



STATES OF GUERNSEY INCOME TAX

TREASURY AND RESOURCES DEPARTMENT

Summary of Allowances Year of Charge 2016

The standard rate of income tax is 20p in the £

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| Single Person | £ 9,675 |
| Single Person aged 64 or over at the commencement of the year of charge | £11,450 |
| Married Person | £19,350 |
| Married Person either husband or wife aged 64 or over at the commencement of the year of charge | £21,125 |
| Married Person both husband and wife aged 64 or over at the commencement of the year of charge | £22,900 |
| NOTE: The Married Person's Allowance is reduced by the amount of any Wife's Earned Income Allowance given. | |
| Wife's Earned Income: Tax on a sum equal to the amount of the claimant's wife's net qualifying income. The maximum allowance is tax on £9,675 if under the age of 64 or £11,450 if age 64 or over. | |
| The Married Person's Allowance is reduced by the amount of any Wife's Earned Income Allowance given. | |
| Dependent Relative | £ 3,125 |
| NOTE 1: If the relative's income exceeds £6,550 the allowance is reduced by £1 for every £1 by which the relative's income exceeds £6,550 . | |
| NOTE 2: If the relative is a child over the age of 19 years who is receiving full-time higher education, the allowance is reduced by £260 for every month for which a family allowance is payable. | |
| Charge of Children Generally available only to lone parents | £ 6,550 |
| Life Assurance No allowance. | |
| Retirement Annuity Tax at the standard rate on a sum equal to the qualifying premiums or contributions. | |
| Infirm Person | £ 3,125 |
| Housekeeper | £ 3,125 |

**IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 29th DAY OF OCTOBER 2015**

**The States resolved as follows concerning Billet d'État No XIX
dated 29th September 2015**

TREASURY AND RESOURCES DEPARTMENT

ANNUAL BUDGET OF THE STATES FOR 2016

After consideration of the Report dated 29th September, 2015, of the Treasury and Resources Department:-

1. To extend the company intermediate income tax rate (10%) to income from the provision of custody services (as defined in the Protection of Investors (Bailiwick of Guernsey) Law, 1987), to unconnected third parties when arising or accruing to an institution or business described in paragraph 1 of the Fourth Schedule to the Income Tax (Guernsey) Law, 1975, as amended, and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2016.
2. To extend the company higher income tax rate (20%) to income from the importation and / or supply of hydrocarbon oil or gas in Guernsey, except where a company does not import hydrocarbon oil or gas and supplies hydrocarbon oil or gas in Guernsey solely by means of a retail outlet for use in motor vehicles or boats, and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2016.
3. To extend the company higher income tax rate (20%) to income from retail business carried on in Guernsey, in the manner outlined in paragraphs 3.7 to 3.9 of this Report, where the company has a taxable profit of more than £500,000 in a year from such business, and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2016.
4. With effect from 1 January 2016, to pro-rate the entitlement to personal and other allowances for a person who is solely or principally resident in the years of their arrival in, and permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year, in the same manner in which income is pro-rated by virtue of sections 5(3) and 5(4) of the Income Tax (Guernsey) Law, 1975. Where that person is in receipt of a Guernsey source pension, which is liable to be taxed at source under the Employees Tax Instalment scheme, then the pro-rating provided for under section 51(5) and s.51A(2A) of the Income Tax (Guernsey) Law, 1975 shall be deemed to apply –
 - from the commencement of the year of charge until the date of arrival (in the case of that person's permanent arrival), or
 - from the date of departure until the end of the year of charge (in the case of that individual's permanent departure),

although, such an individual would not be entitled, in total, to more allowances than an individual who was solely or principally resident would be entitled.

5. To reduce the cap on the amount of tax relief on interest paid in respect of a principal private residence in section 1(2)(b)(ii) of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007 as amended, as follows:

| | Amount for an individual borrower | Amount for a married couple |
|-------------------------------------|-----------------------------------|-----------------------------|
| 2016 | £13,000 | £26,000 |
| 2017 | £11,000 | £22,000 |
| 2018 | £9,500 | £19,000 |
| 2019 | £8,000 | £16,000 |
| 2020 | £6,500 | £13,000 |
| 2021 | £5,000 | £10,000 |
| 2022 | £3,500 | £7,000 |
| 2023 | £2,000 | £4,000 |
| 2024 | £1,000 | £2,000 |
| 2025 and subsequent years of charge | £0 | £0 |

and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2016.

