

Island of



Guernsey

## Ordinance of the States

**XLI**  
**2019**

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Made ..... 11th December, 2019

Coming into Operation ..... 1st January, 2020

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### **The Income Tax (Zero 10)** **(Company Higher Rate)** **(Amendment) (Guernsey)** **Ordinance, 2019**



**The Income Tax (Zero 10)**  
**(Company Higher Rate)**  
**(Amendment) (Guernsey) Ordinance, 2019**

THE STATES, in pursuance of their Resolution of the 5<sup>th</sup> November, 2019<sup>a</sup>, and in exercise of the powers conferred on them by sections 203A and 208C of the Income Tax (Guernsey) Law, 1975<sup>b</sup> and all other powers enabling them in that behalf, hereby orders:-

**Amendment of 1975 Law.**

1. The Income Tax (Guernsey) Law, 1975 is amended as follows.
  
2. After section 2(2)(bb)<sup>c</sup> insert the following paragraphs -

"(bc) income from the business of the cultivation or use of the cannabis plant,

(bd) income from the business of the prescribed production or prescribed use of controlled drugs,".

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<sup>a</sup> Billet d'État No. XXI of 2019 (proposition 11).

<sup>b</sup> 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. There are other amendments not material to this Ordinance.

<sup>c</sup> Section 2(2)(bb) was inserted by the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2015 (Ordinance No. LI of 2015).

3. In section 7BA<sup>d</sup>, in the heading and in the body of the section, for "and large retail business" substitute ", large retail business, business of the cultivation or use of the cannabis plant and business of the prescribed production or prescribed use of controlled drugs".

4. After section 47G(bb)<sup>e</sup> insert the following paragraphs -

"(bc) business of the cultivation or use of the cannabis plant carried on in Guernsey,

(bd) business of the prescribed production or prescribed use of controlled drugs carried on in Guernsey,".

5. After section 139(8)<sup>f</sup> insert the following subsection -

"(9) 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 2019 the company's income fell within class 2(2)(d),

(b) the company is carrying on the same business as

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<sup>d</sup> Section 7BA was inserted by the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2015 (Ordinance No. LI of 2015).

<sup>e</sup> Section 47G(bb) was inserted by the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2015 (Ordinance No. LI of 2015).

<sup>f</sup> Section 139(8) was added by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2018.

it was carrying on in the year of charge 2019, and

- (c) the company's income falls within class 2(2)(bc) or (bd).".

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

**""business of" -**

- (a) **the "cultivation of the cannabis plant"** means the business of the cultivation of plants of the genus *Cannabis* carried on under the authority of a licence issued by the Committee for Health & Social Care under section 11 of the Misuse of Drugs (Bailiwick of Guernsey) Ordinance, 1997,
- (b) **the "use of the cannabis plant"** means the business of the use of plants or any part of plants of the genus *Cannabis* cultivated under the authority of a licence mentioned in paragraph (a) for -
- (i) the production of industrial hemp, supplements, cannabidiol, fibre, medicinal products or any other products, or
- (ii) any processing, any other activity or any other use,

where the production, processing, activity or other use is carried on under the authority of a licence issued by the Committee for Health & Social Care under the Misuse of Drugs (Bailiwick of Guernsey) Law, 1974 or the Misuse of Drugs (Bailiwick of Guernsey) Ordinance, 1997,

- (c) **the "prescribed production of controlled drugs"** means the business of the production of controlled drugs carried on under the authority of a licence issued by the Committee for Health & Social Care under section 4 of the Misuse of Drugs (Bailiwick of Guernsey) Ordinance, 1997, where such production is prescribed by regulations of the Policy & Resources Committee, and
- (d) **the "prescribed use of controlled drugs"** means the business of the use of controlled drugs or any part of controlled drugs produced under the authority of a licence mentioned in paragraph (c), for any production, processing, activity or other use -
  - (i) carried on under the authority of a licence issued by the Committee for Health & Social Care under the Misuse of Drugs (Bailiwick of Guernsey) Law, 1974 or the Misuse of Drugs (Bailiwick of Guernsey) Ordinance, 1997, and
  - (ii) prescribed by regulations of the Policy & Resources Committee."

7. In the Fifth Schedule in the table therein insert the following entry immediately below the entry relating to "Income from large retail business"<sup>8</sup> –

"2(2)(bc)	Income from the business of the cultivation or use of the cannabis plant	company higher rate	20%
2(2)(bd)	Income from the business of the prescribed production or prescribed use of controlled drugs	company higher rate	20%".

**Year of computation: special provision.**

8. 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.**

9. This Ordinance may be cited as the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2019.

**Commencement.**

10. This Ordinance shall come into force on the 1<sup>st</sup> January, 2020.

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<sup>8</sup> The Fifth Schedule was inserted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011).

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Printed by Colour Monster Printshop, The Guernsey Press Building, Braye Road, St. Sampsons, GY2 4WX.