

Gibraltar implements EU ATAD 2 on hybrid mismatch arrangements

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

HM Government of Gibraltar published legislation, on 30 January 2020, to implement Council Directive (EU) 2017/952 (ATAD 2), which amends Directive (EU) 2016/1164 (ATAD) regarding hybrid mismatches with third countries.

The legislation extends the territorial scope of the anti-hybrid mismatch provision to hybrid mismatches with jurisdictions outside the European Union (EU). It also includes rules for hybrid permanent establishment mismatches, hybrid transfers, imported mismatches and dual resident mismatches. The legislation does not include the Anti-Tax Avoidance Directive's (ATAD 2) provisions on reverse hybrid entities, as ATAD 2 does not require this to be implemented until 1 January 2021.

The legislation does not go beyond the ATAD 2's mandatory "minimum standards" to neutralize hybrid mismatches. Gibraltar also decided to opt in for all possible exceptions provided for by the ATAD 2.

The amendments made by the legislation apply in relation to accounting periods commencing on or after 1 January 2020.

For additional information with respect to this Alert, please contact the following:

EY Limited Gibraltar

- ▶ Neil Rumford neil.rumford@gi.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 000499-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com