

ORDER IN COUNCIL

XIV
1989

ratifying a Projet de Loi

ENTITLED

The Income Tax (Amendment) (Guernsey) Law, 1989

(Registered on the Records of the Island of Guernsey
on the 18th day of July, 1989.)



ORDER IN COUNCIL



IN THE ROYAL COURT OF THE ISLAND OF GUERNSEY

The 18th day of July, 1989 before Sir Charles Frossard, Kt., Bailiff; present:— Brian Ernest Herbert Joy, Harry Wilson Bisson, Herbert Nicolle Machon, Geoffrey Ernest Le Page, Stanley Walter John Jehan, Raymond Arthur Heaume, Esquires, Mrs. Dorothy Winifred Le Pelley, Leonard Arthur Moss, John Edward Morris, Charles Anthony Spensley and Kenneth John Rowe, Esquires, Jurats.

The Bailiff having this day placed before the Court an Order of Her Majesty in Council dated the 13th June, 1989 approving and ratifying a *Projet de Loi* entitled "The Income Tax (Amendment) (Guernsey) Law, 1989", the Court, after the reading of the said Order in Council and after having heard Her Majesty's Procureur thereon, ordered:

1. That the said Order in Council be registered on the records of this Island and
2. That an extract of this present Act, together with a copy of the said Order in Council, be sent by Her Majesty's Greffier to the Clerk of the Court of Alderney for registration on the records of the Island, of which Order in Council the tenor followeth:

At the Court at Buckingham Palace

The 13th day of June 1989

PRESENT,

The Queen's Most Excellent Majesty in Council

WHEREAS there was this day read at the Board a Report from the Right Honourable the Lords of the Committee of Council for the Affairs of Guernsey and Jersey dated the 25th day of May 1989 in the words following, viz.:—

“YOUR MAJESTY having been pleased, by Your General Order of Reference of the 22nd day of February 1952, to refer unto this Committee the humble Petition of the States of the Island of Guernsey setting forth:—

“1. That, in pursuance of their Resolutions of the 28th day of September, 1988 and the 26th day of January, 1989, the States of Deliberation at a meeting held on the said 26th day of January, 1989, approved a Bill or “Projet de Loi” entitled “The Income Tax (Amendment) (Guernsey) Law, 1989”, and requested the Bailiff to present a most humble Petition to Your Majesty in Council praying for Your Royal Sanction thereto. 2. That the said Bill or “Projet de Loi” is in the words and figures set forth in the Schedule hereunto annexed and most humbly praying that Your Majesty might be graciously pleased to grant Your Royal Sanction to the Bill or “Projet de Loi” of the States of Guernsey entitled “The Income Tax (Amendment) (Guernsey) Law, 1989”, and to order that the same shall have force of law in the Islands of Guernsey and Herm.”

“THE LORDS OF THE COMMITTEE, in obedience to Your Majesty’s said Order of Reference, have taken the said Petition and the said Projet de Loi into consideration and do this day agree humbly to report, as their opinion, to Your Majesty, that it may be advisable for Your Majesty to comply with the prayer of the said Petition and to approve of and ratify the said Projet de Loi.”

HER MAJESTY having taken the said Report into consideration is pleased, by and with the advice of Her Privy Council, to approve of and ratify the said Projet de Loi, and to order, and it is hereby ordered, that the same shall have the force of Law within the Islands of Guernsey and Herm.

AND HER MAJESTY doth hereby further direct that this Order, and the said Projet de Loi (a copy whereof is hereunto annexed), be entered upon the Register of the Island of Guernsey and observed accordingly.

AND the Lieutenant Governor and Commander-in-Chief of the Island of Guernsey, the Bailiff and Jurats, and all other Her Majesty’s Officers for the time being in the said Island, and all other persons whom it may concern, are to take notice and govern themselves accordingly.

