Further consultation on offshore funds rules

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PRICEWATERHOUSECOOPERS

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In our November 2007 edition of UK real estate insights, in an **article on offshore funds** we discussed the consultation document that was issued as part of the Chancellor's pre-budget report on 9 October 2007.

This document proposed various changes to the offshore funds regime, particularly in relation to the definition of such funds. In the 2008 Budget in March it was announced that further consultation with the industry regarding the proposed new 'characteristics'-based definition of offshore funds was intended before any new statutory definition of an 'offshore fund' is enacted, with expected enactment proposed in the Finance Act 2009.

On 16 December 2008, the Government published 'Offshore funds: further steps', which provides proposals and draft legislation for the long-awaited new definition of an offshore fund, as well as further comments and draft regulations for the modernisation of the regime. As expected, the new definition of an offshore fund moves away from the existing regulatory definition (which currently requires an offshore fund to be a collective investment scheme) to a 'characteristics-based' definition, which could potentially have far-reaching implications for the real estate sector where certain types of closed-ended, limited life corporate vehicles have previously fallen outside the regime.

A copy of this paper can be found at **http://www.hmtreasury.gov.uk/pbr_csr07_offshore.htm**

Comments are invited by 11 February 2009 and PricewaterhouseCoopers will be making representations. For further details contact **Suzanne Ashwell**

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