

G U E R N S E Y

1. SYNOPSIS

Guernsey is the second largest of the Channel Islands with Jersey being the largest. Guernsey lies in the English Channel off the north west coast of France. It covers 24 square miles and has a population of approximately 58,000 with the principal centre of business activity being St. Peters Port.

The Channel Islands have a unique constitutional arrangement with the UK. The Islands are possessions of the English Crown as distinct from colonial and overseas dependencies of the United Kingdom and accordingly the locally elected legislative assemblies have the exclusive right to legislate on matters of domestic concern to the Islands (including taxation) whilst the United Kingdom Home Office is responsible for the external affairs of the Islands.

The Islands are associated members of the European Community and as such are only subject to European law in so far as they specifically contract in to the European Community. Thus they have elected to become part of the common tariff and agricultural levy system but are not subject to European law in most other areas.

The official language is English although French is still spoken and the legal system is based upon a mixture of English and French law.

Guernsey has signed double taxation agreements which provide for the exchange of information with the United Kingdom so UK residents should carefully consider whether Guernsey is the correct place in which to set up an offshore structure.

2. A GUERNSEY EXEMPT COMPANY

Companies which are incorporated in Guernsey but which are owned by non-residents of Guernsey and do no business with Guernsey resident individuals or corporations can be granted exempt status in Guernsey. Such companies have the following characteristics:

a. Taxation:

Guernsey exempt companies pay no taxes in Guernsey but are subject to a flat rate corporate duty of £600 per annum irrespective of profit.

b. Shareholders:

A minimum of two shareholders are required and Corporate shareholders are permitted. Please note that details of the beneficial owner of the company must be communicated to the Guernsey authorities but that information is protected by secrecy provisions. Bearer shares are not permitted. A share register must be maintained at the registered office address of the company and must be available for inspection by any member of the public. Details of shareholders are also maintained on the public file at the Companies Registry but anonymity can be preserved by the use of nominee shareholders.

c. Directors:

A minimum of one director is required and Corporate directors are permitted. Details of directors must be kept at the registered office and appear on the public file kept at the Companies Registry but anonymity can be preserved by the use of third party directors. There is no requirement to have resident directors.

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d. Annual Reporting:

An annual return which gives details of the current directors and shareholders and any change in the shareholders since the last return or, in the case of a company filing its first annual return since the date of incorporation, must be filed at the public registry in January of each year and a filing fee of £100 is payable. It should be noted that fines are payable if a company fails to file its annual return on the due date.

e. Time Scale:

Incorporation can be achieved within approximately twenty-one working days. Ready made companies are not available as the requirement to reveal details of the beneficial owner before incorporation means that it is not possible to incorporate companies except upon the instructions of a client.

f. Restrictions on Name & Activity:

Names must end with the word "Limited". The following words and their associated activities can not be used: Assurance, Bank, Building Society or any other words deemed sensitive or offensive.

g. Cost / Charges:

Cost / Charges would be provided on request.

Whilst every effort has been made to ensure that the details contained herein are correct and up-to-date, it does not constitute legal or other professional advice. We do not accept any responsibility, legal or otherwise, for any errors or omissions.
