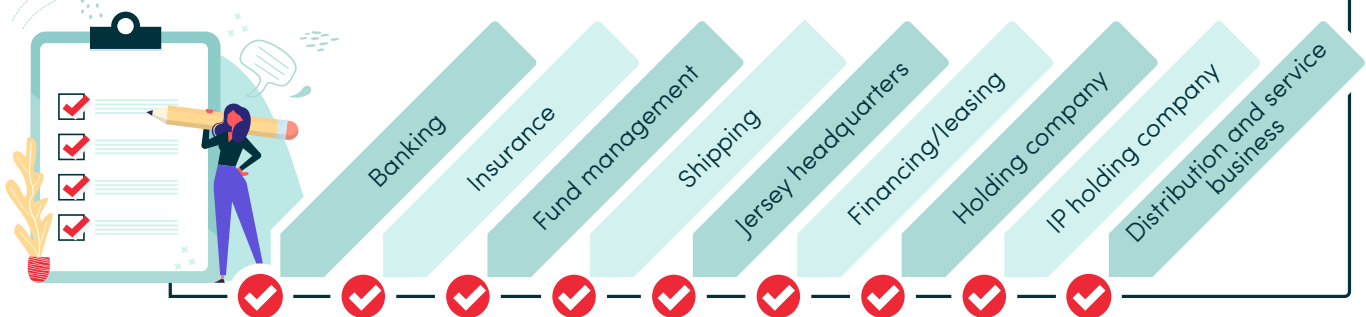


# SUBSTANCE OVER STYLE?

# UNDERSTANDING JERSEY'S ECONOMIC SUBSTANCE REQUIREMENTS

## APPLICATION OF REQUIREMENTS

Applies to Jersey tax resident companies who undertake any of the following activities:



## ECONOMIC SUBSTANCE TEST

Management, control and adequacy requirements to ensure the company can demonstrate economic substance:

### DEMONSTRATE 'MANAGEMENT AND CONTROL'

1



- a The company's board of directors meets in Jersey at an **adequate frequency** having regard to the amount of decision-making required at that level;
- b At board meetings there is a quorum of directors **physically present** in Jersey;
- c The minutes of board meetings **record the making of strategic decisions** of the company at the meeting;
- d The directors have the **necessary knowledge and expertise** to discharge the duties of the board;
- e The minutes of all board meetings and the records of the company **are kept in Jersey**.

### DEMONSTRATE 'ADEQUACY'

2

- a There is **adequate expenditure** incurred in Jersey;
- b There are **adequate physical assets** in Jersey;
- c There are an **adequate number of employees** in relation to that activity who are **physically present** in Jersey.



### PENALTY FOR FAILING ECONOMIC SUBSTANCE REQUIREMENTS:

Up to £10,000 on the first occasion. If fail two consecutive years in a row, maximum of £100,000.