

BEPS WORKING PARTY
CONFIDENTIAL NOTICE

Policy Council Base Erosion & Profit Shifting (BEPS) Working Party

Monday 29 February 2016

Dear Guernsey Association of Trustees (GAT) Members,

In December 2015 the Policy Council established a BEPS Working Party to assess the OECD's October 2015 action plans, as well as to scrutinise the EU Commission's 'Anti-BEPS Directive', which was published in late January 2016. The working party is chaired by Guernsey's Treasury & Resources Minister, Deputy Gavin St Pier, and comprises, inter-alia, Deputy Lyndon Trott (also Chairman of Guernsey Finance) and Deputy Charles Parkinson, as well as tax professionals and representatives of the Institute of Directors (IoD) and the Guernsey Society of Certified and Chartered Accountants (GSCCA).

Work through the first part of 2016 is ongoing, with different parts of the finance and wider business sector. This is in order to fully assess the detail of the OECD action plans and 'Anti-BEPS Directive,' and any steps that Guernsey will need to take. Interested parties that the working party have engaged with or intend to engage with include the Association of Guernsey Banks (AGB), the Guernsey Investment Fund Association (GIFA) and the Guernsey International Business Association (GIBA), amongst others. The working party wants to involve GAT in these discussions and consultations to find out how businesses think the BEPS agenda might affect or influence the trust sector in Guernsey.

In order to do this, a set of general questions has been established to share with industry in an attempt to identify the potential threats, opportunities, strengths and weaknesses within industry in light of the BEPS agenda. It is intended that these discussions will develop into a high level SWOT analysis of sector by sector threats and opportunities to inform Guernsey's decision making. These are not intended to be exhaustive and all comments on any aspect of BEPS (including if not covered by these questions) will be welcome.

The questions that we would like discuss with the trust sector comprise of the following:

1. What do you understand about the BEPS agenda and potential changes to the global tax regime?
2. How developed is the trust sector's understanding?
3. What do you perceive as potential impacts/opportunities/threats on your company/sector?
4. Has your company moved functions/positions to support transfer pricing?
5. Would you consider moving functions/people to support transfer pricing?
6. Do you have any objections to Guernsey adopting country by country reporting?
7. Do you think Guernsey should prioritise any particular BEPS Action Plan?
8. Do you think Guernsey should actively ignore any particular BEPS Action Plan?
9. Are any impacts for the head offices in London (and elsewhere) shared with the Guernsey entities, with potential subsequent impacts?

At this comparatively early stage the working party has been able to arrive at a number of views that will help to inform the work that it does moving forwards:

1. That **Guernsey is already largely 'compatible' with the anti-BEPS agenda** – its finance sector model and regulatory framework already has in place checks and balances that would deter or prevent base erosion and profit shifting and ensure equivalent outcomes to those the OECD and EU Commission are seeking to secure.

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2. That Guernsey may enhance over time the checks and balances that it already has in place, but **there will not be any need for a 'big bang' approach – meaning that Guernsey can maintain stability and competitiveness as well as a commitment to any new international standards.**
3. That Guernsey businesses are **already actively considering how to respond to the new global standards that the anti-BEPS agenda will establish**, and that the States will actively play its part in that through putting in place appropriate legislation and regulatory policy.
4. That the anti-BEPS agenda is one that government and businesses in Guernsey supports, and will demonstrate that support through the new Policy & Resources Committee being **recommended to formally commit to country by country reporting in May 2016.**

However there is still much work to be done. The working party would welcome the insights of the trust sector in order to inform its approach further, and the Chair and members of the Working Party would be happy to meet with businesses to discuss further.

If you would like to arrange a meeting please do not hesitate to contact Ryan Collis, External Relations Officer at Ryan.Collis@gov.gg or 01481 717131.

Please also send any initial comments to Ryan.Collis@gov.gg by 29 March 2016.