

Article

Six Reasons for Investment Fund Managers to Locate in Bermuda

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The introduction of economic substance requirements in offshore jurisdictions has sharpened the impetus for investment fund managers to establish a physical office where their funds are incorporated. Here are six good reasons to choose Bermuda.

1. An established funds community

Bermuda is a significant centre for both traditional and alternative investments including funds, private equity and insurance-linked securities (ILS). Some highly respected names in the investment world - including Orbis, Fidelity International and Nephila Capital - have headquarters or offices in Bermuda, with investment professionals on the ground.

Bermuda receives high marks from international standard-setting agencies such as FATF and the OECD compared to other offshore jurisdictions, confirming its standing as a well-respected international financial centre.

For alternative fund managers, especially those with "contrarian" approaches, being based in Bermuda allows a fresh perspective, away from the herd in New York and London.

2. A quick hop to major financial centres

While avoiding the big-city noise has its advantages, there are times when you just have to be there in person. Bermuda's location just 650 miles off the U.S. east coast in the North Atlantic means New York is less than a two-hour flight away, and London is only six hours away. Other east coast cities in the US and Canada enjoy direct flights and easy connections for more far-flung destinations abound. The island has a new, state of the art international airport with a dedicated terminal for private jets.

3. First class support and infrastructure

Bermuda is one of the longest-established offshore financial centres in the world and is known as the world's "risk capital" due to its importance as a global hub for insurance/reinsurance business. Hamilton, the island's capital city, is a centralised location for Bermuda's intellectual capital, with abundant networking opportunities. The island offers the support services that international businesses expect, including world-class international law firms and the Big Four accountancy firms. It has a sophisticated infrastructure with quality commercial office space (complete with water views) and very high speed 4G broadband internet. Regulatory approval has been granted for licensed telecom companies to roll out 5G broadband.

4. Expedited Work Visas

Bermuda has made it easier for executives who are able to support themselves from employment outside Bermuda to relocate to the island with a one-year Work from Bermuda Certificate. It costs \$263 to apply. Certificate holders are regarded as residents and can rent home and office space locally. They will not pay income or capital gains tax in Bermuda. Salaries can be paid in U.S. dollars, which are accepted in Bermuda as legal tender.

Those relocating on a more permanent basis to set up a new Bermuda entity can apply for a variety of work permits. Prior to establishing a business proper, a Global Entrepreneur Work Permit can be used to locate on island during the start-up phase. There are also New Business Work Permits, which may be granted in as little as ten working days. While most positions must be advertised locally before a work permit can be granted, this requirement is waived for New Business Work Permits and for C-Suite positions. Learn more [here](#).

Resident owners and employees of Bermuda entities will pay payroll tax in Bermuda, although exemptions and/or payroll tax relief may be available in certain circumstances. For those investing significant amounts of capital in establishing in Bermuda, economic investment certificates and related residency certificates may be an option.

5. The Bermuda LLC

While adhering to the highest international standards, Bermuda is very business-friendly when it comes to company law and regulation. The jurisdiction offers a range of options for structuring offshore entities. One of the most recent is the Bermuda Limited Liability Company (LLC), a flexible offshore vehicle that can replicate many of the same features as a Bermuda exempted company, but with fewer corporate governance restrictions. Closely modelled on Delaware LLCs, the structure will be familiar to many. Bermuda LLCs are ideal for complex financial structures, such as private equity vehicles. Just like a Bermuda company, a Bermuda LLC can be formed with relative ease, and government fees for LLCs are set competitively at less than half the fee for an exempted company. Learn more [here](#).

6. Trusted judiciary

Bermuda is a British Overseas Territory and has a legal system based on English law with independent courts. The highest court of appeal is the UK Privy Council. Investors can have a high degree of confidence in fair, impartial and transparent legal decisions.

While the introduction of economic substance requirements across all offshore jurisdictions may be an additional burden for those using tax efficient structures, we would encourage fund managers to consider the benefits of using Bermuda as a jurisdiction for centralising their offshore activities. Such a strategy allows managers to maintain a neutral tax treatment and facilitates compliance with offshore economic substance requirements, all while enjoying the island's high standard of living and international connectivity.

Conyers is able to advise on all aspects of establishing in Bermuda, including company formation, economic substance, immigration and employment matters.

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