

**ECONOMIC SUBSTANCE REQUIREMENTS –
JURISDICTION COMPARISON TABLE (BVI, CAYMAN, GUERNSEY, JERSEY)**



	GUERNSEY	JERSEY	CAYMAN	BVI
PRINCIPAL LEGISLATION	<p>Income Tax (Guernsey) Law 1975 (Guernsey Tax Law)</p> <p>Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended, including under the Income Tax (Substance Requirements) (Implementation) (Amendment) Regulations, 2019) (Guernsey Regulations)</p> <p>(together, Guernsey Substance Legislation)</p>	<p>Taxation (Companies – Economic Substance) (Jersey) Law 2019 (Jersey Substance Legislation)</p>	<p>International Tax Co-Operation (Economic Substance) Act (2020 Revision)</p> <p>International Tax Co-Operation (Economic Substance) (Prescribed Dates) Regulations, 2018</p> <p>International Tax Co-Operation (Economic Substance) (Amendment) Act, 2020</p> <p>(together, Cayman Substance Legislation)</p>	<p>Economic Substance (Companies and Limited Partnerships) Act, 2018 (as amended)</p> <p>Beneficial Ownership Secure Search System Act, 2017 (BOSS Act)</p> <p>(together, BVI Substance Legislation)</p>
RESPONSIBLE AUTHORITY	States of Guernsey Revenue Service (Revenue Service)	Comptroller of Taxes (Comptroller)	Tax Information Authority (TIA)	BVI International Tax Authority (ITA)
WHAT LEGAL ENTITIES FALL WITHIN THE SCOPE OF THE LEGISLATION? ARE THERE ANY NOTABLE EXCEPTIONS?	<p>Any entity which is:</p> <p>a) a company (whether incorporated in Guernsey or a non-Guernsey equivalent);</p> <p>b) tax resident in Guernsey for the purposes of the Guernsey Tax Law in a tax year of charge; and</p> <p>c) has income in the relevant financial period from a</p>	<p>Any entity which is:</p> <p>a) a company (whether incorporated in Jersey or a non-Jersey equivalent);</p> <p>b) is tax resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961 (Jersey Tax Law);</p> <p>c) is carrying on a "relevant activity" (as set out below);</p>	<p>Any entity which is:</p> <p>a) a company incorporated in Cayman under the Companies Law (2020 Revision) (Cayman Companies Law) or the Limited Liability Companies Law (2018 Revision);</p> <p>b) a limited liability partnership registered in Cayman under the Limited</p>	<p>Any entity which is:</p> <p>a) a company incorporated in the BVI the BVI Business Companies Act, 2004 (BCA) (i.e. a BVI incorporated company);</p> <p>b) a foreign company registered in BVI under Part XI of the BCA;</p> <p>c) a limited partnership</p>

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	<p>"relevant activity" (see below)</p> <p>(an In-Scope Guernsey Company).</p> <p>In general, a company is tax resident in Guernsey under the Guernsey Tax Law if:</p> <p>a) it is either controlled in Guernsey or is centrally managed and controlled in Guernsey; or</p> <p>b) it is incorporated in Guernsey unless it has exempt status (which generally be available, on an annual basis, for certain collective investment vehicles and other connected entities).</p> <p>Note that entities with exempt status which conduct a "relevant activity" will still be subject to economic substance requirements, except to the extent that they are collective investment schemes regulated by the Guernsey Financial Services Commission.</p>	<p>and</p> <p>d) generates gross income from that activity</p> <p>(an In-Scope Jersey Company).</p> <p>In general, a company is tax resident in Jersey under the Jersey Tax Law if:</p> <p>a) it is a company incorporated in Jersey unless:</p> <p>(i) its business is centrally managed and controlled outside Jersey in a country or territory where the highest rate at which any company may be charged to tax on any part of its income is 10% or higher; and</p> <p>(ii) the company is resident for tax purposes in that country or territory; or</p> <p>b) it is a company incorporated outside Jersey if its business is managed and controlled in</p>	<p>Liability Partnership Law, 2017; or</p> <p>c) a foreign incorporated company which is registered under the Cayman Companies Law, (a Relevant Entity), where the Relevant Entity carries out a "relevant activity".</p> <p>There are certain exclusions:</p> <p>a) investment funds;</p> <p>b) entities which are tax resident outside of Cayman; and</p> <p>c) certain "domestic companies" (broadly including companies which are not part of multinational groups, associations not for profit and companies which carry on exclusively local Cayman business).</p> <p>The TIA has issued guidance (Cayman Guidance) providing further information on what entities</p>	<p>(whether existing or newly formed under the Limited Partnership Act, 2017 (LPA)); and</p> <p>d) a foreign limited partnership which is registered in the BVI under Part VI of the LPA.</p> <p>(a Relevant Entity), where the Relevant Entity carries on a "relevant activity" in a financial period.</p> <p>There are certain exclusions:</p> <p>a) where the Legal Entity is resident for tax purposes in a jurisdiction outside the BVI, and that jurisdiction does not appear on the EU's so-called "black list" of non-cooperative jurisdictions for tax purposes; and</p> <p>b) in the case of a limited partnership, where the general partner(s) have elected, in accordance with the LPA, that the limited partnership does not have</p>

