

Economic Substance, Corporate Tax residence and the implications of Coronavirus (COVID – 19)

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In light of the coronavirus (COVID-19) pandemic, the Comptroller of Revenue in Jersey has issued guidance to reassure companies which are temporarily unable to meet the tests set out in Jersey's economic substance legislation. In particular, companies will not be determined to fail the economic substance test where they have to adjust their normal operating practices, for example by holding board meetings virtually, rather than physically in Jersey, because individuals decide to avoid travel or to self isolate.

The full guidance note can be found below or in pdf form [here](#).

Contact our team listed if you would like more information.

This guidance note was first published by the Government of Jersey.

The Comptroller of Revenue has decided in light of the widespread disruption to travel, and the public health implications of the current global coronavirus outbreak, to offer some reassurances to companies.

Where companies operating practices have to be adjusted to compensate for the coronavirus outbreak, the Comptroller will not determine under Article 6, Taxation (Companies - Economic Substance) (Jersey) Law 2019, that a company has failed the economic substance test.

This treatment will only apply to adjustments to the normal operating practices, and to the extent required to mitigate the threats from this outbreak.

For example:

A company would normally hold directors' meetings in Jersey but, to avoid travel or because

individuals are self isolating, these meetings are temporarily held virtually to allow those individuals – or alternatives – to attend. The Comptroller would not regard this as failing to meet the economic substance test.

Similarly, where a company incorporated in another jurisdiction has been tax resident on the basis of control and management in Jersey, and the Comptroller considers that any changes dictated by the coronavirus are temporary, then this will not disturb the determination of corporate tax residence from that prevailing before this outbreak.

Any questions on this approach should be directed to tax.policy@gov.je

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