States of Guernsey
Revenue Service

Employers Guide

Revenue Service
P O Box 37
St Peter Port
Guernsey
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Website: www.gov.gg/employers

Please contact the Revenue Service if you require further information

This document is for guidance and must not be treated as a complete and authoritative statement of the law.

Contents

Who is an Employer?

The Revenue Service will treat you as an employer who needs to submit Quarterly Returns if you are:

Tax

- Paying a full time, part-time or casual employee (including students).
- Paying a pension to an individual, former employee, or their dependent.
- Paying a pension from a Retirement Annuity Trust Scheme (RATS).
- Paying a sub-contractor providing labour only.
- Drawing a wage from a Limited company.

Contributions

- Paying a salary to full-time, part-time, casual employees, or students who have reached the school leaving age, and earn above the lower earnings limit.
- Paying a sub-contractor, who is providing labour only.
- Drawing a wage from a Limited company, and where your classification has been determined by a Revenue Service Assessor as an employer.

Who is an Employee?

An employee is an individual who works for you. For the purpose of paying contributions, the individual will need to earn above the lower earnings limit before contribution payments need to be made. An individual who draws wages from a limited company is also considered to be an employee for tax purposes, but for contributions they are determined by their classification, which is determined by the Revenue Service.

Employer Responsibilities

You should deduct tax on each payday for each of your employees in accordance with their Coding Notice. Details of the gross weekly or monthly wage, and the deductions made, must be recorded and returned to us, together with payment no later than the following dates:

Quarter	Period	Deadline for returning
First	January, February, March	15th April
Second	April, May, June	15th July
Third	July, August, September	15th October
Fourth	October, November, December	15th January

If your quarterly return, and payment of any tax and contributions deducted is submitted late, you will be liable to a 5% surcharge on the total outstanding tax, and a 2.5% surcharge on the total outstanding contributions, together with a penalty for failure to return on time.

If you do not deduct tax or contributions and you should have done so, we will also invoice you for the amounts that you should have deducted.

Earnings Subject to Tax and Contributions

The following amounts should be included in the gross earnings figure:

- Wages (including part-time and casual earnings)
- Pension Payments
- Redundancy / Termination / Severance
- Pay in Lieu of Notice
- Sickness Pay (but not Social Security Sickness Benefit)
- Commission
- Overtime
- Directors' Fees (including Non-Executive Directors' Fees)
- Bonuses
- Set Aside Savings
- Holiday Pay
- Labour only contractors and subcontractors
- Mortgage subsidy payments
- Benefits in Kind
- Payments to Domestic Staff
- Tips

Pension Payments

If you are paying a pension, you will be treated as an employer. You need to deduct tax in exactly the same way as you would for wages, but contributions should not be deducted.

Directors' Fees (including Non-Executive Directors' Fees)

If a director draws a wage or receives directors' fees during the year, tax and contributions must be deducted. This does not apply to fees paid to non-resident Directors.

Redundancy / Termination / Severance Payments

There is no contribution liability in respect of a lump sum payment following redundancy, termination, or severance of employment. However, payments (including ex-gratia payments) are liable to tax where they exceed £30,000 in aggregate. The taxable element is the only part that should be included in the gross. For example: if the total payment arising from the termination was £50,000, only £20,000 would need to be included in the gross on the next Quarterly Return and taxed accordingly. If a payment is less than £30,000, it does not need to be included on the Quarterly Return for tax purposes.

Pay in Lieu of Notice

If a payment is made in lieu of notice, to which the employee would otherwise be entitled, this is not considered to be a redundancy / termination / severance payment and it will be liable to tax and contributions in full. The amount should appear in the month or week in which the money would ordinarily have been paid.

Part-Time and Casual Earnings

You need to report gross wages whether these are made to full-time, part-time, or casual employees. However, under no circumstances should a gross *payment* be made to an employee without written authorisation from the Revenue Service. This would usually be in the form of a Coding or Direction Notice.

Students

All students receiving a wage need to register with the Revenue Service to get a Tax Reference Number, regardless of their age. They will be issued with a Coding or Direction Notice as appropriate and should be treated like a normal employee. At birth, they would have been allocated a Social Security Number for contribution purposes.

