

The Income Tax (Guernsey) (Budget) Ordinance, 2024

THE POLICY & RESOURCES COMMITTEE, in pursuance of the Resolutions of the States of the 4th September, 2024^a and the 8th November, 2024^b, and in exercise of the powers conferred on the States by sections 203A and 208C of the Income Tax (Guernsey) Law, 1975^c and on the Committee by Article 66A of the Reform (Guernsey) Law, 1948^d, and all other powers respectively enabling the States and the Committee in that behalf, hereby orders:-

Amendment of 1975 Law.

1. The Income Tax (Guernsey) Law, 1975 is further amended as follows.
2. After section 40(pp) insert the following paragraph –

"(qq) payments made by lodgers to one or more individuals (referred to, collectively if more than one, as "A") for the provision by A of accommodation in a room in a dwelling house situated in Guernsey and occupied by A, as owner or tenant, as A's principal dwelling, subject to the following conditions –

^a Article III of Billet d'État No. XIII of 2024.

^b Article I (propositions 4, 5, 7 and 8) of Billet d'État No. XIX of 2024.

^c Ordres en Conseil Vol. XXV, p. 124; the Law has been amended.

^d Ordres en Conseil Vol. XIII, p. 288; the Law has been amended.

- (i) the lodger is aged 18 years or more and is not a member of A's family,
- (ii) the room is let furnished and is not a self-contained unit within the dwelling house,
- (iii) the room is not part of a guest house or bed and breakfast business,
- (iv) not more than two such rooms are so let within the dwelling house,
- (v) a boarding permit under the Tourist Law, 1948 is not held in respect of the dwelling house,
- (vi) the maximum gross rental income for each room that is exempt from tax under this paragraph is £10,000,
- (vii) A does not claim any deduction under Chapter II of Part I of this Law in respect of the dwelling house or the accommodation or provision thereof, and
- (viii) if A comprises more than one individual, the allowance is equally divisible, and is not transferable, between them."

3. In section 62A(2) in subparagraph (i) of the definition of "undistributed

income" after "the company higher rate" insert "or, if higher, the individual standard rate".

4. In section 64B(1)(d) for "£7,500" substitute "£10,000".

5. In section 65(3C)(b) after "in that or any other person's hands" insert "except at a rate equivalent to any difference between those two rates in cases where the income is in the hands of a person liable to tax at the higher of those two rates."

6. For section 65(3C)(c) substitute the following paragraph –

"(c) income arising under or comprised in a settlement which has been taxed at a rate lower than the company higher rate ("rate A") in any person's hands is only liable to be taxed again in that or any other person's hands at a rate equivalent to the difference between rate A and the company higher rate, in the case of a company, or the individual standard rate, in the case of an individual."

7. In section 66A(1) after "the company higher rate" insert "or, if higher, the individual standard rate".

8. For section 81B(3) substitute –

"(3) Tax shall be deducted -

(a) where the person to whom the distribution is made is an individual, at a rate equivalent to the difference between

–

- (i) the company rate at which the income from which the distribution was made has been taxed or is taxable, and
- (ii) the individual standard rate,

and where tax is deducted pursuant to this paragraph, then for the purposes of –

- (A) section 58, the reference in that section to the deduction of tax in accordance with section 81B shall be construed as a reference to the deduction of,
- (B) section 61, the reference in that section to the amount of the tax credit shall be construed as a reference to a credit equal to,

the amount of tax paid or payable by the company in respect of that distribution plus the amount of tax deducted from that distribution pursuant to this paragraph, and

- (b) where the person to whom the distribution is made is a company, at the company standard rate."

9. In section 173(1A)(a) for the words "the company intermediate rate or the company standard rate" substitute "a rate lower than the company higher rate".

10. In section 173(1A)(b)(ii) for the words "the company intermediate rate or the company higher rate" substitute "a rate higher than the company standard rate".

11. In section 176(1A) for the words "the company intermediate rate or the company standard rate" substitute "a rate lower than the company higher rate".

12. In section 176(1A)(b) for the words "the company intermediate rate or the company higher rate" substitute "a rate higher than the company standard rate".

13. In section 189(1), in the sentence immediately following paragraph (b), for the words after "calculated at" substitute "the highest rate of tax set out in the Fifth Schedule applicable to that person, in that person's capacity as an individual or a company, notwithstanding the rate of tax for the class or classes in which that person's income falls".

14. In section 191, in the sentence immediately preceding the proviso, for the words after "calculated at" substitute "the highest rate of tax set out in the Fifth Schedule applicable to that person, in that person's capacity as an individual or a company, notwithstanding the rate of tax for the class or classes in which that person's income falls".

15. In section 192, in the final sentence, for the words after "calculated at" substitute "the highest rate of tax set out in the Fifth Schedule applicable to that person, in that person's capacity as an individual or a company, notwithstanding the rate of tax for the class or classes in which that person's income falls".

