

**The Social Insurance (Classification) (Amendment)
(Guernsey) Regulations, 2024**

<i>Made</i>	<i>15th May, 2024</i>
<i>Coming into operation</i>	<i>1st January, 2025</i>
<i>Laid before the States</i>	<i>, 2024</i>

THE COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY, in exercise of the powers conferred on it by sections 1, 15 and 116 of the Social Insurance (Guernsey) Law, 1978^a and all other powers enabling it in that behalf, hereby makes the following regulations:-

Amendment of the Social Insurance (Classification) (Guernsey) Regulations, 1978.

1. (1) The Social Insurance (Classification) (Guernsey) Regulations, 1978^b are amended as follows.

(2) In regulation 2(1)(a) (classification of insured persons), for "paragraph (b) and paragraph (c)" substitute "paragraphs (b) and (c) and regulation 5A".

(3) After regulation 5 (persons to be treated as employers) insert –

^a Ordres en Conseil Vol. XXVI, p. 292. This enactment has been amended.

^b G.S.I. No. 32 of 1978. This enactment has been amended.

"Special provisions with respect to certain persons treated as self-employed prior to 1st January, 2025.

5A. (1) Subject to paragraph (2), where an insured person was required to be treated immediately before 1st January, 2025 as a self-employed person in accordance with regulation 2(1)(b) and paragraph 7B in Part II of the First Schedule as then in force, that person shall, with effect from 1st January, 2025, be treated as an employed person by virtue of being gainfully occupied in an employment specified in paragraph 4B of column (A) of Part I of the First Schedule.

(2) A person falling within paragraph (1) may, in respect of the Contribution year 2025, elect to continue to be treated as a self-employed person.

(3) An election made under paragraph (2) is irrevocable and shall apply to all future Contribution years within the transitional period (that is, Contribution years 2026 to 2029 inclusive) once made.

- (4) An election made under paragraph (2) must be made –
- (a) in such form and manner, and accompanied by such information, as the Director of the Revenue Service may require in writing, and
 - (b) on or before 31st December, 2024.

(5) For the avoidance of doubt, a person (P) falling within paragraph (1) shall be treated or continue to be treated (as the case may be) as an employed person after the end of the transitional period, regardless of whether P made an election under paragraph (2), unless and until P is required to be treated as falling within a different classification.

(6) In this Regulation, the "**transitional period**" means the period of five years beginning on 1st January, 2025."

(4) In the Table in Part I of the First Schedule, at the end add –

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<p>4B. Employment by -</p> <p>(a) a company limited by shares, or</p> <p>(b) a body corporate or legal person of any other class or description,</p> <p>where the Director of the Revenue Service is satisfied that the employee, the employee's spouse, nominee or other agent is beneficially entitled to such portion of -</p> <p>(i) the shares of that company, or (as the case may be),</p> <p>(ii) the interest equivalent to a shareholding in that body corporate or legal person,</p> <p>as, in either case, to have substantial control of its operations.</p>	<p>4B</p> <p>None.</p>
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(5) In the table in Part II of the First Schedule, revoke paragraph 7B in columns (A) and (B).

Citation.

2. These Regulations may be cited as the Social Insurance (Classification) (Amendment) (Guernsey) Regulations, 2024.

Commencement.

3. These Regulations shall come into force on 1st January, 2025.

Dated this 15th day of May, 2024



P. J. ROFFEY

President of the Committee for Employment & Social Security

For and on behalf of the Committee

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Insurance (Classification) (Guernsey) Regulations, 1978 ("the Classification Regulations") to change the classification, for social insurance purposes, of certain persons employed by a limited liability company (and other bodies corporate and legal persons - see below). The persons concerned are those who are, or whose spouse, nominee or agent are, beneficially entitled to such proportion of shares in that company that they have substantial control of the company. Such persons are generally directors of the limited liability company.

The classification is amended so that they are treated as employed instead of self-employed, consistent with their treatment for income tax purposes.

The opportunity has also been taken to amend the wording of the new employed person classification to cover directors etc. of bodies corporate and legal persons other than just companies limited by shares.

A new regulation 5A is also inserted into the Classification Regulations to provide a transitional provision for such directors etc. who are currently treated as self-employed persons. Under the transitional provision, such persons will continue to be treated as self-employed persons for a transitional period of 5 years after the coming into force of these Regulations if they so elect.

These Regulations come into force on the 1st January, 2025.