Sickness Pay

If you pay your employees their usual wages when they are off work due to illness, you should enter the pay on the Quarterly Return, as normal. Do not confuse this with Social Security Incapacity Benefit which does not need to be included on the Quarterly Return. If an employee does not get paid whilst they are off due to illness, no entry will be required for the period of time they are off work and not getting paid.

Holiday Pay

Wages that are paid in lieu of holiday should be included in the week or month in which they were paid. Holiday pay due to an employee when employment ceases, should be included within the final payment of wages. If it is paid at a later time, tax should be deducted at 20%.

Labouronly Contractors and Subcontractors

From a tax perspective, there are important instructions relating to payments to labour-only contractors and subcontractors. Tax applies to payments made to labour only contractors, subcontractors, and gangs except where a payment is made by a private householder, or is made to a limited company, or where materials are supplied.

Tax should be deducted where only labour is provided, but not when the payment also covers the materials for a job supplied by the contactor. Where only negligible amounts of materials are supplied, e.g. a carpenter supplying tools, nails, and screws, tax should be deducted.

Domestic Staff

Tax and contributions should be deducted on payments made to domestic staff and included on the Quarterly Return.

Tips

Tax is payable and should be deducted on all tips paid out by you. However, for contribution purposes if a fund has been set up by an employer to collect tips over a period of time, which is then shared out, the value must be included in the gross earnings of each employee in the week or month in which it is paid. Tips received by an employee directly from a customer do not need to be included in the gross earnings.

Earnings Requiring Special Treatment

The following amounts are not subject to deductions:

- Social Security Incapacity Benefit / Maternity Benefit
- Reimbursement of Expenses
- Employee Contributions to an Approved Pension Scheme
- Share Dividends

Social Security Incapacity Benefit / Maternity Benefit

If an arrangement exists where an employee continues to receive their usual wage, but gives you any Social Security benefit received by them, the entry on the return should be the amount of the gross earnings less the amount of the benefit cheque. Tax and contributions are calculated on this lower figure. This adjustment should be made for the week or month in which the benefit cheque is received by you. If you do not pay sickness / maternity pay, then no special adjustments need to be made by you.

Reimbursement of Expenses

If you reimburse an employee for any expenses they incur to aid them in the performance of their duties, you should not include these payments as gross pay because they are not subject to tax or contributions.

Employee Contributions to an Approved Pension Scheme

You should not reduce the gross wage figure by an employee's contribution to your employer approved pension scheme. Contribution liability is calculated before the deduction of the employee contributions. They should be included in both the gross and superannuation columns on the tax element of the return.

Share Dividends

Share dividends paid by a private company or an associated company to its employees are classed as earnings for contribution liability. If the payment of the dividend causes the gross earnings to exceed the upper earnings limit, the dividend value would be apportioned over the period to which the dividend relates.

Class 1 (Employed) Contributions

This consists of two shares:

Primary	Employee Share	Deducted from wage
Secondary	Employer Share	Paid by the Employer

Employment after Pension Age

Employed people are not liable to pay the Primary (Employee Share) Class 1 contribution from the week or month following pension age. Class 1 contributions are still payable by the employer. The status of the employee changes from Full Rate (blue) to Employer Only (orange).

Calculating Tax and Contributions

Tax

Tax is payable at 20% of the weekly or monthly gross, less any allowances / deductions and the amount shown on the employee's Coding Notice, for example:

Gross Pay		£	2,500.00
Superannuation	-	£	120.00
Coding Notice	-	£	1,170.00
Pay after deductions		£	1,210.00
			x20%
Tax deductions		£	£242.00

Based on the above calculation the figures needed to be reported on the quarterly return for that week or month are as follows:

Gross for Tax	Superannuation	Coding Notice	Direction Notice	Pay after Deductions	Tax Deducted
£2,500.00	£120.00	1170	01	£1,210.00	£242.00

Each Direction Notice has a two-digit number. A Direction Notice may be issued by the Revenue Service to tell you to either deduct tax in addition to the amount calculated as shown above or to refund an amount. If you are told to refund an amount – this should be taken away from the tax calculated for the next pay day. For example, if you were told to refund £25, in the example above you would only send in £217 to us (the £242 calculated less £25).

Only issue a tax refund if you have been told to do so by us in the form of a Direction Notice. You can only refund tax deducted during the current quarter, and the overall tax deducted figure cannot be negative.

