

GSCCA Newsletter 2 12 October 2016

Update to Income Tax online services for Company Returns and Corporate Service Providers

To ensure you are kept up to date with the online services we offer we have produced this newsletter which sets out recent changes and enhancements that we have made or those we are in the process of changing. If you have any queries regarding these enhancements or other changes to our online system, or have any suggestions of how our online services could be improved, please contact the online services team by emailing eformsquery@gov.gg.

There are useful Guides to our online services, plus other useful information, published as FAQ's, at www.gov.gg/taxationfaq. The Guides affected by the content of this Newsletter are in the process of being updated and once finalised will be added to our website.

Gathering of company and business profits data

As set out in the 2016 Budget ([Billet XIX of 2015](#)), approved on 29th October 2015, in order that the appropriateness of the current corporate tax regime can be accurately and confidently monitored, it is important to have sufficient fiscal data available.

All companies incorporated in Guernsey and Alderney are required under their respective Companies Law (Guernsey - sections 238-247, Alderney - sections 74, 95 and Schedule 3) to keep accounting records which are sufficient to show and explain the company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the company at that time. Accounts for the company's financial year should also be prepared in accordance with generally accepted accounting principles and signed by the directors.

At present, information is collected on a regular basis of profits of companies that file certificate 1 returns, which leaves a significant number of Guernsey companies filing certificate 3 returns for which no profits information is held. Whilst it would not be necessary to require such companies to provide their full business accounts, profits data will be collected annually through the income tax return (which has a filing deadline of 30 November) as set out below:

- **Corporate Service Provider composite return – Certificates 2¹ and 3²**

In respect of those companies for which Certificate 2 or 3 has been ticked a **global** profit figure and the number of companies being returned on the composite return should be provided. The global profit figure should be the total of each company's profit before tax for the accounting period ended in that year of charge. Companies which have made a loss should be included as having a nil profit. This will ensure that data is submitted on a consistent basis.

Company accounts and income tax computations **do not** need to be submitted with the composite return, however you must confirm that company accounts have been prepared and signed by at least one director.

- **Company return – Certificates 1 and 3**

You must enter the company's profit before tax (or nil if the company has made a loss) on the company return for the accounting period ended in that year of charge, irrespective of the certificate ticked, as well as the tax adjusted profits/loss in the case of certificate 1's.

If you are ticking Certificate 1 – accounts and income tax computations are required and you must identify the person that prepared the company accounts, together with details of their relevant qualification. In the case of audited accounts, it will be sufficient to disclose the name of the audit firm and their regulatory body, for example ICAEW or ACCA, instead of the preparer of the accounts. For further information regarding this change, please refer to [Statement of Practice M50](#) regarding certified accounts.

If you are ticking Certificate 3 – you must confirm that company accounts have been prepared and signed by at least one director. Company accounts and income tax computations **do not** need to be submitted with the return.

¹ Certificate 2 may be completed if during the year the company did not trade, had no assets other than those relating to incorporation and no income from any source whatsoever; or only owned Guernsey property from which no income was received.

² Certificate 3 may be completed if during the year the company was only subject to the 0% standard rate of income tax, had no Guernsey employees (other than directors), no Guernsey resident beneficial members and no qualifying loans to Guernsey resident participators.

Enhancements to the Corporate Service Provider online services

The corporate service provider (“CSP”) composite return was developed to reduce your administrative burden when filing a significant number of Certificate 2 or 3 company returns for your clients. It means that you only need to register once as a Corporate Service Provider, rather than register each client company for online filing individually.

Following feedback from our users, we have enhanced the CSP online services so that users now have the following functionality available:

- Users set up as CSP administrators can manage employees of your organisation (i.e. add/delete users)
- Users set up as an administrator or manager can add/delete clients from your CSP client list
- More than one composite return can be submitted for each Year of Charge using the ability to “exclude” clients from the composite return – enabling you to submit returns throughout the year in batches, as it suits you, rather than wait until they are all finalised
- The composite return will only require a global profits figure, together with the number of companies for whom the return is to be submitted
- Composite returns submitted will be available in your online services as a pdf – this can be saved to your own files and/or printed
- You can archive clients so that they no longer appear in your client list, instead the information is accessed via an archive file on your CSP homepage – this enables you to remove clients, for whom you no longer act, whilst retaining historical records

The composite return has been developed to enable accountants and tax advisors to submit a composite return for their clients for which certificate 3 is appropriate. This will require firms to separately register as a CSP.