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Qualifying Investor Alternative Investment Fund

What is a Qualifying Investor Alternative Investment Fund ("QIAIF")?

A QIAIF is a regulated investment fund that is targeted at "qualifying investors" (meaning investors who are classified as professional clients under MiFID or investors who certify or are appraised as being informed investors) and which impose a minimum initial subscription requirement of €100,000 per investor.

A QIAIF constitutes an alternative investment fund ("AIF") under the Alternative Investment Fund Managers Directive ("AIFMD") and is required to appoint an alternative investment fund manager ("AIFM"). The AIFM may be either an EU manager or a non-EU manager.

Key Features

A QIAIF allows for the pooling of assets.

QIAIFs are not subject to limiting investment restrictions and the range of eligible assets that a QIAIF may acquire is not restricted. Therefore, QIAIFs can be established as hedge funds, real estate funds, private equity funds, master-feeder funds etc.

There is no requirement to distribute capital or income and thus QIAIFs can be established either as distributing funds or accumulating funds.

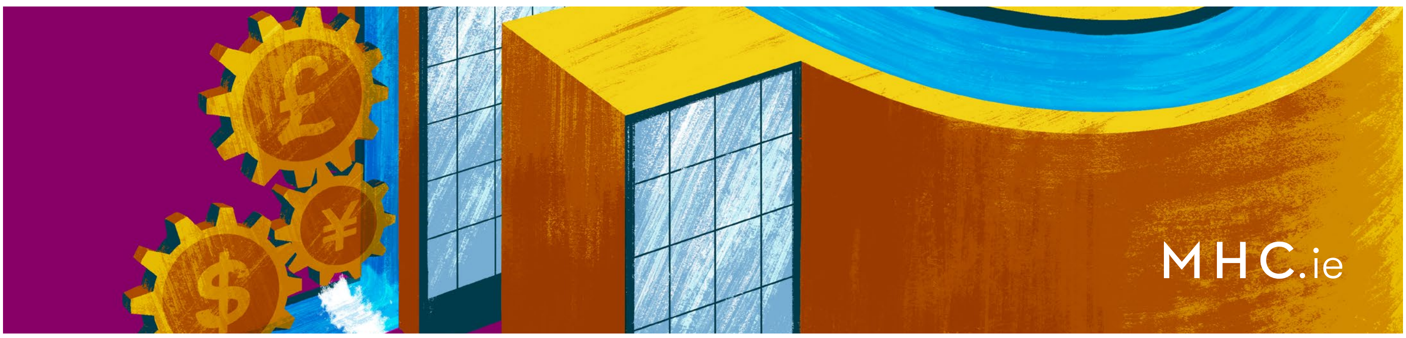
QIAIFs are exempt from Irish taxes and as QIAIFs may be established as an Irish resident corporate vehicle, they may be able to take advantage of Ireland's extensive network of double taxation treaties.

Under AIFMD, a QIAIF that appoints an EU AIFM can avail of a marketing passport, and subject to the completion of a regulatory notification procedure, a QIAIF may be distributed to qualifying investors throughout the EEA.

Legal Structures

A QIAIF may be as established as:

- An Irish collective asset-management vehicle (ICAV) – this is a corporate legal structure that is customised specifically for investment funds. An ICAV can make a check-the-box election, which allows the ICAV to be treated as a tax transparent vehicle for US federal tax purposes
- An Irish investment company – this is a public limited company established under Part 24 of the Companies Act 2014, as amended. It is a corporate legal structure whose paid-up share capital is equal to the net asset value of the company



- A unit trust – this is a contractual type vehicle that is established by a trust deed entered into between QIAIF's depositary and manager/AIFM. It is not separate legal entity, the unit trust is managed by a manager/AIFM and its assets are held by a depositary
- An investment limited partnership – this vehicle is established by a limited partnership agreement. It is not a separate legal entity and is most suited for private equity funds or investors who prefer to invest via a tax transparent vehicle
- A common contractual fund – this is a contractual type vehicle constituted under a deed of constitution. Investors of a CCF are co-owners of the CCF's assets, as a result certain tax efficiencies can be utilised, particularly for institutional investors such as pension funds

Re-Domiciliation

An investment fund domiciled in offshore jurisdictions such as the Cayman Islands, Jersey, Guernsey, the Isle of Man, Bermuda and the British Virgin Islands, can avail of a streamlined re-domiciliation process which enables the investment fund to switch its country of domicile and continue its operations in Ireland as a QIAIF in accordance with Irish regulations.

Fast-Track Authorisation

QIAIFs are generally subject to a fast-track regulatory approval process. Therefore, if an application (which includes the relevant certifications by the AIFM and depositary) to authorise a QIAIF is submitted to the Central Bank by 3pm on a business day, the QIAIF will be authorised by the Central Bank on the following business day.

Taxation

QIAIFs are not subject to Irish corporation tax, and are not liable for capital gains taxes on profits or gains. Investors (other than Irish resident investors) may redeem or transfer their units, or receive distributions from the QIAIF without the application of Irish withholding tax. No capital duty is payable on the issue or transfer of units of a QIAIF. A QIAIF established as an investment limited partnership or a common contractual fund is treated as being tax transparent. In addition, a QIAIF established as an ICAV or an investment company, is normally entitled to benefit from Ireland's extensive double-tax treaty network and thereby avail of reduced rates of foreign withholding taxes on foreign source income or profits.

What Others Say About Us

Our Investment Funds Team

Advises "on the most complex types of investment fund structuring".

Chambers & Partners, 2022

Key Contacts

Conor Durkin
Partner
+353 86 049 1230
cdurkin@mhc.ie

Sara O'Reilly
Partner
+353 87 8164985
soreilly@mhc.ie