



GUIDANCE FOR GUERNSEY ON ECONOMIC SUBSTANCE AND MANDATORY DISCLOSURE

OCTOBER 2019

Yesterday, Guernsey's government released two documents related to reporting of corporate information for taxation and international transparency purposes. Both documents are likely to be of interest to Guernsey service providers and those utilising Guernsey structures.

Economic substance

The first is an explanatory note confirming the information which will be requested in relation to economic substance on the Guernsey company tax return.

Specifically, the guidance provided sets out the additional questions that will be asked on the company tax return in relation to economic substance for companies with accounting periods that commence on or after 1 January 2019 (as well as companies granted exemption under paragraph 3 or 5 of Schedule 1 to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989).

The guidance provides welcome confirmation of the exact information likely to be required for confirmation of a Guernsey company's economic substance position. The guidance is accessible [here](#).

Mandatory disclosure

The second document is a briefing note setting out the expected position regarding the implementation of mandatory disclosure rules towards the end of 2019.

These rules represent Guernsey's commitment, following the EU Code of Conduct Group's investigation of the tax policies of third countries to the European Union ('EU'), to introduce suitable legislation to combat schemes aimed at the Common Reporting Standard (CRS) disclosure avoidance by 31 December 2019, the same timescale that countries within the EU are working towards.

The briefing note, available [here](#), provides a synopsis of the subject together with headline content of the model rules, some information regarding definitions and a number of illustrative example scenarios.

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