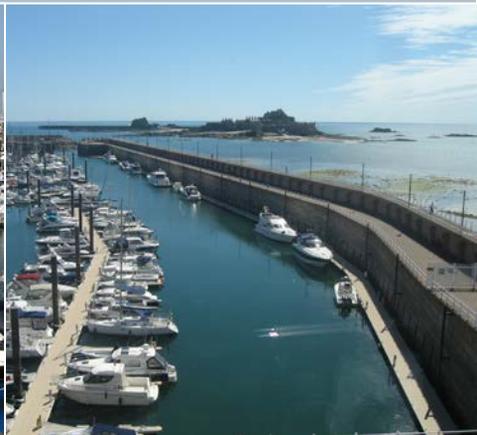




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Country Profile: Jersey

The Facts

Location	Western Europe, island in English Channel
Languages	Official language – English Spoken – French and others
Nationality	Channel Islander
Religions	Mainly Anglican, Protestant and Roman Catholic
Government	Parliamentary Democracy
Head of Government	Chief Minister
Legislature	The States Assembly
Constitutional Document	Jersey Laws
Economy	Jersey's economy is mainly based on financial services and tourism. Jersey is a Tax haven and it attracts deposits from customers outside the island to reduce their tax burdens.
Currency	Jersey Pound (JEP)
GDP (2009)	Total – JEP 3.7 billion Per capita – JEP 40,000 Real GDP growth – N/A
Population	95,000 (approx.)
Percentage of population	Jersey – 50% Britons – 31% Portuguese – 7% Others – 12%
Area	116 km ²
Time zone	UTC BST (UTC +1)
Public Holidays	National holidays – 9
Climate	Temperate, mild winters and cool summers

Sources: States of Jersey, Central Intelligence Agency



Jersey

Located in the Bay of St Malo, just 19 miles from the French Coast and 85 miles south of the English Coast, Jersey is the biggest of the Channel Islands. Although only five miles long and 9 miles wide, Jersey is ranked as one of the top offshore finance centers in the world. Non-residents do not pay taxes in Jersey, while the taxation rate for residents has remained unchanged at 20% for over 50 years. The island offers political stability, a highly professional work force, well planned infrastructure and an excellent record for fiscal and regulatory prudence.

According to the Global Financial Centers Index, Jersey was ranked at 21 in the world's overall finance (including both offshore and onshore) rankings. The list, published every six months, showed that Jersey's ranking had remained unchanged from the previous list. Jersey is the only offshore center to be included in a top ten list by sector and retained its eighth position amongst centers that specialize in wealth management and private banking, ahead of Vancouver and Tokyo and just below Zurich and Toronto. The survey also showed that Jersey has moved from being categorized as a transnational specialist to a global specialist center, thus becoming the only offshore center to achieve a global profile. The country is listed alongside centers such as Beijing, Dubai and Geneva.

A British crown dependency, Jersey is not part of the UK. It is a self governing state and has its own financial and legal systems. The country is, however, defended and internationally represented by the UK government. Although English is the official language in Jersey, Portuguese, Polish and Jèrriais or the Jersey languages are also spoken.

The Jersey Business Climate

Jersey's economy is dependent on financial services, tourism, electronic commerce and agriculture. More than 50% of the country's Gross Domestic Product or GDP is contributed by its finance segment, which employs over a quarter of the country's labor force. Jersey is a leading international center with good corporate governance that offers a safe and secure environment for conducting business. The country leads in the offshore finance segment and specializes in providing corporate and commercial services to non-resident offshore companies. Jersey also has a high concentration of professional advisors, including lawyers and fund managers.

Financial institutions and investors have been drawn to this island nation due to its low income tax rate, stable government, and proximity to the UK and continental Europe. Jersey is a leading international financial center with over 45 banks and 33,000 registered companies. The country's finance sector is dominated by banking, fund management and trust management businesses. Foreign currency deposits account for over 65% of the country's total deposits at any point of time. According to a survey of financial institutions by the Statistics Unit of Jersey, the estimated total annual net profits of Jersey's financial services sector stood at £605 million in 2010, down 25% over the 2009 level, which in turn had declined by 47% from the 2008 level. Thus the total net profits of Jersey's financial services sector declined by nearly 60% in 2009 and 2010. The Jersey government's statistical report showed that at the end of December 2011, 40 banks held deposits of £158.087 billion. The total banking deposits have, however, declined by 2.6% in the first quarter ended March 31, 2012, to £154.9 billion, largely due to currency movements.

Jersey's 2009 GDP was estimated at £3.7 billion and GDP per head was £40,000. In view of the nature of Jersey's economy, Gross Value Added or GVA and Gross National Income or GNI are used as performance indicators. The country's total GVA for 2010 was £3.5 billion, with GNI estimated at £4 billion. The country's GVA has declined by 13% over the past three years.

Jersey's tourism industry also plays a key role in its economy and its growth has led to the development of world class infrastructure. The country's regular fast ferry services to France and the UK, along with the 30 plus airports with direct flights during the summer months, add to the advantages that businesses stand to gain when they invest in this island nation. Agricultural exports are another significant contributor to the economy. Major products exported from this country include a range of dairy products associated with the Jersey cow, potatoes and a wide variety of market garden crops and flowers.

Investment Environment in Jersey

As mentioned earlier, Jersey's political stability, low taxes and international credibility as an offshore finance center make it an attractive place to do business, but the lack of any investment incentives remains a cause of concern. As part of its efforts to protect its limited local resources, the country does not welcome foreign owned businesses, unless they contribute to the diversity or quality of services available on the island nation.

