	Jersey companies	UK companies	Thoughts
Migration	In Jersey, it is permissible for existing companies to migrate into the island i.e. to continue as a validly incorporated company, provided that the laws of the country in which that company is currently incorporated permit continuance and the requirements of both jurisdictions are met. For example, the requirements of the Companies (Jersey) Law 1991 (the "Law") involve, amongst other things, confirming that the company is not insolvent or is in the process of being wound up. Jersey-incorporated companies may also migrate outwards, provided that the destination jurisdiction permits the redomiciliation of Jersey Companies (for example, a Jersey company cannot migrate to the UK).	In contrast, and in spite of a 2021 consultation about permitting migrations and notwithstanding that foreign incorporated companies can become tax residents in the UK, UK law does not permit migrations.	The ability to migrate naturally makes Jersey an easier location for an existing company to continue in. In contrast, if a company wished to continue in the UK, re-structuring steps would need to be undertaken, for instance, a new UK holding company would need to be incorporated into the corporate structure or key staff may need to be re-domiciled to the UK for the purposes of exercising "management and control" from the UK, which is a more involved process than in Jersey.
Lack of Statutory Pre-emption Rights	The Law has not codified any pre-emption rights. In the event that pre-emption rights are required on the issue or transfer of shares, they would need to be "hard-wired" into the articles of association of a Jersey company (and, potentially, Shareholders' Agreement).	Statutory pre-emption rights are codified under the UK law, which prescribes that the existing shareholders are to be offered any shares that the company proposes to allot in advance of and on the same or more favourable terms than any non-shareholder. In spite of this position, statutory pre-emption rights are commonly disapplied.	The absence of any statutory pre-emption rights in Jersey leaves companies completely free to choose how or if they wish to include pre-emption rights in their constitution and shield them from potential adverse effects of pre-emption rights. Although pre-emption can protect shareholders against dilution of their shareholding, disadvantages can include deterring prospective investors, causing disputes in companies looking to raise equity financing, and hampering the commercial freedom of existing shareholders.

	Jersey companies	UK companies	Thoughts
Distributions	A Jersey company may make a distribution from any source (other than from a nominal capital account and a capital redemption reserve), at any time, provided the directors are willing to provide the prescribed solvency statement (in summary that having regard to the prospects of the company and the amount and character of the company's financial resources the company will be able to carry on business and discharge its liabilities as they fall due). Article 115(2) of the Law makes it clear that the Law only restricts or seeks to control distributions which reduce the net assets of a company and in respect of which provision would have to be made in the accounts of the company under the accounting principles adopted by the company. Determination of whether the company is solvent is undertaken on a cash flow basis i.e. is the company able to discharge its debts as they fall due out of its assets? This of course means that distributions from Jersey companies may come from a wider array of sources, provided the directors can satisfy themselves that the company is solvent within the meaning provided in the prescribed wording under Art 115(4) of the Law. The articles of association of a Jersey Company (and/or any shareholders agreement) should always be reviewed to ensure there are no restrictions on the making of distributions.	In the UK, a company may only make a distribution out of distributable profits.	The breadth of sources from which a distribution may be made in Jersey is a useful feature of the Law and gives companies greater freedom and flexibility when making a distribution than in the UK, whilst the distribution procedure in Jersey provides sufficient safeguards for creditors.
Redemptions	In a similar vein to the distributions regime, pursuant to Art 55(4) and (5) of the Law the redeemable limited shares of either a par value company or a no par value company may provided that the company in question is not an open-ended investment company and the shares are fully paid up be capable of being redeemed from any source, including capital. Again in order to give effect to this the directors must pass the prescribed solvency statement, which is materially similar to the solvency statement required for distributions.	In the UK, private companies are permitted to make redemptions out of capital and public companies are only permitted to redeem out of distributable profits or out of the proceeds of a fresh issue of shares made for the purposes of redemption, and any premium payable on redemption must be paid out of distributable profits.	As with distributions, Jersey's redemption regime promotes greater flexibility.

