

The Advantages and Relevant Procedures to Migrate a Company or Foundation to Guernsey

There are a number of reasons why an individual may wish to migrate a company or foundation from its current jurisdiction of registration to the Bailiwick of Guernsey.

27th February 2017

Why is Guernsey an Attractive Jurisdiction for Companies?

There are a number of reasons why an individual may wish to migrate a company or foundation from its current jurisdiction of registration to the Bailiwick of Guernsey.

Guernsey is a well-regulated and internationally respected international jurisdiction. It is also a politically stable jurisdiction with its own autonomous government but with close links to the UK.

Another advantage that Guernsey offers is a more flexible regulatory regime compared to those in other jurisdictions; for example:

- The Companies (Guernsey) Law, 2008 enables a company to convert from a non-cellular company into a protected cell company or an incorporated cell company.
- The Foundations (Guernsey) Law, 2012 provides a number of unique options compared to the laws of other jurisdictions. Additional details can be found in Dixcart Article: [Guernsey Foundations](#).

Guernsey is also a leading jurisdiction in which to conduct investment fund business and has expertise and experience in dealing with a variety of asset classes, investment

strategies and legal structures.

Corporation Tax in Guernsey: The Benefits Available

Non-resident corporations are subject to Guernsey tax on their Guernsey source income. Companies, however, pay income tax at the current standard rate of **0%** on taxable income. The only exceptions are income derived from banking business, insurance business or custody services business, and licensed fund administration business, which are all taxable at 10%.

Conditions and Procedures: A Company or Foundation Migrating to Guernsey

Certain criteria must be met before a company or foundation is able to migrate to Guernsey:

- An entity must be permitted to migrate to another jurisdiction, according to the law of the jurisdiction under which the entity currently operates. Without this permission the entity will not be entitled to relocate.
- The members (shareholders) of the company, or officers of the foundation, must have passed a special resolution under the terms of the current foreign law under which the entity operates, consenting to the migration of the entity.
- The entity may not be in liquidation or any other insolvency process during relocation.
- The entity must satisfy the statutory 'solvency test' immediately after it is placed on the Guernsey Registry.
- A company's memorandum (and/or articles of association) or the foundations charter must not differ on entry to the Guernsey Registry, compared to what was previously in place before the registration. If any changes are required, they must be approved by a resolution of the company/foundation as prescribed under the foreign law under which it currently operates.

- The company must not be able to issue bearer shares.
- If a company is intending to perform any activities (even if regulated by the Guernsey Financial Services Commission (GFSC)) which may result in the company becoming classified as a 'supervised company', then the company must obtain consent from the GFSC prior to commencing the migration process.

Status on Migrating to Guernsey

On registration as a Guernsey company or foundation:

- all property, and rights to which the entity was entitled immediately before the registration, remain its property and rights;
- the entity remains subject to all criminal and civil liabilities, all contracts, debts and other obligations to which it was subject immediately before the registration or removal;
- all actions and other legal proceedings which could have been instituted or continued by or against the entity immediately before the registration or removal may be instituted or continued by, or against it, after the registration or removal has occurred; and
- any conviction, ruling, order or judgment which is in favour of, or against the entity before the registration or removal, may be enforced by or against it after the registration or removal has occurred.

Registration as a Guernsey company or foundation does not:

- create a new legal person; or
- prejudice or affect the identity or continuity of the legal person, constituted by the company or foundation.

Solvency Test

To protect creditors who could be affected by a company's migration in to or out of Guernsey, a test of solvency must be applied to the company. A company is considered to pass this solvency test if:

- the company is able to pay its debts as and when they are due; and
- the value of the company's assets is greater than the value of its liabilities.

Provided that all of the information required in connection with an application is available, migration into Guernsey can generally be carried out quickly and is similar in terms of provisions, costs and timescale to the formation of a new entity. It must, however, be taken into consideration that there may be time constraints regarding outward migration from the country where the company or foundation was previously domiciled.

How Can Dixcart Help?

The Dixcart office in Guernsey has an extensive knowledge and expertise regarding redomiciling companies and foundations to Guernsey.

Dixcart managers can provide:

- Comprehensive advice and assistance throughout the process.
- Assistance in registering a company or foundation in Guernsey.
- Assistance in meeting the criteria and regulations before and after migration.
- A comprehensive range of individual and professional commercial services once relocation has taken place, including ongoing advice and compliance guidance.

Additional Information:

If you require additional information on this topic, please speak to John Nelson at the Dixcart office in Guernsey: advice.guernsey@dixcart.com or to your usual Dixcart contact.