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The Introduction of Jersey's Goods and Services Tax

Introduction

In May 2008 the States of Jersey implemented a Goods and Services Tax ("GST"), applied at a single rate of 3%, on the majority of goods and services supplied in the Island. GST is a form of tax based on the domestic consumption of imported and locally produced goods and services. The purpose of this briefing note is to outline the background for the introduction of GST in Jersey in addition to how these measures will affect the services provided by JTC.

Why has GST been introduced in Jersey?

GST has been introduced to raise tax revenue as a means of contributing to the void left by Jersey's decision to adopt a 'zero-ten' taxation system. The zero-ten decision was taken to create, amongst other reasons, a level playing field between the taxation of Jersey 'exempt' companies (which are owned by non-Jersey residents and which were not taxed on profits) and companies owned by Jersey residents (which were taxed on their profits). From 3 June 2008 the exempt company regime was abolished which means that the corresponding fee of £600 per company is no longer payable. Consequently, a shortfall is forecast in fiscal revenues and as such GST has been introduced to reduce this deficit.

How will this affect entities administered by JTC?

Trust and company service providers are able to register for exemption from the GST regime so as to minimise the administrative burden of GST on the financial services sector. JTC and all vehicles administered by JTC will be known as International Service Entities ("ISE's"). This term has been defined to include the majority of special purpose vehicles including companies and partnerships (however not trusts). To secure the ISE status each entity will pay an annual fee of £100 and by concession the States of Jersey are permitting the bulk submission of applications without the requirement to disclose details of each client. In instances where an SPV has a Jersey resident beneficial owner (or a Jersey resident has a beneficial interest) then ISE status cannot be applied for and GST will be charged at the rate of 3%.

How does an entity become an ISE?

Jersey Trust Company has undertaken a review of all its administered entities and has ascertained which entities are eligible for ISE status and those which are to register for GST. A bulk application for ISE's will be made to the Jersey's tax authorities on an annual basis, the first of which occurring in June 2008.

Jersey Trust Company

Jersey Trust Company is one of Jersey's leading independent trustee, management and fund administration service providers. Our head office is located in Jersey's financial district of St. Helier and through our continued international expansion we have opened offices in jurisdictions such as London, Glasgow, the British Virgin Islands and Geneva. We have experience in administering and managing complex company structures for our clients and we have approximately £7.3 billion in assets currently under our management and administration.

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