



Withdrawal of Revenue Service Guidance on the Economic Substance Requirements and the implications of COVID-19 for accounting periods commencing on or after 1 November 2022

The Revenue Service issued guidance on 25 November 2020 setting out the pragmatic approach it would take when assessing whether the substance requirements have been met by a company during periods where government imposed restrictions were in place (including restrictions imposed by governments in other jurisdictions).

This guidance recognised that the measures introduced to protect people's health may have caused some companies, subject to the Economic Substance Requirements, to have concerns regarding their ability to meet those requirements, because of the necessary changes to their normal operating practices. Although the official Revenue Service guidance on economic substance (see www.gov.gg/economicsubstance) did not change.

When issued, it was acknowledged that this was a temporary framework that would be in place whilst travel restrictions continued due to the ongoing and evolving nature of the pandemic. As travel restrictions have now been lifted in most jurisdictions, the temporary framework will be withdrawn for accounting periods commencing on or after 1 November 2022.

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