which aims to catalyse collective philanthropic action and has already received commitments of over US\$200m. Meanwhile, the Asia Community Foundation⁴ (ACF) is a new funding platform to encourage purposeful philanthropy and cross-border giving through a transparent, safe, and efficient giving vehicle.

3. <https://temasekfoundation.org.sg/news/media-releases/Philanthropy-Asia-Alliance-Initiated-to-Prime-Asia-as-A-Force-for-The-Greater-Good>

4. <https://www.alliancemagazine.org/blog/asia-community-foundation-to-launch-in-singapore/>



EDB and other agencies have been working to grow the philanthropic ecosystem and facilitate partnerships. For instance, EDB engages globally minded private foundations to base themselves in Singapore and partner with local philanthropic and business players, so that they can deploy capital into initiatives that address causes across the region, such as tackling climate change and improving healthcare outcomes.

Specific to climate philanthropy, philanthropists can contribute to and implement regional and local sustainability-related projects through Singapore-based institutes such as the Centre for Nature-based Climate Solutions⁵ at the National University of Singapore, and

international non-profit organisations like Conservation International's Blue Carbon Institute⁶ and The Nature Conservancy,⁷ and foundations such as the Tara Climate Foundation.⁸

EDB also enables the growth of the wider ecosystem, such as communities of philanthropic peers and partners that can galvanise the exchange of innovative ideas and best practices. For this, philanthropists can leverage platforms such as the Wealth Management Institute's Global-Asia Family Office Circle,⁹ or work with philanthropy advisors such as Tri-Sector Associates¹⁰ and the Bridgespan Group, which opened its Southeast Asia hub in Singapore.¹¹

5. <https://www.nus.edu.sg/cncs/>

6. <https://www.conservation.org/about/international-blue-carbon-institute>

7. <https://www.nature.org/en-us/about-us/where-we-work/asia-pacific/singapore>

8. <https://taraclimate.org>

9. <https://wmi.edu.sg/gfo-circle>

10. <https://trisector.org>

11. <https://www.asiaone.com/business/bridgespan-group-opens-southeast-asia-hub-singapore>

A home for innovation

In recent years, Singapore has seen growing interest and participation in innovative approaches to philanthropy, particularly in the climate space.

Silverstrand Capital is one example of a family office with an in-house mandate and focus on impact investing in regenerative agriculture and nature-based solutions. Another is the Olayan Group, which recently announced its support of the Asia Climate Solutions (ACS) Design Grant launched by Convergence in 2022 and supported by MAS. This will award grants for blended finance solutions that mobilise private capital to sectors critical to climate transition and resilience in developing markets in Asia.

Philanthropy in the form of concessional capital has a critical role to play in the climate agenda. When private-sector capital is unable to invest in projects that are risky from a returns perspective, concessional capital can bridge the gap through grants, guarantees, favourable terms, submarket debt or equity and venture philanthropy.

As well as enabling projects to progress beyond the early stages of development, concessional capital improves projects' risk profiles and helps them become 'bankable' to others. Philanthropic capital can therefore be catalytic in its ability to 'lure in' capital. An example is Asia Development Bank's Climate Innovation and Development Fund, which supports sustainable and low-carbon projects, including electric mass mobility solutions, in South and Southeast Asia.



A supportive system

Philanthropy is primarily motivated by a donor's interests and passion. As such, MAS views tax incentives as an additional benefit for donors, which illustrates the Singaporean government's support for philanthropic activities.

Complementary to the existing 250% tax deduction rate for qualifying donations, which the Ministry of Finance has extended until end-2026, the Philanthropy Tax Incentive Scheme for Family Offices (PTIS) was launched in 2023 to encourage greater philanthropic giving among families with single family offices in Singapore. The scheme, effective from 2024, allows qualifying donors to claim a 100% tax deduction, capped at 40% of the donor's statutory income, for overseas donations.

MAS has also enhanced Singapore's existing tax incentive schemes for single family offices to support giving, as well as newer approaches to philanthropy. Under the enhancements, eligible donations to qualifying local charities and grants to blended finance structures will be recognised as eligible spending for incentive recipients to meet spending requirements. Furthermore, MAS has expanded the list of options that incentive recipients can choose from to fulfil capital deployment requirements. The list now includes climate-related investments and blended finance structures.

Looking ahead

Finally, we would like to mention how MAS and several government agencies have been working together to further enhance the philanthropic ecosystem, which can be summarised using the acronym SCORE:

Skills: publishing a set of technical skills and competencies that financial sector and family office professionals should possess to provide philanthropy advisory services

Community and opportunities: supporting the launch of the Impact Philanthropy Partnership (IPP) to facilitate forums, events and research, to raise awareness of philanthropic causes and practices, galvanise giving and encourage partnership

Resources: equipping donors with the necessary resources to aid them on their giving journey, such as by developing an online portal to support due diligence on local and overseas charities and to measure the impact of contributions

Environment: continuously reviewing tax and regulatory frameworks to ensure they remain relevant for supporting philanthropic efforts and Singapore's charity sector

Further details on PTIS as well as other philanthropy-related incentives and regulations can be found in section three of this report.

