

Carey Olsen Starting Point Employment Law Guide

– Starting a business in Jersey

Service area / [Employment, Pensions and Incentives](#)

Location / [Jersey](#)

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Carey Olsen Starting Point Guides are intended as a general introduction and guide to different aspects of Jersey employment law.

They are a summary of the most important issues that we come across. It is very much the edited highlights of those issues. If you would like legal advice in relation to any specific circumstances, please do give us a call.

This Starting Point Guide addresses the fundamentals of starting a business in Jersey.

Jersey – not just cows

Jersey is the largest of the Channel Islands and is a British Crown dependency.

It has its own financial legal and judicial systems. It is not part of the UK or of the European Union (although it has close relationships with both). It also has its own breed of instantly recognisable cows.

Starting a business in Jersey

Starting a business in Jersey (or relocating one here from another jurisdiction) is relatively straightforward, particularly compared to some other jurisdictions. However, there are some key issues of which you should be aware.

How should I structure my Jersey business?

We have extensive expertise in assisting clients in determining and implementing the most appropriate structure for their business.

The most common form of ownership structures are as follows:

- sole traders;
- partnerships;
- limited companies; and
- limited partnerships (an increasingly common option for fund managers).

We have significant expertise in advising all of the above structures, particularly where there are regulatory or other considerations to take into account.

Jersey companies

The majority of businesses in Jersey elect to trade through a company structure which has limited liability.

The key legislation governing companies in Jersey is the Companies (Jersey) Law 1991 (the “CJL”).

The CJL provides that a company may be formed:

- as a public or private company (save that a company may not be registered as private if it has more than 30 subscribers, unless the Jersey Financial Services Commission is satisfied that by reason of the nature of the company’s intended activities its affairs may properly be regarded as the domestic concern of its members); and
- having the liability of all or any of its members:
 - a. limited by shares (i.e. limited to the amounts unpaid on their shares);
 - b. limited by guarantee (i.e. limited to the amounts which they undertake to pay on a winding-up); or
 - c. unlimited; and
- which is a par value, no par value or a guarantee company.

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Types of companies permitted under the CJL include cell companies, being either protected cell companies (which can create protected cells, not having their own separate legal identity) or incorporated cell companies (which can create incorporated cells with their own separate legal identity).

Of the possible combinations, the most common type of company formed in Jersey is a private par value company limited by shares. This is in part due to the similarity between such form of company and an English private limited company. From a legal perspective a no-par value company offers greater flexibility in terms of capital etc.

The main incorporation steps for a Jersey Company are as follows:

- A statement of particulars, signed on behalf of the original subscribers. These particulars include:
 1. the name and intended registered office address of the company; and
 2. in the case of a public company, details of its proposed directors and financial year end date.
- A memorandum and articles of association, in a form suitable for the type of company.
- A cheque or other payment of the prescribed fees, which vary by the required response time as follows:
 - a. £165 for an incorporation within 5 business days of documents being received by the Registry;
 - b. £242 - within 3 business days;
 - c. £305 - within 2 business days;
 - d. £425 - within 1 business day; and
 - e. £670 - within 2 hours.

There is also an out of hours service available by agreement with the Registry which attracts a minimum fee of £1,210.

“Anti-money laundering” and “know your client” documents and information must be provided to the Companies Registry or regulated corporate services provider in order to establish a Jersey company, including information relevant to Jersey’s beneficial ownership and control register (which is not currently a public register).

In addition, it will be necessary to make an application to the Jersey Financial Services Commission under the Control of Borrowing (Jersey) Order 1958 (known as “COBO”) for consent to issue shares in the Company. This is generally a simple process, although the Jersey Financial Services Commission’s “sensitive activities” policy requires additional work to be undertaken when the proposed business of the company (including its subsidiaries) involves a “sensitive activity”.

It may also be necessary to apply for authorisation from the Jersey Financial Services Commission should the business be intending to undertake regulated financial services.

The company may also need to register under the Jersey data protection law if it will hold/process personal data. This covers data on employees, and therefore any company which has local employees is likely to require such a registration.

More information on employing employees in Jersey is set out below.

