

**The Income Tax (Loans to Participators)
(Exemptions) Regulations, 2008**

<i>Made</i>	, 2008
<i>Coming into operation</i>	, 2008
<i>Laid before the States</i>	, 2008

THE TREASURY AND RESOURCES DEPARTMENT, in exercise of the powers conferred upon it by section 66A(4)(d) of the Income Tax (Guernsey) Law, 1975, as amended^a ("**the Law**"), and all other powers enabling it in that behalf, hereby makes the following regulations:-

Loans at commercial rates.

1. (1) A loan made by a company which is not authorised as mentioned in section 66A(4)(a) of the Law is not a qualifying loan for the purposes of section 66A of the Law if it was advanced at a commercial rate of interest.

^a Ordres en Conseil Vol. XXV, p.124; Vol. XXVI, pp. 146,200 and 292; Vol. XXVII, pp. 84, 118, 200, 333 and 565; Vol. XXVIII, pp. 184, 278, 353 and 409; Vol. XXIX, p.214; Vol. XXXI, pp. 406 and 473; Vol. XXXII, p. 307; No. IV of 1991; No. VI of 1992; No's IV and VIII of 1993; No. XXV of 1994; No's III and VII of 1995; No. V of 1996; No's IV and XXII of 1997; No. II of 1999; No. IV of 2000; No's. VI and XVII of 2001; No. VII of 2002; No's. IV, XVIII and XXVI of 2003; No's. XII and XVI of 2004; No's. V, VI and XVII of 2005; No's. II and VII of 2006; No. XXI of 2007; the Income Tax (Zero 10) (Guernsey) Law, 2007; and the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007. Also amended by the Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003 (No. XXXIII). Section 66A was inserted by the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007.

(2) For the purposes of this regulation a "**commercial rate**" of interest means -

- (a) a rate of or equivalent to Bank of England base rate plus 2%, or a higher rate, or
- (b) a rate which in the opinion of the Administrator is of or equivalent to the rate charged to the company's customers in the ordinary course of the company's business, or a higher rate.

Loans of small amounts.

2. (1) A loan made by a company is not a qualifying loan for the purposes of section 66A of the Law if the amount of the loan, when aggregated with the amount for the time being outstanding on any other loans made -

- (a) by the company or by any person connected to the company,
- (b) to the person to whom the loan was made or to any person connected to him,

does not exceed £2,500.

(2) The expressions "**person to whom the loan was made**" and "**connected**" shall be construed in accordance with section 66A of the Law.

Status of tax paid by lending company.

3. The amount of any tax paid by a company on a qualifying loan in accordance with section 66C of the Law is not itself a qualifying loan for the purposes of section 66A of the Law and therefore tax is not payable by the company on that amount in accordance with that section.

Interpretation.

4. (1) In these Regulations "**the Law**" means the Income Tax (Guernsey) Law, 1975, as amended.

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

Citation.

5. These Regulations may be cited as the Income Tax (Loans to Participators) (Exemptions) Regulations, 2008.

Commencement.

6. These Regulations shall come into force on the ****, 2008.

Dated this 10th July, 2008



DEPUTY C.N.K. PARKINSON

Minister of the Treasury and Resources Department

For and on behalf of the Department

EXPLANATORY NOTE

(This note is not part of the regulations)

These Regulations

the Income Tax (Guernsey) Law, 1975, as amended by the Income Tax (Zero 10) (Guernsey) Law, 2007 and the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007.