

# GUERNSEY CONSIDERS INTRODUCTION OF LIMITED LIABILITY COMPANIES

09 SEPTEMBER 2019

Guernsey is proposing to adopt limited liability companies (LLC) in a move intended to enhance the island's competitive position in the United States.

The island's government, the States of Guernsey, has launched a consultation exercise, as it considers following many other international financial centre jurisdictions in introducing LLCs.

LLCs are commonly used in the US as structures for trading businesses, holding vehicles and special purpose vehicles. It offers a flexible hybrid structure for any lawful business purpose or activity, offering legal personality and limited liability in a tax-transparent structure. There has been commercial interest in Guernsey in introducing LLC legislation to enhance the island's competitive position, particularly in attracting international finance business from the US.

Dominic Wheatley, Chief Executive of Guernsey Finance, said: "This move will be positive in developing Guernsey's flows of funds business from the US, which is increasingly a target market for the Guernsey funds industry. The island's expertise in private placement helps managers to access investment on both sides of the Atlantic, and this move will provide further opportunity for cross-border structuring."

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Dr Andy Sloan, Deputy Chief Executive, Strategy, at the promotional agency, added: "The development of LLCs is one priority in the development of new product for Guernsey, which we set out in our policy framework for financial services last year."

Guernsey adopted limited liability partnerships in 2013. It is expected that LLCs – tax transparent by default – would be treated as partnerships for the purpose of taxation in Guernsey, but could decide at the point of establishment to be taxed as a company.

The consultation closes on 18 September.

WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Dominic Wheatley, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

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