- 5A. To direct the Treasury and Resources Department to investigate the removal of, or introduction of a cap on the amount of, tax relief on interest payments for let properties in section 2 of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007 and to report back to the States no later than the end of October 2016.
6. TO NEGATIVE THE PROPOSITION in order to ensure greater equality between all persons in the ability to claim personal and other tax allowances, to direct that legislation is drafted as may be necessary to give effect to the decisions below, with effect from 1 January 2016:
- a. to provide that two individuals of the same sex who have together entered into a marriage or a civil partnership shall be treated for the purposes of the Income Tax (Guernsey) Law, 1975 in the same way as a husband and wife, and that references to a husband, wife or widow, a spouse, a marriage or a party to a marriage, or an individual who is married or unmarried, shall be construed accordingly.
 - b. in relation to the Married Persons Allowance –
 - i. the closure of the Allowance to claimants who married or entered into a civil partnership after 31 December 2015, and
 - ii. the extension of the Allowance to those in a civil partnership as at 31 December 2015, where they otherwise meet the conditions for the Allowance; in such cases the income of the younger civil

partner shall be treated as income of the older civil partner for all of the purposes of assessment and collection of tax (including the completion of returns, unless an election is made for separate assessment), and all references to husbands and wives shall be deemed to be the older and younger partner, respectively, of the civil partnership, as defined in the new proposed section 47AA of the Income Tax (Guernsey) Law, 1975.

- c. that the income of a wife will no longer be treated as the income of the husband for those who marry after 31 December 2015.
 - d. the closure of the Charge of Child Allowance –
 - i in relation to children born after 31 December 2020, or
 - ii where the allowance was not claimed in relation to the previous year of charge.
 - e. that co-habitees with children will no longer be able to transfer personal allowances between themselves in relation to children born after 31 December 2020.
 - f. in relation to children born before 1 January 2021,
 - i in order to claim a Charge of Child Allowance, an individual must be in receipt of Family Allowance at 1 January in the relevant year of charge,
 - ii personal allowances may also be transferred between co-habitees, including same sex couples, where the couple are recipients of a Family Allowance and made a claim to transfer personal allowances between themselves in the previous year of charge (regardless of whether or not the couple subsequently marry),
 - iii as a transitional measure in the year of charge 2016, personal allowances may be transferred between same sex co-habitees, where the couple were co-habiting as at 31 December 2015 and are recipients of a Family Allowance (regardless of whether or not the couple subsequently marry in 2016).
7. To increase the standard charge specified in section 5B(2) of the Income Tax (Guernsey) Law, 1975, as amended, from £27,500 to £30,000 in respect of the Year of Charge 2016 and subsequent years, by regulation under that subsection, and to resolve that the level of the standard charge is not reviewed or increased for at least 5 years.
8. With effect from 1 January 2016 to introduce a limit of tax payable by an individual (a “tax cap”) of £50,000 for residents of Alderney, provided that they have never previously claimed the “tax cap”, such a cap being available, initially, for a period of 10 years, and that accordingly the sixth schedule to the Income Tax (Guernsey) Law, 1975 shall be replaced by the following-

SIXTH SCHEDULE

Section 39B

LIMIT ON TAX PAYABLE BY AN INDIVIDUAL

1. Individuals resident in Guernsey (but not in Alderney)

An individual resident in Guernsey shall pay a maximum of £110,000 (£100,000 for Years of Charge 2008-2011) in tax in a year of charge, in respect of income from the following sources –

Qualifying income

- (1) Any income derived from non-Guernsey sources, including:
 - (a) income from businesses,
 - (b) income from offices and employments,
 - (c) income from the ownership of lands and buildings, and
 - (d) income from other sources.
- (2) Income derived from a body which has been granted an exemption from tax for that year of charge under an Ordinance made under section 40A, other than income arising or accruing from an office or employment held or exercised in Guernsey.
- (3) Any interest arising in Guernsey upon money deposited with a licensed institution or other person exempted from the requirement to be licensed under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994.

Income tax on income from any other sources (referred to in this Law as "**non-qualifying income**") shall not be subject to this limit.

