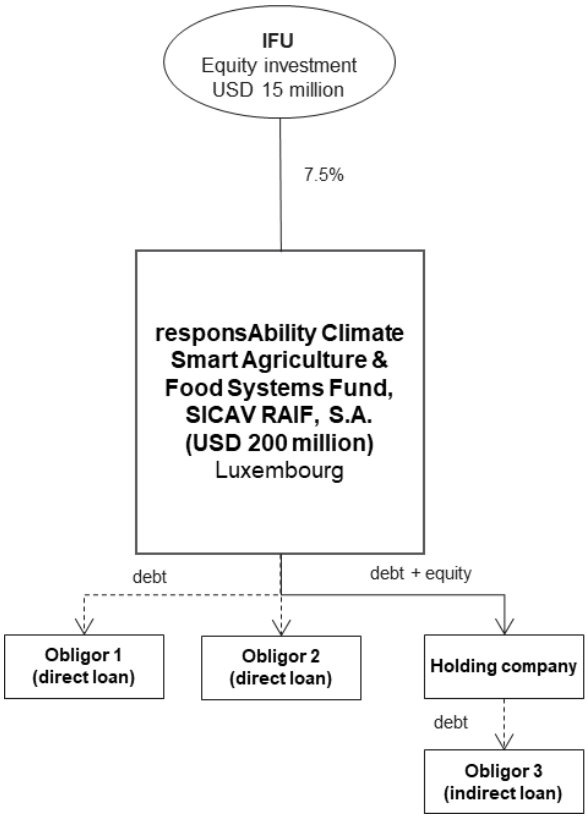
TAX ROOM

Analytical Thinking Clear Answers

Tax policy compliance statement for responsAbility Climate Smart Agriculture & Food System Fund, SICAV RAIF, SA investing in Asia, Latin America, and Africa

1. Contemplated investment structure



IFU will be providing finance for Asian, Latin American, and African investments in climate smart agriculture and food systems in the form of an equity investment in a Luxembourg based investment platform (rA CSA&FSF, SICAV RAIF, SA) managed by a Luxembourg licensed Alternative Investment Fund Manager (AIFM) and responsAbility Investments AG in Switzerland being the portfolio and investment manager under delegation from the AIFM.

2. Compliance with IFU's tax policy

The investment structure has been subject to due diligence and based on the facts and circumstances made available, TaxRoom is of the opinion that the investment structure complies with IFU's tax policy for the following main reasons:

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- The investment structure is a standard Alternative Investment Fund (AIF) established in Luxembourg instead of Switzerland for valid commercial reasons where the most important arguments are that Luxembourg is one of the world's largest finance centres and is the preferred European investment platform for European based management companies.
- The AIF is established as a Regulated AIF (RAIF) and must comply with the EU Alternative Investment Fund Manager (AIFM) directive and is subject to 0.01% subscription tax in Luxembourg calculated from the Net Asset Value (NAV) of the Fund.
- Besides from the subscription tax the AIF is exempt from Luxembourg taxation including withholding taxes when the AIF pays out dividend or return capital to the investors.
- The AIF is legally organized as a Société Anonyme (SA) which is comparable to a Danish public limited company (A/S) and is seen as a taxable entity.
- Luxembourg is a part of the EU and is subject to EU's Anti-Tax Avoidance Directives and Luxembourg has also adopted OECD BEPS regulations in its own legislation.
- The AIFM management company in Luxembourg is subject to Luxembourg corporate income tax and the portfolio management company responsAbility Investments AG is subject to corporate income tax in Switzerland.
- The Obligors (borrowers) are generally assumed to be taxable and tax paying entities in Asia, Latin America, and Africa and the AIF is according to the Prospectus adhering to OECD BEPS tax principles.
- The AIF and holding companies used in the investment structure may claim tax treaty benefits. To the extent such tax treaty benefits are to be claimed a confirmatory tax opinion must be issued saying that claiming such tax treaty benefits is OECD BEPS compliant nevertheless of OECD BEPS being implemented or not in the jurisdiction of the Obligor (borrower).
- The AIF is restricted from establishing holding companies in jurisdictions being seen as EU non-cooperative jurisdictions for tax purposes or deemed non-compliant or partially compliant by OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.
- Switzerland and Luxembourg are not listed on EU's blacklist for non-cooperative jurisdictions and are as per 30 May 2022 viewed to be largely compliant by OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes.

3. Disclosure, cf. EU Directive 2018/822/EU (DAC 6)

The equity investment in the established Luxembourg AIF is a cross-border transaction but it does not meet the requirements for being subject to a DAC 6 disclosure.

TaxRoom P/S, 30 May 2022

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