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		Jersey.	are in scope, and in particular, regarding the exclusions.	legal personality. The ITA has issued guidance, by way of rules (BVI Rules) providing further information on what entities are in scope, and in particular, regarding the exclusions.
WHAT CONSTITUTES A "RELEVANT ACTIVITY" UNDER THE LEGISLATION? ARE THERE ANY NOTABLE EXCEPTIONS?	<p>Each of the following:</p> <ul style="list-style-type: none"> a) Banking business b) Finance and Leasing business c) Fund Management business d) Headquartering e) Operation of a holding company f) Insurance business g) Shipping business h) Holding of intangible property (intellectual property) i) Distribution and Service Centre business. <p>The States of Guernsey and the</p>	<p>Each of the following:</p> <ul style="list-style-type: none"> a) Banking business; b) Finance and Leasing business; c) Fund Management business; d) Headquarters business; e) Holding company business; f) Insurance business; g) Intellectual property holding business; h) Shipping business; and i) Distribution and Service Centre business. <p>While each relevant activity is defined in the Jersey Substance</p>	<p>Each of the following:</p> <ul style="list-style-type: none"> a) Banking business; b) Distribution and Service Centre business; c) Financing and Leasing business; d) Fund Management business; e) Headquarters business; f) Holding company business; g) Insurance business; h) Intellectual property holding business; and i) Shipping business. <p>Investment fund business is expressly excluded from being a</p>	<p>Each of the following:</p> <ul style="list-style-type: none"> a) Banking business; b) Distribution and Service Centre business; c) Finance and Leasing business; d) Fund Management business; e) Headquarters business; f) Holding business; g) Insurance business; h) Intellectual property business; and i) Shipping business. <p>The BVI Rules make clear that although not expressly excluded, the</p>

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	<p>States of Jersey (together with the Isle of Man Government) have issued detailed guidance updated on 22 November 2019 (CI Guidance) which includes a summary of the scope of each relevant activity and some worked examples</p> <p>If in any doubt, please contact us</p>	<p>Legislation, the CI Guidance includes (among other things) a summary of the scope of each relevant activity and some worked examples.</p> <p>Investment funds themselves are outside of scope of the Jersey Substance Legislation. However, the CI Guidance indicates that the Jersey Substance Legislation will be updated in due course so that it will capture an investment fund that is self-managed and which therefore conducts fund management business.</p> <p>If in any doubt, please contact us.</p>	<p>relevant activity.</p> <p>The Cayman Guidance sets out what activities may fall into these categories and if in any doubt, please contact us</p>	<p>business of being an investment fund is not, in itself, a relevant activity.</p> <p>The BVI Rules also sets out further guidance as to what activities may fall into these categories, and if in any doubt, please contact us.</p>
WHAT IS THE RELEVANT "SUBSTANCE TEST" UNDER THE LEGISLATION?	<p>The test in relation to a "relevant activity" for a financial period will generally be satisfied where the In-Scope Guernsey Company, in carrying out that activity:</p> <p>(a) is directed and managed in Guernsey;</p> <p>(b) proportionate to the level of activity carried out by the company in Guernsey:</p>	<p>The test in relation to a "relevant activity" for a financial period will generally be satisfied where the In-Scope Jersey Company, in carrying out that activity:</p> <p>a) is directed and managed in Jersey;</p> <p>b) having regard to the level of relevant activity:</p> <p>(i) has an adequate number</p>	<p>The test in relation to a "relevant activity" for a financial period will generally be satisfied where the Relevant Entity, in carrying out that activity:</p> <p>a) conducts CIGA in Cayman;</p> <p>b) is directed and managed in an appropriate manner in Cayman; and</p> <p>c) having regard to the level of</p>	<p>The test in relation to a "relevant activity" for a financial period will generally be satisfied where, in relation to each relevant activity:</p> <p>a) it is directed and managed in the BVI;</p> <p>b) having regard to the nature and scale of the relevant activity:</p> <p>(i) there are an adequate number of appropriately</p>

