

# Coming to live in Jersey – the tax advantages

As well as a high quality of life, a good climate and political stability, Jersey offers significant fiscal and financial attractions.

For both individuals and institutions, Jersey is recognised internationally as a leading finance centre with a thriving financial services industry encompassing banking, investment funds and the management of wealth for international private clients and their families.

The Island is committed to securing a long-term future as a leading finance centre, able to provide a tax neutral environment for investors.

Individuals who become resident in Jersey pay no Jersey capital gains tax and generally pay income tax at 20% but with lower rates available for wealthy immigrants as noted below. There is no estate duty or inheritance tax.

Such an individual will wish to cease to be resident in the country he or she is leaving and may well wish to give up a domicile there and to acquire a new domicile in Jersey.

The process of moving from one jurisdiction to another involves a certain amount of tax-planning to take best advantage of Jersey's favourable tax regime – see for example our bulletins on domicile and leaving the United Kingdom.

An individual who is resident and ordinarily resident in Jersey is subject to income tax on worldwide income, so advice should be taken on the structuring of investments to minimise the overall incidence of tax on foreign income.

In the past Jersey operated a very restrictive policy on residency qualification under which only a handful of residency licences were issued each year to wealthy individuals after a careful screening process.

The financial requirements have recently been lowered so that residency is available to individuals with an annual income of about £500,000 subject to verification of the applicant's net worth and the source of wealth.

This is part of a policy of encouraging immigration to the Island. With effect from 1st January 2005 wealthy individuals admitted under a special licence called a 1(1)K are taxed at 20% on all of their Jersey source income.

Non-Jersey income is also taxed at 20% for the initial £1,000,000 but the following £500,000 is taxed at 10% and non-Jersey source income exceeding £1.5 million is taxed at a mere 1%.

If you would like to receive further information or a general consultation please contact:

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Residency in Jersey is also open to “essential employees” through another part of the licensing system under which there is no wealth requirement.

We are able to introduce our clients to the Island’s leading estate agents who are highly experienced in negotiating to obtain residency licences and in finding appropriate properties within the licence classification. Similarly, we can introduce our clients to specialist, locally qualified property lawyers who can deal expertly with all aspects of property acquisition and ownership in Jersey.

#### **Our ability to assist in these areas**

We can advise directly but more usually we work with the client’s own professional advisers in structuring the client’s affairs to give effect to their tax or succession planning.

We work well with other advisers since our client teams contain a significant number of UK lawyers, many of whom have considerable experience in private practice, advising international clients, their families and their family offices on tax, estate and succession planning – both in respect of their personally held assets and through setting up and administering trust and company structures. Our administrative teams also reflect years of experience in the operation of offshore structures for the maximum benefit of their beneficiaries.

This briefing is intended as a general introduction to relevant tax rules and principles as at October 2005 giving a broad indication of steps that can be taken to take advantage of planning opportunities. It should not be taken as detailed advice. You should not act or refrain from acting on the basis of this general outline without taking professional advice on the specific facts of your case.

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