All businesses operating in Jersey need to have a Regulation of Undertaking License. Also, any business that intends to trade under a business name needs to register itself with the JFSC. Jersey also imposes restrictions on the number of employees in any business organization. Restrictions on purchase of property continue to act as a constraint for foreign investors. Some salient features to consider:

- Jersey has a long term policy of promoting itself as an international finance center besides having a well developed regulatory structure.
- The nationals of European Union member states have free right of movement in Jersey for the purposes of work and establishment. But Non-EU nationals must apply for permission to reside or work in Jersey. Generally, a work permit is granted if no suitably qualified locals exist, although preference is given to UK and other EU nationals. Long term residency is controlled in Jersey and consent for residency is given only to a person owning a residence. However, the purchase of a residence in Jersey is subject to several restrictions. The consent for purchasing a residence is only given in cases involving the purchase of a luxury dwelling or to individuals who are expected to contribute significantly to the island's tax revenues.
- Jersey authorities do not encourage active foreign investment in terms of permanent immigration or establishment of new businesses but welcome passive investment in the form of purchase of real estate for investments or purchase of existing business assets.
- Residents of Jersey are taxed on their worldwide income but non residents are taxed on their Jersey sourced income. Similarly, corporations, trusts, funds or partnerships owned by non-Jersey residents are liable to tax on Jersey sourced income.
- Although the general corporate tax is zero, the profits of a financial services company are taxed at the rate of 10%. This includes companies registered to carry out investment business, trusts, banking or fund functionary activities. A utility company is taxed at the rate of 20%.
- All income from property located in Jersey, whether rental or property development profits, are taxed at a rate of 20%.
- There are no exchange controls in Jersey but strict laws exist to prevent laundering of the proceeds from serious crime. All financial and other institutions are required to obtain and maintain satisfactory evidence of the identity of all customers. Failure to report money laundering can result in severe penalties.
- The Channel Islands Stock Exchange, providing services to both Guernsey and Jersey, is based in Guernsey.
- There are no capital gains, inheritance or wealth taxes or any type of duties. An income tax of 20% is levied on residents and an indirect tax in the form of Goods and Services Tax or GST is levied at the rate of 3%. GST is not charged on services provided to International Service Entities or ISEs, which include trusts, partnerships and companies that form the international client base of Jersey's financial industry. The administrators of such companies have to apply and pay a fee to get ISE status.
- The official currency of Jersey is the Pound Sterling. Government issued coins and notes are also circulated along with the Pound Sterling.
- A foreign company planning to trade within Jersey by using its own name or establishing a branch or a permanent establishment is subject to the same consents and licensing requirements as the resident companies. The taxation rules are also the same but the foreign company is not required to file returns or provide corporate details.
- Businesses incorporated in other offshore centers or trusts governed by foreign laws can be managed from Jersey.
- The country does not offer any investment incentives to foreigners.



Setting Up Business in Jersey

The choice of business structure will depend on the size of the planned operations and the number of investors. Everyone, regardless of whether it is an individual or corporate wishing to set up business in Jersey, needs to apply for a license grant from the Jersey Regulation of Undertakings Office. The licenses are administered by the Population Office, which considers the demands on the resources of the island and the protection of its integrity and reputation while doing so. The process generally takes a month. Usually, the granting of licenses to ventures employing staff who do not hold residential status or have been residing in Jersey for less than five years is more restrictive. The authorities consider the overall interests of the island and the lack of availability of suitably qualified local employees.

Depending on the nature of business, investors may need to obtain other licenses and consents. In case of a banking unit, the investor may require a license under the Banking Business (Jersey) Law 1991. Similarly, licenses under the Financial Services (Jersey) Law 1998 may be obtained for carrying out investment business or to provide fiduciary services. Licenses are also required for insurance businesses.

Investors also need to decide on the name of their venture, in consultation with the Jersey Financial Services Commission. The investors also need to enroll with the Social Security Department prior to commencing any operations and inform whether they intend to be self employed. Let's look at the various types of business structures that are in vogue in Jersey.

Limited Liability Companies

Limited Liability Companies are the most favored business structure in Jersey. Formed through a government agency in about a day, limited liability companies have no limitations on capital. There is no prerequisite that a national of Jersey be a participant, manager or director of the company. A business run by non-residents will have to pay income tax only on income made on the island. Jersey does not allow the formation of unlimited liability companies on the island.

Sole Tradership

Sole Tradership allows an investor to become a sole trader without registering the business. The owner's potential liability is not restricted and the consequential tax may vary. However, investors need to apply for a license under the Regulation of Undertakings of Law and disclose their operations to the tax and social security departments.

Partnership

Partnerships can be established by making a license application, outlining the details of the partnership agreement and informing the tax and social security number offices

Offshore Companies

Offshore Companies are generally incorporated for lower fees and taxes. Business owners must, however, abide by the regulations of the offshore jurisdiction and must not trade within the jurisdiction. An investor may opt for an offshore company:

- To take advantage of simple set up and maintenance laws of the offshore jurisdiction
- To assume anonymity as the names of owners and directors are not for public record.
- To ensure legal protection.
- Protect them assets and transactions from liability.

Subsidiary/Branch or a Representative office

Subsidiary/Branch or a Representative office can be established by a foreign business or company. There are no limitations on capital and no prerequisite that state or national of Jersey is a participant, manager or director in such an entity.

Reference

States of Jersey – Online information and public services for the island of Jersey	http://www.gov.je
This is Jersey	http://www.thisisjersey.com
Startup Overseas	www.startupoverseas.com
Appleby	http://www.applebyglobal.com
Investment Europe	http://www.investmenteurope.net
Lowtax – Global Tax & Business Portal	www.lowtax.net

Contact

Website: www.cmltrust.com

Email: inquire@cmltrust.com

Tel: +852 2162 7371