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	<p>(i) has an adequate number of appropriately qualified employees in Guernsey whether or not employed by the resident company or by another entity and whether on temporary or long-term contracts;</p> <p>(ii) has adequate operating expenditure in Guernsey; and;</p> <p>(iii) has adequate physical presence in Guernsey; and</p> <p>(c) conducts core income generating activity (CIGA) in Guernsey.</p> <p><i>Pure Equity Holding Companies:</i></p> <p>There is a slightly relaxed requirement where the company is a "<i>pure equity holding company</i>" (broadly, a holding company within the meaning of the Companies (Guernsey) Law, 2008 which has as a primary function, the acquisition and holding of shares or other interests in other companies and</p>	<p>of employees physically present in Jersey, whether or not employed by the resident company or by another entity and whether on temporary or long-term contracts;</p> <p>(ii) there is adequate expenditure incurred in Jersey; and</p> <p>(iii) there are adequate physical assets in Jersey;</p> <p>c) conducts CIGA in Jersey; and</p> <p>d) if any CIGA is carried out for the relevant company by another entity, it is able to monitor and control the carrying out of that activity by the other entity.</p> <p>Note: In Jersey, there is no similar relaxed requirement in respect of pure equity holding companies as in other jurisdictions.</p>	<p>relevant income derived from the relevant activity carried out in Cayman:</p> <p>(i) has an adequate amount of operating expenditure incurred in Cayman;</p> <p>(ii) has an adequate physical presence in Cayman; and</p> <p>(iii) has an adequate number of full time employees or other personnel with appropriate qualifications in Cayman; and</p> <p>d) if any CIGA is carried out for the Relevant Entity by another entity, the Relevant Entity must be able to monitor and control the carrying out of that activity by the other entity.</p> <p>The Cayman Guidance provides further detail on what may constitute "adequate" or "appropriate" in certain circumstances.</p>	<p>qualified employees physically present in the BVI (whether or not employed by the Relevant Entity and whether on temporary or long term contracts);</p> <p>(ii) there is adequate expenditure incurred in the BVI;</p> <p>(iii) there are physical offices or premises as may be appropriate for the CIGA; and</p> <p>(iv) if IP business requiring specific equipment, that is located in the BVI;</p> <p>c) the Relevant Entity conducts CIGA in the BVI; and</p> <p>d) if income-generating activity is carried out on the Relevant Entity's behalf by another person:</p> <p>(i) no CIGA is carried on outside the BVI;</p>

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	<p>conducts no other commercial activity).</p> <p>In that case, it must comply with all requirements under Guernsey companies law and the tests above relating to adequate personnel and adequate physical presence only, for holding the shares or other interests. But, if the In-Scope Guernsey Company conducts any other relevant activity, it will be subject to the full test for those activities.</p>		<p><i>Pure Equity Holding Companies</i></p> <p>There is a reduced test where the Relevant Entity is a "pure equity holding company" (i.e. a company that only holds equity participations in other entities and only earns dividends and capital gains).</p> <p>In that case, to satisfy the test it must:</p> <ul style="list-style-type: none"> a) comply with all filing requirements under the Cayman Companies Law; and b) have adequate human resources and adequate premises in Cayman for holding and managing equity participations in other entities. <p>The Cayman Guidance also provides that a pure equity holding company is not required to be directed and managed in the Cayman Islands.</p> <p>The Cayman Guidance provides that where a pure equity holding company is passively holding equity interests in other entities it may able</p>	<ul style="list-style-type: none"> (ii) only activities solely attributable to generating income for that Relevant Entity will be taken into account; and (iii) the Relevant Entity is able to monitor and control the carrying out of that activity by the other entity. <p><i>Pure Equity Holding Companies</i></p> <p>There is a reduced test where the Relevant Entity is a "pure equity holding entity" (i.e. an entity that only holds equity participations in other entities and only earns dividends and capital gains).</p> <p>In that case, to satisfy the test it must:</p> <ul style="list-style-type: none"> a) comply with all obligations under the BCA or the LPA as relevant; and b) have adequate employees and adequate premises in the BVI for holding and managing equity participations.

