



## Substance checklist

# What directors of Jersey companies need to consider

Substance legislation across the offshore world took effect from 1 January 2019 - the legislation requires companies claiming tax residency in zero or low-tax jurisdictions to prove that they have real substance there.

According to detailed guidance notes in respect of the Jersey legislation, but directors should consider these essential questions.

### Questions to assess whether the company is within the scope of the Jersey substance rules

1

Is the company tax resident in Jersey?

2

Does the company carry out relevant economic activity in Jersey?

3

Is the company generating gross income from that activity?

If the company of which you are a director answers yes to all of those questions, then...



Direction and management

Meetings of the Board of Directors must:

- ✓ Take place in Jersey, and at adequate frequency
- ✓ Be attended in person by a quorum of appropriately qualified directors physically present in Jersey
- ✓ Be the forum for strategic decision-making, reflected by minutes



Core income generating activities

The core income generating activities vary by sector but will include:

- ✓ **Banks:** raising funds, managing risk, agreeing funding terms and acquiring assets
- ✓ **Funds:** decisions on investments, preparing regulatory reports, calculating risks, and decisions on currency or interest fluctuations and hedging positions
- ✓ **Holding Company:** all activities related to that business.



Appropriate resources

A company that falls within scope will have to demonstrate that:

- ✓ It has an adequate number of properly qualified employees in Jersey
- ✓ It has adequate expenditure in Jersey – including outsourcing activities to Jersey service providers
- ✓ It has adequate physical assets – including premises – in Jersey



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