

Battle of the Funds, APAC edition



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Topics of Discussion

Battle of the Funds



A comparative discussion of the landscape and tax considerations of investing via three key fund jurisdictions of **Luxembourg, Cayman Islands, Singapore and Hong Kong.**

Overview of the Local Funds Management Industry

	Cayman Islands	Luxembourg	Singapore	Hong Kong
Total Funds Under Management (USD)	<p>~US\$8,200 bil</p> <p>Largest non-US jurisdiction for private investment funds for SEC-registered advisors.</p> <p>>30k registered private investment funds</p>	<p>~US\$9,450 bil (UCITS & AIF)—13,6k fund units (regulated funds)</p> <p>24.8% market share in EU</p> <p>Home to almost 90% of all EU Private debt funds, 65% of Real Asset funds, 60% of Private Equity funds</p> <p>60% of ELTIF (+76% (Oct 24/25))</p> <p>> 300 licensed mancos (100 UCITS management only)/600 registered AIFMs (sub-threshold)</p>	<p>(All figures based on MAS's Asset Management Survey 2024 released on 15 Jul 2025)</p> <p>~US\$ 4.46 tril, 12% annual increase with significant growth in hedge funds (37%), PE and VCs (20%)</p> <p>77% of AUM sourced from outside Singapore and 88% of total AUM invested globally</p>	<p>~US\$4.5 tril—Total AUM for Hong Kong's asset and wealth management business as of FY24</p> <ul style="list-style-type: none"> • US\$3.2 tril—AUM for asset management and fund advisory business • US\$1.3 tril—AUM for private banking and private wealth management business
Key Investor Jurisdictions	<p>Distribution globally to eligible investors, including North America, Asia, Europe, Middle East and Latin America</p>	<p>61% global market share in cross-border investment funds</p> <p>Distribution to over 80 countries amongst Europe, APAC (including Australia and New Zealand), LatAm, North America, Middle East and Africa</p> <p>+/- 2/3 of funds distributed locally in HK and Singapore are lux funds</p>	<p>Distribution globally to investors in:</p> <ul style="list-style-type: none"> • 33% — Asiapac ex Singapore • 23% — Singapore • 19% — North America • 12% — Europe • 13% — Rest of world 	<p>AUM by investor base for asset and wealth management business in FY24</p> <ul style="list-style-type: none"> • 37%—Hong Kong • 9%—Mainland China • 23%—North America • 14%—Rest of Asia- Pacific • 11%—Europe • 6%—Other regions
Typical Investment Vehicles	<p>Exempted Company, Segregated Portfolio Company, Exempted Limited Partnership, Exempted Trust, Limited Liability Company</p>	<p>FCP, SICAV, SICAR, SCSP, Securitisation Vehicles, Private Wealth Company</p>	<p>Limited Partnership, Variable Capital Company (VCC), Private Limited Company, Trust</p>	<p>Limited Partnership Fund (LPF), Open-ended Fund Company (OFC), Unit Trust</p>

Overview of the Local Funds Management Industry (Cont.)