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			<p>to satisfy the reduced substance test by engaging a registered office service provider in the Cayman Islands.</p> <p>If there is active management then additional substance may be required.</p> <p>A Relevant Entity that carries on a relevant activity but which has no relevant income is not obliged to meet the requirements of the ES Test. The Relevant Entity will still have to satisfy its reporting and notification obligations.</p> <p><i>High Risk Intellectual Property Business</i></p> <p>Where a Relevant Entity is carrying out high risk intellectual property business (IP Business) there is an enhanced ES Test which must be met.</p> <p>A Relevant Entity conducting high risk IP Business is presumed not to have met the ES Test for a financial year, even if there are CIGA relevant to the business and the IP assets being carried out in the Cayman</p>	<p>But, if the pure equity holding entity conducts any other relevant activity, it will be subject to the full test for those activities.</p> <p>A Relevant Entity that carries on a relevant activity but which has no relevant income is not obliged to meet the requirements of the ES Test. The Relevant Entity will still have to satisfy its reporting and notification obligations.</p>

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			Islands. A Relevant Entity may rebut this presumption if it can demonstrate there is, and historically has been, a high degree of control over the development, exploitation, maintenance, protection and enhancement of the intangible asset, exercised by an adequate number of full-time employees with the necessary qualifications that permanently reside and perform their activities within the Cayman Islands.	
WHAT CONSTITUTES "CORE-INCOME GENERATING ACTIVITY"?	A list of the CIGAs for each relevant activity is set out in the Schedule below.			
WHAT CONSTITUTES BEING "DIRECTED AND MANAGED" IN THE RELEVANT JURISDICTION?	<p>The requirements are broadly similar the same in each jurisdiction. Importantly the requirements do not relate to the entity generally, but relate to the particular relevant activity.</p> <p>As a result, this will be where:</p> <ul style="list-style-type: none"> a) the board of directors meets in the relevant jurisdiction with adequate frequency having regard to the level of decision-making required of the board; b) during each board meeting in the jurisdiction, a quorum of the directors is physically present in that jurisdiction; c) strategic decisions of the entity in relation to the relevant activity are made at meetings of the board of directors and the minutes of the meetings (if an entity has one director, then the written resolutions passed by that director must note that they were passed when the director was physically 			

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	<p>present in the jurisdiction);</p> <p>d) the board of directors, as a whole, has the necessary knowledge and expertise to discharge the duties of the board, and</p> <p>e) all minutes of board meetings and all other company records to be kept by the relevant entity are kept in that jurisdiction.</p> <p>Where there are corporate directors, the requirements will apply to the <i>individuals</i> actually performing the duties of the directors.</p>			
WHAT IS THE LEGISLATION'S POSITION ON "OUTSOURCING"?	<p>In-Scope Guernsey Companies may outsource the performance of CIGAs that are required to be carried on from within Guernsey, but must be able to demonstrate that those activities are adequately supervised and overseen by the relevant company. To meet the substance requirements any CIGA that is outsourced must still be performed from within Guernsey.</p>	<p>In-Scope Jersey Companies may outsource the performance of CIGAs that are required to be carried on from within Jersey, but must be able to demonstrate that those activities are adequately supervised and overseen by the relevant company. To meet the substance requirement any CIGA that is outsourced must still be performed from within Jersey.</p>	<p>Relevant Entities may outsource the performance of CIGAs that are required to be carried on in or from within Cayman, but must be able to demonstrate that those activities are adequately supervised and overseen by the relevant company. To meet the substance requirement any CIGA that is outsourced must still be performed from within Cayman.</p>	<p>BVI Entities may outsource income-generating activity but only if certain conditions are satisfied (see above), i.e.:</p> <p>a) no part of the CIGA may be outsourced outside the BVI;</p> <p>b) only work done which relates to the Relevant Entity will be counted; and</p> <p>c) the Relevant Entity must be able to monitor the outsourced activity (with any monitoring being done in the BVI).</p>
WHAT ARE THE FILING REQUIREMENTS WITH THE RESPECTIVE	<p>In-Scope Guernsey Companies must include details of how they comply with the economic substance as part of their annual tax</p>	<p>In-Scope Jersey Companies must include details of how they comply with the economic substance as part of their annual tax filings in</p>	<p>Relevant Entities must file a return (an Economic Substance Notification (ESN)) on an annual basis, stating among other things, whether or not it is carrying on any</p>	<p>BVI Entities must file certain information with its registered agent on an annual basis, with that information then uploaded to databases in accordance with the</p>

