

Why Jersey

PRECISE. PROVEN. PERFORMANCE

The benefits of doing business in Jersey

Today's investors and finance professionals looking to set up funds and structures have numerous choices when deciding on the jurisdiction to use.

Given the volume of information available, I thought it would be helpful to set out some of the main reasons why Jersey is a sensible choice and, perhaps, dispel some of the myths along the way.

Why offshore at all?

I believe the aim of a properly run offshore environment is to be a tax neutral and stable environment for investors to be able to operate confident that their assets are safeguarded by properly regulated finance professionals.

From a fund administration standpoint the jurisdiction should provide a venue for the pooling of the investment of various parties who may be from a number of different jurisdictions themselves. The aim is to provide a quality administration service without adding an additional layer of tax so that the investment vehicle is taxed in the countries within which it operates, and the investors are taxed in their country of residence.

The jurisdiction should also provide the flexibility and variety of investment vehicles to allow investors to take advantage of the tax incentives provided by various countries around the world in order to encourage inward investment.

In my view Jersey provides all of the above to the

highest of standards which is why its world class reputation has been endorsed by independent bodies and institutions of the highest standards.

There are a number of reasons which, combined together, are responsible for the leading position Jersey holds.

Regulatory environment

The Jersey Financial Services Commission (JFSC) has the clearly stated aim to ensure that Jersey's reputation for being a leading financial service provider is maintained by having a comprehensive regulatory framework that meets the highest standards of the relevant international bodies.

The regulatory framework is flexible and designed to protect investors whilst giving freedom to expert and institutional investors to make investment decisions commensurate with their risk appetite.

The JFSC continues to review and adapt all aspects of regulation to meet the demands of changing circumstances and investment opportunities.

Political stability

Jersey is a Crown dependency of the United Kingdom whose legislative processes have developed over the last 800 years.

As such it is not subject to political turmoil or upheaval and professionals doing business can be confident in the long standing and robust legal framework.

Tax neutrality

A traditional view of all offshore centres is that they are tax havens allowing the unprincipled to evade their share of the taxation burden. This view is often encouraged by those whose starting point is of a particular political persuasion rather than necessarily one based on fact for all cases.

It is certainly not the situation as far as Jersey is concerned and it was one of the first international finance centres to be placed on the Organisation of Economic Co-operation and Development (OECD) white list as having implemented internationally agreed tax standards.

As stated earlier Jersey can provide a tax neutral jurisdiction where investors are not burdened by further tax levies other than those they are due to pay in their own countries. This is of particular advantage where the investor profile in a structure is multi-national which would lead to excessive complications and cost burdens were it is necessary to work out double taxation reliefs and other issues for all parties involved.

This lack of a further layer of tax does make Jersey a good place from which investors can, in certain circumstances, take advantage of tax incentives by which various countries encourage non-residents to invest into their economies but this should be seen as a benefit to both.

Jersey's commitment to the process of preventing international tax evasion can be seen by the fact that it has numerous Tax Information Exchange Agreements (TIEAs) with major economies including The United Kingdom, the USA and France.

Choice of structures

The flexibility offered by the choice of structure that can be set up in Jersey should provide something that is suitable to any investor in just about any given situation.

Jersey law provides a stable framework for the operation of limited companies (including cell companies), limited partnerships (including incorporated and separate), trusts, unit trusts and foundations.

These are dealt with in other of our publications but, in short, there is something for everyone.

The Jersey finance sector

Jersey has the largest number of finance industry professionals in any one offshore centre with service providers in all sectors of the industry. There are 39 international banks, a number of award winning law firms have offices in the island and all the major accounting firms have a presence in Jersey.

Jersey also benefits from having the Channel Islands Stock Exchange for situations where access to a wider pool of investors is required.

When coupled with numerous professional service providers, providing bespoke solutions to complex financial structures and a strong IT and support sector, this enables Jersey to provide a high standard of professional service to meet all the needs of a sophisticated investor, a fund promoter or those merely looking for a stable home for their hard earned assets.

Conclusion

Hopefully this has answered some of the questions that you have about Jersey and removed any doubts that you may have had but if you want to know more, Moore Stephens would be more than happy to help.

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