SECTION TWO

SEIZING THE INNOVATION OPPORTUNITY

Family offices are enabling ambition in a world that is changing fast. In the first section of this report, we showed how they were helping their families make a positive impact through philanthropy. Here, we touch on four other goals that are increasingly front of mind for wealthy families:

- Ensuring harmony across the generations on a global scale
- Aligning values between the family office and the family business enterprise
- Unlocking bold new investment strategies
- Enabling the personal ambitions and passions of family members

Achieving these goals is, however, far from easy. For many family offices, it will mean navigating increasingly complex commercial, financial, and personal risks. It may also involve managing strategic risk – a broad category that refers to the risks that arise from ineffective business decisions, or an organisation's inability to adapt to changes in the operating environment. Today, this may extend to era-defining developments

like climate change, technology disruption, and economic uncertainty.

At the current time, just 27% consider themselves to be very strong in general at managing risk. More than two in three (65%) admit that some of their processes are not as strong as they need to be to ensure a legacy for the family's wealth.

As we discuss in this section, innovation will be key to success. Family offices can transform how they approach uncertainty through a commitment to creative problem solving and openness to new ideas. In so doing, they can make ambition a reality.

Ensuring harmony across the generations on a global scale

Today's affluent families are increasingly international in scope. In Singapore, we have seen an influx of wealthy individuals from overseas who are attracted to the country's openness and connection to international markets, as well as its supportive environment





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We see a lack of talent with practical experience in the family office industry, and the reluctance of patriarchs in some families to let go. We also see an inaccurate perception of the family office.



Chua Weiling
*Director of Philanthropy,
Chua Foundation,
and CEO, One Hill Capital*

for growing families.¹² Many are looking to own properties and other assets outside their home countries and want family members to be able to move between far-flung jurisdictions.¹³

“Family offices typically serve families that are growing at an unprecedented pace, in terms of their wealth, their international footprint, and also their number of family members,” says Lee Woon Shiu, Managing Director and Group Head of Wealth Planning, Family Office and Insurance Solutions, DBS Bank.

“But family offices that try to support their families using the same lenses as they did when the family had less wealth and was based in one country will miss important considerations,” he adds. “What they need to do is embrace a change mindset.”

On an immediate level, this change mindset is required to tackle emerging strategic risks. In response to these risks, family offices may need to transform how they evaluate, assess and manage the related threats to their long-term goals and objectives. To thrive in the face of challenges like climate change, the existing model may need to be completely reimaged.

More broadly, family offices should ask what measures they could take to maintain harmony and common purpose among family members residing in multiple countries. In our view, two priorities here need to be around improving engagement with the next generation and ensuring safe communication in a digital world.

12. <https://www.edb.gov.sg/en/business-insights/insights/family-offices-in-spotlight-over-how-much-value-they-bring-to-singapore.html>

13. <https://www.pwmnet.com/catering-to-the-new-breed-of-global-family>



Engaging the next generation

In our conversations with influential families, we have heard frequently of the importance of bringing the second and third generations into planning discussions as early as possible, whether that is to discuss philanthropy, family governance, or investment decision-making.

Family office leaders may find that younger family members have ambitions and values that differ from those of elder generations. As we described in last year's report, *New Economy, Next Generation: Family Offices in a Changing World*, this is particularly noticeable when it comes to ESG and sustainability.¹⁴ In turn, family offices might consider innovative approaches to improve engagement – such as by adopting

new coaching and training techniques from the corporate world to facilitate education and collaboration – and rethink strategy to reflect changing preferences.

Poman Lo, Founding Managing Partner of AlphaTrio Capital and Vice Chairman of Regal Hotels Group, believes that diverse representation in family conversations will help drive additional innovation. “Fair representation of family members in decision-making and succession planning, as well as diversity in employees and advisors, is vital,” she says.

To further deepen engagement with the next generation, family offices should ask how they can update their service offerings to accommodate their specific needs. Six in 10

14. <https://www.dbs.com.sg/iwov-resources/media/pdf/wealth-planning/family-offices-report.pdf>

respondents to our survey suggest that younger family members expect more extensive support from the family office than the senior generation. For many, creative thinking around environmental and social challenges could help them refine the services that they provide to the younger cohort.

“Family offices could focus more on setting sustainability key performance indicators and policies, impact measurement and management, as well as more transparent reporting on ESG performance,” says Ms Lo. “They could also invest more in ESG training.”

Maintaining security and privacy online

Clear and transparent communication is key to managing the challenges inherent in family expansion. In a digital world, new messaging platforms and channels are essential, but they also give rise to the threat of cyber-attack, which jeopardises the privacy of family members and creates potential for fraud.