	Cayman Islands	Luxembourg	Singapore	Hong Kong
Regulatory Regimes	Mutual Funds Act, Private Funds Act with oversight provided by The Cayman Islands Monetary Authority	(i) Retail Funds (UCITS, UCI Part II), (ii) Alternative Funds (SIF, SICAR, RAIF, SV) (iii) ELTIF and (iv) Unregulated Investment Vehicles	Securities & Futures Act with oversight by the MAS Licensing exemption for managing funds solely invested in immovable assets or securities of real estate holding companies, or for managing assets for related corporations/ related family members etc.	(i) Unregulated investment vehicles—not performing regulated activities in Hong Kong (ii) Regulated investment vehicles—by the Securities and Futures Commission under the Securities and Futures Ordinance
Transparency and Substance Requirements	Substance requirements for nine specific activities performed in Cayman Islands entities (inclusive of fund management) Investment funds are exempted from maintaining substance	Transparency requirements: Prospectus (CSSF-approved), Offering Memorandum (disclosure of strategy and risks), taxonomy disclosures, investor reporting, regulatory filings, (obligations may vary by fund regime) Regulatory substance sits with Lux AIFM/Manco (and depository/central admin) under UCITS/AIFMD rules. Tax substance is based on registered office or place of effective management, with treaty access guided by MLI/PPT	Under the Section 13O/13OA/13U tax incentive applicable to qualifying funds, there is a minimum local business spending condition ranging from S\$200,000 to S\$500,000 depending on the amount of AUM in designated investments of the fund. Additionally, the Singapore fund management company managing the fund must employ at least 2 (for Section 13O and 13OA) or 3 (for Section 13U) investment professionals who are Singapore tax residents.	1) Appointment of key persons: <ul style="list-style-type: none"> • General partner and limited partner (for LPF)/director (for OFC) • Investment manager (licensed by the SFC where regulated activities are involved) • Auditor • Trustee/Custodian 2) At least 2 qualified employees and operating expenditures of no less than HK\$2mil (for tax purposes)

Overview of the Local Funds Management Industry (Cont.)

	Cayman Islands	Luxembourg	Singapore	Hong Kong
Recent Trends and Developments	<p>36% growth in registered private funds since 2020</p> <p>Amendments to the Common Reporting Standard (CRS) will take effect in Jan 2026, tightening registration and reporting requirements for Cayman Financial Institutions</p>	<p>+21% in Private Equity and Private Debt, + 11% in Real Estate funds (30 Sep 25)</p> <p>Continuous popularity of Lux SCSP (13k) and RAIF (>2.7k) for private assets strategies</p> <p>Retail Funds with Alternatives exposure—ELTIF 2.0</p> <p>Tokenisation and digital assets</p> <p>A pro-business Government (carry-interest regime, start-up incentives, LuxREIT, double tax treaties expansion and recent clarifying tax circulars)</p>	<p>14% growth in alternative AUM, led by growth in assets managed by private equity, venture capital and hedge fund managers.</p> <p>In particular, investments in private credit rose by 21% year-on-year.</p> <p>Per MAS's latest wealth management update, Singapore is:</p> <ul style="list-style-type: none"> • Ranked #2 internal wealth management centre globally (source: Deloitte International Wealth Management Centre Rankings 2024) • Fastest growing cross-border wealth booking centre (source: BCG Global Wealth Report) 	<p>Based on SFC's end-2024 survey: +13% year-on-year growth in total AUM (US\$4.5 tril)</p> <p>Hong Kong ranks joint top with Switzerland as a global cross-border wealth hub in 2024</p> <p>To promote Hong Kong's status as a global investment hub:</p> <ol style="list-style-type: none"> 1) Proposed unified fund tax exemption with private credits, virtual assets, carbon credits precious metals and specified commodities as qualifying investments 2) Enhanced carried interest concession

Key Tax Considerations

	Cayman Islands	Luxembourg	Singapore	Hong Kong
		Blocker Entities		General
Entity Types	Exempted Company, Segregated Portfolio Company, Limited Liability Company	Public limited company (SA), Partnership limited by shares (SCA), Limited liability company (Sàrl)	Private Limited Company, Variable Capital Company (VCC), Trust	LPF, OFC
Local Filings Considerations	Annual filing to the registrar, AEOI (FATCA/CRS), Country-by-Country reporting and Economic Substance (if applicable)	Subscription Tax (ST) (only for Retail Funds and SIF/RAIF SIF), FATCA/CRS, and VAT (if applicable). WHT and CIT/MBT returns apply mainly to SICAR and SV. VAT (if in scope)	Annual CIT filing by 30 Nov and Trust returns (Form T) by 15 Apr FATCA/CRS	Hong Kong profits tax filing No VAT regime in Hong Kong FATCA/CRS
Exemptions and Concessions	No corporate or personal income tax is applicable Cayman entities are not subjected to capital gains tax or WHT	UCITS, UCI Part II, SIF, RAIF-SIF are tax exempt. SICAR is taxable but exempt on income and gains from risk capital. SV is taxable but tax-neutral ST: reduction or exemption No stamp duty/capital duty Distributions and redemptions are not subject to WHT and transfer of shares are not subject to NRCGT	Fund tax incentives under Section 13O, 13OA, 13U of the Singapore Income Tax Act available for qualifying funds. Exemption under Section 13V of the Singapore Income Tax Act available for sovereign wealth funds.	Hong Kong profits tax <ul style="list-style-type: none"> Unified fund exemption Carried interest concession No withholding tax for fund distribution/carried interest payment in Hong Kong