G. I. de Deney.

PROJET DE LOI

ENTITLED

The Income Tax (Amendment) (Guernsey) Law, 1989

THE STATES, in pursuance of their Resolutions of the 28th day of September 1988, and the 26th day of January 1989, have approved the following provisions which, subject to the Sanction of Her Most Excellent Majesty in Council, shall have force of law in the Islands of Guernsey and Herm.

1. Immediately after section 187 of the Income Tax (Guernsey) Law, 1975(a) there is inserted: Amendment
to Law of
1975.

"Offshore
insurers.

187A. (1) This section applies to an insurer which—

(a) is a body registered as an insurer under section 11 of the Insurance Business (Guernsey) Law, 1986; and

(b) satisfies the Administrator—

(i) that it carries on no long term business, or that its long term business is confined to contracts expressed to be for a term of not more than five years and neither renewable nor convertible into any other form of long term insurance; and

(a) Ordres en Conseil Vol. XXV, p. 124; Vol. XXVI, pp. 146, 200 and 292; Vol. XXVII, pp. 84, 118, 200, 333 and 565; Nos. VIII and XV of 1983; Nos. II and IX of 1984; No. XIII of 1986.

- (ii) that its gross premium income arising from any domestic business which it carries on does not exceed five per centum of its total gross premium income.

(2) An insurer to which this section applies may elect in respect of the year of charge 1988 or any subsequent year of charge that, notwithstanding any other provision of this Law,—

- (a) its profits chargeable to tax for that year of charge shall be its gross income in the relevant year of computation (including net profits arising on the realisation of investments) minus any losses, allowances and balancing charges which may be carried forward to, or set off in, that year of charge pursuant to section 114(2), 114(4), 137, 139 or 142 of this Law, but leaving out of account:

- (i) any amounts, other than such losses, allowances and balancing charges, which would otherwise be allowable as deductions from such income or profits in accordance with this Law; and

- (ii) any income which is agreed by the Administrator to have arisen from, or as a direct consequence of, the underwriting activities of the insurer or the investment outside Guernsey of funds retained for use in such activities; and
- (b) it shall pay tax on its chargeable profits so computed as follows:

(i) as respects any income arising or accruing from any source in Guernsey (except money deposited with a person registered, or exempt from any requirement to register, under any Ordinance made under section 1 of the Protection of Depositors, Companies and Prevention of Fraud (Bailiwick of Guernsey) Law, 1969), at the standard rate;

(ii) as respects the remainder of its chargeable profits—
 on the first £250,000,
 at the standard rate on
 the next £250,000,
 at 1%
 on the next £500,000,
 at 0.5%
 on the next £2,000,000,
 at 0.3%.

on any amount in excess
of £3,000,000,
at 0.1%.

(3) Notwithstanding any other provision of this Law, no amount which would, but for sub-paragraph (a)(i) of subsection (2) of this section, have been allowable for a year of charge in respect of which an insurer has made an election under this section may be carried forward to, or set off in, another year of charge.

(4) An election under this section—

- (a) must be made by notice in writing given to the Administrator within three years after the end of the year of charge in respect of which it is made;
- (b) must be accompanied by:
 - (i) a copy of the insurer's registration certificate issued under section 14 of the Insurance Business (Guernsey) Law, 1986; and
 - (ii) a statement of the percentage of the insurer's total gross premium income arising from any domestic business which it carries on;
- (c) may be withdrawn by notice in writing given to the Administrator within three years after the end of the year of

charge in respect of which it was made.

(5) In this section the terms "insurer", "long term business" and "domestic business" have the meanings given to them in the Insurance Business (Guernsey) Law, 1986."

2. This Law may be cited as the Income Tax Citation. (Amendment) (Guernsey) Law, 1989

3. This Law and the Income Tax (Guernsey) Laws, 1975 to 1984 may be cited together as the Income Tax (Guernsey) Laws, 1975 to 1989. **Collective title.**

A. G. LE CHEMINANT,
Her Majesty's Deputy Greffier.