



# QAHCs and QEBs: the benefits of Jersey and Guernsey

Insights - 07/02/2023

With the first anniversary of the UK's qualified asset holding company (QAHC) regime approaching, it is worth reflecting on the part Jersey and Guernsey can play in achieving the benefits of such regime.

It is also important not to lose sight of the ongoing appeal of the Quoted Eurobond Exemption available via a listing on The International Stock Exchange (TISE) which achieves one of the key benefits of the QAHC, namely the exemption from the obligation to deduct withholding tax from interest payments.

## | The QAHC regime - Jersey and Guernsey companies

The QAHC regime was introduced to enhance the UK's attractiveness to the asset management sector. It creates a regime available to holding companies that offers a wide-range of tax benefits including a complete exemption from withholding tax otherwise payable on UK interest on both third party and shareholder debt. To avail itself of this elective regime, a holding company must be in a position to satisfy the following seven eligibility criteria:

- be UK tax resident
- not be a UK REIT
- have none of its equity securities listed or traded on a public market or exchange
- have an entry notification to HMRC in force
- meet the ownership condition, that is at least 30% of relevant interests in the company must be held by "Category A investors"
- meet the activity condition - essentially that of carrying on an investment business

- meet the investment strategy condition - this requires that the investment strategy does not involve the acquisition of listed equity securities

Of these criteria the first four are very straightforward to meet.

Jersey and Guernsey companies can both be set up as UK tax resident while still being able to take advantage of the more flexible companies law regimes in these jurisdictions as compared to the UK.

The last three eligibility criteria stipulated by the regime are a little more involved and although it is anticipated that further enhancements to the QAHC regime will address some or all of these, it is worth bearing in mind that, where any of the eligibility criteria cannot be met, a QEB listing presents a good alternative means of achieving the withholding tax exemption.

## QEBs and listing on TISE

A security availing of the Quoted Eurobond Exemption (a QEB) is one that (a) is issued by a corporate; (b) carries a right to interest; and (c) is listed on a 'recognised stock exchange'. Where these requirements are met then the "QEB" should be exempt from the obligation to pay UK withholding tax in respect of the interest payable on the debt. QEBs are commonly issued by UK portfolio companies of leveraged buyout and private equity funds or as part of an intra-group and private-equity backed debt structure.

As regards the need to list on a recognised stock exchange, TISE is recognised by HM Revenue & Customs pursuant to section 1005 of the UK Income Tax Act 2007 and is one of Europe's leading stock exchanges for listing bond issuances aimed at professional investors. As a result, interest paid on QEBs listed by a corporate issuer on TISE will be exempt from withholding tax. TISE has refined its Qualified Investor Bond Market (QIBM) listing rules resulting in a quick and straightforward application process for QEBs.

An issuer is required to appoint a listing agent before it can proceed with a listing application. The listing agent acts as an intermediary between the issuer and TISE and its responsibilities include the preparation and submission of the formal listing application.

Ogier Corporate Finance Limited (OCFL) is one of the leading listing agents for TISE listings and acts as listing agent for all types of listings, including QEBs.

As well as being listing agent through OCFL, Ogier provides advice on all aspects of Guernsey and Jersey corporate law and associated corporate administration services.

Your Ogier contacts in both Jersey and Guernsey can assist with the listing application process and advise on the QIBM continuing obligations rules.

## About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

## Disclaimer

This client briefing has been prepared for clients and professional associates of Ogier. The information and expressions of opinion which it contains are not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific advice concerning individual situations.

Regulatory information can be found under [Legal Notice](#)

## Key Contacts



Alexandra O'Grady

Managing Associate

Jersey

E: [alexandra.o'grady@ogier.com](mailto:alexandra.o'grady@ogier.com)

T: [+44 1534 514081](tel:+441534514081)



Paul Chanter

Partner

Guernsey

E: [paul.chanter@ogier.com](mailto:paul.chanter@ogier.com)

T: [+44 1481 737151](tel:+441481737151)



James Fox

Partner

Jersey

E: [james.fox@ogier.com](mailto:james.fox@ogier.com)

T: [+44 1534 514276](tel:+441534514276)



Kate McCaffrey

Partner

Jersey

E: [kate.mccaffrey@ogier.com](mailto:kate.mccaffrey@ogier.com)

T: [+44 1534 514355](tel:+441534514355)



Lucy Chambers

Counsel

Jersey

E: [lucy.chambers@ogier.com](mailto:lucy.chambers@ogier.com)

T: [+44 1534 514475](tel:+441534514475)



Emily Renouf

Counsel

Jersey

E: [emily.renouf@ogier.com](mailto:emily.renouf@ogier.com)

T: [+44 1534 514329](tel:+441534514329)

## Related Services

Banking and Finance

Corporate

Debt Capital Markets - Ogier Global

Listing services

Structured Finance

Legal