However, notwithstanding the preceding provisions of this Schedule, an individual resident in Guernsey in receipt of non-qualifying income may, within a period of two years immediately after the end of any year of charge commencing after 2008, elect to pay in respect of both qualifying and non-qualifying income (other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is, for the avoidance of doubt, payable in addition to the amount of the limits on tax specified in this Schedule) in that year a maximum of £220,000 (£200,000 for Years of Charge 2008-2011) in tax, and in that case -

- (i) the maximum figure specified above of £110,000 (£100,000 for Years of Charge 2008-2011) in tax in the year of charge in respect of qualifying income does not apply, and
- (ii) the individual shall pay in respect of both qualifying and non-qualifying income (other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is, for the avoidance of doubt, payable in addition to the amount of the

limits on tax specified in this Schedule) in that year a maximum of £220,000 (£200,000 for Years of Charge 2008-2011) in tax.

Income from non-Guernsey sources does not include any income arising or accruing from -

- (a) businesses carried on in Guernsey,
- (b) offices or employments held or exercised in Guernsey,
- (c) the ownership of lands and buildings situate in Guernsey, and
- (d) any other source in Guernsey.

2. Individuals resident in Alderney

An individual resident in Alderney shall pay a maximum of £50,000 in tax in any year of charge from 2016 to 2025 in respect of Alderney qualifying income save where that individual has in any previous year of charge by virtue of section 39B claimed the limit on tax payable under this schedule as it had effect prior to the 1st January 2016, in which case that individual may claim limit on tax payable available under paragraph 1 of this schedule as if he were instead resident in Guernsey.

"**Alderney qualifying income**" means from any sources except Alderney non-qualifying income.

"**Alderney non-qualifying income**" means income arising or accruing from the ownership of lands and buildings situate in Guernsey (including, for the avoidance of doubt, Alderney), which shall not be subject to the limit.

3. Determination of where income arises

In determining for the purposes of this Schedule whether any income does arise in, or from the ownership of lands and buildings situate in, Guernsey (including, for the avoidance of doubt, Alderney) the income may be traced through any number of companies, partnerships, trusts, agreements or other arrangements of any description and, for that purpose, section 62D(2) shall apply (subject to the necessary modifications) in determining whether a person has an interest in, or income arises from, any company, partnership, trust, agreement or arrangement through which the interest or income is traced."

9. To approve the introduction of a system of charging excise duty on beer, cider and spirits based on Alcohol by Volume, with effect from 1 January 2016, as set out in paragraph 3.59 of this Report.
10. To approve the introduction of an excise duty at the standard rate on the production and / or importation of biodiesel with conditional concessions, with effect from 1 January 2016, as set out in paragraphs 3.70 to 3.72 of this Report.
11. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

With immediate effect:

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| Cigarettes | £298.52 per kilogram |
| Cigars | £283.72 per kilogram |
| Hand rolling tobacco | £264.21 per kilogram |

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| Other manufactured tobacco | £229.17 per kilogram |
| Tobacco leaf – unstemmed | £254.40 per kilogram |
| Tobacco leaf – stemmed | £256.96 per kilogram |

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| Petrol other than any fuel used for the purpose of air navigation | 58.5p per litre |
| Petrol used for the purpose of marine navigation where supplied by an approved trader | 36.6p per litre |
| Gas oil | 58.5p per litre |

With effect from 1 January 2016:

