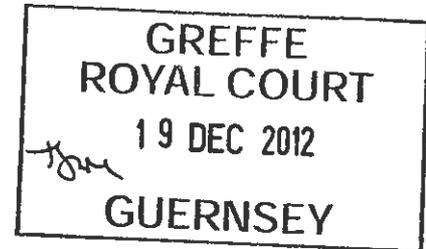


GUERNSEY STATUTORY INSTRUMENT

2012 No. 68



**The Income Tax (Deemed Distributions)
(Exemptions) (Amendment) Regulations, 2012**

<i>Made</i>	<i>11th December, 2012</i>
<i>Coming into operation</i>	<i>1st January, 2013</i>
<i>Laid before the States</i>	<i>27th February, 2013</i>

THE TREASURY AND RESOURCES DEPARTMENT, in exercise of the powers conferred upon it by sections 62A(4) and 203A of the Income Tax (Guernsey) Law, 1975, as amended¹ ("**the Law**"), and all other powers enabling it in that behalf, hereby makes the following regulations:-

Amendment of 2009 Regulations.

1. The Income Tax (Deemed Distributions) (Exemptions) Regulations, 2009² are amended as follows.
2. After regulation 1 insert the following regulation -

¹ Ordres en Conseil Vol. XXV, p.124; section 62A(4) was inserted by the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007 (No. VI of 2011); and section 203A was inserted by the Income Tax (Guernsey) (Amendment) Law, 2005 (No. XVII of 2005); also amended by the Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003 (No. XXXIII). There are other amendments not relevant to this statutory instrument.

² G.S.I. 2009 No. 50.

"Transitional modifications to have effect from 1st January, 2013.

1A. (1) With effect from the 1st January, 2013 (the date of commencement of the Income Tax (Zero 10) (Deemed Distributions) (Repeal) (Guernsey) Ordinance, 2012) these regulations shall have effect subject to the following modifications.

(2) For the avoidance of doubt, an election mentioned in regulation 2(a) may no longer be made.

(3) A company which has made the election mentioned in regulation 2(a) before the 1st January, 2013 and which -

(a) in accordance with the condition specified in regulation 2(b), and within a period of 12 months beginning immediately after the final day of the accounting period of the company in which the day of the 31st December, 2012 falls ("**the current accounting period**"), distributes not less than 65% of its tax adjusted trading profits earned -

(i) in the current accounting period, and

(ii) up to and including that day,

(b) has complied with the condition specified in regulation 2(b) in respect of every preceding accounting period of the company since the election was made, and

- (c) has complied with the condition specified in regulation 2(c) in respect of the current accounting period and every preceding accounting period of the company since the election was made,

shall be deemed for the purposes of these regulations to have complied with the conditions specified in regulation 2(b) and (c) in respect of every accounting period of the company subsequent to the current accounting period.

(4) Without prejudice to regulation 7 and section 19(2) of the Interpretation (Guernsey) Law, 1948 (effect of repeal), a company which has made the election mentioned in regulation 2(a) before the 1st January, 2013 and which does not satisfy subparagraphs (a), (b) and (c) of paragraph (3) shall be liable in respect of any deemed distribution event occurring before that date in all respects as if it had not made the election, but only in respect of the company's tax adjusted trading profits earned in the time up to and including the 31st December, 2012.

(5) Subject to the provisions of this regulation, these regulations shall continue to have effect, but only in respect of -

- (a) a company's tax adjusted trading profits earned in the time up to and including the 31st December, 2012, and
- (b) any deemed distribution event occurring on or before that date."

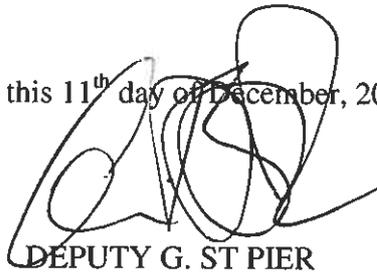
Citation.

3. These Regulations may be cited as the Income Tax (Deemed Distributions) (Exemptions) (Amendment) Regulations, 2012.

Commencement.

4. These Regulations shall come into force on the 1st January, 2013.

Dated this 11th day of December, 2012



DEPUTY G. ST PIER

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 amend the Income Tax (Deemed Distributions) (Exemptions) Regulations, 2009 to take account of the repeal (effected by the Income Tax (Zero 10) (Deemed Distributions) (Repeal) (Guernsey) Ordinance, 2012) of the deemed distribution regime with effect from the 1st January, 2013. The charging regime for deemed distributions was established by Chapter VIIIA of 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. The regulations modify the effect of the 2009 Exemption Regulations with effect from the 1st January, 2013 to make provision in respect of companies which have elected to distribute not less than 65% of their trading profits in accordance with the 2009 Regulations and have thereby gained exemption from the deemed distribution regime and which are subsequently found to be in breach of the conditions of exemption.