

## Holding board meetings in Jersey or Guernsey of funds not domiciled there

MAR 2007

For more briefings visit [mourantozannes.com](http://mourantozannes.com)

This briefing is only intended to give a summary and general overview of the subject matter. It is not intended to be comprehensive and does not constitute, and should not be taken to be, legal advice. If you would like legal advice or further information on any issue raised by this briefing, please contact one of the authors or one of your normal Mourant Ozannes contacts.

**Authors:**

Edward Devenport, Partner  
Darren Bacon, Partner

For more information, please contact:

[enquires@mourantozannes.com](mailto:enquires@mourantozannes.com)

Many funds incorporated outside the Channel Islands (eg in Cayman, the BVI or Bermuda) choose to hold their board meetings in the Islands due to ease of access from London, Paris and the rest of Europe. Recent changes to the regulatory regime in Jersey have increased its attractiveness as a jurisdiction for such meetings.

This briefing summarises the regulatory and tax position in Jersey and Guernsey in relation to the holding of board meetings of funds which are not domiciled (ie not incorporated) there and which otherwise have no connection with Jersey or Guernsey.

### Jersey

#### Regulation

A new regime came into force on 26 February 2007 which allows a fund to have its board meetings in Jersey without becoming regulated there provided that it is incorporated outside Jersey and it does not have an established place of business there. For these purposes a fund will not be taken to have an established place of business in Jersey by reason only of the fact that (a) the directors of the fund meet in Jersey; or that (b) a manager, director, or administrator, of the fund is ordinarily resident in Jersey.

Individuals who carry on business in their personal capacity by acting as a director of the fund may need to register with the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998, and further advice should be sought in such cases.

#### Taxation

If the fund becomes managed and controlled in Jersey then it should apply for and obtain exempt company status in Jersey in order to avoid becoming subject to Jersey income tax. However, this is a straightforward process and involves only the completion of an application form, an annual return in respect of any Jersey resident investors and the payment of an

annual exempt company fee of £600.

In response to the EU Code of Conduct on Business Taxation, the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, it intends to replace the Jersey exempt company regime by the end of 2008 with a general rate of corporate tax of zero percent for companies carrying on all but a few specified types of regulated business.

### Guernsey

#### Regulation

A fund incorporated outside Guernsey will not be regulated in Guernsey purely by reason of the fact that it holds its board meetings there.

Provided that an individual director of the fund holds no more than six directorships (being directorships which are not the subject of an exemption), then no requirement for licensing of the individual by the Guernsey Financial Services Commission under Guernsey's Fiduciaries Law should arise.

#### Taxation

If the fund becomes managed and controlled in Guernsey then it should apply for and obtain exempt company status in Guernsey in order to avoid becoming subject to Guernsey income tax. However, this is a straightforward process and involves only the completion of an application form, disclosure in respect of any Guernsey resident investors and the payment of an annual exempt company fee of £600.

In response to the EU Code of Conduct on Business Taxation, the States of Guernsey has announced that, in keeping with Guernsey's policy of constructive international engagement, it intends to replace the Guernsey exempt company regime by the end of 2008 with a general rate of corporate tax of zero percent for companies carrying on all but a few specified types of regulated business.