COLLAS CRILL

Guernsey economic substance update: Scope extended to include all partnerships from 30 June 2021

JUNE 2021

The Income Tax (Substance Requirements) (Implementation) Regulations, 2021, have been approved by the State of Guernsey's Policy and Resources Committee and come into effect on 30 June 2021.

These new regulations consolidate all existing regulations issued to date regarding economic substance in Guernsey and also extend the scope to include all forms of partnership (general partnerships, limited partnerships and limited liability partnerships). For partnerships formed after 30 June 2021, they will be in scope for economic substance for accounting periods commencing on or after 1 July 2021.

This means that all partnerships formed in Guernsey will be in scope for economic substance unless they satisfy one or more of the following exemptions:

1. All partners are individuals subject to tax in Guernsey;
2. It is a 'domestic partnership' i.e. a partnership in relation to a local business predominantly carried out in Guernsey (more guidance is to be issued on this in due course); or
3. The nexus of the partnership is based elsewhere i.e. the partnership has its place of effective management in a jurisdiction where the highest rate of tax is at least 10% or the partnership is subject to similar substance requirements.

Foreign partnerships whose place of effective management is Guernsey will also be in scope of Guernsey substance requirements.

If you have a Guernsey-based partnership of any kind and have any questions about how this update may affect you, please do not hesitate to contact our Corporate, Finance and Funds team.

This note is a summary of the subject and is provided for information only. It does not purport to give specific legal advice, and before acting, further advice should always be sought. Whilst every care has been taken in producing this note neither the author nor Collas Crill shall be liable for any errors, misprint or misinterpretation of any of the matters set out in it. All copyright in this material belongs to Collas Crill.

COLLAS CRILL

For more information please contact:



Wayne Atkinson

Partner (Advocate) | Guernsey

t: +44 (0) 1481 734225 | **e:** wayne.atkinson@collascrill.com



Wayne Atkinson

Partner (Advocate) | Guernsey

t: +44 (0) 1481 734225 | **e:** wayne.atkinson@collascrill.com



Simon Heggs

Group Partner* | Guernsey

t: +44 (0) 1481 734825 | **e:** simon.heggs@collascrill.com

This note is a summary of the subject and is provided for information only. It does not purport to give specific legal advice, and before acting, further advice should always be sought. Whilst every care has been taken in producing this note neither the author nor Collas Crill shall be liable for any errors, misprint or misinterpretation of any of the matters set out in it. All copyright in this material belongs to Collas Crill.