Key Tax Considerations (Cont.)

	Cayman Islands	Luxembourg	Singapore	Hong Kong
		Blocker Entities		General
Tax Treaty Network and Considerations	Given no ratified tax code, Cayman does not have double tax treaty network, but has signed a Model 1 IGA with the US and 36 tax information exchange agreements (29 are in force)	94 DTAs signed (88 in force). MLI applies. Two thirds grant treaty access to Luxembourg collective investment vehicles in corporate form (UK, GE, etc.)	Over 100 DTAs signed MLI applies to most.	56 DTA signed (51 in force) Partnerships and corporations are generally considered “covered persons” under the DTA

Key Tax Considerations

	Cayman Islands	Luxembourg	Singapore	Hong Kong
		Fiscally Transparent Entities		General
Entity Types	Exempted Limited Partnership (ELP) Exempted Trust	Commercial Partnership (SCS), Special Limited Partnership (SCSp) and Common Contractual Fund (FCF)	Limited Partnership, Trust (where tax transparency treatment applies to the extent income is not derived from a trade or business carried on by the trustee on behalf of the Trust, and the beneficiary is a Singapore tax resident and entitled to a share of the Trust income)	Unit trust
Local Filings Requirements	Annual filing to the registrar AEOI (FATCA/CRS) Country-by-Country reporting and Economic Substance (if applicable)	Annual filing via the GP, disclosure of partners and income allocations FATCA/CRS	Annual filing of partnership tax return (Form P) by 18 Apr, disclosure of partners and income allocations. Annual filing of Trust returns (Form T) by 15 Apr FATCA/CRS	Hong Kong profits tax filing <ul style="list-style-type: none"> Publicly offered unit trust—normally SFC-authorized and exempt for Hong Kong profits tax Unit trust for professional investors—may fall into scope of the unified fund exemption FATCA/CRS

Key Tax Considerations (Cont.)

	Cayman Islands	Luxembourg	Singapore	Hong Kong
Investor Reporting	No direct local reporting by investor in Cayman Islands investment funds	Requirements depending on the investors' location No Luxembourg investor standalone reporting	Requirements depending on the investors' location No Singapore investor standalone reporting for foreign investors not operating in or from Singapore (if Limited Partnership does not derive taxable Singapore-sourced income)	Requirements depending on the investors' location No Hong Kong investor standalone reporting
Anti-Avoidance Considerations	Robust framework of anti-money laundering (AML), counter-terrorist financing (CTF) and various tax transparency reporting regimes Cayman aligns its AML/CTF regime with FATF's 40 Recommendations	Substantially developed domestic GAAR and SAAR Full alignment with OECD standards and guidelines ATAD 1 and ATAD 2 anti-avoidance rules adopted in domestic legislation (e.g. reverse hybrid rule and CIV exemption) ATAD 3 dead but still anti-abuse provisions/substance/BO in Foreign locations applicable	Substantially developed domestic GAAR under Section 33 of the Singapore Income Tax Act Robust anti-money laundering and counter-terrorist financing (AMLCFT) framework in place, aligned with FATF recommendations	Anti-avoidance rules under Hong Kong profits tax are available to counter transactions undertaken for the sole or dominant purpose of obtaining a tax benefit



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