

A BILL

entitled

ECONOMIC SUBSTANCE AMENDMENT ACT 2021

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WHEREAS it is expedient to amend the Economic Substance Act 2018;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act may be cited as the Economic Substance Amendment Act 2021.

Amends section 2

2 Section 2 of the Economic Substance Act 2018 is amended as follows—

(a) by repealing and replacing the definition of “partnership” as follows—

“partnership” means—

- (a) a partnership to which the Partnership Act 1902 applies;
- (b) a limited partnership;
- (c) an exempted partnership;
- (d) an exempted limited partnership; or
- (e) an overseas partnership,

but shall not include a local partnership;”;

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(b) by repealing and replacing the definition of “local entity” as follows—

“ “local entity” means a local company, a local LLC or a local partnership;”;

(c) by inserting in the appropriate alphabetical order the following—

“ “local partnership” means a partnership which is not registered as an exempted partnership, carries on business only in Bermuda and which is not a part of an MNE group;”.

Consequential amendment of Registrar of Companies (Compliance Measures) Act 2017

3 The Registrar of Companies (Compliance Measures) Act 2017 is amended in the Schedule by inserting after the last entry the following—

“Partnership to which the Partnership Act 1902 applies”.

Transitional

4 (1) For the purposes of this section—

“existing partnership” means a partnership which exists on the date of the coming into operation of this Act;

“partnership” means a partnership that has not elected to have separate legal personality in accordance with section 4A of the Partnership Act 1902.

(2) An existing partnership shall, within six months of the date of the coming into operation of this Act, comply with the provisions of the Economic Substance Act 2018.

Commencement

5 This Act shall come into operation on such day as the Minister of Finance may by Notice in the Gazette appoint.

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EXPLANATORY MEMORANDUM

This Bill seeks to amend the Economic Substance Act 2018 (the “Act”) with respect to its application to partnerships.

Clause 1 provides the title of this Bill.

Clause 2 amends the definitions of “partnership” and “local entity” and inserts a definition of “local partnership” in section 2 of the Act to ensure that all partnerships that do not elect to have separate legal personality are included in the economic substance regime.

Clause 3 amends the Schedule to Registrar of Companies (Compliance Measures) Act 2017 to bring partnerships that do not elect to have legal personality within scope for the purposes of that Act.

Clause 4 provides for transitional matters.

Clause 5 deals with commencement.