

Jersey and Guernsey trusts and companies for families with Swiss links

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Jersey and Guernsey have long served as trust jurisdictions for internationally mobile families, and many structures holding assets with Swiss banks are governed by the law of one of the two islands. The islands offer a mature legal framework, experienced courts and a regulated fiduciary industry, together with reporting and substance obligations that deserve careful planning.

1 Trust law on the islands

Both islands have codified their trust law in modern statutes, the Trusts (Jersey) Law 1984 and the Trusts (Guernsey) Law 2007. They permit discretionary trusts, purpose trusts and trusts in which the settlor reserves certain powers, for example over investment decisions or the appointment of trustees. If reserved powers are drafted too widely, the trust may be challenged or treated by the settlor's home tax authority as if the assets had never left the settlor. Both islands also offer foundations, which some civil-law families find more intuitive than a trust.

2 Firewall provisions

The trust laws of both islands contain so-called firewall provisions. In broad terms, they provide that questions concerning the validity and administration of a trust governed by island law are decided under that law, and that foreign judgments based on forced heirship or matrimonial property rules which conflict with it are generally not recognised. The protection is not unlimited, however, because assets located elsewhere, including in Switzerland, may still be reached by proceedings in the country where they are held, and Swiss courts apply their own conflict-of-laws rules under the Hague Trust Convention.

3 Private trust companies

Larger families often prefer a private trust company, a company established solely to act as trustee of the family's own trusts, with a board on which family members and trusted advisers sit. Both islands provide regulatory frameworks under which such a company can operate without a full fiduciary licence, typically on condition that a licensed local service provider administers it. Its robustness depends on proper governance, including board minutes, conflict rules and a clear separation between family wishes and trustee decisions.

4 Substance and tax residence

Since 2019, both islands have applied economic substance legislation to tax-resident companies carrying on certain relevant activities, such as holding company business or fund management. A pure equity holding company usually faces lighter requirements, but it still needs to show that it is genuinely directed and managed on the island. For families with Swiss links, the reverse risk matters as much: if the real decisions of an island company are taken by a family member living in Switzerland, the Swiss tax authorities may regard the company as managed in Switzerland and therefore taxable there.

5 Use with Swiss banks

Swiss banks are familiar with island trusts and companies and will normally open accounts for them after a thorough review of the trust deed, the identity of the settlor, protector and beneficiaries, and the source of wealth. The bank records the persons behind the structure on its beneficial-owner forms and reports them under the automatic exchange of information where applicable.

6 What pays off in practice

- **Keep reserved powers proportionate.** Retain only the influence you actually need, and document how it is exercised.
- **Locate decision-making deliberately.** Board meetings and trustee decisions should take place where the structure is meant to be resident.
- **Prepare the bank file early.** A complete package on source of wealth and the roles of all parties shortens account opening considerably.

7 How Ressos Legal helps

I advise families with Swiss links on setting up, reviewing and restructuring Jersey and Guernsey trusts and companies, coordinating island counsel and Swiss tax and banking aspects. [Contact me](#) for a first conversation.

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