

Economic Activity Return Guidance Notes

These guidance notes accompany the Economic Activity Return and cover frequently asked questions to help you complete the Return. More will be added to these notes as more questions get asked.

1. Who needs to complete an Economic Activity Return?

Selected employers will be sent a notification by post or email in April, to inform them that they are required to complete an economic activity return by 31st July 2024. Only those that are sent a notification are required to complete a return. The employers that are selected will change each year.

Please note employers are selected as follows:

- All employers in Guernsey with more than 25 employees will be selected every year.
- A representative sample of remaining employers in Guernsey, selected from across all business sectors. The employers selected will be rotated from year to year, but some may be included for two consecutive years to ensure statistical integrity.
- All employers in Alderney initially (excluding those that are sole traders).

The finance manager or person acting in that role may be best placed to complete the Return, but input may be required from more than one person.

2. What geographic areas does the Economic Activity Return cover?

The Return requires data relating to only operations physically based within the Bailiwick of Guernsey; specifically activities undertaken by people based within Guernsey, Alderney, Herm, Jethou or Lihou.

This can include fees or incomes generated from customers/clients based in locations outside the Island(s) that the operation is based in. Operations that incur costs in locations outside the Island(s) the operation is based in need to include these within the costs reported via this Return.

For branches, subsidiaries, head offices or head quarters, where it may be difficult to apportion incomes and/or costs between these, estimates should be made as far as possible to determine the net value of the economic activity arising from operations in Guernsey (including, for the avoidance of doubt, the islands of Herm, Jethou and Lihou) and separately for operations in

Alderney. Please indicate in notes (in the last section of the Return form or provided separately) anywhere that estimates have been provided.

Enterprises physically operating from both Alderney and Guernsey need to complete two Returns, one for each jurisdiction. The two returns may have identical information in Sections 1, 2 and 5, but must provide separate income and expenditure figures and projected income and expenditure estimates for both Alderney and Guernsey.

Enterprises which operate in Guernsey and/or Herm, Jethou or Lihou (but not also Alderney) need only complete one return.

3. What if I am a sole trader?

Sole traders that employ other people in Guernsey, Herm, Jethou or Lihou can be selected to complete an economic activity return along with companies and other structures.

All the questions in the return apply to sole traders. However, care should be taken regarding the correct reporting of costs (specifically staff costs), which should not include the value of any wage/salary sole traders draw from their businesses – it should only include wages/salaries etc paid to their employees. This is different to other self-employed persons with a business incorporated as a company, for example, who should include as costs all wages/salaries paid by the company to themselves along with any other employees.

4. What if my enterprise is a foundation, charity or not-for-profit organisation?

Foundations, charities and not-for-profit organisations can be selected to complete an economic activity return along with companies and other structures.

All the questions in the return apply to foundations, charities and not-for-profit organisations. Please ensure when asked to describe the constitution of the employer or enterprise (Screen 1, Q1.5) you select “One or more foundation, charity or not-for-profit organisation”.

Foundations, charities and not-for-profit organisations should read Section 5 of these notes carefully. This details the exact figures that need to be included as income (turnover), which does not include donations received via collections, subscriptions or memberships (only charges for provision of goods or services).

Foundations, charities and not-for-profit organisations should read Section 6 of these notes carefully. This details the exact figures that need to be included as expenditure (costs), which does not include rent or maintenance of land (only of man made structures), for example.

5. What is meant by “income (turnover)”?

Income (turnover) consists of total gross income arising from normal trading activities and includes all invoiced sales and receipts/takings/revenue/commission earned and fees of the business in connection with goods and services. This can include income generated from outside the Islands by Bailiwick of Guernsey based operations. Please note group recharges may include items which are meant to be excluded (as per the list below), if these can't be individually identified please include a note.

INCLUDE:

- All sales of goods (except fixed capital assets), including exports
- Income derived from the renting of buildings and other “produced” i.e man-made assets (tangible or intangible), but not that from land or other non-man-made assets.
- Income from sub-contracted activities
- For commission work, the commission/fee is to be included but not the full transaction price
- Any government subsidies, including business support/payroll co-funding (these will be netted off income figures later)

EXCLUDE:

- Interest payments received and other similar income (except for banks)
- Income recorded as extra-ordinary income in your accounts such as dividends, insurance claim pay-outs
- Grants / subsidies from any other non-government source
- Proceeds of sales of fixed (tangible or intangible) capital assets or capital gains
- Notional/balance sheet values such as increases in values of assets
- Donations

6. What is meant by “expenditure (costs)”?

Expenditure (costs) comprise total operating costs which should include **staff costs** and **all other non-staff costs**. This can include expenditure made by Bailiwick of Guernsey based operations on goods and services outside the Islands.