Finally, certain unregulated activities are subject to anti-money laundering/“know your client” regulations, and require a registration with the Jersey Financial Services Commission.

Tax

Businesses generally need to register with:

- Revenue Jersey (for income tax);
- Customer and Local Services (for social security contributions); and
- the Taxes Office (for GST).

Although some registrations may be automatic following the grant of an appropriate business licence.

Goods Services Tax (GST)

GST at the standard rate of 5% is payable on the majority of goods and services supplied in Jersey for local use, including imports.

Registration is required for businesses with a turnover of over £300,000.

Personal taxation

Most Jersey residents (other than high net worth individuals) are subject to income tax at 20%. There are no capital gains, gift or inheritance taxes. Sole traders and partners in partnerships are taxed at 20% on the profits of their businesses.

Employers must make appropriate deductions in respect of income tax from wages and salaries and account to Revenue Jersey for them under the Income Tax Instalment Scheme (ITIS).

Stamp duty is only payable on the acquisition and financing of Jersey property and a capped probate duty is payable on the registration of Jersey wills. There is no stamp duty generally in respect of the transfer of shares in a Jersey company (except local real estate transactions where property is owned through shares, in which case Land Transaction Tax at the same rate as stamp duty is ordinarily payable).

Social Security is payable both by employers and employees as follows:

FROM JANUARY 2023:

	Employee social security contributions	Employer social security contributions
Standard earnings limit (SEL)	Any income up to £5,060 per calendar month (or £60,720 per year) will attract social security contributions at the rate of 6% .	Any income up to £5,060 per calendar month (or £60,720 per year) will attract social security contributions at the rate of 6.5% .

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Upper earnings limit (UEL)

Any income above **£5,060** per calendar month will not attract employee social security contributions.

Any income above the SEL but below the UEL (i.e. between **£5,060** and **£23,072** per calendar month, or **£60,720** to **£276,864** per year) will attract social security contributions at the rate of **2.5%**.

Corporate taxation

In general terms, a Jersey incorporated company is subject to Jersey income tax at a flat 0% rate in respect of its income, unless it is within a restricted sector of local financial services companies or utility companies or it has local property-related income.

A financial services company, which is regulated in Jersey in respect of certain types of financial services, is subject to Jersey income tax at a 10% rate.

A utility company, which provides local utility services, is subject to Jersey income tax at a 20% rate.

Property-related income is subject to the 20% standard income tax rate.

Business licensing

Anyone wishing to set up a new business in Jersey will need to understand the provisions of the Control of Housing and Work (Jersey) Law 2012 ("COHW Law"), which governs:

- The residential and employment status of employees.
- Business licensing.

Residential and Employment Status of Jersey

Residents

Jersey residents fall into one of four residential and employment categories.

- **Entitled** – those with 10 or more years' residence (similar to the previous categories).
- **Licensed** – essential employees with less than 10 years' residence requiring immediate housing rights (taking over from the previous of skilled workers).
- **Entitled for Work** – those with between 5 and 10 years' residence.
- **Registered** – those with less than 5 years' residence.

Further details of the residential status categories are set out in the Appendix.

The COHW Law is currently under review and is likely to be reformed over the course of 2023. Full details of the proposed reforms are yet to be finalised.

Jersey property falls into one of two categories:

- **Qualified** – in which only those who are Entitled or Licensed may live; or
- **Registered** – in which anyone may reside.

Obtaining a business licence

A person wishing to start a new business in Jersey must apply to the Population Office for a business licence.

There are three business licences (each with different fees):

- A business licence which will either be a licence for a:
 - a. resident undertaking (essentially one in which the majority of employees are based in Jersey); or
 - b. non-resident undertaking (essentially one in which the majority of employees are based outside of Jersey).
- A Hawker's licence (essentially non-resident door to door sales); and
- A non-resident trading licence – a "non-resident trader" being any person (other than a hawker) who:
 - a. is not ordinarily resident in Jersey; or
 - b. who does not have any permanent business premises in Jersey, and who visits Jersey to buy or sell goods to or from the public.

For most employers, the two key forms of licence will be those for resident and non-resident undertakings.