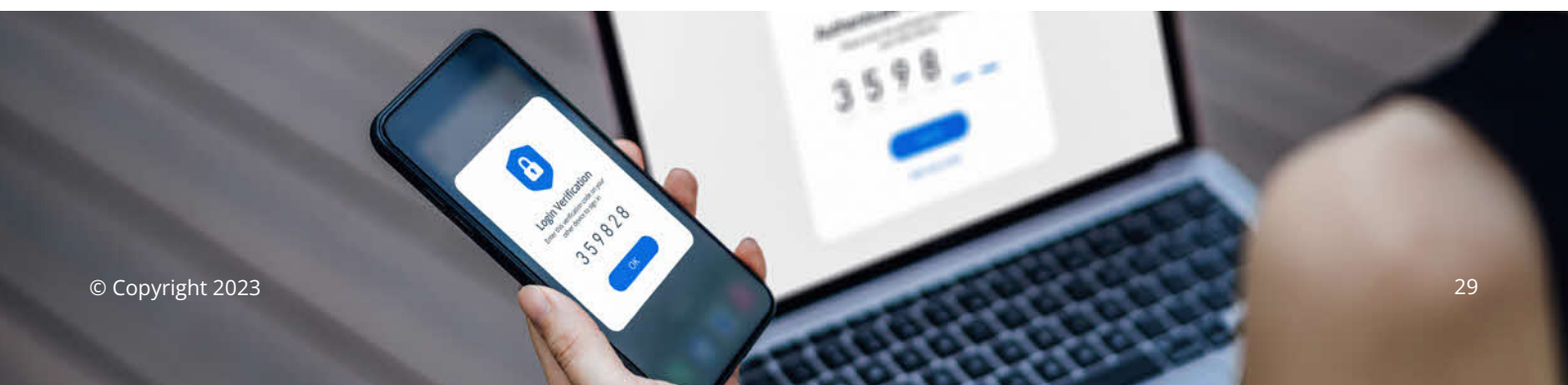
Wealthy individuals in recent years have become frequent targets for cyber ‘threat actors’ and

hackers, many of whom are linked to international criminal organisations. Their methods have included stealing devices belonging to family members, to access their private information, and infiltrating physical security networks to exploit these systems’ cameras and sensors against their owners.¹⁵ With the rise of generative AI, such attacks will likely only become more sophisticated, as hackers create extremely convincing phishing emails that trick individuals into revealing personal data.¹⁶

With these risks in mind, family offices should rethink the processes and arrangements they have in place around cyber security, such as by implementing data governance frameworks to ensure a consistent and reliable approach. Today, some are using advanced platforms, through which family members can log into secure portals from any location to access corporate notifications and investment information, which also provide the option to message and vote on decisions in a closed system. All too many are, however, still relying on email and messaging platforms.

15. <https://www.forbes.com/sites/richardlevick/2020/03/24/high-net-worth-individuals-are-cyber-targets--even-more-so-during-the-coronavirus-pandemic/>

16. <https://www.forbes.com/sites/forbesbooksauthors/2023/08/04/artificial-intelligence-generative-ai-in-cyber-should-worry-us-heres-why/>



Aligning values between the family office and the family business enterprise

Maintaining shared family values, often by way of a family constitution or charter – which is reviewed and revised over time as circumstances change – is an established priority for family offices.

Chua Weiling, Director of Philanthropy at the Chua Foundation, and CEO of One Hill Capital family office, believes that such a constitution – encapsulating the family's mission, vision and values – is key to decision-making, conflict resolution, and investment governance and education. "It provides a foundation for family prosperity and unity," she explains.

In addition to helping their families agree on shared values, family offices are increasingly playing a role in educating family members on the sustainability principles that underpin their investment strategies in socially responsible assets. This may, for example, involve developing an impact investment strategy or clarifying the criteria for ESG investments in line with those made available by the US Sustainable Investing Forum.¹⁷

In an innovation-focused family office, executives should ask how they can broaden their thinking around sustainability and social responsibility beyond the operation of the family office's investment portfolio – and in addition to the kind

of new ESG policies and criteria mentioned in the section above.

For executives serving families that are closely connected to the family business enterprise, this might extend to ensuring that the two organisations are not carrying out their sustainability activity from within silos. As such, family offices can ensure alignment on ESG standards, as well as on environmental and climate risk mitigation, and decarbonisation activity.

In so doing, the family office could prevent a situation in which the family business enterprise is operating in a way that is not fully in accordance with family values.

"What you implement for the family office has to be aligned with the broader strategic focus of the family business enterprise," says DBS Bank's Mr Lee. "This may mean the CEO of the family office being asked by the principal to take part in a task force within the family business enterprise focused on climate-related activity and decarbonisation plans."

Correspondingly, the family office should seek always to learn cutting-edge business approaches from the commercial enterprise, adopting best practice risk-management and leadership strategies.

