

## Cayman Islands funds: economic substance notification filings for partnerships

News - 12/10/2021

As outlined in our recent [briefing](#), the Cayman Islands economic substance regime (**ES Regime**) has recently been expanded, so as to now bring into scope Cayman Islands partnerships. Notwithstanding this expansion, an investment fund structured as a Cayman Islands exempted limited partnership is exempt from the requirement to meet any economic substance test in Cayman, as is any partnership through which an investment fund directly or indirectly invests or operates (which will generally include an exempted limited partnership acting as a general partner of an investment fund). Such partnerships will also be exempt from economic substance reporting obligations. Funds registered with the Cayman Islands Monetary Authority under the Mutual Funds Act (Revised) or the Private Funds Act (Revised) will be regarded as investment funds for the purposes of the ES Regime and therefore will fall within the investment fund exemption. However, the definition of investment fund is not limited to regulated fund entities and other entities may also have the benefit of the exemption.

All exempted limited partnerships (including investment funds), will, however, be required to make an annual economic substance notification (**ES Notification**) through their corporate services provider (typically a registered office service provider) confirming whether or not they are in scope of the ES Regime and, if relevant, the exemption upon which they are relying. The ES Notification is a pre-requisite to the filing of a partnership's annual return with the Registrar or Partnerships (normally required by 31 January in each year).

For partnerships formed **on or after 30 June 2021**, the first ES Notification will be due in **January 2022** and where such partnerships are investment funds or partnerships through which an investment fund directly or indirectly operates, they should have resolutions in place to approve the submission of the ES Notification to their corporate service provider, recording the reason for the partnership's exemption under the ES Regime and authorising such corporate service provider to make the ES Notification to the Registrar.

For existing partnerships formed **prior to 30 June 2021**, the first ES Notification will be due in

January 2023.

Subject to certain tax residency-based exemptions, any partnership not falling within the investment fund exemption will be required to meet the relevant economic substance test for those activities caught under the ES Regime from the date of formation (if formed on or after 30 June 2021) and from 1 January 2022 (if formed before 30 June 2021).

If you would like to discuss the requirements for the ES Regime for your partnership fund or would like assistance with your economic substance classification and authorisations or ES Notification, please get in touch with your usual Ogier contact or any of our partners listed.

## About Ogier

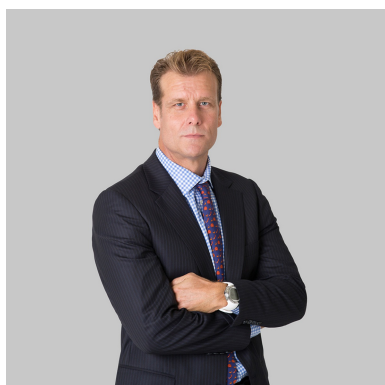
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