



# WHY JERSEY FOR WEALTH PLANNING?

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This article aims to analyse the potential of Jersey to be a central hub for raising capital for African businesses and the growth potential that such an investment could yield for the continent.

With six decades of experience, Jersey has earned a reputation as a leading jurisdiction in providing support to individuals and families with their cross-border wealth management planning and aspirations.

Throughout these six decades, Jersey has adapted to a constantly evolving private wealth landscape as clients have become more sophisticated and diverse in their investment strategies, while they were responding to increasingly complex international regulatory and transparency initiatives.

Today, in the wake of a global financial crisis and a pandemic that has led to perhaps the greatest shared period of mass disruption in a generation, there is further evolution in the private wealth mindset – particularly as families gear up for a period of significant wealth transfer and as the next generation comes to the fore with stewardship and responsibility high on their agenda.

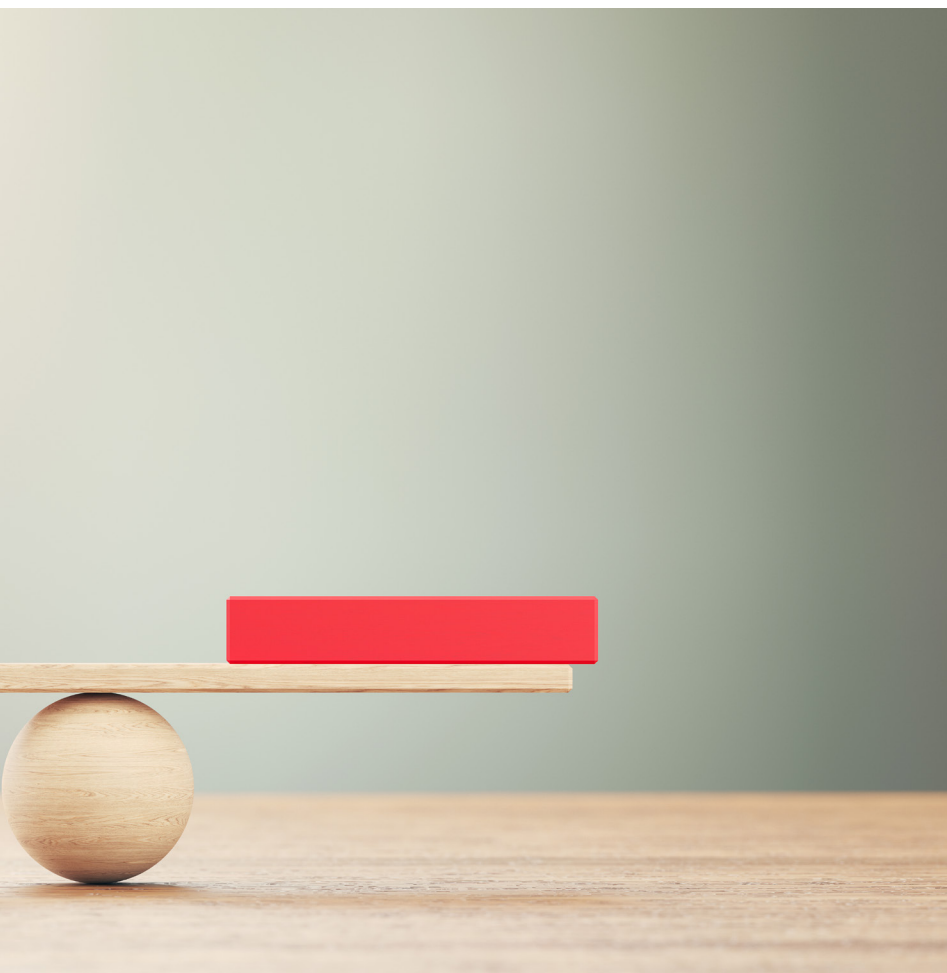
Further, digital disruption is fundamentally changing the environment in which wealth advisors are working; this clearly creates challenges and opportunities for jurisdictions. Against this evolving backdrop, forward-thinking jurisdictions that can offer stability, legal certainty, and ease of doing business, such as Jersey, are becoming keenly sought after.

## Seamless delivery

Jersey has long been heralded for its pro-business environment; it offers a wide range of structuring options combined with seamless delivery.

It is home to the highest concentration of the Society of Trust and Estate Practitioners (STEP) Members in the world (1 300) and it has close to 14 000 qualified private and corporate wealth professionals working across the legal, banking, and accounting industries that have vast experience in working across international borders.





