

## Jersey companies and partnerships

### Jersey companies

International investors and entrepreneurs utilise Jersey companies for a wide variety of activities. The advantages of Jersey as an offshore jurisdiction for the establishment of companies include the following:

- Jersey is a prestigious offshore territory with an excellent reputation for its firm regulatory regime and world-class professional infrastructure
- Jordans in Jersey are able to draw on first rate banking, legal, and investment services to support the Jersey companies that we manage and administer for our clients.
- Jersey has a modern and flexible corporate law which meets the needs of the 21<sup>st</sup> century international investor. Recent changes to Jersey law concerning distribution from capital and share buy-backs make a Jersey company a favourable vehicle even for non-tax-driven transactions, and arguably the Jersey company offers more flexibility and convenience than the UK company as an SPV.
- Under Jersey law there are no minimum paid up capital requirements or capital or stamp duties on share transfers.

Jersey is therefore widely used by investors who require high quality and sophisticated offshore services.

Such investors include public companies listed on the world's leading stock exchanges; medium-sized to large private companies within the EU and the US and Canada; high net worth entrepreneurs, and lawyers and accountants who require the best offshore company services for their clients`.

### Taxation

Of course, the fact that Jersey companies can provide significant tax efficiency in trading and investment transactions is a vital part of the attraction of Jersey.

We can structure your Jersey company so that it pays no tax whatsoever in Jersey, and assist you in minimising your Jersey company's tax liabilities in other countries.

At the time of writing, the tax regime in Jersey is about to undergo change. Jersey companies incorporated after 3<sup>rd</sup> June 2008 will pay a standard rate of Jersey corporate tax of 0% provided certain simple conditions are met, which we can advise and assist you in meeting. Prior to 3<sup>rd</sup> June 2008, we can incorporate Jersey companies which qualify for formal exemption from the current Jersey corporate income tax rate of 20% (which will be abolished for almost all Jersey companies from 1<sup>st</sup> January 2009).

In addition to this, there is a complete absence of capital gains tax in Jersey, and no compulsory Jersey withholding tax on dividend and interest payments made by Jersey companies.

In short, the Jersey company provides a high quality image, operating within a safe, flexible and tax-efficient environment.

## Jersey Partnerships

Jersey limited partnerships are registered under the Limited Partnerships (Jersey) Law 1994.

Limited partnerships are used for a variety of purposes, and are often employed as investment vehicles (e.g. as a mutual fund), as asset holding vehicles and as joint venture vehicles.

The chief attractions of the limited partnership are that

- it is tax transparent.
- has significant constitutional flexibility, so that the partners can structure the partnership including the roles, responsibilities and profit shares of the partners, more or less at will.

### **The advantages of tax transparency**

There are significant advantages to tax transparency of the kind offered by the Jersey limited partnership. These include:

- Any losses accruing to the partnership are not “locked” within the entity, but may be capable of being utilised by the individual partners. This ability to utilise losses would not be available to a corporate investment fund.
- The source of the partnership profits (or losses) may be treated as the situs of the investments. If these are located in a country which has a double tax treaty with the country of residence of the individual partner, then the partner may be able to take advantage of any relevant double tax treaty benefits.
- As Jersey limited partnerships are not taxable in Jersey per se, it follows that non-resident Jersey partners escape taxation in respect of non- Jersey source profits.
- Limited partnerships which constitute collective investment funds will be subject to the licensing regime under the Collective Investment Funds (Jersey) Law 1988. However, so-called Unregulated Eligible Investor Funds can be set up through limited partnership vehicles without the requirement for regulatory approval.

Jordans in Jersey can offer advice and assistance concerning the creation of Jersey limited partnerships including introduction to a Jersey lawyer to draft the partnership agreement.

Thereafter Jordans can provide management and administration services to the limited partnership, which may include the incorporation of corporate partners to act as management or investment partners.

## Legal and banking infrastructure

Jersey has a substantial professional infrastructure to support Jersey companies and Jersey trusts which are established by Jordans on behalf of its clients.

Two of the most important sources of professional support arise from the legal and banking professions.

## Legal services

Jordans, whether in its capacity as a director or secretary of a company, or the trustee of a trust, can recommend the most appropriate source of Jersey legal advice for a wide range of requirements including:

- Drafting of memorandum and articles of association for the specific requirements of shareholders
- Other specialist legal drafting required for any particular case (e.g. drafting of commercial agreements)
- Advice on listing Jersey or other offshore companies on a UK stock exchange
- Specialist drafting of trust instruments and particular trust documents.

There are many types of legal firms in Jersey ranging from multinational firms to much smaller, specialist “boutique” firms. Our Jersey office can select the most appropriate firm for any given case.

## Banking services

Most of the major international banks are represented on the island of Jersey.

Where Jordans act as directors or trustees we will normally open a bank account for the company or trust with The Royal Bank of Scotland International, where we have special arrangements which enable us to open accounts very rapidly where we act as bank signatories.

We operate an on-line banking system with RBSI to ensure rapid service and response times to the needs of our clients. At the same time, we are of course able to open bank accounts with other international banks on the island.

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