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AUTHORITIES?	filings in Guernsey.	Jersey. The Comptroller has published guidance on the economic substance questions set out in the Jersey corporate tax returns, dated 26 April 2019.	relevant activity. For Cayman incorporated companies, this is done via the Cayman Registrar of Companies' corporate administration platform as a prerequisite to the filing of an annual return. Where the ESN indicates that a relevant activity has been carried on, certain information regarding that activity and compliance with the economic substance tests must be submitted to the TIA via an online portal.	BOSS Act.
WHAT ARE THE POSSIBLE SANCTIONS FOR FAILURE TO MEET SUBSTANCE REQUIREMENTS ?	<i>Financial Penalties</i> Financial penalties will be charged in respect of each period in which the In-Scope Guernsey Company fails to meet the economic substance requirements. For a single financial period this will be up to £10,000, and increases for each further period of continued non-compliance, up to £50,000 for the third accounting period of non-compliance and up to £100,000 for the fourth accounting	<i>Financial Penalties</i> Financial penalties will be charged in respect of each financial period in which the company fails to meet the economic substance requirements. For a single financial period this will be up to £10,000 and increases, for each further period of continued non-compliance up to a maximum of £100,000. <i>Exchange of information</i>	<i>Financial Penalties</i> Financial penalties will be charged in respect of each financial period in which the Relevant Entity conducting a relevant activity fails to meet the economic substance requirements. For a single financial period this will be up to CI10,000 and increases, for each further period of continued non-compliance up to a maximum of CI100,000.	<i>Financial Penalties</i> Financial penalties will be charged in respect of each financial period in which the Relevant Entity conducting a relevant activity fails to meet the economic substance requirements. For a single financial period this will be a minimum of US\$5,000 up to a maximum of US\$20,000 (or US\$50,000 for a high risk IP company). If the Relevant Entity then fails to

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	<p>period and beyond.</p> <p><i>Exchange of information</i></p> <p>Where an In-Scope Guernsey Company has failed the economic substance test in a financial period, the Comptroller must provide any information given to it in order to assess compliance with the economic substance test to:</p> <p>a) the competent authority in any EU territory where a holding company, the ultimate holding company and ultimate beneficial owner of the company resides; and</p> <p>b) if the In-Scope Guernsey Company is incorporated outside Guernsey, to the competent authority of the country or territory in which the company is incorporated.</p> <p>Any exchange of information will be made in accordance with the existing international tax exchange agreements in place between Guernsey and the jurisdiction of</p>	<p>Where an In-Scope Jersey Company has failed the economic substance test in a financial period, the Comptroller must provide any information given to it in order to assess compliance with the economic substance test to:</p> <p>a) the competent authority in any EU territory where a holding company, the ultimate holding company and ultimate beneficial owner of the company resides; and</p> <p>b) if the In-Scope Jersey Company is incorporated outside Jersey, to the competent authority of the country or territory in which the company is incorporated.</p> <p>Any exchange of information will be made in accordance with the existing international tax exchange agreements in place between Jersey and the jurisdiction of residence.</p> <p><i>Court sanction</i></p> <p>Where a company has failed to</p>	<p><i>Exchange of information</i></p> <p>Where a Relevant Entity has failed the economic substance test in a financial period, the TIA shall provide information provided to it under the Cayman Law to:</p> <p>a) the competent authority in the jurisdiction in which the Relevant Entity is tax resident (if tax resident outside Cayman);</p> <p>b) the competent authority in the relevant jurisdiction where the immediate parent, the ultimate parent and ultimate beneficial owner of the company resides; and</p> <p>c) if the company is incorporated outside Cayman, to the competent authority of the relevant jurisdiction in which the company is incorporated.</p> <p>Any exchange of information will be made in accordance with relevant international standards and relevant international tax exchange agreements (as set out in the Tax</p>	<p>comply with a notice of non-compliance, then there is a minimum penalty of US\$200,000 (or US\$400,000 for a high risk IP company).</p> <p><i>Exchange of information</i></p> <p>Where there has been a failure to meet the economic substance test, the ITA will disclose information uploaded by registered agents regarding the Relevant Entity to the competent authority in any state in which:</p> <p>a) a beneficial owner resides;</p> <p>b) the entity is registered;</p> <p>c) a parent of the entity is registered; or</p> <p>d) the entity claims to be tax resident.</p> <p><i>Striking-off</i></p> <p>At any point following non-compliance, the ITA may apply for the Relevant Entity to be struck-off. However, it is recognised that this is</p>

