

The Guernsey Advantage

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Victoria Marina - image courtesy of VisitGuernsey



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Throughout the financial crises of 2008 and 2009, Guernsey has remained a competitive jurisdiction in which to do business. With a politically stable environment, being legislatively and fiscally independent, Guernsey boasts a thriving financial industry, and many tax advantages. This will continue despite challenges to the Zero-Ten basis of taxation.

Banks, insurance companies, fund managers and administrators and fiduciary businesses are regulated by the Guernsey Financial Services Commission (GFSC), in accordance with international standards, providing comfort to investors.

Guernsey has a strong reputation in the funds market, with funds sponsored and promoted by leading institutions in over 38 countries, key attractions being taxation and flexibility of structure.

Along with the traditional structures such as companies, unit trusts and limited partnerships, Guernsey's companies law facilitates the incorporation of both incorporated cell (ICC) and

protected cell companies (PCC). A PCC is a single legal entity, with distinct cells which can have their own assets and liabilities. An ICC is similar, albeit that each cell is a separate legal entity. The investor therefore has a greater choice of vehicle in which to invest.

The Companies (Guernsey) Law 2008, which came into force on 1 July 2008, consolidates all companies laws in Guernsey. It has proved to be a very user-friendly piece of legislation, simplifying and consolidating many corporate processes. Forming a company is no longer a judicial process, and GFSC sanction is only required for the formation of ICCs and PCCs. Guernsey companies need only have one shareholder and a minimum of one director. There is no longer the requirement for a company secretary (though in the absence of one, a director must perform such duties). It is also not necessary for a company to make its accounts available to the public.

A popular feature of company law in Guernsey is the ability for a company to be registered in

another jurisdiction and to be re-registered as a Guernsey company (migration). There have been many companies de-registering from their original jurisdictions and migrating into Guernsey to take advantage of the many benefits Guernsey has.

In conjunction with the new law, an online companies registry was established. A welcome modernisation of corporate processes in Guernsey, this allows for quick and easy paperless company searches, ordering of documents and the uploading of company documents. The register also facilitates company formations, on a 24 hour, 2 hour or rapid 15 minute basis.

Perhaps the benefit Guernsey is best known for is its tax advantages. There are no capital gains, inheritance or value added taxes, and personal income is taxed at the rate of 20%. On 1 January 2008, a new corporate tax regime, known as Zero-Ten, was introduced (although this regime is due to be reviewed). Under this, excepting several circumstances, companies pay a standard rate of 0% on profits. This is likely to move to a basic 10% rate with Guernsey funds continuing to be tax exempt. In addition, there is no stamp duty payable on the transfer of shares. Guernsey also has a healthy trust and fiduciary market, aided by the well-written Trusts (Guernsey) Law 2008. There is a significant level of international pension business, and employment schemes.

All sectors are well regulated, and recent years have seen the introduction of heightened due diligence. Such features in addition to enhanced choice, political stability, and its geographical location and connections with the UK, make Guernsey an ideal and superior offshore jurisdiction in which to do business.

