Heng Swee Keat's comment leaves possibility of private wealth tax up in the air

Finance Minister Heng Swee Keat at The Straits Times Global Outlook Forum 2018 on Dec 5, 2017. ST PHOTO: LIM YAOHUI

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SINGAPORE - The possibility of a tax on privately held wealth surfaced on Thursday (Dec 7) at the official opening of the new premises of the Nanyang Technological University’s Wealth Management Institute at one-north business park in Buona Vista.
In off-the-cuff remarks made before his speech at the event, Finance Minister Heng Swee Keat recalled a question posed during The Straits Times Global Forum on Tuesday, when he was asked why government revenue has to be raised instead of touching government reserves.

He told the audience on Thursday that he had made the case for how Singapore’s reserves were used in times of need, such as during the global financial crisis, which led to the continued stability of the Singapore dollar and economic growth.

Mr Heng joked: “I don’t know if the person who asked the question was someone from the wealth management industry who thought that I was thinking of taxing wealth and trying to divert me from doing that. Unfortunately he had the opposite effect.

“I had a few people come up to me after that and say, ‘Minister Heng, I’m convinced you don’t touch sovereign wealth, but what about private wealth?”

He did not elaborate any further on taxes. Private wealth tax usually refers to taxes imposed on the wealth of individuals as opposed to businesses. These are taxes that could be levied on property or inherited assets for example.

Prime Minister Lee Hsien Loong recently said that it is “not a matter of whether, but a matter of when” taxes would have to be raised. This sparked speculation by tax specialists and economists on the issue, with the goods and services tax (GST) and e-commerce tax seen as top contenders for a hike.

At the event, Mr Heng announced that the Institute of Banking and Finance (IBF) has appointed Wealth Management Institute (WMI) as the private banking lead training provider.

The institute will be enhancing IBF competency standards and the training curriculum. The enhanced curriculum will include new competencies such as digital skills, cross-banking and specialised market knowledge, and a new management track focusing on leadership and managerial skills for senior relationship managers (RMs).
Mr Heng was speaking about the demands on the private bankers in Singapore. They have to offer more sophisticated wealth solutions while navigating a more complex regulatory environment.

Mr Heng said that RMs need to uphold a strong relationship of trust and integrity with their clients.

To ensure that the private banks are able to stay on top of their profession, he said three paradigm shifts are needed. Relationship managers have to move from “product sales” to “total wealth advice”, as in providing comprehensive wealth advisory that meets clients’ personal, family and business needs. He also urged relationship managers to move to doing what is right and in the best interest of clients. Thirdly, relationship managers should deepen their competencies, leadership skills and knowledge of key regional markets as they gain industry experience.