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In fact, the global expertise, which Jersey has gained, is a key differentiator that includes a deep and growing reach into Africa. Recent research conducted by the Centre for Economics and Business Research (Cebr) on behalf of Jersey Finance, has found, for instance, that Jersey’s financial services sector supports approximately £6 billion of African gross domestic product (GDP) and 916 000 jobs across the continent each year.

The most notable factor cited by the research for choosing Jersey was the on-island availability of world-class professional and legal services. This holds true not only for the well-established but also for those at the beginning of their journey, largely because of the comprehensive range of services on offer.

### **World-class regulation**

The fact that Jersey firms administer more than £1.14 trillion assets in trust and in asset holding vehicles (Cebr) with clients spanning the Americas, Europe, the Middle East, Asia Pacific and Africa, of course, reflects the scale of private capital flow that Jersey supports. It can do this thanks to the stability, quality, and

flexibility of Jersey’s trust law – a template adopted by many other jurisdictions worldwide – and its adoption of international regulatory standards.

While the precise benefits of a trust will depend on the residence and domicile of the settlor and beneficiaries, Jersey trusts offer considerable advantages to privacy, asset protection, and succession planning. In addition, the Island is self-governed with a long tradition of political, legal, and regulatory stability as well as close ties with the United Kingdom and the European Union, while being independent of both.

Historically, a considerable driving force for business in Jersey was instability in a client’s home country. That still rings true today but the flexibility on offer means that clients can truly tailor structures to meet their needs and integrate them with their wider wealth framework from discretionary trusts and private trust companies to

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- ▶ foundations and corporate vehicles. There are, for example, no forced heirship laws, no rules against perpetuities, and beneficiaries can be added as required.

From a tax perspective, where there are no Jersey resident beneficiaries, a trust is only liable for tax on Jersey source income. In addition, Jersey bank deposit interest is not treated as Jersey source income when received by trustees, as long as the trust has no beneficiaries resident on the island.

Add to this, Jersey’s high-quality tax transparency framework, which adheres to global transparency and reporting standards such as the Common Reporting Standard (CRS), the Foreign Account Tax Compliance Act (FATCA), and to endorsements from international bodies such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD) and MONEYVAL; it is easily understood why high-net-worth (HNW) clients would look to Jersey for high-quality private wealth support. Other jurisdictions simply cannot offer the same level of transparency and certainty.

### **Evolving next generation**

Meanwhile, the aspirations of the ‘next generation’ are increasingly influencing the behaviours and priorities of families, from their investment strategies and philanthropic frameworks to their adoption of digital technologies and their asset and wealth structuring.

As such, tax is increasingly not the main decision driver; succession planning has become a significant priority for families, particularly with the experiences of the pandemic shining a light on the importance of having robust long-term plans in place for sudden and unexpected disruption to family leadership and direction. Acceleration of thinking about Environmental, Social and Governance (ESG), and purpose-driven investing is also having a major impact.

Jersey has long supported clients with responsible and sustainable asset and wealth management solutions, impact investment, and philanthropic endeavours. That is why in 2021, Jersey Finance has launched its own sustainable finance strategy and vision, designed to put Jersey on a path to being recognised as the leading International Finance Corporation (IFC) for sustainable finance in the markets in which it operates by 2030.

### A neutral environment

Tax neutrality has become a key component of Jersey's proposition to facilitate efficient cross-border investment – it's a straightforward, no-nonsense approach that clearly differentiates Jersey from other jurisdictions which have opted to pursue a Double Tax Agreement (DTA) approach that can

be complex and potentially challenging as substance and transparency requirements evolve in future.

The concept of tax neutrality is simple; it means that by not imposing additional layers of tax, decisions can be made on their economic merits alone. Tax continues to be paid by the beneficial owners in their home jurisdiction and, where applicable, by the underlying investment in its home jurisdiction.

So, the use of a tax-neutral international finance centre such as Jersey should result in no more or no less tax being payable. It is simple and fully transparent.

With the introduction of automatic exchange of information agreements, such as the Common Reporting Standard framework, it is a system that ensures all individuals are tax compliant too.

With their forward-thinking approach, unrivalled experience, robust regulatory and legislative frameworks, and tried and tested range of high-quality structures, IFCs such as Jersey remain perfectly positioned in a rapidly evolving global private wealth landscape and should be front and centre in supporting the aspirations of private clients in Africa.



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# About Jersey Finance

**Jersey Finance has a clear aim: to promote and represent Jersey as a future-focussed international finance centre (IFC). We are perfectly placed to work with clients worldwide, with offices in Jersey, Dubai, Hong Kong and New York; representation in London, Johannesburg and Shanghai; and virtual offices in Mumbai.**

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