

## Incorporating a Jersey company

Service area / [Corporate](#)

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Jersey is a highly-rated jurisdiction in which to incorporate companies for a wide range of purposes, including investment funds, private equity, structured finance and securitisation transactions as well as listings on the UK and US markets and other international exchanges.

This briefing summarises the types of company available under Jersey law, the main steps involved in incorporating a Jersey company and some related points.

We would be pleased to provide further information on company incorporations and on the purposes for which Jersey companies can be used. There is a range of briefing notes on our [website](#).

### Types of Jersey company

The key governing legislation in Jersey is the Companies (Jersey) Law 1991, as amended (the “CJL”). This is based on English company law but with certain enhanced flexibility.

The CJL provides that a company may be formed:

- as a public or private company (subject to certain limitations);
- 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
- as a par value, no par value or guarantee company.

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).

In addition to the CJL, the Limited Liability Companies (Jersey) Law 2018 permits the formation of Jersey limited liability Companies (an “LLC”). There is a range of briefing notes providing more detail on LLCs in Jersey available on our [website](#).

The most common type of company formed in Jersey is a private par value company limited by shares, though it is simple to change from private to public and vice versa.

A company (other than a cell company) cannot have both par value and no par value shares.

The CJL provides mechanisms by which a company formed as one type of company can be re-registered as another type of company.

A private company is subject to CJL as though it were a public company in certain circumstances, including where it circulates a prospectus in respect of a public offering of its securities or where its transferable securities are admitted to trading on a regulated market.

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## Main incorporation steps

To incorporate a company under CJL, the following must be delivered to the Registrar of Companies by the company's corporate services provider or nominated person:

- a statement of particulars, signed on behalf of the original subscribers. These particulars include the name and intended registered office address of the company and, in the case of a public company, details of its proposed directors and financial year end date;
- the memorandum and articles of association, in a form suitable for the type of company; and
- a cheque or other payment of the prescribed fee, which currently ranges from £165 for incorporation within 5 business days to £670 for an incorporation within 2 hours. (A higher fee is payable where an incorporation 'out of hours' is needed.)

At the same time, an application is made to the Jersey Financial Services Commission (the "JFSC") under the Control of Borrowing (Jersey) Order 1958 ("COBO") for consent to issue shares in the company.

## Other points

### Capital flexibility

A Jersey company is often more flexible when it comes to dealing with its capital than some other jurisdictions. One example of this is that there is no concept of "distributable reserves" in Jersey – a Jersey company can make a distribution as long as making that distribution will not make the company insolvent (with solvency being assessed on a cash flow basis only). A Jersey company also has more flexibility in terms of dealing with its share premium as the company can distribute out of its share premium account and also move balances in and out of its share premium account to and from other accounts (other than the nominal capital account).

In addition to this, Jersey companies have a broad scope to choose which GAAP standards to apply in the preparation of their accounts, and there is no requirement for any private company in Jersey to file annual audited accounts.

### AML/CFT etc.

Service providers in Jersey, including law firms, require certain information from clients to satisfy applicable anti-money laundering/countering the financing of terrorism KYC/CDD rules. Certain information (which is not placed on public record) must also be provided to the JFSC as part of the COBO application process, including details of the ultimate beneficial owners of the company.

## Directors

The management of a company is, in general, carried on by its directors, subject to any limitations imposed by its memorandum or articles of association. Directors of a company are under a duty to act honestly and in good faith with a view to the best interests of the company. A private company must have at least one director and a public company must have at least two directors. Directors of Jersey companies are usually individuals, but provided that certain conditions are satisfied, the company may have corporate directors.

## Administrators

A Jersey company without its own local operating presence will need certain ongoing administration services provided by a local service provider. These may consist of a straightforward company secretarial service (including holding the statutory records) together with provision of a registered office (a Jersey company must have its registered office in Jersey), or a fuller service to include the provision of professional directors to sit on the board, where local directors are required, and/or accounting support. There are various professional administration firms in Jersey that can provide such services.

## Tax status

In summary, a Jersey company is ordinarily subject to Jersey income tax, at a flat 0% rate, unless it is within a restricted sector of local financial services companies or utility companies, or has Jersey 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. Jersey property-related income is subject to the 20% rate.

Jersey has an economic substance regime which complies with applicable international standards, and which is relevant for locally tax resident companies.



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