



## Information which will be requested in relation to economic substance on the Guernsey Company Tax return

This guidance 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**. There will also be “free text” boxes where additional information can be entered if required.

The economic substance questions will also need to be completed by companies granted exemption under paragraph 3 or 5 of Schedule 1 to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

Certain companies (which in the income tax law includes a wide definition of bodies corporate or unincorporate) will not be required to complete the economic substance sections of the company tax return:

- Collective investment vehicles regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987
- Foundations

All companies will also be required to upload financial statements. Consolidated financial statements will be accepted, provided they include a profit and loss account for the company itself. If a company carries on a relevant activity then a balance sheet for the company itself should also be submitted.

For further information on economic substance, including guidance and the legislation, please go to [www.gov.gg/economicssubstance](http://www.gov.gg/economicssubstance).

## Standard Substance Questions for accounting periods that commence on or after 1 January 2019

### Relevant Activities

Have any of the following activities been performed in Guernsey and generated income for the organisation? Select activity (-ies)

*If none, then the company does not have to complete further substance questions*

### Core Income Generating Activities

Do any of the following apply to the [*Relevant Activity*] activities performed in Guernsey? Select CIGA that apply

### Adequacy information required per Relevant Activity

Gross income from [ <i>Relevant Activity</i> ] activities	£
Operating expenditure resulting from [ <i>Relevant Activity</i> ] activities	£
Number of full time equivalent (FTE) employees in Guernsey (whether the company's employees or another entities working on the relevant activities)	Number (up to 2dp)
Number of the figure above with reportable qualifications (see below)	Number (up to 2dp)
Is there an adequate number of employees in Guernsey for the [ <i>Relevant Activity</i> ] activities?	Yes/No
Is there physical premises in Guernsey for this activity?	Yes/No

#### Adequacy information required for the company

What is the net book value of tangible assets held as at the balance sheet date? £

#### Outsourcing information required per Relevant Activity

Was there any outsourcing of the core income generating activities (CIGA) relating to [ <i>Relevant Activity</i> ] activities?	Yes/No
How many outsourcing providers were used?	Number
For each please provide:	
Outsourcer's name	
Number of FTE resources provided	
Total spent on outsourcer	
Company Registration Number for outsourcer (if applicable)	
Was all outsourcing performed exclusively in Guernsey?	Yes/No
Is there adequate supervision of the outsourced activities?	Yes/No
Are all outsourcers Guernsey tax residents?	Yes/No

#### Directed and Managed in Guernsey

Is the organisation directed and managed (as defined in the legislation) in Guernsey? Yes/No/Answer more questions to determine this

If select any option except yes then the following questions open up:

- Are all board meetings held in Guernsey?
- How many board meetings in total were held?
- How many of the total board meetings were held in Guernsey?
- Is there an adequate frequency of board meetings held in Guernsey each year?
- Are there enough directors present for all board meetings in Guernsey to be quorate?
- Does the board of Directors have the necessary knowledge and expertise to discharge their duties as a board?
- Are all strategic decisions made at board meetings conducted in Guernsey?
- Are the minutes and company records maintained and accessible in the island?

#### Additional Substance Questions for a company that holds Intellectual Property

##### Relevant Activities

Was Intellectual Property (IP) held by the company? Yes/No

If yes, how much income was generated by these assets? £

*If no income generated then the company does not have to complete further substance questions*

Is the company classed as a High Risk IP Company as defined in legislation? Yes/No

### IP Core Income Generating Activities

What type of IP is held? Select type(s)

Are Research and Development activities performed in Guernsey in relation to the Patent(s) held? Yes/No

Are Marketing, Branding and Distribution activities performed in Guernsey in relation to the Brands, Trademarks or Customer Data held? Yes/No

### High Risk IP Company - additional questions

Does the company want to rebut the High Risk IP status? Yes/No

If yes, please upload required rebuttal information which should include: Attach file(s)

Detailed business plans which demonstrate the commercial rationale for holding the IP assets in Guernsey

Evidence that the decision making is taking place in Guernsey, and not elsewhere

Information on employees in Guernsey, their experience, the contractual terms, their qualifications, and their length of service

For each of the immediate parent, ultimate parent and beneficial owner, please provide the following information:

Name

Address

Tax Identification Number

Select the types of income received in relation to the high risk IP activities Royalties/Income from sale of IP asset/Other

For each income type, please confirm:

Amount of Gross Income

Amount of Operating Expenditure Incurred

Number of Full-time Equivalent Qualified Employees

### Reduced Substance Questions for a Pure Equity Holding Company for accounting periods that commence on or after 1 January 2019

Gross income from [Relevant Activity] activities £

Operating expenditure resulting from [Relevant Activity] activities £

Number of full time equivalent employees in Guernsey (whether the company's employees or another entity's employees working on the relevant activities) Number

Number of employees in Guernsey with reportable qualifications (see below) Number

Is there an adequate number of persons in Guernsey for the Equity Holding activities? Yes/No

Is there a physical premises in Guernsey for this activity? Yes/No

### Employees with Reportable Qualifications

This means the employees that demonstrate appropriate qualifications, experience, competency and a broad, complementary skill set relevant to the activities as a whole (not

just the core income generating activities). Qualifications taken into account could include academic qualifications, vocational qualifications, relevant industry technical qualifications and also qualification by relevant experience.

As well as being at an appropriate level, only employees with those qualifications which are linked or are clearly transferrable to the relevant activities should be reported. Similarly, employees with experience which is linked or clearly transferrable to the relevant activities should be reported.

It is not possible to dictate which qualifications or what experience is relevant as this depends on the specific circumstances and activities of the company, but in most cases they would form part of that role's 'job specification'.