

Acquisition and investment holding structures – why Guernsey?

Briefing Summary: Guernsey companies are frequently used as acquisition and holding vehicles across private equity, private credit, infrastructure and real estate transactions. Their popularity is not driven by tax or novelty, but by practicality: Guernsey company law is designed in a way that aligns well with how modern investment structures actually operate. This note explains why Guernsey vehicles are often selected for such structures.

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Familiarity

Guernsey company law is founded on the same core principles as English company law. As a result, Guernsey companies feel immediately familiar to sponsors, lenders and advisors used to working with English companies.

At the same time, Guernsey law permits a level of flexibility that allows a Guernsey company to be structured so that it looks and operates very similarly to, for example, a Delaware company. This makes Guernsey particularly comfortable in transactions involving US or cross-border investor bases.

Speed and ease of formation

Guernsey companies can be incorporated by the Guernsey Registry in as little as 15 minutes, with 2-hour and 24-hour services also available.

There is no requirement for Guernsey-resident directors and the minimum number of directors is one. Corporate directors may also be appointed. This allows acquisition vehicles to be established quickly without creating additional governance complexity.

Where mind, management and control are exercised outside of Guernsey, a Guernsey company may elect to be tax resident in that other jurisdiction and not in Guernsey.

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Flexibility at acquisition

Guernsey law provides a number of advantages at the point an acquisition structure is being put in place.

- No third party valuation is required for the issue of shares for non-cash consideration.
- Shares may be denominated in any currency, regardless of the company's functional currency.
- No restrictions on financial assistance in connection with the acquisition of shares in the relevant company, provided that the solvency test (referred to below) is met.
- No restrictions on commissions or discounts on the issue of shares.

Guernsey also permits the incorporation of no par value companies, which offer even greater flexibility in capital structuring, particularly for employee incentive arrangements and for converting shares between classes.

Flexibility throughout the holding period

A key reason that Guernsey vehicles are used in acquisition structures is the flexibility of Guernsey's capital maintenance regime.

Distributions

Creditor protection in Guernsey does not depend on distributable profits or reserves. Instead, directors are required to certify that the company will remain solvent (on both a cashflow and balance sheet basis) immediately following the distribution.

This allows companies to return capital or earnings to investors in circumstances where companies in other jurisdictions may be constrained by technical distributable reserve rules. The definition of "distribution" is also wide, capturing transactions that in other jurisdictions may be subject to more restrictive capital maintenance mechanics. In specie distributions are also permitted.

Redemptions and repurchases

Guernsey law does not require distributable profits in order to fund a share repurchase or redemption. Shares may be repurchased out of any account, subject only to a solvency statement by directors, and for any price (including nil).

Shares issued as non-redeemable shares can be converted into redeemable shares post-issuance.

Accounting, audit and privacy

Guernsey companies may adopt any recognised GAAP.

Audit requirements can be disapplied by shareholder resolution, either for a particular financial year or indefinitely.

Non-regulated companies are not required to file their accounts with any public authority or registry, offering a level of confidentiality that is often attractive in private investment structures.

Flexibility on exit

Listing

Guernsey companies can issue uncertificated securities which can be settled electronically via CREST on markets that participate in that system including the LSE Main Market, AIM and The International Stock Exchange.

In addition, Guernsey law permits the electronic trading of shares on certain designated markets, including (at the time of writing) the New York Stock Exchange, NASDAQ, the Toronto Stock Exchange and NYSE Euronext Paris.

This can make Guernsey vehicles eligible for direct registration and trading on a wider range of exchanges than equivalent English companies, broadening IPO and exit options.

Amalgamations

Guernsey is not part of the EU and therefore the EU Merger Directive does not apply to Guernsey companies.

However, Guernsey has its own amalgamation regime, allowing two or more companies (which need not all be Guernsey incorporated companies) to amalgamate into a single successor company. This provides a flexible tool for takeovers, group simplifications and "cash-out" transactions.

Stamp duty and transfer taxes

Guernsey does not levy stamp duty or transfer tax on share transfers (other than in limited cases involving Guernsey real estate holding structures).

This can be advantageous both on an exit and where an exit involves the IPO of a Guernsey holding company.

Migrations

Guernsey companies can migrate to another jurisdiction that permits the same without breaking corporate continuity, and companies can also migrate into Guernsey. This can be useful where structuring requirements change during the life of an investment.

International standards and regulatory reputation

Guernsey adheres to the highest standards of tax transparency and regulatory compliance. It is fully aligned with OECD, FATF and EU transparency initiatives and is consistently recognized as a well-regulated international financial centre.

Why this matters in practice

Guernsey companies are popular in acquisition and holding structures because they remove number of technical constraints that can otherwise compliance investment structuring, capital flows and exit planning – while remaining familiar.

In practice, this means:

- simpler acquisition structuring;
- easier capital maintenance during the holding period;
- fewer technical barriers to returning capital to investors;
- broader and more flexible exit options.

For many sponsors and advisers, that combination is why Guernsey continues to be selected as the jurisdiction of choice for these structures.

Please note that this briefing is intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen (Guernsey) LLP 2026

