



SUBSTANCE UPDATE

MARCH 2019

Guernsey and Jersey have obtained approval from both the EU Council's Code of Conduct Group and the European Council of Finance Ministers in relation to their economic substance laws, adopted in both islands with effect from 1 January 2019.

The economic substance laws in Guernsey and Jersey were implemented in response to the recommendations made by the EU Code of Conduct Group, as part of the EU's commitment to the OECD's Base Erosion and Profit Shifting Initiative. They require certain companies incorporated and tax resident in Guernsey or Jersey to demonstrate that they have sufficient substance in the relevant Island.

Our briefing on the [Guernsey law is here](#), and on the [Jersey law is here](#).

In the General Secretariat's report published yesterday, each of the Cayman Islands and the BVI were recognised for their cooperation and positive dialogue in respect of their economic substance requirements, and remain committed to addressing the EU's concerns relating to economic substance by the end of 2019.

The General Secretariat's report also sets out those jurisdictions which have failed to meet the economic substance requirements and which have been placed on the EU's so-called blacklist. Notable inclusions on the blacklist include Bermuda, Belize and the United Arab Emirates.

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