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| Biodiesel | 58.5p per litre |
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| Beer exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 45p per litre |
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| Beer brewed by an independent small brewery exceeding 1.2 per cent volume but not exceeding 4.9 per cent volume | 45p per litre |
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| Beer, other than beer brewed by an independent small brewery, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 71p per litre |
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| Beer brewed by an independent small brewery exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | 57p per litre |
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| Beer, other than beer brewed by an independent small brewery, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | 89p per litre |
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| Beer exceeding 7.5 per cent volume | £1.04 per litre |
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| Spirits | £32.34 per litre of alcohol contained in the liquor. |
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| Cider exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 45p per litre |
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| Cider produced by an independent small cider-maker exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 45p per litre |
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| Cider, other than cider produced by an independent small cider-maker, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 71p per litre |
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| Cider produced by an independent small cider-maker exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | 57p per litre |
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| Cider, other than cider produced by an independent small cider-maker, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | 89p per litre |
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| Cider exceeding 7.5 per cent volume | £1.04 per litre |
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| Light wines not exceeding 5.5 per cent volume | 56p per litre |
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| Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines) | £2.28 per litre |
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| Other wines | £3.64 per litre |
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12. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2015” and to direct that the same shall have effect as an Ordinance of the States.
13. That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2016 shall be as set out in paragraph 3.77 of this Report.
14. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2015” and to direct that the same shall have effect as an Ordinance of the States.
15. That the objective in the Fiscal and Economic Plan which provides for a ‘real terms’ freeze on aggregate States’ revenue expenditure’ should be interpreted for 2016 to exclude the allocation of an additional £8,200,000 specifically for the Health and Social Services Department.
16. To approve the Treasury and Resources Department commissioning, funded by a transfer from the Budget Reserve, external assessments of the appropriate baseline budgets for the Education Department and Home Department for current service provision and benchmarked to comparable service models in other jurisdictions.
17. To approve the cash limits for ordinary revenue and capital expenditure for 2016 for individual Departments and Committees totalling £382,600,000 as set out in paragraph 4.31 of this Report.
18. To note the indicative Three Year Budgets set out in paragraph 4.52 of this Report.
19. To immediately transfer the sum of £1,000,000 to General Revenue from the Capital Reserve.
20. To transfer the sum of £18,300,000 from General Revenue to the Capital Reserve on 1 January 2016.
21. To approve that returns of capital from trading entities in 2016 be transferred to the Capital Reserve.
22. To agree that, with the exception of the Alderney Airport Runway Rehabilitation [and] with the exception of the College of Further Education, requests for capital votes for the projects listed in paragraph 5.25 of this Report should not be submitted until after the States have agreed the 2017 - 2020 capital priorities.
23. To note the timetable for the 2017 - 2020 capital prioritisation exercise as set out in paragraph 5.29 of this Report and that a recommended capital investment portfolio will be included as a separate item within the 2017 Budget Report.
24. To approve that the programmes set out in paragraphs 6.36 to 6.40 of this Report are prioritised for funding from the Transformation and Transition Fund and delegate authority to the Treasury and Resources Department to approve funding

of up to £1,000,000 for the Transforming Health and Social Care Services programme and up to £750,000 for each of the other programmes.

25. To delegate authority to the Treasury and Resources Department to approve funding from the Transformation and Transition Fund up to a maximum of £250,000 per initiative for any transformational initiatives other than the programmes set out in paragraphs 6.36 to 6.40 of this Report.
26. To delegate authority to the Treasury and Resources Department to approve funding from the Transformation and Transition Fund up to a maximum of £500,000 for the revenue expenditure associated with the transition to the new system of population management.
27. To approve The States of Guernsey Permitted Investment (Amendment) Rules, 2015 set out in Appendix III of this Report.
28. (a) That, subject to the provisions of the Income Tax (Guernsey), Law 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2016 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition.

(b) That the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey), Law 1975, and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled.

(c) That:
“Family Allowances” means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
“the Income Tax (Guernsey) Law, 1975” means that Law as amended, extended or applied by or under any other enactment.

FIRST SCHEDULE Year of Charge 2016

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate.

| <u>NATURE OF ALLOWANCE</u> | <u>AMOUNT OF ALLOWANCE</u> |
|---------------------------------|---|
| 1. Personal Allowance | |
| (i) for persons who are married | Tax at the standard rate on £19,350. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce or separation occur in the year of charge, the allowance shall be reduced accordingly, and shall be |

calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, or separation). Provided thirdly that in the case of the death of a husband, the deceased shall be entitled to the allowance for the full year of charge, reduced by the amount of the appropriate allowance for single persons specified in (iv) or (v) below granted to the widow for the remainder of the year of charge from (and including) the husband's date of death; and in the case of the death of a wife, the husband shall be entitled to the allowance for the full year of charge. For the purposes of this paragraph and paragraphs (ii) to (v) below, "divorce" means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof

(ii) for persons who are married where, at the commencement of the year of charge either he, or his wife living with him, was of the age of 64 years or over.

Tax at the standard rate on £21,125. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce or separation occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce or separation). Provided thirdly that in

the case of the death of a husband, the deceased shall be entitled to the allowance for the full year of charge, reduced by the amount of the appropriate allowance for single persons specified in (iv) or (v) below granted to the widow for the remainder of the year of charge from (and including) the husband's date of death; and in the case of the death of a wife, the husband shall be entitled to the allowance for the full year of charge.

(iii) for persons who are married where, at the commencement of the year of charge, both he, and his wife living with him, were of the age of 64 years or over.

Tax at the standard rate on £22,900. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce or separation occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce or separation). Provided thirdly that in the case of the death of a husband, the deceased shall be entitled to the allowance for the full year of charge, reduced by the amount of the appropriate allowance for single persons specified in (iv) or (v) below granted to the widow for the remainder of the year of charge from (and including) the husband's date of death; and in the case of the death of a wife, the husband shall be entitled to the allowance for the full year of charge.