17. <https://www.ussif.org/Files/Trends/2022/Trends%202022%20Executive%20Summary.pdf>



Unlocking bold new investment strategies

Recent years have seen a rise in family offices taking early stakes in start-ups emerging from the tech capitals of Silicon Valley, London and Singapore. As families invest over a longer time horizon than other funds, with less immediate need for liquidity, some have pioneered thematic investment in higher risk propositions and in developing fields such as biotech.¹⁸

In our research, we also see family offices pursuing investment strategies that are tailored to reflect the family's philanthropic ambitions. As mentioned in previous sections, they are embracing impact investing and concessional capital, often in support of international climate initiatives that rely on blended finance models. They can invest in social enterprises and projects that present higher investment risk than acceptable for private capital, or which take decades to create returns.

A former senior executive at one family office in Singapore told us how her principal, a member of the younger generation of a European family, focused his attention only on the most "radical" of investments. "We are looking into thematic investing, high-risk and early-stage private equity," she says. "Our toolbox is non-

traditional and spans social impact bonds, recoverable grants, semi-recoverable grants, and venture philanthropy."

Family offices have an opportunity to develop bold strategies that form part of ambitious blended finance initiatives, and to enable principals to make long-horizon investments in smaller prospects that would otherwise struggle to secure funding.

Deploying funds for pre-series-A vehicles, whose business models may rely on emerging technologies, is of course a different proposition from investing in conservative asset classes. For all the successes that family offices have achieved through venture capital, there are others who have lost out through incidents such as at Theranos, the US start-up whose founder was jailed after falsifying endorsements that attracted funding from high-profile families.^{19,20} Family offices must therefore focus their attentions on refining the investment governance and due diligence frameworks, and potential exit strategies, that are required.

"Some families may not be doing as much due diligence as they should in some of these private equity investments," cautions Mr Lee. "Some may even be taking comfort from the fact that a

18. <https://www.ft.com/content/20d69b46-11fd-4904-8d6c-86927a3f4cd5>

19. <https://www.ft.com/content/3ab080c9-c13d-40b3-a697-9c58fd9e218c>

20. <https://www.bloomberg.com/news/articles/2021-10-26/holmes-lured-rich-families-in-bid-to-stay-private-investor-says?leadSource=uverify%20wall>

potential investment vehicle has been founded by one of the principal's personal friends, and therefore should be safe. Sometimes private equity deals come with scant information, so you can't just rely on what's given to you by the promoter."

Enabling the personal ambitions and passions of family members

Opportunities open up when a family grows in wealth and status – to build a portfolio of high-end assets in cities around the world, say, or to pursue personal interests and passion collections. Nonetheless, opportunities like these also come with complex risk and liabilities.

Art collection provides a case in point. The general resilience of the art world, despite periods of volatility reflecting economic turmoil, demonstrates the importance of collecting to wealthy families. Today, around three in four collectors in Hong Kong and Singapore remain optimistic about the outlook for the market, which has rebounded strongly since the pandemic.²¹ In 2022, investments in other collectable assets, including coloured diamonds, cars and wine, also remained high relative to wider economic uncertainty.²²

For family offices, an important question is around how they could deepen their support of such passion collecting, despite the risks that can come with the activity.

On one level, there is the risk of fraud and deception, as illustrated by sales of fraudulent paintings at high-end New York galleries in the 2010s.²³ But there are also considerations to be made around conservation and safe storage, and even the potential long-term value of non-fungible tokens (NFTs) and other innovative and non-traditional artworks.²⁴

"As their wealth increases, many of the assets held by wealthy families become more esoteric – caskets of wine, jewellery, art collections, private yachts, private jets," says Mr Lee. "The ability to apply their minds carefully to how to manage the risk around some of these new asset classes is crucial for family offices. They need to deal with these issues in a systematic yet innovative way, to manage the exposure to an entirely new dimension of risk."

21. <https://theartmarket.artbasel.com/>

22. <https://www.knightfrank.com/wealthreport>

23. <https://www.nytimes.com/2016/02/11/arts/design/knoedler-gallery-and-collectors-settle-case-over-fake-rothko.html>

24. <https://www.artsy.net/article/artsy-editorial-chinas-art-market-embraced-nfts>

SECTION THREE

THE EY OVERVIEW OF PHILANTHROPY TAX CONSIDERATIONS

Given the role that tax plays in incentivising philanthropy, this final section of the report provides EY's overview of philanthropy-related tax considerations across Asia, which families and their family offices may refer to when developing an effective giving strategy.

In this section, philanthropy-related policies and regulations are highlighted for key locations in Asia, to provide broad guidance for families and family businesses that are considering suitable structures to support their philanthropy efforts in the region.

Tax incentives in philanthropy today

Tax incentives play an important part in shaping how philanthropy is conducted.

