



The Heritage Financial Services Group Guernsey tax issues





The Heritage Group

- The Heritage Group is one of the largest independent management owned financial services & insurance companies in Guernsey
- Four offices: Guernsey, Malta, London and Northern Ireland
- Over 170 employees globally
- Provider of specialist insurance and financial services



Heritage Group – Offices and Jurisdictions



UK

- London and Belfast
- European hub for the Alternative Investment Management Industry
- Excellent talent base of highly trained financial professionals
- FCA authorised depositary services
- Insurance broking and underwriting services



Malta

- Full EU and Eurozone member
- Cost effective and tax efficient financial centre
- Rapidly growing funds industry within robust regulatory environment
- Trust services and fund administration



Guernsey

- Leading offshore jurisdiction
- Regulatory flexibility and fast track capability
- Centre of excellence for fund administration and trust services
- Insurance broking and underwriting services



Cover three topics.

- Guernsey tax matters.
- Impact of CRS beyond the practical issues.
- Increase in use of tax neutral vehicles and Guernsey's position.



Guernsey tax regime

- Current tax rates are 20% individual.
- Zero percent for general commercial companies.
- 10% for certain banking and finance institutions.
- No inheritance or capital taxes.
- Generally a very stable regime.



International pressures.

- Corporate regime was under EU pressure.
- Seems to have largely abated.
- Fully compliant with FATCA
- Early adopter of CRS.
- Expectation is that there will be no significant changes for the foreseeable future.
- Brexit may paradoxically help.



Moving to Guernsey

- Attractive tax regime
- 20% rate as referred to.
- Caps for HNWI's - £110,000 for non Guernsey source income - £220,000 overall.
- This amount can be offset against tax paid on Guernsey source income.
- Business regime and other taxes are very favourable.
- Housing and residency available for HNWI's through split property market.



Common Reporting Standard (“CRS”)

- First reporting due on 30.6.2017.
- Reporting on position as at 31.12.2016.
- As ever with international efforts there will no doubt be inconsistencies.
- Common will probably not be an accurate description.
- Guidance will no doubt also be produced at the last minute.



Tax advice for trustees

Mostly relating people moving to U.K. and U.S. but also relevant at different times to pre-immigration planning for countries such as Canada and others.

- 1970's and early 1980's – non existent.
- Late 1980's and early 1990's – if legitimate planning basic advice often generic would be taken.
- Late 1990's through to 2010 – more detailed and specific tax advice taken. Often advice given to settlors, beneficiaries and trustees.
- Current – full tax advice obligatory.



However

- In most cases advice taken relates to the country of destination.
- Little or no consideration given to country of departure.
- And in a large number of cases where people have moved country of residence.
- Also true in non-trust planning.
- Of potential relevance in all jurisdictions not just the usual suspects.
- May be an area of increasing importance in coming years.



Tax neutral vehicles in Guernsey

- Zero corporate tax rate.
- No dividend withholding tax.
- Pooled investment vehicles for investors from different jurisdictions.
- Wide variety of investments – natural resource exploration, property, PE etc.
- Local taxes paid.
- Guernsey flow through.
- No cross contamination of tax regimes.



Heritage Corporate Services

Heritage Corporate Services provides trust and corporate specialist solutions for both institutional and private clients from Guernsey and Malta. These include:

- Trusts and foundations.
- Company formation and administration.
- Property
- Intellectual property
- Aviation particularly U.S. N-Registration.
- Marine services.

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David Larkin is a Trust Director who joined Heritage Corporate Services Limited in March 2016. He has over 25 years of experience in the Guernsey financial services industry and has worked for large international banking organisations and smaller private trust companies during his career.

David has extensive experience in Trust, Corporate and Private Family Office structuring and administration with a particular leaning towards the more technical areas of trust law and dealing with sometimes complex and almost always time constrained transactions.

David is an Associate of the Chartered Institute of Bankers, a member of the Society of Trust and Estate Practitioners and holds the Institute of Directors Diploma in Company Direction. He enjoys reading, walking, travelling and watching most sports.