(iv) for single persons.

Tax at the standard rate on £9,675, but subject to the second and third provisos relating to divorce, separation or death

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| (v) for single persons aged 64 years or over at the commencement of the year of charge. | set out in (i), (ii) or (iii) above. Tax at the standard rate on £11,450, but subject to the second and third provisos relating to divorce, separation or death set out in (i), (ii) or (iii) above. |
| 2. Dependent Relative Allowance | In respect of each dependent relative - tax at the standard rate on £3,125 or on the amount of the contributions whichever is less: Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £6,550 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £3,125 the sum of £1 for every pound by which the dependent relative's income exceeds £6,550. Provided further that if any Family Allowances are payable in respect of the dependent relative, the allowance shall be further reduced to tax at the standard rate on such sum as remains after subtracting from £3,125, or such lesser sum as remains after deducting from £3,125 the sum of £1 for every pound by which the dependent relative's income exceeds £6,550, the sum of £260 for every month in the year of charge for which such Family Allowances are payable. |
| 3. Infirm Person's Allowance | Tax at the standard rate on £3,125. |
| 4. Housekeeper Allowance | Tax at the standard rate on £3,125. |
| 5. Wife's Earned Income Allowance | Tax at the standard rate on a sum equal to the amount of the claimant's wife's net qualifying income but not exceeding tax at the standard rate on £9,675. |
| 6. Charge of Children Allowance | Tax at the standard rate on £6,550. |
| 7. Retirement Annuity Allowance | Tax at the standard rate on a sum equal to the qualifying premiums or contributions. |

SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

1. Personal Allowance

- (1) The conditions to be fulfilled to entitle the claimant to the personal allowance are:
- (a) in respect of the allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons") –
 - (i) that at the commencement of the year of charge the claimant's wife is living with him or is wholly maintained by him; and
 - (b) in respect of the allowance specified in paragraph 1(iv) or (v) of the First Schedule ("single persons")-
 - (i) that the claimant is not entitled to an allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons"); or
 - (ii) that the claimant is subject to the second or third proviso relating to divorce, separation or death set out in the said paragraph 1(i), (ii) or (iii).

2. Dependent Relative Allowance

- A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:
- (a) that the child in respect of whom an allowance is claimed –
 - (i) is the child of the claimant, or
 - (ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;
 - (b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.
- (2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom he has been so adopted and not as the child of the natural parent.
- (3) Where a man and a woman are cohabiting as husband and wife and either has a child in respect of whom a dependent relative allowance is claimable the man or woman as the case may be, and by a notice in writing addressed to the Director, may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of the cohabitee.
- (4) In computing the amount of a child's income in his own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.

- (5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.
- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and
 - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

3. Infirm Person's Allowance

- (1) The conditions to be fulfilled to entitle a claimant to an infirm person's allowance are:
- (a) that the claimant is by reason of old age or infirmity or by reason of the old age or infirmity of the claimant's spouse compelled to maintain or employ an individual solely for the purpose of having care of the claimant or the claimant's spouse;
- Provided that the allowance shall not be granted by reason of infirmity unless throughout the year the claimant or the claimant's spouse was permanently incapacitated by physical or mental infirmity.*
- (b) if such an individual is a relative of the claimant or of the claimant's spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that individual, that the claim has been relinquished;
 - (c) that the claim relates to an infirm person in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Not more than one allowance shall be allowed to any claimant for any year.

4. Housekeeper Allowance

- (1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:
- (a) that the claimant is a widow or widower.
 - (b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;

- (c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;
 - (d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.
 - (3) A housekeeper allowance shall not be granted to any individual for any year if such individual is entitled for that year to a personal allowance for married persons, or to an infirm person's allowance.
 - (4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

5. Wife's Earned Income Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a wife's earned income allowance are that the claimant is entitled to the personal allowance for married persons and that there is included in the claimant's assessable income some earned income arising or accruing to the claimant's wife.
- (2) "Earned income" has the meaning assigned to it by section 148 of the Income Tax (Guernsey) Law, 1975.