Contributions

The contributions payable by an employer and employee are a percentage of the gross earnings between the lower and upper earnings limits.

Percentage Rates of Contribution	Employer (%) 2023	Employee (%) 2023
Full (blue)	6.8	7.0
Employer Only (orange)	6.8	Nil

Earnings Levels	Weekly (£) 2023	Monthly (£) 2023
Lower Earnings Limit	163	706.33
Upper Earnings Limit (employer)	3,240	14,040
Upper Earnings Limit (employee)	3,240	14,040

The first ‘Contribution Week’ (the week where contributions are payable for the year as attributed to the current year’s rates) in any year always starts on the day of the week on which 1 January falls. The last Contribution Week of the year will contain 8 days (9 in a leap year) and will cover the period from 24 December (23 December in a leap year) to 31 December. If two paydays fall in the last week of the year, the two payments must be added together to determine the amount of contribution payable. Contributions deducted should not exceed the upper earnings limit.

Coding Notices

A Coding Notice is an instruction issued by us which tells you what allowance to give to your employee before deducting tax at 20%
An employee must register with the Revenue Service in order to get a Coding Notice. If an employee is already registered, they can update their Coding Notice here.

Coding Notices should be used from your employee’s next pay date, after it has been received. They should not be used to recalculate any earlier deductions taken. Where you do not hold a Coding Notice you should deduct tax at 20% (after taking into account any superannuation) and contributions on the gross figure (WITHOUT taking superannuation into account) at the full rate.

When a Coding Notice has been issued to your employee, you will be sent the Employer Coding Notice. A Coding Notice is only valid for use where all of the following conditions are met:

- The year on the Coding Notice is the current year.
- It is an Employer Coding Notice
- It has been addressed to you as the employer.
- The relevant employee is named.

Do not operate a Coding Notice if:

- It is a photocopy.
- The year is not current.
- It is addressed to the employee.
- It has been addressed to a different employer.
- You are no longer the employer.

This is an example of an Employer Coding Notice:

States of Guernsey
Revenue Service

Coding Notice
Employer copy

Employer Name
Employer Address Line 1
Employer Address Line 2
Employer Address Line 3
Employer Address Line 4
Employer Address Line 5

Year:
Date of issue:
Tax Reference No:
Social Security No:
Name of Employee:
Payroll No:
Weekly Coding:
Monthly Coding:

The Coding is the amount which should be deducted from this employee's pay after pension contributions have been made. You will need to deduct tax at the standard rate of 20% on the residual amount. Where the coding is '0', tax should be deducted against the whole amount at the standard rate of 20%.
Please ensure you update your payroll or pension system with these details as soon as possible. Failure to do so may result in incorrect tax amounts being withheld for the individual mentioned above.

Please contact the Employer Team if you have any questions, email employers@gov.gg.

States of Guernsey, PO Box 37, St Peter Port, Guernsey, GY1 3AZ
Tel: 01481 225700 Email: revenueservice@gov.gg Website: www.gov.gg

Annual Coding Notices

Coding Notices are only valid for the year in which they relate, so a new Coding Notice must be issued each year.

Each November employees are issued with their Coding Notice for the next year. It is their responsibility to ensure that the employer and the allowances and deductions are correct. During December you will receive details of your employees' Coding Notices for the following year by e-mail. As it is your employee's responsibility to ensure their Coding Notice is up-to-date, if they are missing from your list or their details are incorrect, they will need to contact us. You cannot do this on their behalf. If you have not received a Coding Notice addressed to you before running your payroll then you need to deduct 20% tax until you receive one.

The annual Coding Notices are issued electronically by e-mail and will have an excel spreadsheet attached containing the following information for each of your employees:

1. Name
2. Payroll number (where appropriate)
3. Tax Reference Number
4. Weekly Coding Value
5. Monthly Coding Value

This Excel data is only made available for the Coding Notices issued annually. Some ad-hoc Coding Notices issued throughout the year will be sent by email as an attachment. We can store a maximum of two e-mail addresses for use in the annual Coding Notice run for each employer. Please remember to tell us of any changes.

Loading Coding Notice Data into Returns Creator

As part of the annual Coding Notice process, we load all coding values directly into Returns Creator ready for the new year. If you use this application, you will not need to manually enter the Coding Notices for your employees, except where Returns Creator could not uniquely identify them. Coding Notices issued throughout the year are not currently loaded into Returns Creator automatically. You will need to enter these manually.