Incentives are often provided to qualifying institutions, or to charitable entities that are established for the purpose of raising funds or running programmes for less privileged communities. For example, to establish Singapore as the centre for philanthropy in

Asia as part of the financial sector's Industry Transformation Map 2025 strategy, the Singapore government announced the launch of the Philanthropy Tax Incentive Scheme for Family Offices (PTIS) to encourage family offices operating in Singapore to conduct philanthropic activity out of the country that benefits charitable organisations beyond its shores (see next page for more information).

As a rule of thumb for organisations considering setting up a philanthropic structure, a structuring plan should take into consideration the following factors:

- i. The destination of the organisation's intended giving, and how the source of its giving might give rise to greater benefits
- ii. Where the organisation could benefit most from such tax benefits that arise
- iii. Whether the organisation is looking to set up standalone philanthropic organisations and what the applicable rules and benefits would be from doing so



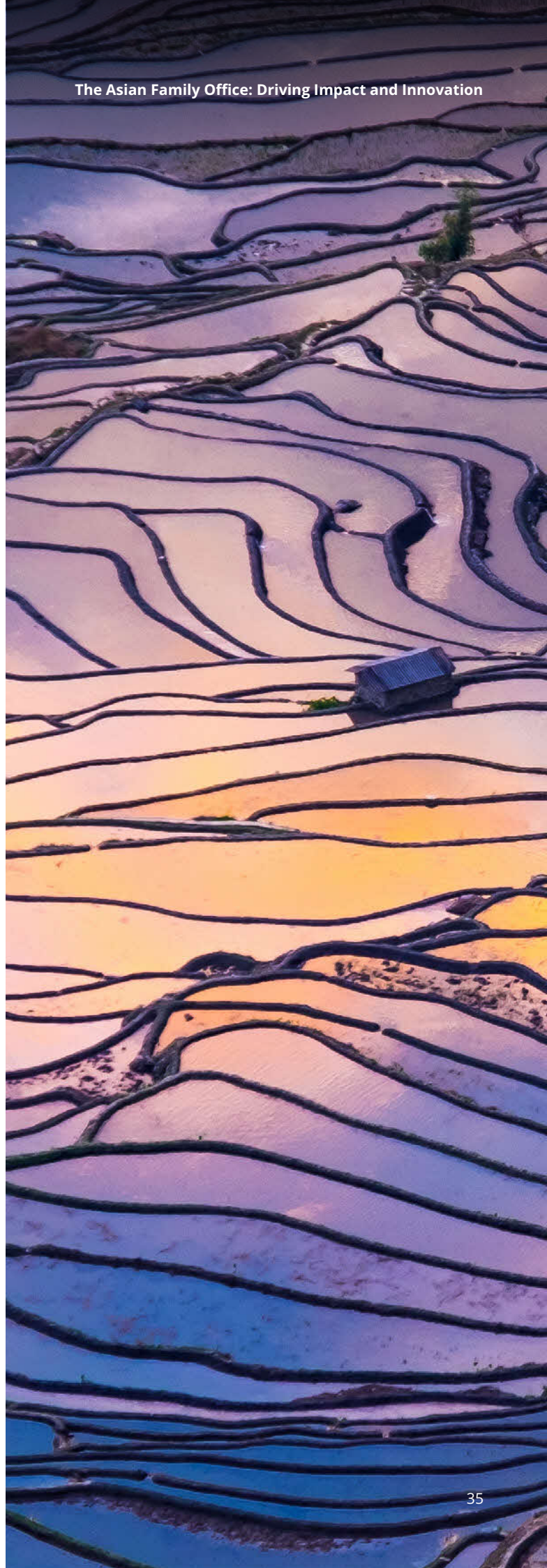
PTIS overview

PTIS allows for a 100% tax deduction that can be claimed by a qualifying donor (subject to a cap of 40% of statutory income) for any overseas donation made through a qualifying intermediary.

In order to benefit from PTIS, the applicant must have set up a family office that benefits from a tax exemption approved by MAS under Section 13O or 13U of the Income Tax Act. The family office will also need to employ an incremental headcount and increase its business spending by S\$200,000 per annum over and above existing levels. Furthermore, the family office will need to engage a philanthropy professional to provide philanthropy advisory services or engage an external service provider to do so.



The material in this section has been prepared for general use only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific guidance. Unless otherwise stated, the information stated is correct as at 28 August 2023.



CHINA MAINLAND

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Types of charitable organisation

Charitable organisations in China¹ comprise legally established non-profit organisations that meet the requirements specified under the Charity Law with the objective of carrying out charitable activities for the benefit of society.

A charitable organisation can adopt the form of a foundation, social group or social service organisation. All foundations, social groups and social service organisations established will need to apply to be recognised as charitable organisations under the Charity Law.

- Foundations are financial groups based on property donated by a natural person, legal person or other organisation for social welfare purposes.
- Social groups are a form of social organisation established by Chinese citizens on a voluntary basis,

to realise the common will of its members.