Most employers will be resident undertakings, and will thus receive a business licence specifying:

- Their permitted licensed activity;
- The number of Licensed employees they are permitted to engage; and
- The number of Registered employees they are permitted to engage.

There will be no upper limit to the number of Entitled and Entitled for Work employees which an employer may take on and, therefore, no additional application will be necessary to engage additional Entitled or Entitled for Work individuals.

If an undertaking is allowed to take on Licensed staff, a description of the work that may be done by those persons will be specified and other conditions may be attached relating to accommodation or naming individuals who may work for an undertaking.

Licences for non-resident undertakings are likely to come up most often for Jersey employers in the context of non-Jersey contractors who send personnel to Jersey for the purposes of specific projects. Such contractors will require a licence if they are in Jersey for more than 30 days in any period of 12 months (five days in the construction industry) – and there will be a fee payable.

Exceptions to maximum licence numbers

The following exceptions to the maximum permitted number of Licensed and Registered workers will apply:

- **Replacements** – a person working as a replacement for another member of staff who is leaving (but continuing to work at present) – simultaneous working up is permitted for up to 30 days;
- **Providing cover** – a person working as cover for another person who is on leave up to:
 - a. 52 weeks' in relation to parental leave; or
 - b. three months in all other cases of leave;
- **De minimis** – any person working for an undertaking for less than 10 days in any 12 month period;
- **Directors and officers** – Directors of a Company, or Partners in a Partnership, or a Member of the Council of a Foundation and a trustee of an express trust, or equivalent persons, who are in the Island for 60 days or less in any 12 month period;
- **International Financial Services groups** – having an office in Jersey where the employee works mainly outside Jersey may second employees to Jersey for up to 60 days in any 12 month period;
- **Zero-hours** – zero-hours contract staff do not contribute to an undertakings maximum numbers if they do not do any work for the undertaking (e.g. they count only when they work); and
- **Agency workers** – will be reflected on the agency's own business licence (rather than that of the end user).

There are also some specific exceptions relating to healthcare professionals.

Who doesn't require a business licence?

There are various exceptions to the requirement for a business licence. The most likely to be of general application (particularly within financial services) are as follows:

- A resident undertaking that:
 - a. carries on any regulated activity; or
 - b. carries on any activity where the activity is administered or managed by a person or body of persons carrying out regulated activities,
- In each case, where each person working in or for the undertaking does so for fewer than 60 days per year, and holds a specified position (including, amongst others, a director or secretary, partner or trustee);
- A non-resident undertaking that:
 - a. carries on any regulated activity; or
 - b. carries on any activity where the activity is administered or managed by a person or body of persons carrying out regulated activities.
 - A resident undertaking that:
 - a. operates in Jersey for an aggregate period of 10 days or less in any period of 12 months; and
 - b. one or more persons working for the undertaking at any

time during period has Registered status.

- A non-resident undertaking which operates in Jersey for an aggregate period of 30 days or less in any period of 12 months.

Registration cards

Any person wishing to start new employment must have a registration card. Conditions specifying the maximum number of Licensed and Registered persons allowed to work for an undertaking will be imposed when granting business licences (see above).

Employers will need to ensure that they inspect employee's registration cards before they start work and:

- Ask for photo identification (in addition to the registration card);
- Ensure that the photo identification matches the registration card;
- Take (and retain) a photocopy of the registration card and photo identification; and
- Check the registration card is in date.

There are various individuals who will not require a registration card, including:

- Existing employees;
- A person who is in Jersey for an aggregate period of 60 days or less in any period of 12 months for the purposes of that person's work as:
 - a. a director of a company;
 - b. a partner in a partnership;
 - c. a member of the council of a foundation; or
 - d. a trustee of an express trust (or the equivalent of any of the above);
- A person who is in Jersey for an aggregate period of 60 days or less for the purposes of a secondment within an international financial services group;
- A person who is a hawker or non-resident trader for the purpose of the activities of hawking or being a non-resident trader;
- A person who works in or for one or more undertakings in Jersey, the period of work for each undertaking being an aggregate period of 10 days or less in any period of 12 months; and
- A person who works in or for a non-resident undertaking.

