



PORTCULLIS NEWS

MCI (P) 023/06/2019

5 February 2020

FINANCIAL PERIOD REPORTING FOR ECONOMIC SUBSTANCE

Portcullis has received a number of queries with respect to Financial Periods and reporting obligations under the Economic Substance (Companies and Limited Partnerships) Act. This circular clarifies how a Financial Period is determined and when Portcullis is required to report the prescribed information for all entities.

All active BVI entities are required to report to the relevant BVI authority whether they conduct a relevant activity as set out in the attached schedule.

Where an entity does not conduct a relevant activity, it is required to confirm its financial period and to report that it does not conduct a relevant activity within six months from the end of the entity's financial period.

Where an entity conducts a relevant activity, it is required to confirm its financial period and to report prescribed information within six months from the end of the entity's financial period.

An entity's financial period will be determined as follows:

1) Entities incorporated prior to 2019

The first financial period shall be set as 30 June 2019 to 29 June 2020 unless a notification for earlier commencement has been submitted to the International Tax Authority ("ITA").

Reporting for these entities shall be within six months from 30 June 2020.

2) Entities incorporated from 1 January 2019

The first annual financial period shall commence on the date of incorporation. An entity may apply for an earlier termination date by making the necessary application to the ITA.

Reporting for these entities shall be within 6 months from the end date of the financial period.

3) Alteration of an entity's financial period

An entity can at any time apply to the ITA to alter its financial period, for example, to bring its financial period into line with its tax accounting period. The alteration however may not extend the length of the financial period beyond 12 months. Portcullis can assist you to file a notice of alteration of the financial period.

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Please do not hesitate to contact us should you require clarification.

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