

## Guernsey

Guernsey is the second largest island of the Channel Islands, situated in the English Channel between Great Britain and France. Although Guernsey is British, its unique history and constitution mean that it is not part of the United Kingdom or the European Union. The Bailiwick comprises the inhabited islands of Guernsey, Alderney, Sark, Herm, Jethou, Brecqhou and Lihou. The primary industries are Financial Services, Tourism, Manufacturing and Horticulture.

Internally Guernsey is self-governing with its own parliament (the States of Guernsey), its own laws and it has fiscal independence from the UK. The UK handles only foreign affairs and defense, although there are arrangements by which Guernsey laws are approved by the English Crown.

Guernsey enjoys a long standing reputation for reliability and integrity through its many Banks, Trust and Insurance Companies and professionals infrastructure that, combined with its political stability and advantageous tax regime, provide the confidence and security needed to further develop Guernsey's already proud reputation as one of the world's leading offshore centers.

### SALIENT FEATURES

Guernsey companies are registered at the Greffe (Companies Registry) following application to a judge of the Royal Court in chambers. This will take approximately one week after receipt of full instructions.

It is necessary to disclose information relating to the promoters of a company to the Guernsey authorities. A questionnaire is required to be completed, however, this does not become public record.

### CORPORATE REQUIREMENTS

**Name:** The name must end with the word 'Limited' (or the French equivalent which is very rarely used). The abbreviation 'Ltd' is not permitted. Application should be made to the Registrar, prior to incorporation, for the company's proposed name to be reserved. The Registrar, even after incorporation, has power to require a change of name in certain circumstances subject to a Right of Appeal to the Royal Court. Names must not be undesirable or misleading.

Those incorporating names of Countries or indicating a connection with the Royal Family will not usually be allowed and the words 'Bank' or 'Insurance' will require permission under local legislation.

**Capital / Shares:** Authorized share capital may be divided into shares of different classes with different voting, dividend, and other rights. The capital may be expressed in any currency, the shares in any amount, but each must have a par value. Only registered shares are permitted. A Company should have at least two shareholders.

There is no minimum issued share capital. The legal minimum number of shareholders is usually satisfied by the provision of nominee shareholders that hold the issued share capital in favour of the beneficial owners by means of Declarations of Trust.

Duty on authorized share capital is payable at a rate of £50 or 0.5% (whichever is the greater) and for this reason the usual minimum authorized share capital of a Company is stated as £10,000 (or its currency equivalent), this being the highest level of authorized capital at which the minimum duty of £50 is payable.

**Registered Office/Agent:** Guernsey companies must have a Registered Office/Agent in Guernsey.

**Directors / Officers:** At least one director and one Secretary, who should not be the same person, are required. Corporate Director and Secretary are permitted.

**Books, Records, and Seal:** The Statutory Books, Records and Minutes of the Company must be kept at the Registered Office of the Company. A Guernsey Company should have a company seal, which may be kept at such place as the Directors determine.

The Memorandum and Articles of association are filed upon registration with the Companies' Registrar, whose records are available for public inspection. In addition, an Annual Return for each company must be filed with the Greffier by 31<sup>st</sup> January in each calendar year, which broadly discloses the authorized and issued share capital, the names and addresses of registered shareholders and directors as at 1<sup>st</sup> January of the year, and the address of the Registered Office.

**Accounting:** The accounting records should be kept at the Registered Office of the company or at such other place, as the Directors deem fit. If accounting records are kept at any place outside Guernsey, copies of the accounting records so kept shall be sent to and inspection by any Director and Secretary of the Company.

**Annual Return:** There is an Annual Return of Share Capital, which must be made each year accompanied by a payment of £100.00.

## CONFIDENTIALITY

Although in some respects overshadowed by its close neighbor, Jersey, Guernsey provides a base for many of the world's most respected financial institutions, particularly in the banking and trust fields. Guernsey enjoys a high degree of respectability in the world's financial circles. Guernsey has signed double taxation agreements, which provide for the exchange of information with the United Kingdom so UK residents should carefully consider whether Guernsey is the correct place in which to set up an offshore structure.

## EXEMPTION FROM TAX

Guernsey exempt companies pay no taxes in Guernsey but are subject to a flat rate corporate duty of £600 per annum irrespective of profit. Guernsey has had an income tax rate of 20% for over 30 years. In addition, the Island has no capital gains, inheritance, capital transfer, value-added (VAT/TVA) or withholding taxes. The levels of income tax and other taxes are designed to ensure that sufficient funds are available to cover forecast expenditure. There is a presumption by the government against borrowing, which means that no taxes have had to be levied to support capital and interest repayments.

Guernsey has a comprehensive professional infrastructure of accountants, lawyers and trust and estate practitioners. It is imperative that independent professional advice in Guernsey or elsewhere is obtained when considering utilizing the services of financial institutions in Guernsey.

## ANNUAL REQUIREMENTS

The annual fee is payable in advance on approval for listing and annually on the anniversary thereof. Payment of the initial fee will be waived in respect of Channel Islands registered investment funds



already listed on another recognized exchange provided the listing application. The annual fees and the Annual Exempt Tax are £600.

## **INTERNATIONAL COMPANIES**

A Guernsey company may only be granted International Company (IC) status prior to its incorporation, and after submitting a business plan and application to the Administrator of Income Tax in Guernsey. Like the exempt company, an International Body must be beneficially owned only by persons not resident in Guernsey for tax purposes, but may be managed and controlled in Guernsey.

IC status is available not only to guernsey-incorporated companies formed after 9 December 1992 including new captive insurance companies, but also to foreign incorporated companies, Guernsey branches of non-resident companies and limited partnerships.

ICs are expected to have a wide range of uses including that of carrying out inter-company financial activity, industrial and commercial activity as well as overseas investment.

The rules for establishing ICs are similar to those, which apply to Guernsey exempt companies. Two important considerations are that the beneficial owners of ICs should be disclosed, in complete confidence, to the Guernsey Financial Services Commission. Subject to certain exemptions, no Guernsey resident should have a beneficial interest in an IC.