

# GUERNSEY — A 'BEPS-COMPLIANT JURISDICTION'

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Guernsey is continuing to take steps to build on its position as a BEPS-compliant jurisdiction.

A year ago the island established a base erosion and profit shifting (BEPS) working party to assess the OECD's October 2015 BEPS Action Plans, as well as scrutinise the EU Commission's 'BEPS Directive'. The working party is chaired by Guernsey's Chief Minister, Deputy Gavin St Pier, and includes Guernsey Finance Chairman Lyndon Trott as well as tax professionals and representatives of the Guernsey Institute of Directors and the Guernsey Society of Certified and Chartered Accountants.

Discussions between the working party and local business bodies have demonstrated that Guernsey is already largely compatible with the BEPS actions – effectively, a BEPS-compliant jurisdiction – due to Guernsey's finance sector model and a regulatory framework which prevents the island being exploited significantly for BEPS and ensures equivalent outcomes to those that both the OECD and EU Commission are seeking to secure.

After prioritising the work on BEPS, Guernsey has taken five significant actions:

- Guernsey has joined the BEPS Inclusive Framework, through which it is actively committed to the development and implementation of global standards in line with the BEPS Action Plans.
- Guernsey has accepted an invitation from the OECD to join the Ad Hoc Group on the Multilateral Instrument (Action 15). Guernsey is one of a very small number of non-States invited to join the group and has subsequently played an active role in the drafting of the instrument and ensuring that the instrument is effective.
- Guernsey's government has committed to signing the BEPS Multilateral Instrument (to take place in June 2017) in order to implement tax treaty-related measures to combat BEPS.
- Guernsey has signed up to the Multilateral Competent Authority Agreement (MCCA) to assist with the sharing of relevant information in relation to Country by Country Reporting (CbCR) (Action 13), as well as broadly adopting the OECD's CbCR implementation package, to facilitate its implementation of this BEPS minimum standard.
- Guernsey has already put in place the relevant implementing regulations for CbCR.

"Guernsey is already in a leadership position on tax transparency, and we are also now very well-placed on the evolving BEPS international standards," said Deputy St Pier.

"Over the past 12 months we have taken significant steps to demonstrate our commitment to this agenda, and we will continue to do so. Our position as a 'BEPS-compliant' jurisdiction is important for the global tax transparency agenda and provides stability, competitiveness and opportunities for our finance sector.

"It is acknowledged that Guernsey, as a third country with a strong financial services sector, will be involved throughout 2017 in an EU-Code Group process that will assess third countries against the EU's updated good governance criteria. Guernsey welcomes this as an opportunity to further demonstrate that it clearly meets international good governance standards in relation to transparency, automatic exchange of information and fair and competitive taxation. We are confident that the Code Group will acknowledge Guernsey's actions and position on BEPS as a positive factor, encouraging other jurisdictions to follow Guernsey's example."

Information has also been provided to the body reviewing the existence of preferential tax regimes (Action 5) to demonstrate that Guernsey has no such regimes, and assistance will be given in respect of the various Peer Review processes that are being introduced to ensure compliance with BEPS minimum standards.

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Guernsey's Chief Minister, Deputy Gavin St Pier

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Guernsey is now working on formulating and implementing the necessary internal processes in respect of information on rulings (Action 5) and dispute resolution (Action 14).

The Guernsey International Business Association (GIBA), the Guernsey International Insurance Association, the Guernsey Association of Trustees, the Guernsey Investment Funds Association and the Association of Guernsey Banks were all consulted by the working party.

GIBA Chairman Patrick Firth commented: "Guernsey is already largely compatible with the BEPS actions due to our long-standing focus on business substance. The steps taken over the last year are encouraging and demonstrate Guernsey's commitment to being a 'BEPS-compliant' jurisdiction. As we are ahead of a good number of jurisdictions in this process, now is a key time for finance businesses to be identifying the opportunities arising as a result."

WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Dominic Wheatley, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

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