- Social service organisations are privately established social agencies and differ from social groups and foundations in that they are a direct provider of social services.

Tax deduction

For enterprise donors, an enterprise may deduct its expenditures incurred due to donation to public welfare, with the deduction capped at 12% of the enterprise's total annual profit. Any portion exceeding 12% of the total annual profit can be carried forward and deducted when calculating the taxable income within the following three years.

For individual donors, an individual may claim deduction on charitable donations made in support of education, poverty alleviation and relief when calculating the taxable income, provided that the portion involved does not exceed 30% of the individual's taxable income.

¹ Where used in this section, 'China' refers to the Chinese mainland jurisdiction

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Types of charitable organisation

An institution or trust must be established solely for charitable purposes, which can be classified into four main purposes:

- Relief of poverty
- Advancement of education
- Advancement of religion
- Other charitable purposes that benefit the Hong Kong community but do not fall into any of the preceding three categories

Generally, common types of charity structure include:

- Charitable trust
- Society registered under the Societies Ordinance
- Corporation (including company limited by guarantee) established under the Companies Ordinance
- Statutory body established under specific Ordinance

Any charitable institution or trust of a public character is exempt from tax under Section 88 of the Inland Revenue Ordinance (IRO).

Tax deduction

Individual and business donors who are chargeable to salaries tax, personal assessment or profits tax can claim a deduction for the aggregate of approved charitable donations up to 35% of the assessable income or profits, as the case may be, in the basis period of a year of assessment. Such aggregate must not be less than \$100.

To promote the growth of family office businesses in Hong Kong, a tax concession was introduced on 10 May 2023 with retrospective effect from 1 April 2022 to exempt certain income derived by family-owned investment holding vehicles (FIHV) managed by eligible single family offices (ESFO). Charitable institutions that are exempt from tax under Section 88 of the IRO can directly or indirectly hold up to 25% of the beneficial interest of ESFO or FIHV under the said concession.

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Types of charitable organisation

Non-profit organisations (NPOs) can adopt any of the following structures:

- **Trusts:** Public charitable trusts may be established for purposes such as poverty relief, education, medical relief, the provision of facilities for recreation, and any other objective of general public utility. Donations made to charitable trusts are eligible for tax deductions. A charitable trust also accords benefits such as exemption from wealth tax and lower stamp duty rates.
- **Societies:** Societies are membership organisations that may be registered for charitable purposes. They are usually managed by a governing council or a managing committee and are regulated by the

Societies Registration Act. Unlike trusts, societies may be dissolved.

- **Section 8 companies:** Under Section 8 of the Companies Act, the central government may issue a not-for-profit licence to a limited or private limited company:
 - i. whose purpose is the promotion of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment, etc.
 - ii. which intends to apply its profits and income towards promoting its purposes
 - iii. which intends to prohibit the payment of any dividend to its members.

To be eligible for tax exemption, an NPO must be organised for religious or charitable purposes, including relief of the poor, education, yoga, medical relief, the advancement of any other object of general public utility, preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest.

Corporate social responsibility (CSR)

Under the Companies Act, companies with i) a net worth of INR5bn (approximately US\$60m) or more; or ii) a turnover of INR10bn (approximately US\$120m) or more; or iii) a net profit of INR50m (approximately US\$600,000) or more are required to spend at least 2% of their average net profits from the preceding three financial years on CSR activities. CSR activities can include various social causes such as education, healthcare and environmental sustainability.

Tax incentives

The income of certain NPOs carrying out specific types of activity is exempt from corporate income tax. However, any unrelated business income may still be subject to tax.

Tax deductions of between 50% to 100% can be enjoyed by donors to eligible charitable organisations.



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Tax treatment for donation recipients (donees)

The donation received will be exempt from tax as long as the recipient is:

- A non-profit religious organisation that manages a place of worship and/or performs religious activity as its main activity
- A non-profit educational organisation that performs educational activity as its main activity
- A non-profit social institution, including a foundation, whose main activity is as follows:
 - Healthcare
 - Taking care of the elderly, or a nursing home
 - Taking care of orphans and/or the disabled
 - Handling social disability, neglect and behavioural deviations
 - Handling compensation and/or assistance to victims of natural disasters, accidents, and the like

- Provision of scholarship
- Environmental preservation
- A cooperative ('koperasi'), as regulated by the cooperative law
- An individual who runs micro and small enterprises with the following criteria:
 - Net worth amounting to IDR500m at the maximum, excluding land and buildings
 - Gross turnover amounting to IDR2.5bn per annum at the maximum
 - There is no business relationship, ownership or control between the recipient and the donor

Tax treatment for donors

Generally, capital gain derived from the segregation of assets due to donation is subject to normal capital gains tax at the hands of the donor as the alienator. However, such capital gains tax will not be applicable as long as the donation is given to the above organisations/persons and there is no business relationship, ownership or control between the recipient and the donor.