Letters to Cease Deductions

For some pension cases you may receive a letter telling you to stop deducting tax until further notice. This instruction does not have an end date and continues until you are told otherwise. You will also be told whether you need to continue to record the gross pay or not on your quarterly returns. If you are asked to stop reporting the pension payments, please do so from the start of the next quarter (and report the current quarter payments as normal).

Employees Starting / Leaving Employment

Employees are only entitled to the allowances shown on the Coding Notice for the weeks or months they are employed by you. If they start or leave part way through a month they are not entitled to a full month's allowance. For example: your employee has been receiving a coding allowance of 875 but they are leaving your employment on 12 October. In October they are not entitled to the full coding allowance of 875, but they are entitled to two weekly coding allowances of 202. Depending on your payroll application you may be able to enter two weekly coding values, however, if you use Returns Creator, combine the two weekly coding values to get a coding value for the month of 404. If you do not proportion the allowances, your employee will be given more allowances than they should have.

When calculating how many weeks allowance an employee is entitled to, please use the following table:

Days Employed (including weekends)	Allowances Applied
1 – 7 days	1 week
8 – 14 days	2 weeks
15 – 21 days	3 weeks
22 – 28 days	4 weeks
29 – 31 days	1 month

Direction Notices

Direction Notices may be used either instead of, or in conjunction with a Coding Notice. They can be used at any time during the year, and you should follow the instructions given on them. A Direction Notice should only be operated for the year shown on it, and if you receive more than one Direction Notice during the year always use the latest one. At the end of the year or after the expiry date shown on the Direction Notice, if earlier, go back to using your employee's current tax coding in the normal way.

You may receive a Direction Notice to deduct extra tax, refund tax you currently hold, or to cease deducting tax. If you are instructed to cease deducting tax you still need to declare the gross wages paid on the quarterly returns. You will only ever be instructed to refund tax that you have deducted during the current quarter. The total tax deducted for a quarter can never be a negative figure.

This is an example of a Direction Notice:

States of Guernsey
Revenue Service
Employees Tax Instalment Scheme

DIRECTION NOTICE

SIR CHARLES FROSSARD HOUSE
LA CHARROTERIE
ST PETER PORT
GUERNSEY
GY1 1FH

Tax No: 0O 916256
Year: 2020
Date of Issue: 18 August 2020
Direction Notice No: 01

This Direction Notice cancels all previous Direction Notices and remains valid until 31st December or until a further Direction Notice is received, whichever is sooner.

Name Of Employee: MR S ARGENTINA Payroll No: 238

From the next pay day, follow the instructions detailed below.

D Deduct £38.31 (monthly) in addition to the tax deducted under the coding notice until 31DEC20 , then revert to coding notice.

States of Guernsey, PO Box 37, St Peter Port, Guernsey, GY1 3AZ
Tel: 01481 705700 E-Mail: revenueservice@gov.gg Website: www.gov.gg

Occupational Pension Schemes

There are various types of pension schemes that an employee can pay into, some of which are entitled to tax relief at source, such as a superannuation scheme, and some, such as an employee paying into a personal pension plan, are dealt with in the employee's Coding Notice. Employee pension contributions should be deducted from an employee's earnings after the contribution liability is calculated (as the contribution liability must be based on the gross earnings).

Below is an explanation on how to treat the various types of pension schemes available, approved under the provisions of Section 150 of the Income Tax (Guernsey) Law, 1975.

Employee Contributions

Employee contributions into an occupational scheme receive tax relief at source. The gross wages figure reported on the quarterly return should not be reduced by the value of the contributions, the contributions need to be shown separately in the superannuation column. There is no difference in the treatment and declaration of ordinary contributions to an approved pension scheme and additional voluntary contributions. Calculation for tax is as follows:

	£	2,000.00	Gross
-	£	120.00	Less superannuation
-	£	875.00	Less Coding Notice
	£	1,005.00	Pay after deductions
		x20%	
	£	**201.00**	**Tax deducted**

Using the above example, the correct gross figure to report on the quarterly return would be £2,000.00. The same figure should also be on your employee's final payslip, along with the superannuation figure, so that they may show it correctly on their personal tax return.