16. In section 195(1), in the final sentence, for the words after "calculated at" substitute "the highest rate of tax set out in the Fifth Schedule applicable to that person, in that person's capacity as an individual or a company, notwithstanding the rate of tax for the class or classes in which that person's income falls".

17. In the Sixth Schedule, in the heading to paragraph 1, the words "(but not in Alderney)" are repealed.

18. In the Sixth Schedule after paragraph 3 insert the following paragraph

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"3A. Alderney Property Tax Cap

(1) Where an individual resident in Alderney ("A") -

(a) has paid £50,000 or more in –

(i) document duty, in respect of the purchase by A of a residential dwelling in Alderney,

(ii) transfer duty under the provisions of the Duty on Share Transfers (Alderney) Law, 1994, in respect of the transfer to A of all of the share capital of a land holding corporation which is –

(A) the legal or beneficial owner, or

(B) the holding company of a land holding corporation which is the legal or beneficial

owner,

of a residential dwelling in Alderney, or

- (iii) leasehold duty under the provisions of the Duty on Long Leases (Alderney) Law, 1994, in respect of the grant or assignment to A of a long lease of land comprising a residential dwelling in Alderney,

in each case on or after the 1st January 2025 ("**the relevant acquisition**"),

- (b) has made the relevant acquisition on a date either on, or up to twelve months prior to, or up to twelve months after, the date on which A takes up permanent residence in Alderney ("the permitted period"), and
- (c) has not been resident in Guernsey (including, for the avoidance of doubt, Alderney) at any time in the previous three years prior to the relevant acquisition save for the permitted period,

such individual may, instead of claiming the tax cap in paragraph 1 or 2 above, pay an annual maximum of £60,000 (or such other amount as the States may by Resolution prescribe) in tax (the "**Alderney property tax cap**") in respect of each of the years of charge specified in subparagraph (2).

- (2) The Alderney property tax cap may only be applied to the year of charge in which A takes up permanent residence and to each of the

three consecutive years of charge immediately thereafter.

- (3) The Alderney property tax cap shall apply in respect of both qualifying and non-qualifying income as defined in paragraph 1, other than non-qualifying income arising or accruing in the circumstances set out in subparagraph (4), the tax on which is, for the avoidance of doubt, payable in addition to the amount of the limit on tax specified in subparagraph (1).
- (4) The circumstances referred to in subparagraph (3) are that the non-qualifying income arises or accrues from the ownership of land and buildings situate in Guernsey (including, for the avoidance of doubt, Alderney), or arises –
 - (a) from the payment of a lump sum out of or under the provisions of an approved scheme in full commutation of or in lieu of a pension under section 153A(1),
 - (b) from the payment of a lump sum out of or under the provisions of an approved retirement annuity scheme or approved retirement annuity trust scheme in full commutation of or in lieu of a pension under section 157CA(1),
 - (c) from the payment of a lump sum out of or under the provisions of an approved scheme in commutation of or in lieu of a pension as referred to in section 153(1) to the extent to which such lump sum is not exempted from tax under section 153(2),
 - (d) from the payment of a lump sum out of or under the provisions

of –

- (i) an approved retirement annuity scheme by way of commutation of part of an annuity in accordance with the proviso to section 157A(2)(c), or
- (ii) an approved retirement annuity trust scheme in accordance with that proviso as it has effect in relation to a retirement annuity trust scheme by virtue of section 157A(4),

to the extent to which such lump sum is not exempted from tax under section 157A(5B),

to the extent only, in relation to income arising in the circumstances set out in items (a) to (d) above, that the payment referred to relates to contributions which have been the subject of any allowance or relief (or would have been had there been no limitation on the amounts so available in the relevant year of charge) against sums which would otherwise have been assessable to tax under this Law.

- (5) Expressions used in subparagraph (1)(a)(ii) and (iii) have, so far as they are respectively defined therein, the same meanings as in the Duty on Share Transfers (Alderney) Law, 1994 or (as the case may be) the Duty on Long Leases (Alderney) Law, 1994."

Amendment of 2007 Tax Relief Ordinance.

- 19. In the table in section 1(2)(b)(ii) of the Income Tax (Tax Relief on

Interest Payments) (Guernsey) Ordinance, 2007^e, for the entries relating to years of charge 2025, 2026 and 2027 and subsequent years of charge, substitute the following –

£3,500	£0	2025
£3,500	£0	2026
£2,000	£0	2027
£1,000	£0	2028
£0	£0	2029 and subsequent years of charge

20. In section 2(2)(d) of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007 -

- (a) in the table in the first proviso, for the entries relating to years of charge 2025 and 2026 and subsequent years of charge, substitute the following –

50%	2025 and subsequent years of charge
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- (b) the second proviso beneath that table is repealed.

Citation.

21. This Ordinance may be cited as the Income Tax (Guernsey) (Budget) Ordinance, 2024.

Commencement.

^e Ordinance No. I of 2008; the Ordinance has been amended.

22. This Ordinance shall come into force on the 1st January, 2025.