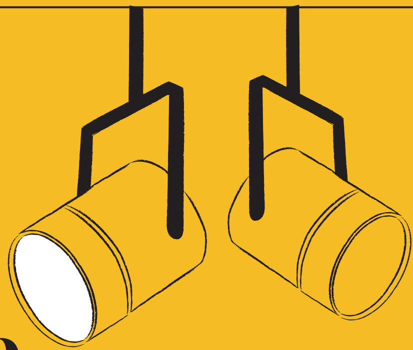

Spotlight

The Jersey – Singapore Double Taxation Agreement

The Double Taxation Agreement (DTA) between Jersey and Singapore provides a tax neutral solution for Jersey companies managed in Singapore.

DTAs prevent double taxation where the same income could be taxed in two different jurisdictions, adding clarity and certainty to cross-border trade.

We have seen use of this arrangement by, for example, crypto funds and general asset managers in Singapore using Jersey corporate funds for their investment vehicles.

These arrangements work well with the Jersey Private Fund (JPF) regime, which offers a flexible and cost-effective solution with light-touch regulation where funds are opened to a limited number of qualified investors.

KEY CONSIDERATIONS

- DTAs offer a level of protection to cross-border trade investors against double taxation on any income made on assets sold in another jurisdiction
- Singapore Fund Managers can set up a JPF allowing them to appoint non-Jersey administrators, permitting for an asset manager on the ground in Singapore
- JPFs can have a maximum of 50 investors, and the investors need to qualify as professional or eligible investors
- JPFs must have a Jersey Designated Services Provider which must comply with ongoing best practice requirements with the JFSC
- A JPF can be converted to an expert fund if the fund is successful and the managers want to target a wider pool of investors
- Jersey-Singapore DTA fund structures require evaluation from a general tax avoidance and principal person test perspective
- Although Cayman and BVI structures are more popular in Singapore, Jersey provides a tax neutral solution for regulated fund managers
- Jersey has an excellent professional services infrastructure supporting fund managers with administration, accounting, legal and tax professionals
- Jersey was a pioneering jurisdiction for digital asset funds, approving the launch of the world's first regulated bitcoin fund in 2014
- More than 700 JPFs have been formed, and the regime is used by investors and managers around the world

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