

# Partnerships

## **FAQ:**

### **What is a Partnership?**

A Partnership is where two or more persons carry on business in Guernsey with the view of obtaining profit (referred to as a General Partnership).

A Partnership may also be a formal structure, such as limited partnerships and limited liability partnerships, formed in Guernsey or outside of Guernsey (Foreign Partnerships).

### **Do all business partnerships need to register with the Revenue Service?**

Yes

Foreign Partnerships only need to register if they have their place of effective management in Guernsey and carry on business activity in Guernsey.

### **Do you need to register a partnership if business accounts have previously been submitted by each partner individually?**

Yes

### **When do partnerships need to register with the Revenue Service?**

#### **Partnerships that existed at 30 June 2021**

A partnership return will be required for the year in which your first accounting period commencing on or after 1 January 2022 ends. As such, most partnerships will be required to register by 14 July 2023 if not already registered with the Revenue Service. You will need to register before you can submit a 2022 Partnership return.

#### **New Partnerships that formed after 30 June 2021**

Most new partnerships will need to register by 14 July 2023. You will need to register before you can submit a 2022 Partnership return.

If your partnership elects for a short accounting period for 2021, you will need to register and complete a 2021 Partnership return by 28 February 2023. If this election is made, please notify the Revenue Service by emailing [revenueservice@gov.gg](mailto:revenueservice@gov.gg) quoting the partnership tax reference number to notify the Revenue Service that the partnership will file a return for the year of charge 2021

### **I have already previously registered the partnership and have an existing reference (PP, EC or ET reference), do I still need to register?**

No, in these instances the registration is considered complete.

### **How do I register a partnership?**

By completing the registration form and returning it to the Revenue Service. This form can be found [here](#).

### **Why has there been a change in the law, requiring partnerships to register?**

This has been introduced due to concerns that partnerships could be used to artificially attract profits in Guernsey, which do not reflect the economic activities and presence in Guernsey. This is in connection with the introduction of The Income Tax (Substance Requirements) (Implementation) Regulations, 2021.

### **What is the first return required to be submitted by partnerships?**

#### Existing partnerships

All partnerships that were in existence at 30 June 2021, will be required to file a return for the year in which their first accounting period commencing on or after 1 January 2022 ends. It is expected that for the majority of partnerships this will require a partnership return to be filed in respect of the year of charge 2022.

#### New partnerships

This relates to partnerships formed on or after 1 July 2021. These will be required to file a return for the year in which their first accounting period commencing on or after 1 July 2021 ends. Where the first accounting period ends in 2022, this will require a partnership return to be filed in respect of the year of charge 2022.

In cases of a short first accounting period (for example the first accounting period ends on 31 December 2021), this will require a tax return to be filed in respect of the year of charge 2021, in which case the partnership would need to be register and complete the return 28 February 2023. Where a partnership plans on preparing a short first accounting period, please notify the Revenue Service by emailing [revenueservice@gov.gg](mailto:revenueservice@gov.gg) quoting the partnership tax reference number to notify the Revenue Service that the partnership will file a return for the year of charge 2021.

### **Are all partnerships subject to the requirements of The Income Tax (Substance Requirements) (Implementation) Regulations, 2021?**

No. Please see guidance on the application of the economic substance rules to partnerships at [Economic Substance - States of Guernsey \(gov.gg\)](#).

There are certain exemptions which mean that whilst a return will still be required, a Partnership is not required to satisfy the economic substance test. These are as follows:

Domestic Exemption: Applies if the partnership is not part of a multi-national group and substantially carries out all of its activities in Guernsey.

Individual Exemption: Applies if all partners are individuals and subject to tax in Guernsey on their share of the partnership profits.

As stated above, even where an exemption applies, the requirement to register with the Revenue Service and submit annual returns as a Partnership remains.

## **What partnerships are subject to The Income Tax (Substance Requirements) (Implementation) Regulations, 2021?**

Any Partnerships that receive income from carrying on business or activities of any of the following classes or descriptions:

- Banking
- Insurance
- Fund Management (but not the fund itself unless it's a self-managed fund)
- Financing & Leasing
- Headquarters
- Distribution and service centres
- Shipping
- Intellectual property
- Pure equity holding bodies

## **Where can I find out more about The Income Tax (Substance Requirements) (Implementation) Regulations, 2021?**

More information in relation to these regulations can be found on a [dedicated webpage](#).

### **What legislation is relevant for Partnerships?**

[The Partnership \(Guernsey\) Law, 1995](#)

[The Income Tax \(Guernsey\) Law, 1975](#) (specifically Part IV – Chapter II)

[The Income Tax \(Substance Requirements\) \(Implementation\) Regulations, 2021](#)

### **What other Guidance has been published?**

[Circular 18 to the Guernsey Society of Chartered and Certified Accountants \(GSCCA\)](#): detailing the changes in the Economic Substance Regulations for Partnerships

[Circular 20 to the GSCCA](#): detailing the registration requirements for Partnerships

### **If I have any questions relating to Partnerships, who should I contact?**

please email us at [revenueservice@gov.gg](mailto:revenueservice@gov.gg) with the subject matter 'Partnerships'.