



BDO TAX SERVICES

KEY FEATURES OF THE IRISH ICAV

WHAT IS THE ICAV?

The *Irish Collective Asset-management Vehicle* (ICAV) is a new form of collective investment vehicle, introduced in March 2015. It is a corporate vehicle for both UCITS and Alternative Investment Funds (AIFs). It sits alongside existing fund structures – Unit Trusts, Common Contractual Funds, Investment Limited Partnerships and Part XIII Investment Companies.

The ICAV is governed by bespoke legislation designed specifically with the needs of investment funds in mind. A fund established as an ICAV is not impacted by amendments to certain pieces of European and domestic company legislation that are targeted at trading companies rather than investment funds.

The ICAV benefits from the same favourable tax treatment applicable to other corporate funds and unit trusts, but with the added advantage of being able to “*check-the-box*” for US tax purposes.

KEY FEATURES OF THE ICAV

- The Central Bank is both the registration and the supervisory authority for the ICAV.
- The ICAV has its own legislative regime which ensures that it is not impacted by company law changes designed for ordinary companies.
- An ICAV may be established as an umbrella structure with a number of sub-funds and share classes. An umbrella ICAV has segregated liability between sub-funds. It is possible to prepare separate accounts for each sub-fund.
- Investors own shares in the ICAV and the ICAV is able to issue and redeem shares continually according to investor demand. Thus, the ICAV is no different to other open-ended collective investment schemes. The ICAV may also be established as a closed ended scheme, subject to Central Bank requirements regarding closed-ended funds.
- The ICAV has a governing document known as an Instrument of Incorporation (IOI). The IOI is the constitutional document of the ICAV, similar to the Memorandum and Articles of Association of an Investment Company.
- The ICAV must have a board of directors to govern its affairs, with a requirement for a minimum of two directors.
- The board of directors of an ICAV may dispense with the holding of an annual general meeting by giving written notice to all of the ICAV's shareholders.
- An ICAV is not required to spread risk, unlike an investment company.
- An ICAV may be listed on a stock exchange.

TAXATION OF THE ICAV

ICAVs are subject to the same attractive Irish tax regime that applies to other Irish funds, including:

- No Irish taxation at fund level (except for certain property owning funds).
- 41% exit tax on distributions to Irish investors but no Irish exit tax on distributions to non-Irish or Irish exempt investors (e.g. pension funds).
- 20% IREF tax on distributions derived from Irish to property, subject to exemption for certain investor types.
- No transfer taxes on the issue, redemption or transfer of shares.
- Exemption from VAT for many services required by a fund, including fund management services.
- Access to Ireland's double tax treaty network (76 signed, with 74 in effect) minimizing the effect of foreign withholding taxes on returns on its investments.

IRELAND AS A LOCATION FOR INVESTMENT FUNDS

For almost 30 years, Ireland has been a leading domicile for internationally distributed investment funds, covering the widest range of fund types. International fund promoters are attracted to Ireland due to its open, transparent and well regulated investment environment, its strong emphasis on investor protection, its efficient tax structure and dynamic and innovative business culture.

Did you know:

- Ireland is the domicile for 5.9% of world-wide investment fund assets, making it the 3rd largest global centre and the 2nd largest in Europe.
- Net assets in Irish domiciled funds reached €3.7 trillion in 2022, with €90 billion in net sales.
- Ireland is the fastest growing major European domicile for funds and accounts for 19.1% of all European fund assets.
- Ireland is a leading European domicile for exchange traded funds. Irish domiciled ETFs represent approximately 67% of the total European ETF market.

Source: [Irish Funds, Why Ireland 2023](#)

FOR MORE INFORMATION:



ANGELA FLEMING

Head of Financial Services Tax

+353 (0)1 470 0281
afleming@bdo.ie



YVONNE DIAMOND

Senior Manager – Financial Services Tax

+353 (0)1 470 0314
ydiamond@bdo.ie

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