Contributions should be calculated on the figure before the deduction of the employee pension contributions, that is, on £2,000.00.

Employer Contributions

Contributions made by an employer to an occupational scheme (including premiums in respect of life cover) are exempt from tax. They are not subject to contribution liability. Do not include these contributions in the gross or superannuation figures reported on the quarterly returns.

Personal Pension and Retirement Annuity Trust (RATS) Schemes

Employee Contributions

Employee contributions into a personal pension or RATS scheme do not receive tax relief at source. You should not report these contributions in the superannuation figures included on the quarterly returns, and the gross wage figure should not be reduced by the value of the pension contributions. Your employee will need to claim their contributions under the Personal Pensions Section of their personal tax return. An allowance can be included in an individual's Coding Notice and your employee will need to contact us to get this. The contributions due should be calculated before the deduction of the employee pension contributions.

Employer Contributions

If the employer is paying into a personal pension scheme approved under Section 157A of the Income Tax (Guernsey) Law, 1975, on their employee's behalf, this is treated as a Benefit in Kind and the amounts should be included in the employee's gross pay and tax and contributions deducted accordingly. The employee will need to make a claim on their personal tax return.

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Salary Sacrifice

Where an employee gives up some of their salary as a pension contribution, they should still declare their gross salary before the sum sacrificed on their personal tax returns. Similarly, the employer should also s the same gross figure in the gross column on their quarterly returns and the pension contribution included in the superannuation column.

> *With regard to salary sacrificed in return for a contribution to an occupational pension scheme approved under the provisions of section 150 of the Income Tax (Guernsey) Law, 1975, as amended, it is still the case that an individual would be entitled to a deduction from his emoluments in respect of the amount of any ordinary contributions to the scheme or of any statutory or voluntary contributions made by him out of the income in the year of computation, provided no such deduction would be allowed in respect of contributions exceeding the limits in accordance with the provisions of section 151 of that Law.*
>
> *In other words, since the amount of salary "sacrificed" is still being treated as an emolument assessable on him, and since that amount is used to make a contribution to an approved occupational pension scheme, the Director is prepared to treat that contribution as a contribution.*

Statement of Practice E15 (Guernsey Income Tax Treatment (2))

Salary sacrifice schemes do not reduce the employee's liability to pay contributions.

Benefits in Kind

You need to deduct tax and contributions in respect of benefits in kind provided to your employees. There is a Benefits in Kind guide which provides further information on what benefits are liable, are exempt, and how to calculate certain benefits.

Where benefits are provided, the amount of the benefit should be added to the employee's gross pay in the pay period that the benefit was provided. Tax and contributions should be deducted from the total amount. Share Option / Share Award schemes should also be included where there is a taxable emolument.

The first £900.00 of certain benefits are exempt from 1 January 2023 (previously £450.00). You will need to take the exemption into account when the benefits are included in the gross pay. The Benefits in Kind guide provides information on which benefits are eligible for the £900 exemption.

If your employee receives benefits on a continuing basis (for example, individual health insurance cover of £100.00 per month) the benefit to be included in each pay period would be calculated as follows:

Value of benefit	£	100.00
Less exemption (£900 / 12)	£	75.00
Monthly benefit	£	25.00

You should then add the £25.00 to the gross monthly pay and deduct tax and contributions from the total figure.

The exemption does not apply to motor vehicle or accommodation benefits or emoluments arising under share option / share award schemes.

Where your employees receive one off benefits, the full £900.00 may be offset against this benefit in the month in which the payment is made (as long as the exemption has not already been used against another benefit).

It may not always be possible for tax to be deducted from the benefits provided, for example, where there is no cash payment to deduct tax from. In such cases you will need to complete a Benefit in Kind form and return it at the beginning of the following year.

For contributions, all benefits in kind should be included as part of the gross earnings. The amount to be included on the return is the same as for tax purposes. This is the net weekly or monthly figure following the deduction of the £900.00 tax exemption figure, if applicable.

Profit Sharing and other Share Option Schemes

A taxable benefit arises on a share award scheme when the shares are awarded, acquired, or allocated to the employee, and not when the shares are finally vested in them, free of conditions. The amount of the taxable benefit must be included in the gross pay reported on the quarterly returns and tax and contributions deducted on the total amount. The only exception would be where it is not possible for deductions to be made in this way (as the cash provided to the employee is not enough to cover the tax needing to be deducted). In these circumstances it will be necessary to complete a Benefit in Kind form.

