



Gibraltar, as part of the European Union has seen its reputation grow exponentially as its stable government and political status continues to support its reputation as a robust European finance centre.

Why Gibraltar for a UCITS Management Company?

A Gibraltar UCITS management company will be subject to the low corporation tax rate of 10%, however, any income which is accrued and derived outside Gibraltar will not be taxable in the jurisdiction. There is also no VAT or capital gains tax in Gibraltar.

Gibraltar has signed 18 OECD compliant tax information exchange agreements moving into the OECD's White List of countries. This in turn attracts service providers of high repute and has seen an influx of fund managers re-domiciling to Gibraltar and its sun drenched environment.

Gibraltar provides special tax regimes for high net worth individuals and for executives seeking to relocate. The effect has been that fund managers are not only domiciling their management companies, but are themselves becoming tax resident in Gibraltar.

Why Gibraltar for a UCITS fund?

A Gibraltar UCITS fund will not pay any tax in Gibraltar. Gibraltar entities are only taxed on any income accrued or derived in Gibraltar.

Gibraltar also boasts the presence of prestige accountancy firms such as Deloitte, KPMG, PricewaterhouseCoopers and custodian bank's Societe Generale, Lombard Odier and Credit Suisse who all have branches in Gibraltar. These firms are also supported by a wide range of privately owned banks, fund administrators and accountancy/audit firms.

A popular characteristic of Gibraltar is the ease in which one can arrange face to face meetings with all service providers. Gibraltar has a growing economy and striving finance centre but still maintains the ability to provide personalised service to its clients. As a small jurisdiction, the government and the FSC are flexible and responsive to the needs of the funds industry.

UCITS in Gibraltar

Gibraltar's funds industry has made it a priority to implement directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS). There is a feeling within the industry that UCITS will only become more popular given the increasing demand from investors for regulated fund products, as they seek more investor protection and transparency to avoid becoming victims of future fund blow ups.

Gibraltar's regulator, the Financial Services Commission (FSC), has also indicated its willingness to support the expansion in this area; this is expected to translate into greater access to the regulator and a quicker approval process. The FSC is based on the model of the UK's FSA and is also reputed for its high level of regulatory oversight and for its cooperation with the funds industry.



Why Gibraltar for a UCITS fund? cont

Gibraltar's funds industry kick started with the introduction of the Experienced Investor Fund (EIF) in 2004, which is a very flexible fund vehicle that can be set up quickly. This has led to the establishment of many funds with the effect that Gibraltar's fund industry is now extremely efficient in the setting up and administering funds of all sizes and characteristics.

Gibraltar also allows for the incorporation of Protected Cell Companies (PCC). A PCC allows for different cells or sub-funds to be created within one entity but provides for the assets and liabilities of each cell to be statutorily segregated. Each cell can have different investment objectives and policies and even different fee structures. UCITS funds can be established as PCCs.

Jurisdiction benefits

Unlike the Channel Islands and the Caribbean, Gibraltar is in the European Union. This allows Gibraltar licensed UCITS funds and UCITS Management Companies to passport their licenses freely throughout the EU. This may also be an advantage in anticipation of the EU directive for alternative investment fund managers which may discriminate against non-EU domiciled funds.

Other benefits:

- Speed of setting up
- EU Passporting
- EU Domicile
- Well Regulated
- No work permits needed
- European Time Zone
- Competitive Pricing Structure
- Industry and Regulator relations are excellent
- Personal Services
- 25th in the Global Financial Centres Index
- Parent Subsidiary Directive

Gibraltar is not an island and is very accessible given the proximity of three international airports and the vast selection of flight destinations, especially from Malaga.



Gibraltar's new air terminal due to complete 2011

Funds expertise at Hassans

James Lasry, partner and head of the Funds department at Hassans is also the Chairman of the Gibraltar Funds and Investments Association and has been instrumental in setting up the majority of Gibraltar's funds, including the first EIF and PCC. James has also advised the Government of Gibraltar on its funds legislation. The author, Aaron Payas is an associate lawyer at Hassans and works in the Funds Department.

With the good weather, excellent service, growing economy, high regulatory standards and motivated funds industry, Gibraltar is becoming the jurisdiction of choice for many fund managers. The fact that there are 60 golf courses within an hour's drive from Gibraltar is also an added bonus for many.

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