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GUERNSEY STATUTORY INSTRUMENT

1977 - No. 7

THE INCOME TAX (GUERNSEY) (LIMIT OF
RETIREMENT AND OTHER BENEFITS)
REGULATIONS, 1977

Made
Laid before the States.....
Coming into Operation..... 1st January, 1977.

THE INCOME TAX AUTHORITY, in exercise of the powers conferred upon it by paragraph (k) of sub-section (2) of section one hundred and fifty and section one hundred and fifty-nine of the Income Tax (Guernsey) Law, 1975, as amended, (a) hereby makes the following regulations:-

1. These Regulations may be cited as the Income Tax (Guernsey) (Limit of Retirement and Other Benefits) Regulations, 1977, and shall be deemed to have come into operation on the first day of January, nineteen hundred and seventy-seven.

2. In these Regulations, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say:-

"the Administrator" means the Administrator referred to in section two hundred and five of the Law;

"the Authority" means the Authority constituted under the provisions of section two hundred and four of the Law;

"final remuneration" means, in relation to any employee -

(a) the highest annual remuneration for any year during the last five years of his service with the employer, or

(b) the highest basic remuneration for any year during the last five years of such service plus the average of any fluctuating emoluments for any two or more years during the said five years, or

(c) the average of his total remuneration for any three or more consecutive years during the last ten years of such service.

"the Law" means the Income Tax (Guernsey) Law, 1975, as amended;

and any other expression shall have the same meaning as in the Law.

3. The Interpretation (Guernsey) Law, 1948, shall apply to the interpretation of these Regulations as it applies to the interpretation of an enactment.

4.(1) The retirement or other benefits provided by a pension scheme approved under the provisions of section one hundred and fifty of the Law shall not exceed the limits contained in the subsequent subparagraphs of this paragraph.

(2)(a) Any pension (including the equivalent in terms of pension of any lump sum benefit) payable to an employee on or after retirement shall not exceed one-sixtieth of the employee's final remuneration for each year of service up to a maximum of forty years;

- 4.(2)(b) where a scheme provides for the payment of a lump sum in lieu of, or in addition to, a pension, or permits a part of a pension to be commuted, such lump sum, or the lump sum representing the part of the pension so commuted, shall not exceed three-eighths of the employee's final remuneration for each year of service up to a maximum of forty years:

PROVIDED that these limits may, with the consent of the Administrator and subject to such conditions as he may think proper to impose, be exceeded -

- (i) by virtue of an employee's late entry into the employment to which the scheme relates; and
- (ii) by virtue of an employee continuing in the employment to which the scheme relates after reaching the date specified in such scheme as his normal retirement date for a period not exceeding five years.

(3) On the death in service of an employee -

- (a) any lump sum payable shall not exceed four times the employee's final remuneration (exclusive of any refunds of contributions and any interest thereon);
- (b) any pension payable shall be for the benefit of the employee's spouse, children or dependants and any such pension shall not exceed two-thirds of the pension (hereinafter referred to as "the employee's potential maximum pension") which would have been provided for the employee at the date specified in the scheme as his normal retirement date if he had continued to serve until that date at an annual rate of remuneration equal to his final remuneration:

PROVIDED that -

- (i) where the scheme provides for the payment of a lump sum in lieu of, or in addition to, a pension, the employee's maximum potential pension includes the equivalent in terms of pension of such lump sum; and
- (ii) the total of all such pensions shall not exceed the amount of the employee's maximum potential pension.

(4) On the death after retirement of an employee -

- (a) the annual amount of any pension payable to his spouse or dependants shall not exceed two-thirds of the maximum pension which could have been provided for the employee without regard to any pension surrendered by him in accordance with the provisions of Regulation five of these Regulations:

PROVIDED that the total of all such pensions shall not exceed the amount of the said maximum pension; and

- (b) where less than five years' pension has become payable to the said employee, an amount not exceeding in all the value of the pension for the remaining part of the five years may be paid.

5. Where an employee has surrendered part of his pension to provide a pension for his spouse or for a dependant, the pension so provided shall not exceed the reduced pension retained by the employee.

6. Notwithstanding anything in these Regulations, pension benefits in payment may be augmented from time to time to make good any decline in the purchasing power of the pound sterling.

7. The Income Tax (Guernsey) (Limit of Retirement and Other Benefits) Regulations, 1975, are hereby revoked. (b)

Dated this twentieth day of January, nineteen hundred and seventy-seven.

R.L. LE POIDEVIN

President of the States Income Tax Authority
for and on behalf of the said Authority.

(b) S.I. 1975 No. 43.