In the event that shares are never received by the employee (for share award schemes), or the option is never exercised (for share option schemes), adjustments will be required to your quarterly returns. This could be where, for example, an employee stops working for you and the shares originally awarded are no longer due to them.

To let us know of these adjustments, you should e-mail:

1. The name and tax reference of the employee.
2. The calendar year in which the benefit was included on the Return.
3. The value of the benefit.
4. The revised gross wages for the calendar year.

Completing Quarterly Returns

The returns should be completed and submitted electronically, using either the online application supplied by us – Returns Creator, or a 3rd party software or internal payroll system.

Whilst employers with more than 80 staff need to pay over their deductions weekly or monthly, we only ever require a return to be submitted at the end of each quarter.

Returns Creator

Returns Creator is a free online application developed by us which enables you to submit your quarterly returns in an electronic format. To register visit https://rc.gov.gg and create an account with your e-mail address. You will need to have your employer tax and contribution numbers before you can start using it. Returns Creator can be used to input

Coding and Direction Notice details, calculate tax and contributions, print payslips, and submit quarterly returns.

3rd Party Payroll

Providing your quarterly files are submitted in the correct format and manner (import and API) you can use 3rd party payroll systems to submit your returns. Whilst we can provide guidance on the file format and what information should go into the file, we are unable to assist you with how to use 3rd party payroll systems. We recommend you send us a test file so that we can check the file format before putting a new system live.

If you are using a 3rd party payroll system there are two submission methods available to you:

- **Import via Returns Creator**
  If your 3rd party payroll system exports the ".txt" or ".sia" file, it can be submitted by uploading it into Returns Creator, but you will need to create an account before you can do so. Simple validation is applied to the file at upload to ensure it is in the correct format.

- **Submit via API**
  3rd party payroll systems can be set up to submit returns automatically through a web-based API call. The call has certain mandatory parameters, and provides a HTTP status code in order to confirm submission or detail a problem.

If your system allows you to submit replacement returns, please contact us to check whether your original return has been processed.

Nil Returns

You are still required to submit quarterly returns even when no wages have been paid during a particular quarter. You can let us know by e-mail instead of sending a nil return.

Errors on Returns

You are responsible for ensuring that the quarterly returns submitted to us are correct. If you have made a mistake, then you should let us have the correct details by e-mail as soon as possible. Penalties may be imposed for incorrect returns.

Ceased Employing

If you have ceased employing, you do not need to submit nil returns each quarter. Please e-mail us with the relevant details.

Keeping Returns

You should keep records of all wages paid, including tax and contributions deducted, for a period of 6 years after the end of the year in which the relevant return was submitted. The Revenue Service may ask you to confirm the gross wages paid, and tax and contributions deducted for an employee for a previous year, usually because an employee has declared a different figure on their tax return to the amount submitted by you.

Payslips

You have a legal requirement to provide your employees with a legible payslip which includes the following information:

- Gross amount of pay
- Amount and reason for any deductions
- Total amount of deductions
- Net pay
- Date the net pay is to be paid

Surcharges and Penalties

Surcharges

A surcharge will be applied to all payments submitted after the due date, unless the amount of the surcharge falls below the limit of £50. If payments remain outstanding additional surcharges will be added at regular intervals, not only on the outstanding balance, but also on any previous surcharge, additional surcharge, or penalties imposed, until such time as the debt is fully paid.

Payments should be with us no later than the 15th of the month following the end of the quarter in which the deductions were made. Surcharges are charged at 5% for tax deductions and 2.5% on contribution deductions. In cases where a part payment is received a surcharge will be applied on the balance outstanding. If a return submitted is found to be incorrect then a surcharge (and additional surcharges if appropriate) will be applied to any additional tax and contributions, from the original due date.

You have a right to appeal against any surcharge applied. The appeal must be addressed to the Director of the Revenue Service, in writing, within thirty days, but the only grounds of appeal allowed are that the surcharge is not payable in Law, or it has been miscalculated. The fact that tax and contributions were paid late due to an error or oversight by you is not a valid appeal. Details of the appeal process are available here.

