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Jersey's 'Zero/Ten' Tax Regime

What is the Zero/Ten regime?

From 1 January 2009 Jersey companies will be required to pay either 0% or 10% tax on their profits. Companies which are deemed to be financial service providers such as banks, trust company businesses and functionaries to collective investment funds will be required to pay 10% tax on their profits. All other companies, being locally based non-financial services companies in addition to companies used for offshore structuring, will become 0% tax companies and consequently will pay no tax on profits. With regards to the latter this classification will replace the 'exempt' company status.

Why has the regime been introduced in Jersey?

The main driver behind the introduction of Zero/Ten is the commitment by the Jersey authorities to comply with European Union rules on the Code of Conduct on Business Taxation and therefore fiscally creating a level playing field for both domestically owned and foreign owned companies. The result is that the Jersey exempt company, being a company which has no Jersey resident beneficial owners, has been phased out as this offered an unfair tax advantage to non-Jersey residents compared with Jersey residents.

How will Zero/Ten affect the entities which are administered by Jersey Trust Company?

Jersey companies incorporated on or after 3 June 2008, which would ordinarily register as an exempt company, will become 0% tax companies and will not be required to pay the annual £600 exempt company fee. Those Jersey companies which currently enjoy exempt status will change to 0% tax companies on 1 January 2009 and as with newly incorporated companies, will no longer be required to pay the annual £600 exempt company fee. Each 0% tax company will complete a straightforward tax return and submit this to Jersey's Comptroller of Income

Tax. Disclosure of any Jersey resident beneficial owner is required on this return except in the case of collective investment funds and unregulated funds.

Conclusion

The introduction of Zero/Ten should have a minimal impact on Jersey's finance industry and allow the Island to maintain its competitive advantage in the international finance arena.

Jersey Trust Company

Jersey Trust Company is one of Jersey's leading independent trustee, management and fund administration service providers. Our head office is located in Jersey's financial district of St. Helier and through our continued international expansion we have opened offices in jurisdictions such as London, Glasgow, the British Virgin Islands and Geneva. We have experience in administering and managing complex company structures for our clients and we have approximately £7.3 billion in assets currently under our management and administration.

Should you wish to discuss the contents of this briefing note in further detail please contact us.

Web: www.jerseytrustco.com

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Jersey Trust Company is regulated by the Jersey Financial Services Commission.