

RELOCATING TO JERSEY AS A HIGH VALUE RESIDENT

by Tim Hart

For high net worth individuals considering a relocation, there are a number of factors that will be weighed up in making a choice which is right for both the head and the heart. To be a serious contender, a jurisdiction must certainly be fiscally friendly. But it must also be somewhere offering a high quality of life, where one can seriously considering setting up home with one's family whilst at the same time being able to travel easily for business and leisure purposes.

Jersey's advantages in this regard are, of course, well known to those of us who live and work here: low tax rates; a stable and pro-business political environment; stunning coastline and other natural beauty; low rates of crime; high quality public services; good travel links; a local community which has retained much of value from its past, including a strong tradition of honorary service, but which is at the same time cosmopolitan in outlook.

These advantages are being communicated in an increasingly focused and sophisticated manner to potential high value residents, with Locate Jersey's promotional activities being complemented by private sector initiatives. A recent example of involvement from Locate Jersey and the private sector is the Jersey feature produced by Country Life magazine, featuring contributions from Locate Jersey, six Jersey estate agents, local businesses and professional service providers.

The legal framework for applications for high value residency status is provided by the Control of Housing and Work (Jersey) Law 2012 (the **2012 Law**), the statute which generally controls entitlement to work in Jersey and to buy and occupy residential property. Like its predecessor, the Housing (Jersey) Law 1949, the 2012 Law recognises the benefit to the island of high value residents and allows the Chief Minister to grant entitled

status where satisfied that this is justified "on social or economic grounds or both, and as being in the best interests of the community".

This requires applicants to show that they will be able to contribute at least £125,000 per year in personal income tax payments and that they have sustainable annual worldwide income comfortably in excess of £625,000 per year. Under the special regime for high value residents under the Income Tax (Jersey) Law 1964, such residents are taxed at 20% on the first £625,000 of worldwide income and 1% on other worldwide income.

Applicants for high value resident status must also show that their residency in Jersey will benefit the island in some way. Factors which may be taken into account include:

- voluntary work or business contribution to the local community;
- training or sporting initiatives particularly aimed at youth or educational organisations;
- actual or potential media coverage of any activities that involve their business or social life;
- cultural interests or skills that have benefited a local community which could benefit Jersey;
- general lifestyle and family circumstances, including past charitable work and contributions.

Conversely, any clearly undesirable factors in applicants' backgrounds, such as criminal records, or adverse media coverage, may work against a successful application.

The Minister will also wish to know of applicants' plans for further business activities in Jersey, future local employment, training, diversification and any potential resultant increased tax revenues.

In addition to pre-application advice and assistance, Locate Jersey play a central role in the application process, assisting with the preparation of the documentation required for the application dossier and undertaking due diligence, and liaising with the Comptroller of Taxes and the Population Office, in relation to submitted applications.

Successful applicants will be granted 'entitled' status for the purposes of the 2012 Law and may buy or lease property in Jersey as their main place of residence in the island. It will usually be necessary for the property to be valued in excess of £1.75 million or, in the case of apartments, to have been designated as a '1(1)(k) Category' apartment under the Housing (Jersey) Law 1949. The object of this requirement is to ensure that high value residents do not compete for housing with the vast majority of the local population.

The past few years have seen a significant increase in interest in relocating to Jersey and in successful applications for high value resident status, with many such newcomers bringing their businesses with them. This is testimony not only to the fundamental attributes of the island for fiscal purposes and as a place to live and do business but also to the efforts of Locate Jersey and the business community generally in spreading the word that the island is well and truly open for business.

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