INCLUDE:

- **Staff costs** can include any of the following:
 - Gross (i.e. before deduction of employee Tax instalments and employee Social Security contributions) wages/salaries
 - Employer's Social Security contributions
 - Payments into pension funds by employers
 - Redundancy and severance payments

- Overtime payments
- Bonuses
- Commissions
- Payments/benefits in kind
- Payments to those temporarily absent
- Accrued holiday pay
- **Non-staff costs** can include any of the following:
 - Purchases of goods bought for resale
 - Other goods and materials such as office materials, machine parts, purchase of computers, transport
 - Payment for services such as advertising and marketing, employment agencies, accountants, auditors, consultants, solicitors, surveyors, payments to sub-contractors, maintenance and cleaning services
 - Building repairs
 - Lease/rent paid on buildings, machinery and vehicles but not any associated with renting land or other non-man-made assets
 - UK VAT, Jersey GST and other similar sales taxes paid to other jurisdictions (assuming these are not reclaimed e.g. upon import of the goods on which they were paid)
 - Tax on real property
 - Any regulator or licence fees paid
 - All fuel, electricity and water costs
 - Excise or import duties
 - The cost of tangible assets like machinery, vehicles, office equipment etc **used in production** (either in part, spread over several years, or the outright cost in the year of purchase), but not any costs associated with purchasing other capital assets (tangible or intangible) that are not needed/used for production of goods and services

EXCLUDE:

- **Staff costs** must exclude any of the following:
 - Sole traders should NOT include the value of the wage/salary they draw themselves – they should only include wages/salaries etc paid to their employees
 - Payments to partners not in receipt of a regular salary, fee or commission
 - Travelling and subsistence expenses, these should be included in expenditure on other areas (non staff costs)
 - Amounts paid to sub-contractors, these should be included in expenditure on other areas (non staff costs)
- **Non-staff costs** must exclude any of the following:

- Notional/balance sheet values like bad debt, “write down” of the value of items held in stock, changes from year to year in valuations of assets or “depletion” of natural resources used up
- All bank and other interest payments (unless you are a bank)
- Insurance premiums payable
- Corporate income taxes
- Taxes on capital gains
- Capital expenditure, defined as the purchase costs of fixed (tangible or intangible) assets that are not needed/used for production of goods and services
- Charitable contributions

7. What if financial accounts haven’t yet been finalised or don’t match the level of detail required?

Figures can be un-audited or estimated if final audited values are not available at the time of completing the Return. Similarly, figures can be estimated if the level of detail required is not readily available. Please indicate in notes (in the last section of the Return form or provided separately) anywhere that estimates have been provided.

It is understood that recharges within a group of entities may not provide enough detail to enable the exclusion of specific items, as listed above in sections 5 and 6. In this case, please include notes highlighting any income or expenditure items that are included, but ideally would not be.

8. What if budgets/forecasts/projections for future years are not available or highly sensitive?

Budget/forecast/projected figures are sought to help make GVA and GDP forecasts as accurate as possible. But there are “Don’t know” and “Prefer not to say” options for these questions, since it is understood that these may not always be available or may need to be kept confidential due to commercial sensitivities.

Where the Return is a consolidated response for more than one entity, budget/forecast/projected figures should be provided on the same basis i.e an overall estimation/average across the consolidated group.

9. What is the Return deadline?

The 2024 Return deadline is midnight on Wednesday 31st July 2024. If you are going to have a problem submitting a Return by the deadline, please contact dataandanalysis@gov.gg as soon as possible.

10. What Return formats are available?

The Return can be completed in three different formats:

1. Online form <https://gov.gg/economicactivityreturnform>
2. Excel spreadsheet available to download from <https://gov.gg/economicactivityreturn>.
3. Paper print out available to download from <https://gov.gg/economicactivityreturn> or by post on request.

If you choose to use the online form to submit your Return, we advise that you review the questions and prepare your answers using one of the other Return formats BEFORE YOU START filling in the online form.

11. How can I submit a Return?

The Return can be completed using the online form (<https://gov.gg/economicactivityreturnform>) or sent to us via secure upload (<https://gov.gg/economicactivityreturnupload>) or posted to:

Data and Analysis
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

12. How do I know my Return has been received?

Once your Return has been received by the Data and Analysis team an email will be sent to the email address provided in the contact details section of the Return to confirm this has been received.

13. How can I get help with my Return?

If you need help, please reach out to us by email in the first instance (dataandanalysis@gov.gg). We will always respond within two working days and will be happy to help you complete the return as accurately as possible.

If you would prefer to speak in person or on the phone, a mutually convenient time for this can be arranged via email.