On the other hand, only the donation expenses below can be treated as deductible expenses for the computation purpose of the donor's corporate income tax:

- Donation in the context of handling a national disaster, which is stipulated under a government regulation
- Donation in the context of research and development that is conducted within Indonesia, which is stipulated under a government regulation
- Donation in the form of expenses for developing social infrastructure, which is stipulated under a government regulation
- Donation of educational facilities, which is stipulated under a government regulation
- Donation for sport development, which is stipulated under a government regulation

MALAYSIA

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Donations to charitable institutions or organisations

An institution or organisation established in Malaysia receiving donations from the public and spending monies on charitable activities without any intention to make profits could be subject to tax on the surplus on grounds that there are organised activities to collect the donations and to spend the funds for charitable activities.

Approved institutions or organisations

However, such an organisation or institution may apply for its income to be exempted from tax if it is established for the purpose of carrying out charitable or non-profit activities. Generally, the activities to be carried out by such an organisation or institution need to benefit the public at large in order to qualify for the tax exemption (e.g. medical or educational advancement, animal protection or preservation, etc.).

To be eligible to apply, an institution or organisation must be in operation for at least two years (24 months). Such an application has to be supported by the latest two years of audited financial statements and other supporting documents from relevant government departments or agencies.

Tax deduction

Donations or gifts of money to an approved institution or organisation are generally allowed as tax deductions to the donor (individuals and corporations), subject to certain statutory limits.

Tax benefit and restriction on individual donors

Donations are only tax deductible if they are made to an approved institution, organisation or fund and the donor must keep the receipt of the donation. However, this is restricted to 10% of the aggregate income of an individual. Therefore, it is pertinent that individual donors understand the eligibility and conditions to claim deductions on donations.

PHILIPPINES

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Types of charitable organisation

Charitable foundations can be used by family businesses as their corporate social responsibility (CSR) arm. To set up a foundation, it requires minimum capital of PHP1m (about US\$20,000) to be registered with the Philippines Securities and Exchange Commission (SEC).

The foundation needs to be accredited by the Philippine Council for NGO Certification (PCNC) so that donations to the foundation will become a fully deductible expense for income tax purposes.

Tax treatment for donors

Donations to a charitable foundation are also exempt from the 6% donor tax. Donations to nongovernmental organisations (NGOs) can also be fully deductible, provided that they are accredited by the PCNC.

NGOs are non-profit domestic corporations that:

- Are organised and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, or a combination thereof, no part of the net income of which inures to the benefit of any private individual
- Use their resources directly for the active conduct of the activities constituting the purpose or function for which they are organised and operated
- Have a level of administrative expense, which shall, on an annual basis, conform with the rules and regulations to be prescribed by the Secretary of Finance, upon the recommendation of the Commissioner of Charities, but in no case to exceed 30% of the total expenses
- Have assets which, in the event of dissolution, would be distributed to another non-profit domestic corporation organised for similar purpose or purposes, or to the state for public purpose, or would be distributed by a court to another organisation for use in achieving the original objective

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Charity status: registered charity

A registered charity is one that is established for exclusively charitable causes and is subject to the control of the High Court. Such an entity enjoys automatic income tax exemption. Any properties used for exclusively charitable purposes may be exempted from property tax in full or partially. A registered charity could take either of the following forms:

- **Institution of Public Character (IPC):** An IPC is expected to apply its charitable funds wholly or substantially to benefit the Singapore public. It is thus authorised to issue tax deduction receipts for qualifying donations received
- **Grantmaker:** A grantmaker can be a non-profit entity which only gives out grant monies to specific charitable causes. This could take the form of private foundations, community foundations, businesses' giving programmes, etc. Compared with an IPC, a grantmaker

typically does not conduct fundraising campaigns and is subject to a simpler set of reporting requirements

