The Singapore manager with a Swiss L-QIF

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The reverse case has become possible since 1 March 2024, when the limited qualified investor fund (L-QIF) was introduced into the Collective Investment Schemes Act (CISA; KAG). An L-QIF is a Swiss fund for qualified investors that needs no FINMA approval or supervision of the fund itself, provided it is administered by a FINMA-licensed fund management company or managed by a FINMA-licensed manager of collective assets (see Part E, Chapter VI). A Singapore manager cannot be the L-QIF's responsible manager, because that role is reserved to Swiss-licensed institutions. It can be appointed as a sub-manager by delegation under Art. 14 CISA and the FinIA rules on delegation, provided it is subject to recognised supervision, which MAS supervision satisfies.[1]

The tax position of the Singapore sub-manager is governed by the DTA (Chapter IX of this Part). Sub-advisory fees paid from Switzerland to Singapore are business profits taxable only in Singapore unless the Singapore manager has a Swiss permanent establishment. The manager's staff who travel to Zürich should therefore not conclude contracts there. The L-QIF itself is transparent for Swiss tax purposes if it is a contractual fund or SICAV. Its Singapore investors are taxed in Singapore on distributions according to their own status. For an individual investor that means

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no tax on capital distributions and no tax on income that is foreign-sourced and received by a resident individual. The L-QIF route is attractive for Singapore managers who want a European vehicle without the cost of a Luxembourg RAIF and who have Swiss or Liechtenstein investors to serve.

Notes

1. Collective Investment Schemes Act (CISA; KAG), SR 951.31, Arts 118a ff. (L-QIF, in force 1 March 2024) and Art. 14 (delegation); Financial Institutions Act (FinIA; FINIG), SR 954.1, Arts 27 and 35 (delegation of tasks). ↩

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