

# *Choose Guernsey*

## We're open for business...

*Are you a digital player looking to relocate your business? Are you planning to start-up a FinTech business and not sure where to locate your operations?*

*Do you want to conduct your activities in a thriving international centre, which has a long-standing reputation for excellence in the global commerce arena? On the door step of the UK and Europe, with excellent infrastructure and a well experienced, highly skilled English speaking business community?*





# Infrastructure



*Guernsey is ready for growth in the high-value information and communications technology sector.*

The Island is equipped with the vital infrastructure to allow access to global markets and customers; a new £1bn data centre is being developed on the Island, seven fibre optic cables connect Guernsey with the UK and France and two new cables are currently underway. In addition, faster 4G mobile technology is already being implemented and a smartphone mobile payments system is soon to be established.

There is no question that Guernsey is well equipped with infrastructure which competes with other leading jurisdictions. However, relocating your business, or deciding where to set it up, isn't a simple choice as there are a number of challenges to consider, least of all in relation to navigating various rules and legislation.



# Financial attraction



Guernsey is not part of the UK, nor is it within the European Union and as such has freedom to innovate by legislating through its own government. The Island prides itself on being proactive and agile in the face of change. Guernsey has control over its fiscal policies including taxation. There are no capital gains, inheritance or sales taxes in Guernsey and the only direct tax is income tax, levied at 20%. However, Guernsey is not immune from the pressures of external tax authorities and governments when it comes to tax.

The Organisation for Economic Co-Operation and Development (the "OECD") launched an initiative to combat perceived loopholes in the international tax laws that were believed to lead to abuse and tax avoidance. This initiative is known as Base Erosion and Profit Shifting ("BEPS"). One of the immediate impacts of BEPS is that a number of multinational companies have the spotlight focussed on their tax affairs which has created reputational risks that in many cases resulted in a negative impact on their bottom line.

Guernsey is well positioned to effectively deal with any such increased scrutiny. One of the key themes of the BEPS agenda is substance; Tax authorities will be challenging whether the relevant activities and board competencies of regional holding companies or entities justify the level of return being received in those entities. Companies should be asking themselves what functions and activities are most important to driving value within their businesses and mapping these across geographies. Going forward, tax authorities will scrutinise operations where this does not clearly align with the distribution of profit within a group.

Substance can often be a challenge for companies in the digital space. It's easy to operate from any jurisdiction and hence justifying profit sharing between locations can be difficult, especially when staff are located in various different, often higher-tax, jurisdictions. The straightforward solution is to establish a real presence in Guernsey by employing full time staff here, who deal with high-value transactions and are involved in strategic decisions.



*Despite the increasing scrutiny from tax authorities and ongoing uncertainty about how the OECD's BEPS recommendations will be implemented in each jurisdiction, Guernsey is well-placed within the international tax environment.*

The Island has long had a clear and transparent tax system, without the secret rulings and agreements that have caused concern, especially for the European Commission. In addition, through Tax Information Exchange Agreements ("TIEAs") and other international agreements, Guernsey has adopted a policy of being fully cooperative with international standards as they develop.

Furthermore, the knowledgeable and experienced local population, as well as the sizeable operations that many businesses have on the Island, provide support for the local substance. Whereas the OECD is focused on abusive "letter box" companies, Guernsey companies with real substance and control of important functions will be well positioned.

*In addition to a reputable, robust and sophisticated legal framework, Guernsey has many other advantages as a location for your business, including:*

- Same time zone as London and easily accessible from other international cities (45 minute flight from London).
- State of the art data hosting facilities available on island.
- Proven track record as trusted place to do business.
- Over \$600bn in cash deposits and funds on island.
- On-island expertise across all areas of business support from lawyers, to accountants.
- On the OECD White List.
- From a tax perspective Guernsey is very attractive because there are:
  - No capital taxes
  - No wealth or gift taxes
  - No good and services tax
  - No inheritance taxes
  - No or zero-rated corporate tax rates

*Our deep local and global relationships help ease the process of setting up your business in Guernsey.*

For organisations searching for a location to conduct business, Guernsey is an attractive choice. Moving to the Island is straightforward and the diverse community welcomes all newcomers into the heart of island life. Situated between the south coast of England and France, Guernsey is one of the most southerly islands in the British Isles, is packed with beautiful beaches, scenic landscapes, has a temperate climate and there is barely a commute to speak of. Guernsey also boasts one of the lowest crime rates in the world.

*If you're looking to set up in Guernsey, we can provide an experienced and responsive team to support you every step of the way. Our well established relationships with the key individuals you'll need to deal with on the Island, help make the process seamless and maximise opportunities.*

Our highly qualified on-island team of experts are supported by our global network to bring you the specialists you need in key areas such as:

- Reviewing your existing setup and advising on whether relocating would be beneficial.
- Help you to understand the pros and cons of operating your business.
- Provide data analytics to help you better understand your business in Guernsey.
- Assist you in transfer pricing documentation and justification of your profit sharing policy.
- Ongoing data assurance and security reviews.

# Contacts

If you're looking to set up your business in the safe and secure location of Guernsey and would like to discuss any aspects of moving to the Island, please get in touch with any of our locally based specialists listed below.



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