

# *A less taxing move*

*Our deep local relationships help make migrating to Jersey headache free.*

*For High Net Worth Individuals (HNWs) looking to relocate, Jersey is an attractive choice. Moving to the Island is straightforward and the diverse community welcomes all newcomers into the heart of Island life.*

*If you are looking to move to Jersey, we can provide an experienced and responsive team. Our relationship with all the key individuals help make the application process seamless and maximise opportunities.*



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# High Net Worth Individuals (HNWs)

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

## A British home with a continental flavour

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 communications 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

## Navigation 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 10 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 £125k 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.

The decision whether to grant high value residency is that of the Housing Minister.

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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 rental income is taxed at 20%
- For all other income, the first £625k is taxed at 20% and the balance at 1%

It is possible to undertake structuring which 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 high value residency housing applications showing a Jersey income tax liability of at least £125k.

As part of the high value residency 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.

There are potential Jersey tax opportunities for any individual moving to the Island. To maximise the opportunities it is important that financial affairs are reviewed and tax advice taken before any active steps to move to the Island have been undertaken.

## How PwC 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 high value residency 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 high value residency application
- Liaising with other intermediaries including lawyers, bankers and estate agents
- Providing advice on breaking UK residence for tax purposes and maintaining non residence
- Advising on UK inheritance tax and capital gains tax

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.

## 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 (outlined overleaf) usually takes between six and eight 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

# High Net Worth Individuals (HNWs)

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 'in principle' 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.

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