

PricewaterhouseCoopers CI LLP
Tax services

A British home with a continental feel

High net worth immigration to Jersey

For High Net Worth Individuals (HNWs) Jersey is not a difficult place to move to. The process is straightforward and quick.

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Since 1204 Jersey has been a separate and distinct jurisdiction. The Island has its own parliament, legal and tax systems. Jersey is a UK protectorate and not part of either the UK or EU.

Over a number of years the Island has welcomed a number of HNWs. The Jersey government is very keen to encourage HNW immigration and has appointed a Director of High Value Housing to oversee and facilitate the process.

Jersey is an attractive location for many HNWs for the following reasons:

- Proximity to the UK and Europe
- Excellent transport and communication links to the UK and Europe
- Good schools teaching the UK curriculum
- Politically stable and an established infrastructure
- Low levels of crime
- The official language is English
- The currency used is Sterling
- Time zone is GMT
- The Island is in the top tier of Offshore Financial Centres and has deliberately positioned itself as a well regulated and cooperative offshore jurisdiction

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How PwC CI can help

Our team of locally based personal tax specialists can assist with the process as follows:

- Assembling and preparing the background information required for the application
- Reviewing financial affairs and structures and recommending strategies for mitigating adverse tax consequences and optimising tax opportunities arising
- Preparing the clearance application to the Jersey income tax authorities in an easily understood form
- Preparing the Housing department application
- Liaising with other intermediaries including lawyers, bankers and estate agents

We have extensive experience of assisting individuals and corporate entities relocating to Jersey. The requirements of each project vary depending upon circumstances, but the need for good project management, sound technical analysis and practical tax advice remain constant.

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The right tax climate

From a tax perspective Jersey is particularly attractive because there are:

- No capital taxes
- No wealth taxes
- No gift taxes
- No inheritance taxes

Only income is subject to tax. The general rate of income tax is 20%. For HNWs that have permission under the high value residency rules there are special rates of tax:

- All Jersey source income is taxed at 20%
- For non Jersey source income, the first £1m is taxed at 20% (this £1m limit is franked by the Jersey source income), the next £500k is taxed at 10% and the balance at 1%

For example, if an individual has total income of £3m, split £1m Jersey source and £2m non Jersey source, the Jersey income total liability would be £265k.

It is possible to undertake structuring which significantly reduces the Jersey income tax liability. For the structuring to be effective, it is important that it is undertaken before the Jersey authorities are approached and residence assumed. From a tax perspective, the Jersey housing authorities will usually accept housing applications showing a Jersey income tax liability of at least £100k.

As part of the housing application process, a clearance is obtained from the Jersey income tax authorities. As part of this clearance, assets, income streams and structures are disclosed. The clearance provides certainty of tax treatment.

The sooner in the process tax advice is taken, the more effective the tax planning in respect of both the outbound and inbound issues is likely to be.

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There are four distinct phases to the process:

Phase 1

Gather financial and personal information including references and police checks.

Phase 2

Review financial information and undertake restructuring as necessary. This will be done in conjunction with home country advisers.

Phase 3

Prepare and submit initial clearance application to the Jersey income tax authorities. An 'inprinciple' response to the application will usually be generated within a week.

Phase 4

Prepare and submit final application including all information. This will be responded to within 10 days of the application being made.

The process step by step

The Island authorities undertake reputational and financial due diligence on individuals. This process is not onerous or protracted. Typically, the whole process from preparing the application to getting final approval (depicted in box 1) usually takes between 6 and 8 weeks.

When circumstances dictate and the required information is quickly assembled this timescale can be reduced.

The application for high value residency is made to the Housing department. As part of this application the following information is required:

- A personal letter of application; a detailed CV of the applicant including a description of their financial activities, source of wealth and business activities
- The reason for wanting to move to Jersey including any pre-existing contacts or dealings with the Island
- Two references; business and personal
- A certificate from the police authorities in the home jurisdiction confirming that there is no record of serious conviction (in the UK this can take up to 6 weeks to obtain)
- Details of any non-financial benefits which Jersey would receive as a result of the individual moving to the Island
- A letter to the Jersey income tax authorities giving details of the overall level of assets and likely level of Jersey income tax that would be payable if the individual were to assume Jersey residence

Box 1

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Navigating our housing laws

Due to the relatively small size of the Island (45sqm) there are special housing rules designed to control population.

The ability to occupy property is governed by these rules. The law in essence grants housing qualifications (right to occupy) on application to individuals depending upon whether they were born in the Island, have spent sufficient time in the Island (currently 11 years), are regarded as essential employees or are high value residents.

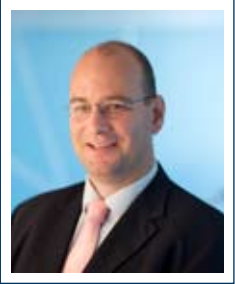
For high value residency the base criteria is that the individuals concerned must:

- Satisfy certain reputational criteria
- Have sufficient wealth to generate a Jersey income tax liability of at least £100k per annum
- Be able to purchase or lease a house with high value permissions attached, typically these houses cost over £1m but there are some houses and flats available below this level

There have been cases where individuals who do not meet the financial criteria but bring other significant, either social or economic, benefits have been granted this status. Unlike some jurisdictions once the permission is granted it does not need to be re-applied for which particularly in cases involving UK domicile, can be of assistance.

There are a small number of properties which can be occupied irrespective of whether housing qualifications are held.

These properties tend to attract a premium.



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Garry Bell Director, Jersey

Garry leads the PwC CI Private Client Tax Practice in Jersey. He is responsible for coordinating high net worth immigration into Jersey.

Garry joined the firm as a Director in 2008. He is a Chartered Accountant and Chartered Tax Adviser and has spent the last 16 years in Jersey. Garry has extensive Jersey income tax experience and has dealt with a number of individuals and companies that have relocated to Jersey. He also has particular experience of dealing with the UK taxation implications of offshore structures.



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Lynsey Reeve Senior Manager, Jersey

Lynsey is the Senior Manager responsible for the PwC CI Private Client Tax Practice in Jersey and works closely with Garry on high net worth individuals moving to Jersey.

Lynsey joined the firm in 2008. She is a Chartered Tax Adviser with over 10 years' experience in UK Personal Tax. In particular, she specialises in dealing with the tax affairs of high net worth individuals and their structures.

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