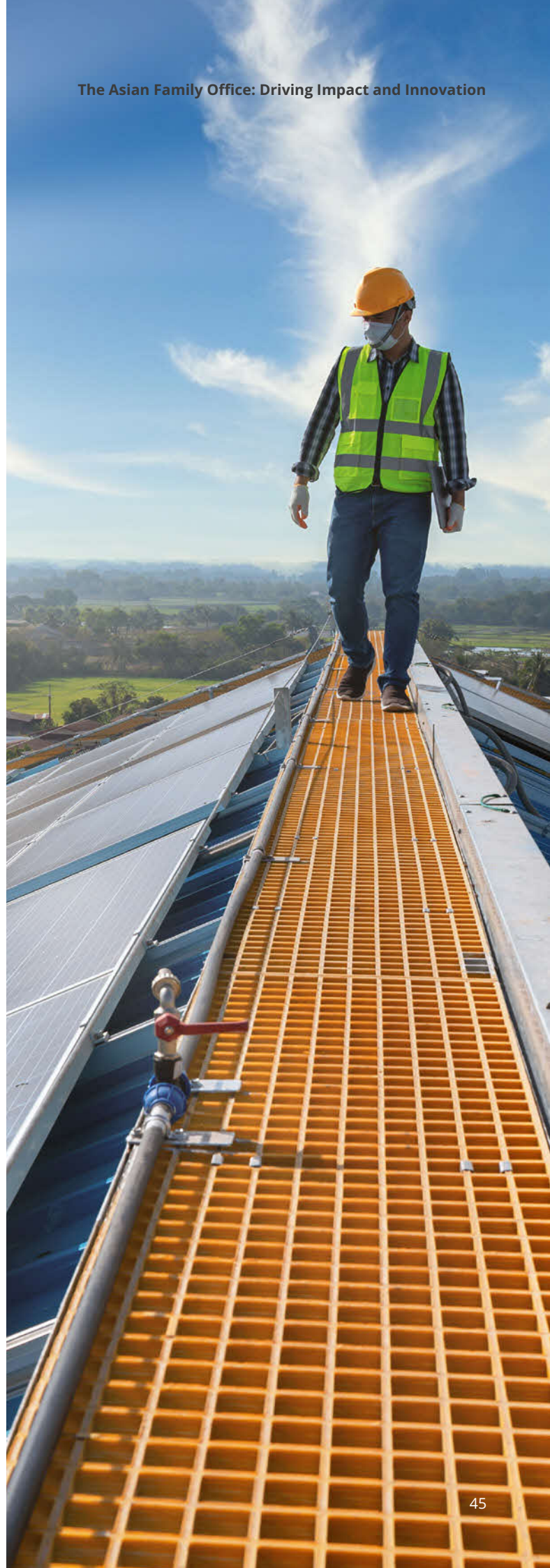
Non-profit organisations

A non-profit organisation (NPO) refers to any person – not registered or exempt under the Charities Act – not established for the objective of deriving a profit. The income and property may only be applied for furtherance of objectives and not distributable to shareholders or members, except as reasonable compensation. NPOs can apply for tax exemption under Section 13R of the Income Tax Act (exemption of income for non-profit organisations) through the Singapore Economic Development Board, subject to fulfilment of commitments, e.g. headcount, and expenditure projections.

Tax deduction

Donors – individuals and corporations – can enjoy tax deductions of 250% of the qualifying donation amount when they donate to any approved IPC.

Under the Philanthropy Tax Incentive Scheme for Family Offices, from 1 January 2024 onwards, qualifying donors with family offices that benefit from tax exemptions under Sections 13O and 13U in Singapore are able to enjoy 100% tax deduction for overseas donations made through qualifying local intermediaries. The tax deduction is capped at 40% of the donor's statutory income.



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The charitable organisation or institution shall be a charitable corporation or a charitable foundation licensed and duly registered with the authority-in-charge. Income derived by such organisations or institutions, which are in conformity with certain criteria, from the operations of their own and their subsidiaries shall be exempt from income tax.

Tax deduction

Donations made to officially registered charities by a resident individual of a total amount not in excess of 20% of the gross consolidated income are deductible under the income tax.

Other tax

For estate and gift tax purposes, property donated to a charitable foundation is excluded from the gross estate or the total amount of gifts; however, the exemption is not applicable to property donated to a charitable corporation.



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Types of charitable organisation

A non-profit organisation can take the following forms:

- **Foreign private organisation (FPO):** An FPO operates under the law of its home country and does not have any profit-making or political purposes in Thailand. An FPO has the objective of providing economic, social and academic assistance in Thailand, whether through the public or the private sector, in accordance with the assistance guidelines provided by the Thai government.
- **Association:** A legal structure that involves a grouping of at least 10 persons (members) who wish to continually and collectively perform a non-profit activity. An association must register its articles of association in accordance with the requirements of the Thai Civil and Commercial Code. This is the most commonly

used legal form for charitable organisations in Thailand.

- **Foundation:** A foundation is an entity registered under the Civil and Commercial Code that consists of property allocated to a public charity, religion, arts, science, education or other purpose for public benefit, and not for profit. A minimum of three individuals is required to form a board of directors for the establishment of a foundation, and there are minimum cash holdings required by law.

Tax treatment for donors

The granting of assets received by religious institutions, educational institutions or social charity institutions as stipulated by the Minister of Finance, can be tax exempted.

For personal income tax purposes, in the case of charitable contributions, the amount donated shall be treated as allowances or exemptions, provided that this does not exceed 10% of the income after standard deductions and allowances.

For inheritance tax purposes, the following persons or entities shall be exempted from inheritance tax:

- A person receiving an inheritance from a deceased person who has expressed his or her intention, or appeared to have an intention, of using the inheritance for religious, educational or public benefit activities
- A state agency or juristic person whose objectives are for religious, educational or public benefit activities



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