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	<p>residence.</p> <p><i>Striking-off</i></p> <p>Where there has been a repeated failure (i.e. 4 or more periods of default), where the company is Guernsey incorporated, notice may be given to strike off the company from the companies register.</p>	<p>meet the economic substance test for two or more financial periods, an application may be made to the Royal Court for an order requiring the company to take any action specified to meet the test.</p> <p><i>Striking-off</i></p> <p>For repeated failure to comply, the In-Scope Jersey Company, where Jersey incorporated, may ultimately, be struck-off from the companies register.</p>	<p>Information Authority Law (2017 Revision)).</p> <p><i>Court sanction and striking-off</i></p> <p>Where a Relevant Entity has failed the economic test for two financial periods, then the TIA will inform the Registrar of Companies which, in turn will seek an order from the Grand Court.</p> <p>The Grand Court is empowered to make any order it sees fit, including an order to strike-off the Relevant Entity</p>	<p>an extreme remedy and ordinarily will be given opportunity to remedy with financial penalties for failure to do so as set out above, unless for example, the ITA considers there to be no realistic possibility of the Relevant Entity meeting the economic substance test.</p>
WHAT, IF ANY, GUIDANCE HAS BEEN ISSUED BY THE RELEVANT AUTHORITIES IN THE JURISDICTION AS TO THE EFFECT OF THE COVID-19 PANDEMIC ON SUBSTANCE REQUIREMENTS ?	<p>The Guernsey Revenue Service has confirmed that where companies have had to make changes to normal operating practices as a result of the COVID-19 pandemic, then it will take a pragmatic approach as to economic substance compliance.</p> <p>However, certain guidelines have been laid out:</p> <p>a) measures will only relate to the "directed and managed" element – companies will be</p>	<p>The Comptroller has issued a statement clarifying that where companies' operating practices have to be adjusted to compensate for the COVID-19 pandemic (for example, physical board meetings being held virtually because of travel restrictions), the Comptroller will not necessarily determine that an In-Scope Jersey Company has failed the economic substance test.</p> <p>These exceptions are only to the extent changes to normal operating practice are required as a result of</p>	<p>The TIA has stated that it will "take into consideration", on a case by case basis, the fact that meetings may have been held virtually or otherwise when considering compliance with the economic substance test.</p> <p>There is no certainty whether there will be any flexibility in respect of the requirement that CIGAs must take place in Cayman.</p> <p>Like elsewhere, Relevant Entities may need to appoint alternate</p>	<p>The ITA has issued clarification that it will adopt a reasonable and practical approach where operating practices have been adopted. IN particular:</p> <p>a) alternate directors should be appointed;</p> <p>b) only directors sufficient to form a quorum are needed to be physically present in the BVI;</p> <p>c) board meetings can be held virtually;</p>

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**ECONOMIC SUBSTANCE REQUIREMENTS –
JURISDICTION COMPARISON TABLE (BVI, CAYMAN, GUERNSEY, JERSEY)**