	Jersey companies	UK companies	Thoughts
Share Buy-backs	A company without redeemable shares may still purchase its own shares, however unlike a redemption the specific agreement of the selling shareholder will be required (approved in advance by an ordinary resolution of the company) in order for the company to purchase the shares in question. The shareholders will need to sanction the repurchase through a special resolution unless the company in question is a wholly-owned subsidiary of another company. A company can fund its repurchase through any source provided that the shares are fully paid up and the prescribed solvency statement (in the same essential form as is required for redemptions) is passed. As is outlined above, in relation to distributions, redemptions and share buy-backs under the Law, creditor protection does not rely upon any sort of distributable reserves and is instead reliant upon the directors giving the prescribed solvency statement.	In the UK, companies are permitted to repurchase their own shares, provided that a purchase does not result in there being no member holding any issued shares of the company other than redeemable shares or treasury shares. Repayment must be made out of capital after applying for that purpose any available profits of the company and the proceeds of any fresh issue of shares made for the purposes of the redemption or purchase.	In a similar vein to distributions and redemptions, and when contrasted with the position in the UK, the funding options provided by the Law are more plentiful for Jersey companies seeking to buy back their own shares.
Capital Reductions	Historically under the Law, a reduction of capital by a company would need to be court-sanctioned. However, now a capital reduction may be sanctioned by a special resolution with a supporting solvency statement and then registered with the Jersey Company Registry, together with a legal minute stating the capital accounts of the company following the reduction.	Under UK law, private companies may reduce their capital in the same manner as a Jersey company namely by way of a special resolution supported by a solvency statement. However, for public companies capital reductions will need to be court sanctioned.	Under the Law, all Jersey companies public or private can reduce their capital without going through the cumbersome and expensive process of obtaining court confirmation.
Taxation	In Jersey, the standard rate of corporate tax is 0%. There are exceptions to this (for example, certain financial service companies will be taxed at 10%, utility companies will be taxed at 20%, and a sliding scale of 0 and 20% applies for retail companies). Jersey does not impose capital gains tax. Additionally, there is no stamp duty payable on share transfers (except in limited circumstances).	In the UK, the current rate of corporate tax is 19% but is scheduled to raise to 25% in the financial year 2023-2024. Further, the UK levies capital gains tax and stamp duty on certain share transfers.	In quantifiable terms, this makes Jersey a more tax efficient option.

	Jersey companies	UK companies	Thoughts
No par value companies	The Law permits the existence of both par-value and no-par-value companies. A par value company is defined in the Law as a company: (a) Being registered with a share capital; (b) The shares are expressed as having a nominal value; and (c) Either: a. Its memorandum states that it is a par value company; or b. It is a company which was registered under the Law before this particular article came into force. The Law also provides for the existence of no-par value companies. A no-par value company is defined under the Law in the following manner: (a) It is registered with shares which are not expressed as having a nominal value. (b) Its memorandum of association states that it is a no-par-value company. The crucial difference is that with a par-value company, the shares are expressed as having a nominal value. For instance, the company may have five issued shares of £1 each. In the case of a no-par value company, the shares do not have a nominal value. In Jersey, no-par value companies are often used as a vehicle for collective investment funds or employee share plans. As the Law permits the company to be established with unlimited share capital. This circumvents the requirement to up the authorised share capital of the company as the fund expands. As regards distributions, a no-par value company is additionally permitted to make a distribution out of its stated capital account.	In contrast, UK companies limited by shares having a share capital must each have a fixed nominal value.	The flexibility created by the Law means Jersey provides a unique offering to those structuring investments through a corporate vehicle.

	Jersey companies	UK companies	Thoughts
Cell Companies	In Jersey, the ability to form cell companies has been a feature of the Law since 2006. There are two types of cell company that may be created, the Protected Cell Company ("PCC") and the Incorporated Cell Company ("ICC"). An ICC may create incorporated cells which each have their own legal personality, meaning they may hold assets and can bring or be subject to litigation in their own right. Conversely, a PCC may create protected cells which do not have their own legal personality – meaning a PCC and its cell form a single legal entity. In spite of this, members of protected cells are only entitled to vote on resolutions of the cell to which they are a member. Jersey does not impose restrictions on the objects of cell companies.	Cell companies are a relatively new feature of the UK companies' law regime being introduced in 2017. Under UK legislation, PCC's may be created to act as special purpose vehicles in insurance-linked securities.	Because of these differences Jersey has a broader and more mature offering than the UK when it comes to establishing cell companies.

This note is intended to provide a brief rather than a comprehensive guide to the subject under consideration. It does not purport to give legal or financial advice that may be acted or relied upon. Specific professional advice should always be taken in respect of any individual matter. The differences highlighted above are not an exhaustive list.