

Island of



Guernsey

Ordinance of the States

XVI
2016

Made 14th December, 2015
Coming into Operation 1st January, 2016
Laid before the States 16th February, 2016

The Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) (No. 2) Ordinance, 2015

**The Income Tax (Zero 10)
(Company Intermediate Rate)
(Amendment) (Guernsey) (No. 2) Ordinance, 2015**

THE STATES LEGISLATION SELECT COMMITTEE, in pursuance of the Resolution of the States of the 29th October, 2015^a, and in exercise of the powers conferred on the States by sections 203A and 208C of the Income Tax (Guernsey) Law, 1975^b, and all other powers enabling the States in that behalf, and on the Committee by article 66(3) of the Reform (Guernsey) Law, 1948^c, hereby orders:-

Amendment of 1975 Law.

1. The Income Tax (Guernsey) Law, 1975 ("the Law"), as amended, is further amended as follows.

2. After section 2(2)(ae)^d insert the following paragraph -

"(af) income from the provision of custody services
(as defined in the Fourth Schedule),".

3. In section 7C^e, in the heading, and in the text of the section, for the words "and the administration of controlled investments" substitute ", the

^a Proposition 1 of Billet d'État No. XIX of 2015.

^b Ordres en Conseil Vol. XXV, p. 124; section 203A was inserted by Order in Council No. XVII of 2005 and section 208C was inserted by Order in Council No. V of 2011.

^c Ordres en Conseil Vol. XIII, p. 288; section 203A was inserted by Order in Council No. XVII of 2005 and section 208C was inserted by Order in Council No. V of 2011.

^d Section 2 was substituted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011); paragraph (ae) was added by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2015.

^e Section 7C was inserted by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2012 (Ordinance No. VIII of 2012) and amended by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2015.

administration of controlled investments and the provision of custody services".

4. After section 47G(ae)^f insert the following paragraph -

"(af) the provision of custody services carried on in Guernsey,".

5. After section 139(5)^g insert the following subsection -

"(6) In addition, subsection (2) does not apply in any year of charge to the losses of a company where -

(a) in the year of charge 2015 the company's income fell within class 2(2)(d),

(b) the company is carrying on the same business as it was carrying on in the year of charge 2015, and

(c) the company's income falls within class 2(2)(af).".

6. In section 209(1) insert the following definition at the appropriate place -

"**custody services**" has the meaning assigned by the Fourth Schedule,".

7. In the Fourth Schedule after paragraph 2E^h insert the following

^f Section 47G was inserted by the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007 (Order in Council No. VI of 2011); paragraph (ae) was added by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2015.

^g Section 139(5) was added by the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2015.

paragraph -

"CUSTODY SERVICES"

2F. (1) For the purposes of this Law "**custody services**" means services which constitute custody (within the meaning of the Protection of Investors (Bailiwick of Guernsey) Law, 1987), that is to say -

- (a) holding as trustee or custodian the assets underlying a collective investment scheme, within the meaning of category 1 in Schedule 1 to that Law, or the evidence of title to those assets, and
- (b) safeguarding assets belonging to others which comprise general securities and derivatives within the meaning of category 2 in Schedule 1 to that Law, or the evidence of title to such assets,

where the services are provided to an unconnected third party; and for the purposes of this paragraph services are provided to an unconnected third party only where the person who provides the services, and the person to whom the services are provided, are not connected to each other within the meaning of section 66A(8)(a).

(2) "**Income from the provision of custody services**" shall be any income arising from the provision of custody services when carried on by an institution or business described in paragraph 1 of this Schedule."

8. In the Fifth Schedule in the table therein insert the following entry

^h The Fourth Schedule was inserted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011); paragraph 2E was added by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2015.

immediately below the entry relating to "Income from the administration of controlled investments"ⁱ -

"2(2)(af)	Income from the provision of custody services	company intermediate rate	10%".
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Year of computation: special provision.

9. Section 6(3A) of the Law applies to any company where the applicable rate of taxation of that company's income is altered by the provisions of this Ordinance *mutatis mutandis*.

Citation.

10. This Ordinance may be cited as the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) (No. 2) Ordinance, 2015.

Commencement.

11. This Ordinance shall come into force on the 1st January, 2016.

ⁱ The Fifth Schedule was inserted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011); the reference to income from the administration of controlled investments was added by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2015.

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