	GUERNSEY	JERSEY	CAYMAN	BVI
	<p>expected to continue to meet the other tests.</p> <p>b) Records must be kept showing policies on travel restrictions (both internal policy restrictions and government restrictions) for company officers and the period they were imposed.</p> <p>c) If the company fails the economic substance test as a result of COVID-19 measures, then a Revenue Service Inspector will carry out a review and may require objective evidence of circumstances.</p> <p>d) Any exchange of information with EU Member States as a result of failure to comply will include information received on how COVID-19 measures have affected compliance.</p> <p>It is envisaged that these temporary measures will need to be in place until travel restrictions have ceased to be in place, at the earliest.</p>	<p>the pandemic and are temporary in nature.</p> <p>Similar pragmatism will be taken by the Comptroller in determining tax residency, where changes to operating practice may ordinarily have an impact on whether a company is controlled and managed in Jersey, for the purposes of Jersey tax law.</p> <p>Like Guernsey, the Comptroller has issued clarification on the conditions to these concessions, i.e. that:</p> <p>a) these concessions are limited in nature and only go to the "directed and managed" part of the test and that adequate employees, expenditure and physical assets in Jersey are expected to be complied with;</p> <p>b) In-Scope Jersey Companies to keep sufficient records of changes to normal operating practices and evidence of reasons for those changes, which will be required in determining whether any</p>	<p>directors who are physically present in Cayman to ensure continued compliance.</p>	<p>d) Only CIGA board meetings are required to be held in the BVI;</p> <p>e) If a requirement cannot be met, then documentation must be retained demonstrating why pandemic restrictions caused that non-compliance; and</p> <p>f) Any affected Relevant Entity may make individual requests for extensions of time.</p> <p>Like other jurisdictions, the ITA has confirmed that these measures are temporary in nature and only to the extent operating practices have been affected by the pandemic.</p>

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JURISDICTION COMPARISON TABLE (BVI, CAYMAN, GUERNSEY, JERSEY)**



	GUERNSEY	JERSEY	CAYMAN	BVI
		<p>concession will apply; and</p> <p>c) where information is required to be exchanged, it will include any relevant information relating to the concession.</p> <p>In-Scope Jersey Companies must state in their 2020 tax return that they are relying on the concession.</p>		

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SCHEDULE

Core Income Generating Activities¹

The expression “core income-generating activities” are broadly the same in each jurisdiction and means relevant activities being carried on from within the relevant jurisdiction and includes:

- a. in respect of banking business:
 - i. raising funds, managing risk including credit, currency and interest risk;
 - ii. taking hedging positions;
 - iii. providing loans, credit or other financial services to customers;
 - iv. managing capital and preparing reports and returns;

- b. in respect of insurance business:
 - i. predicting and calculating risk;
 - ii. insuring or re-insuring against risk and providing insurance business services to clients;

- c. in respect of fund management business:
 - i. taking decisions on the holding and selling of investments;
 - ii. calculating risk and reserves;
 - iii. taking decisions on currency or interest fluctuations and hedging positions;
 - iv. preparing reports and returns to investors and the relevant regulator or any body or entity with equivalent functions relating to the supervision or regulation of such business;

- d. in respect of finance and leasing business:
 - i. agreeing funding terms;

¹ The below set out the CIGAs in Jersey but they are broadly the same in Guernsey, Cayman and BVI also. For further specific information of CIGAs in your jurisdiction, please contact your usual Collas Crill contact.

ECONOMIC SUBSTANCE REQUIREMENTS – JURISDICTION COMPARISON TABLE (BVI, CAYMAN, GUERNSEY, JERSEY)



- ii. identifying and acquiring assets to be leased (in the case of leasing);
 - iii. setting the terms and duration of any financing or leasing;
 - iv. monitoring and revising any agreements;
 - v. managing any risks;
- e. in respect of headquarters business:
- i. taking relevant management decisions;
 - ii. incurring expenditures on behalf of group entities;
 - iii. co-ordinating group activities;
- f. in respect of shipping business:
- i. managing crew (including hiring, paying and overseeing crew members);
 - ii. hauling and maintaining ships;
 - iii. overseeing and tracking deliveries;
 - iv. determining what goods to order and when to deliver them, organising and overseeing voyages;
- g. in respect of holding company business, all activities related to that business;
- h. in respect of intellectual property holding business:
- i. taking strategic decisions and managing (as well as bearing) the principal risks related to development and subsequent exploitation of the intangible asset generating income;
 - ii. taking the strategic decisions and managing (as well as bearing) the principal risks relating to acquisition by third parties and subsequent exploitation and protection of the intangible asset;
 - iii. carrying on the underlying trading activities through which the intangible assets are exploited leading to the generation of revenue from third parties;
 - iv. research and development, branding or distribution;

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ECONOMIC SUBSTANCE REQUIREMENTS – JURISDICTION COMPARISON TABLE (BVI, CAYMAN, GUERNSEY, JERSEY)



- i. in respect of distribution and service centre business:
 - i. transporting and storing goods, components and materials;
 - ii. managing stocks;
 - iii. taking orders;
 - iv. providing consulting or other administrative services.

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