

Fiduchi

Inspiring. Independent. Trusted.

Fiduchi clients appreciate our 'trusted' approach. We take care of the detail so that our clients can enjoy what matters to them.



Jersey is changing. The legislative, regulatory and statutory regimes are evolving.

What does this mean for you?

Important developments are happening in the legislative, regulatory and statutory regime in Jersey in 2020 and beyond. In this leaflet we set out how these developments will impact you and your structures, including the services we provide to you.

So, what are the developments?

A number of global initiatives in respect of transparency in terms of both beneficial ownership and taxation are impacting individuals, legal persons and corporate bodies across the globe and, in particular, the European Union ("EU"). Whilst not a member of the EU, the Government of Jersey has chosen to adhere to the highest levels of compliance with such initiatives, supporting Jersey's position as one of the leading International Financial Centres.

Not only has there been initiatives in respect of transparency. The 25th May 2018 saw the introduction of the new EU General Data Protection Regulations, which introduced significant changes in respect of the rights of data subjects. The regulations saw the introduction of revised data protection legislation including in Jersey, where Jersey enjoys the benefit of having adequacy with respect to its EU neighbours for data protection, a status that the United Kingdom may not enjoy post Brexit.

How will these developments impact you, our client, and your structures?

Let's take each of the developments in turn and see how what impacts will be.

Changes in the Jersey statutory regime

Driven by the broader developments in money laundering legislation, 2020 will see the legislative regime under which the Jersey Registry operates change with the introduction of a new registry law. The key changes will include the introduction of a public register of Directors, a change in the annual return process to an annual validation and the ability for a registered person in Jersey, such as Fiduchi, to act as "Filing Agent" on behalf of a client.

Whilst the final form of the new registry law is yet to be published, it is important that you as our clients are kept informed as to how this may impact you.

The exact details of what information will be required to be filed on the Register of Directors is yet to be determined, however the new registry law is intended to be passed into law by the States of Jersey with effect from 1 October. Between 1 October and the 31 December 2020, all companies will be required to file information in respect of Directors. From 1 January 2021 the Register of Directors will be public. Of course, there will be the ability to apply to the Registrar to restrict disclosure on specific grounds, such as sensitivity.

This means that information on Directors will need to be filed for your structures and Fiduchi will make the filings on your behalf, unless otherwise agreed.

Annual validation

Additionally, from 1 October 2020, it is intended that the current annual return submission will be replaced by an annual validation. The Annual validation will be as at 1 January and Fiduchi will complete the validation process online for you. Fiduchi will be able to assist you in completing the validation process online.

Changes driven by international transparency and tax initiatives

Economic substance

The Taxation (Companies – Economic Substance) (Jersey) Law 2019 came into force for all relevant companies with effect from 1st January 2019. Whilst it has always been important to ensure that client structures have genuine substance, the new legislation enshrines this into law. The law applies to all companies which are tax resident in Jersey.

So, what does this mean for your structure? The law covers 9 different areas of relevant activity and requires an ongoing assessment of whether substance applies or not and where it does, whether the criteria are being met on an annual basis.

From a day to day administration point of view, there are a number of important tests that should be met.

These include:-

- Ensuring that the company is directed and managed in Jersey;
- Having an adequate number of (qualified) employees proportionate to the level of activity carried on in Jersey;
- Having adequate expenditure proportionate to the level of activity carried on in Jersey;
- Having an adequate physical presence in Jersey; and
- The conducting of core income-generating activity ('CIGA') in Jersey.

Importantly, where a company meets the 'management and control' test for tax residence, they will need to ensure that they also meet the directed and managed requirement in order to meet the "adequate substance" test.

In particular;

- The Board of Directors must meet in Jersey at an adequate frequency given the level of decision making required;
- During the meetings held, there must be a quorum of the Board of Directors physically present in Jersey;
- Strategic decisions of the company must be set at meetings of the Board of Directors and the minutes must reflect those decisions;

- Where a company has one director, then they should evidence that written resolutions were passed by that director when that Director is physically present in Jersey;
- The Board of Directors, as a whole, must have the necessary knowledge and expertise to discharge their duties as a board; and
- All minutes and company records must be kept in Jersey.

Where there are corporate directors as provided by Fiduchi, these will be looked through, to the individuals (officers of the corporate director) actually performing the duties of the director.

The substance declaration is submitted online through the submission of the corporate tax return.

The legislation and related guidance permit a company to outsource some or all of its activity to another third party in Jersey, such as Fiduchi. Here Fiduchi will ensure that it maintains appropriate records so that substance tests can be met. This will include keeping appropriate time records and ensuring those acting as directors having appropriate knowledge and experience related to the activity.

Jersey corporate tax return

What will this mean going forward? The submission of the annual tax return is itself not new, however the additional detail required is such that additional time may well be incurred to complete the submissions, whether economic substance activity is undertaken or not.

Changes driven by the introduction of Data Protection legislation

Whilst the Data Protection (Jersey) Law, 2018 came into effect from 25 May 2018, on 10 December 2019, the States of Jersey passed into law new regulations regarding the fee charging basis for data protection licensing.

The fee charges relate to all data controllers and processes, effectively any natural or legal person, or other body who determines the means and purposes of processing personal data. Whereas previously, Fiduchi registered itself as the data controller for all administered entities, the position under the new law has now changed, following clarification as to the application of the law under the new fee regime.

With effect from 1 January 2020, each natural or legal person or other body who is a data controller or processor will need to have its own registration with the Information Commissioner in Jersey. For administered entities (i.e. your structures) the fee due is £50. This is on the basis that the relevant regulations permit Fiduchi to make a global registration submission on behalf of entities it administers. This means that the registration fee will be invoiced together with all other annual fees for the year 2021 and beyond.

In summary....

There is no doubt that there are significant changes happening that impact Jersey companies, legal persons and other vehicles. Fiduchi is well positioned to manage these changes and assist clients old and new in doing so.



Not complying with the changes may lead to sanctions including financial penalties and the possibility of being struck off the Jersey Companies Registry. From the Fiduchi perspective we consider it important that structures maintain their integrity. We know our clients choose Jersey for it being a leading international financial centre that meets international standards, and we believe in assisting our clients in maintaining the ongoing integrity of their structures as cost effectively as possible.







How can Fiduchi assist you?

Fiduchi will continue to assist clients in the submission of the relevant returns including corporate tax, substance and data.

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