



# Economic Substance: Guide to Relevant Activities

## Guide to Relevant Activities

An entity which carries out one or more of the defined activities below must comply with the Economic Substance Requirements in relation to each activity.

Relevant Activity	Definition
<b>Banking Business</b>	Defined under section 2(1) of the Banks and Trust Companies Act, 1990
<b>Insurance Business</b>	Defined under section 3(1) of the Insurance Act, 2008.
<b>Fund Management Business</b>	Defined as the conduct of an activity that requires a legal entity to hold an investment business license pursuant to section 4 and category 3 of Schedule 3 of the Securities and Investment Business Act, 2010.
<b>Financing and Leasing Business</b>	Defined as the business of providing credit facilities of any kind for any consideration.
<b>Headquarters Business</b>	The business of providing any of the following services to an entity in the same group: the provision of senior management; the assumption or control of material risk for activities carried out by any of those entities in the same group or the provision of substantive advice in connection of the assumption or control of risk but the above does not include activities which would normally fall under any of the other category definitions.
<b>Shipping Business</b>	Defined as the operation of a ship anywhere in the world other than solely in the waters of the Virgin Islands. The definition of “ship” is taken from Section 2(1) of the Merchant Shipping Act which excludes fishing vessels; pleasure crafts and small ships.
<b>Intellectual Property Business</b>	Means the business of holding intellectual property assets which means any intellectual property right in intangible assets, including but not limited to copyright, patents, trademarks, brand and technical know-how from which identifiable income accrues to the business (such income being separately identifiable from any income generated from any tangible asset in which the right subsides).
<b>Distribution and Service Center Business</b>	Defined as either or both of the following: purchasing from foreign affiliates component parts or materials for goods or goods ready for sale and reselling such component parts, materials or goods; providing services to foreign affiliates in connection with the business.

<p><b>Pure Equity Holding Company</b></p>	<p>Means a legal entity that <b>only</b> holds equity participations in other entities and <b>only</b> earns dividends and capital gains.</p>
<p><b>Passive Equity Holding Business</b></p>	<p>Means a legal entity that <b>only</b> holds equity participations in other entities, <b>with no active management</b>.</p>
<p><b>Active Equity Holding Business</b></p>	<p>Means a legal entity holding equity participations in other entities with which are being actively managed. For example, an entity which buys and sells shares on a regular basis with a view to making income may be considered active.</p> <p>If the company holds equity participation in other entities and earns dividends and capital gains <b>but also holds</b> other form of assets including but not limited to, a bank account, beneficial interests in real property, government securities, bonds, cash at bank, credit facilities of any kind of consideration etc., <b>then it is considered Out of Scope for Economic Substance Purposes. In this event, please DO NOT add a relevant activity within the portal.</b></p>

Should you require any further advice, please contact [economicsubstance@boldergroup.com](mailto:economicsubstance@boldergroup.com)