

UPDATE

# Self-managed funds to be brought within scope of Guernsey's economic substance requirements

Update prepared by Frances Watson (Partner, Guernsey)

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Amendments have been made to the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (the **Regulations**) to bring self-managed funds within scope of the Regulations.

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New Regulations have been made (10 September 2020) bringing self-managed funds within scope of Guernsey's economic substance requirements.

For the purposes of Guernsey economic substance, a self-managed fund:

- is a collective investment vehicle within the meaning of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (see definition below) and
- has no other person or body conducting fund management in respect of it, ie no other person or body exercising any managerial function in relation to an investment or the assets underlying an investment.

A self-managed fund, which fulfils the above criteria, will be required to demonstrate an appropriate level of substance in Guernsey with effect from **1 October 2020**.

Collective investment schemes, which are not self-managed, continue to be out of scope.

For further details on economic substance, refer to our Legal Guide [here](#).

## **\*The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, section 7:**

**collective investment vehicle** means a body established for the purposes of undertaking collective investment

**collective investment** means any arrangement relating to property of any description (including money) which is a collective investment scheme within the meaning of paragraph 1 of Schedule 1 to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, provided that the purpose or effect of the arrangement, or of the trusts, constitutive documents or objects of the arrangement, is to enable members of the public to participate in, or receive profits or income arising from, the acquisition, holding, management or disposal of the property, or sums paid out of such profits or income

## Contacts

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