Employing people

Employers' duties

Employers must do the following for every employee:

- Ensure that they understand the residential and employment status of the individual which they wish to employ.
- Ensure that their business licence permits the engagement of the employee in question.
- Provide a written statement of terms for each employee,

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setting out the terms and conditions of employment. This must be done within four weeks of the employee's start date.

- Pay each member of staff at or above the minimum wage (currently £10.50).
- Obtain Employer's Liability Insurance and display the certificate.
- Obtain a registration card and photographic identification for every new employee.
- Make the correct deductions from the employee's wages.
- Keep a record of the wages paid and deductions made for 10 years.
- Account to the relevant government authorities for ITIS and Social Security contributions in respect of each employee and submit man power returns.
- Provide each employee with an itemised payslip each time that wages are paid.

Work permits

The following employees do not require a work permit to work in Jersey:

- a British or Irish citizen or a British subject with the right of abode or individuals who hold indefinite leave to remain;
- a European Union (EU)/European Economic Area (EEA) passport holder who holds settled/pre-settled status;
- a family member of an EU/EEA passport holder who holds settled/pre-settled status;
- a participant in the Youth Mobility Scheme;
- a Commonwealth citizen admitted on the grounds of UK ancestry;
- a Commonwealth citizen with a certificate of entitlement to the right of abode;
- a minister of religion;
- a business visitor; or
- a non EU/EEA passport holder who has no restrictions attached to his/her stay.

Employees from other countries may require a work permit or there may be other permit free categories that apply.

To obtain a work permit for an employee, employers will need to make an application to the relevant authorities. To do this they will need to ensure they have capacity to engage the individual pursuant to their business licence and fulfil the criteria set out in the work permit policy.

Following Brexit, individuals coming to Jersey for the first time from outside the Common Travel Area (CTA) ie. UK, Ireland, Isle of Man and Channel Islands are likely to need a visa and a work permit unless they hold settled/pre-settled status or fall into another one of the above categories.

Securing commercial premises

The residential property market in Jersey is heavily regulated in order to preserve housing stocks for the local population. Commercial property is more accessible, and generally acquisitions of purely commercial premises will not require separate consent. If the premises in question include dwelling accommodation, however, consent to the transaction will be required to be obtained from the Population Office.

There is very little statutory intervention into the commercial landlord and tenant relationship in the Island, and it is therefore recommended that legal advice is taken before entering into negotiations (or committing to) property transactions. Similarly, because Jersey does not have a registered system of title, it is important to engage lawyers at an early stage when negotiating the purchase of real estate in the Island (whether commercial or residential).

Further information

We are happy to supply specific advice where required.

Continued

Appendix - a summary of residential status

Residential Status	Definition	Housing	Work
Entitled	Lived in Jersey for 10 years, or who is granted this status on hardship or on social or economic grounds.	May purchase or lease any property. (1(1)(K) equivalents will still be limited).	Can work anywhere, or start their own business
Licensed	An essential employee.	Purchase or lease any property so long as they occupy that property and maintain their Licensed status.	Employer needs a licence to employ a Licensed person in that role.
Entitled to work only	Either lived in Jersey continuously for 5 years, or is the spouse of someone who is Entitled, Licensed, or Entitled to Work.	May: <ul style="list-style-type: none"> • lease Registered Property for their own occupation; or • buy Qualified Property jointly with their Entitled spouse; or • occupy property with an Entitled person in so far as the Entitled person occupies the substantial portion of the property. 	Someone who can work anywhere, or start their own business.
Registered	Does not qualify under the other categories.	May: <ul style="list-style-type: none"> • lease Registered Property for their own occupation; or • occupy property with Entitled person in so far as the Entitled person occupies the substantial portion of the property. 	Employer needs a licence.



FIND US

Carey Olsen Jersey LLP
47 Esplanade
St Helier
Jersey JE1 0BD
Channel Islands

T +44 (0)1534 888900

E jerseyco@careyolsen.com



FOLLOW US

Visit our employment, pensions
and incentives team at
careyolsen.com



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