Penalties

A penalty of £300.00 will be automatically imposed if the quarterly tax deduction return is not submitted by the due date. A further penalty of £50.00 per day can be imposed until the return is submitted. In certain circumstances, most notably for RATS of annual director's fees, penalties are not applied and as such a nil return is not required for quarters where a payment is not made. These employers are indicated by a /F at the end of their reference, for example, 0Y 101065 / F.

Penalties can also be applied for incomplete or incorrectly submitted returns.

The ETI Exemption Certificate

If you are paying an individual an amount that they in turn are paying on to their employees, (a gang leader or ganger), they should have an ETI Exemption Certificate, which is like a plastic credit card, coloured metallic gold. It contains their personal details along with a photograph of the authorised card holder. The reverse of the card shows the authorised cardholder's signature.

Each time a payment is made, you must ask the ganger to produce his ETI Exemption Certificate, as you will need to note the details shown on it. If he does not provide you with the card, tax must be deducted at 20% from the whole payment.

You should check the ganger's photograph and signature to ensure the person presenting it is the authorised cardholder. You should also check the expiry date. After a payment has been made the certificate must be returned to the ganger.

Details of any Certificates which have been cancelled before the expiry date, will be published in La Gazette Officielle. You should take note of the numbers of these certificates as they will no longer be valid and should not be accepted.

An ETI Exemption Certificate should never be accepted for a payment for one person only, i.e., for someone who had no other person working with them.

The Exemption Certificate Holders Payments List and Payment to Gangers Schedule must be returned to us no later than the 15th day of the month following the end of the quarter, and any tax payments must be made at the same time. Each quarter you must complete and submit both documents. If you have not made any such payments, please e-mail us stating that no payments have been made. In certain circumstances the Revenue Service may require returns and payments to be submitted monthly.

Residency

If your employee is paying compulsory contributions to another jurisdiction where they are ordinarily resident, liability may be excused in Guernsey. To be excused liability to pay contributions, a certificate of continuing liability must be forwarded to us at the time the person starts work in Guernsey. If paying to the United Kingdom, the certificate can be obtained from the NI Contributions and Employers Office, HM Revenue and Customs, BX9 1AN. Further details can be obtained by visiting https://www.gov.uk.

UK/Overseas Employees Working in Guernsey for a Short Period

If an employee from the UK is going to be in the island for 183 days or less, you may not need to deduct tax because of the Double Tax Arrangement that Guernsey and the UK have, so long as the employee is being paid by an employer who is not resident in Guernsey, or the employer doesn't have a permanent establishment in Guernsey.

If an individual from overseas is working in Guernsey, whether tax should be deducted or not depends on whether Guernsey has a Double Tax Agreement with the country where they normally live.

An individual in Guernsey, working for a Guernsey employer, will always need to pay tax on their income.

More information is available here

Fishermen

Tax must be deducted from any payments made to share fishermen. If a Coding Notice is not provided, tax must be deducted at 20%. For contribution purposes share fishermen are classified as self-employed and liable to pay their own contributions. Fishermen who are only paid a wage regardless of the catch are treated as employed.

Miscellaneous

Au Pairs

Au pairs usually live with the family they work for and are unlikely to be classified as employed for contribution purposes. They are treated as a member of the family they live with and receive 'pocket money' instead. Note, the amount of pocket money must meet minimum hourly pay requirements, but the annual amount should be less than the Personal Allowance, meaning that no tax should be payable. There is no contribution liability where an Au Pair comes to Guernsey and is paid pocket money only, as they would be below the lower earnings limit. However, details of their income still need to be provided to the Revenue Service, by lodging quarterly returns through the Returns Creator.

Employees with More than One Employer

Employees who work for more than one employer should give a Coding Notice to each employer. However, if you have an employee who does not provide you with a Coding Notice, you must deduct tax at 20% from any payments made to them. Contributions should be deducted as normal.

Death of an Employee

If a pension payment has been made to an individual in error after they have died, and it is subsequently returned to you, it may have been incorrectly reported on the quarterly returns. In these instances, you would need to confirm the situation in writing to us.

With wages, all payments due to the employee should be entered in the week or month containing the date of death.

Complaints

If you would like to make an official complaint, please do so in writing and we will do our best to resolve the issues you are experiencing. Our complaints procedure can be found here.

Data Protection

You can view the Revenue Service Fair Processing Notice here.