6. Charge of Children Allowance

- (1) The conditions to be fulfilled to entitle a claimant who is also entitled to the personal allowance for married persons to a charge of children allowance are:
 - (a) that at the commencement of the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children who were born before 1 January 2021, and
 - (b) that the allowance was claimed in the previous year of charge, and
 - (c) that the claimant proves that throughout the year either he or his wife is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by him for the purpose of having the charge and care of the child, and
 - (d) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained, or if he or any other individual is so entitled, that the claim has been relinquished.
- (2) The conditions to be fulfilled to entitle a claimant who is entitled to the personal allowance appropriate to persons other than married persons to a charge of children allowance are:
 - (a) that at the commencement of the year of charge the claimant is in receipt of Family Allowances in respect of one or more children who were born before 1 January 2021, and

- (b) that the allowance was claimed in the previous year of charge, and
- (c) that in the year of charge the claimant is not cohabiting with another person, except where –
 - (i) the claimant proves that throughout the year either he or his cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by him for the purpose of having the charge and care of the child, and
 - (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if he or any other individual is so entitled that the claim has been relinquished.

Provided that where the recipient of a family allowance in respect of one or more children who were born before 1 January 2021 is not entitled to claim the charge of children allowance because he is cohabiting with another person, he may, in respect of the year of charge, by notice in writing addressed to the Director, elect that the whole, or any unused part of, the personal allowance to which he would otherwise be entitled shall cease to be his and shall become an additional personal allowance of the person with whom he is cohabiting, providing they made a claim to transfer personal allowances in the previous year of charge, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person as that person's spouse throughout the year of charge.

- (3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.
- (4) Where an individual is entitled to claim a dependent relative allowance in the case of a child receiving higher education he shall, for the purposes of the preceding paragraphs numbered (1) to (3), be treated as if he were in receipt of a Family Allowance in respect of the said child.

Provided that if there are two such individuals the charge of children allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that child.

- (5) Not more than one allowance shall be granted to any claimant for any year.

7. Retirement Annuity Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance are that the claimant pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975 and of which he is a beneficiary.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant during the year of

computation of the income of the claimant assessable for the year of charge.

- (3) Notwithstanding the provisions of the preceding paragraph no allowance shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
 - (a) 100% of the income of the claimant during the year of computation referred to in the preceding subparagraph, or
 - (b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Department.
- (4) In the case of a married couple or couple who have entered into a civil partnership:
 - (a) for the avoidance of doubt, the allowances specified in this paragraph apply in respect of each party to the marriage, and each party to the marriage may be considered to be the claimant for the purposes of this paragraph, irrespective of whether the couple are jointly assessed or separately assessed by virtue of an application under section 46 of the Income Tax (Guernsey) Law, 1975, and
 - (b) for the purposes of this paragraph, and notwithstanding subparagraph (1), either party to the marriage may also pay (and an allowance may be granted in respect of) qualifying premiums or contributions to a retirement annuity scheme or retirement annuity trust scheme of which the other party is a beneficiary, provided that the maximum allowance granted in respect of any individual may not exceed the limit prescribed in subparagraph (3).

29. To approve the following Expenditure Budgets for the year 2016:

- (a) Policy Council
- (b) Treasury and Resources Department
- (c) Commerce and Employment Department
- (d) Culture and Leisure Department
- (e) Education Department
- (f) Environment Department
- (g) Health and Social Services Department
- (h) Home Department
- (i) Housing Department
- (j) Public Services Department
- (k) Social Security Department
- (l) Public Accounts Committee
- (m) Scrutiny Committee
- (n) Royal Court
- (o) Law Officers

30. To approve the following Budgets for the year 2016 and Probable Outturns for 2015:

- (a) Corporate Housing Programme
- (b) Solid Waste Trading Account

- (c) Guernsey Registry
- (d) Ports
- (e) Guernsey Water
- (f) States Works
- (g) Guernsey Dairy
- (h) States Capital Investment Portfolio – Operating Costs
- (i) Superannuation Fund Administration
- (j) Social Security Department – Contributory Funds

31. To note the Budget for the States of Alderney for 2016.
32. To delegate authority to the Treasury and Resources Department to approve funding for a broad based review of the operation of the Local Housing Market in Guernsey which the Housing Department and the Treasury and Resources Department (and their successors) were directed to undertake by resolution of the States of 30th September 2015 from the Corporate Housing Programme Fund and / or by a transfer from the Budget Reserve.
33. To agree that the Committee *for* Education, Sport and Culture must report to the States of Deliberation by no later than July 2017, setting out a comprehensive sports strategy, including the funding requirements necessary to achieve the objectives set out in the strategy.

S M D ROSS
HER MAJESTY'S DEPUTY GREFFIER