

# Summary of Allowances Year of Charge 2012

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

<b>Single Person</b>	<b>£ 9,200</b>
<b>Single Person</b> aged 64 or over at the commencement of the year of charge	<b>£10,900</b>
<b>Married Person</b>	<b>£18,400</b>
<b>Married Person</b> either husband or wife aged 64 or over at the commencement of the year of charge	<b>£20,100</b>
<b>Married Person</b> both husband and wife aged 64 or over at the commencement of the year of charge	<b>£21,800</b>
<b>NOTE:</b> The Married Person's Allowance is reduced by the amount of any Wife's Earned Income Allowance given.	
<b>Wife's Earned Income:</b> Tax on a sum equal to the amount of the claimant's wife's net qualifying income. The maximum allowance is tax on <b>£9,200</b> if under the age of 64 or <b>£10,900</b> if age 64 or over.	
The Married Person's Allowance is reduced by the amount of any Wife's Earned Income Allowance given.	
<b>Dependent Relative</b>	<b>£ 2,950</b>
<b>NOTE 1:</b> If the relative's income exceeds <b>£6,250</b> the allowance is reduced by £1 for every £1 by which the relative's income exceeds <b>£6,250</b> .	
<b>NOTE 2:</b> If the relative is a child over the age of 19 years who is receiving full-time higher education, the allowance is reduced by <b>£246</b> for every month for which a family allowance is payable.	
<b>Charge of Children</b>	<b>£ 6,250</b>
Generally available only to lone parents	
<b>Life Assurance</b>	
No allowance.	
<b>Retirement Annuity</b>	
Tax at the standard rate on a sum equal to the qualifying premiums or contributions.	
<b>Infirm Person</b>	<b>£ 2,950</b>
<b>Housekeeper</b>	<b>£ 2,950</b>

# IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 15<sup>th</sup> DAY OF DECEMBER, 2010

The States resolved as follows concerning Billet d'État No XXII  
dated 18<sup>th</sup> November 2011

## TREASURY AND RESOURCES DEPARTMENT

### BUDGET OF THE STATES FOR 2012

After consideration of the Budget Report dated the 8<sup>th</sup> November, 2011, of the Treasury and Resources Department:-

1. To authorise the Treasury and Resources Department to transfer from the Contingency Reserve (Tax Strategy) to General Revenue a maximum sum of £27,000,000 during 2012.
2. To transfer the sum of £23,850,000 from General Revenue to the Capital Reserve on 1 January 2012.
3. To approve the cash limits for ordinary revenue and capital expenditure for 2012 for individual Departments and Committees totalling £361,800,000 as set out in paragraph 5.15 of this Report.
4. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

Cigarettes	£234.70 per kilogram
Cigars	£217.94 per kilogram
Hand rolling tobacco	£202.95 per kilogram
Other manufactured tobacco	£176.04 per kilogram
Tobacco leaf – unstemmed	£195.41 per kilogram
Tobacco leaf - stemmed	£197.38 per kilogram
Petrol other than any fuel used for the purpose of air navigation	45p per litre
Petrol used for the purpose of marine navigation where supplied by an approved trader	29.8p per litre
Gas oil	45p per litre
Beer brewed by an independent small brewery	40p per litre
Other beer	63p per litre
Spirits not exceeding 5.5 per cent volume	55p per litre
Spirits exceeding 5.5 per cent volume but not exceeding 25.0 per cent volume	£7.76 per litre
Spirits exceeding 25.0 per cent volume but not exceeding 50.0 per cent volume	£10.31 per litre
Spirits exceeding 50.0 per cent volume	In the extra proportion to 50.0 per cent volume
Cider produced by an independent small cider-maker	40p per litre
Other cider	63p per litre
Light wines not exceeding 5.5 per cent volume	47p per litre

Light wines not exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£1.91 per litre
Other wines	£3.05 per litre

5. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.
6. That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2012 shall be as set out in paragraph 4.21 of this Report.
7. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.
8. To approve that no Financial Transformation Programme savings are made available to fund service developments in the 2012-2017 States Strategic Plan.
9. To authorise the Treasury and Resources Department to approve capital votes for expenditure associated with the preparation and review of capital prioritisation bids, funded from the Capital Reserve.
10. To authorise the Treasury and Resources Department to make an overdraft facility of £5million available to Guernsey Electricity Limited for a four year period from 1<sup>st</sup> January 2012 with interest payable at the States Treasury rate.
11. To authorise the Treasury and Resources Department to provide guarantees, on behalf of the States of Guernsey, of up to £5million to facilitate the Alderney Housing Association’s borrowing from third parties.
12. To agree with respect to each of the Social Security Funds and the Superannuation Fund that with effect from the calendar year 2013, but without prejudice to continuing observance of the requirements of the Social Insurance (Guernsey) Law, 1978 as amended and the States of Guernsey (Public Servants) (Pensions and Other Benefits) Rules, 1972 as amended:
  - a) The administration and routine capital expenditure referable thereto shall be included within the Annual Budget Report;
  - b) Major items of capital expenditure shall be included within the Capital Prioritisation process; and
  - c) The “States Rules for Financial and Resource Management” shall be applied to the administration thereof.
13. To approve the principle of the introduction of a Share Transfer Duty regime in Guernsey which taxes sales of interests in entities which own either commercial or domestic real property in Guernsey at the same rate as applied under the Document Duty Law for standard conveyances.
14. With regard to the increases in the Income Tax caps and standard charge referred to in paragraph 4.9 of this Report:
  - a) To resolve, pursuant to section 39B(1) of the Income Tax (Guernsey) Law, 1975 as amended, that the Sixth Schedule to that Law shall be amended as follows:
    - (i) For “£100,000”, wherever appearing, substitute “£110,000 (£100,000 for Years of Charge 2008-2011)”,
    - (ii) For “£200,000”, wherever appearing, substitute “£220,000 (£200,000 for Years of Charge 2008-2011)”,

- b) To endorse the intention of the Treasury and Resources Department to increase the standard charge specified in section 5B(2) of that Law, from £25,000 to £27,500, in respect of the year of charge 2012 and subsequent years, by regulation under that subsection.
15. That the Income Tax (Guernsey) Law 1975, as amended, be further amended to ensure that a wife's income is not treated as that of her husband in circumstances where he is not receiving the higher personal allowance for married persons and in such other circumstances as may from time to time be prescribed by resolution of the States or regulation of the Treasury and Resources Department.
16. (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 2012 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 2012**

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

#### **NATURE OF ALLOWANCE**

#### **AMOUNT OF ALLOWANCE**

#### **1. Personal Allowance**

- (i) for married persons

Tax at the standard rate on £18,400. 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, separation or death 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 (or, as the case may be, the surviving 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, separation or death).

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 married persons 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 £20,100. 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, separation or death 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 (or, as the case may be, the surviving 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, separation or death).

(iii) for married persons 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 £21,800. 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, separation or death 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 (or, as the case may be, the surviving 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, separation or death).

(iv) for single persons.

Tax at the standard rate on £9,200, but subject to the second proviso relating to divorce, separation or death set out in (i), (ii) or (iii) above.

(v) for single persons aged 64 years or over at the commencement of the year of charge.

Tax at the standard rate on £10,900, but subject to the second proviso 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 £2,950 or on the amount of the contributions whichever is less:

Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £6,250 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £2,950 the sum of £1 for every pound by which the dependent relative's income exceeds £6,250.

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 £2,950, or such lesser sum as remains after deducting from £2,950 the sum of £1 for every pound by which the dependent relative's income exceeds £6,250, the sum of £246 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 £2,950.

## **4. Housekeeper Allowance**

Tax at the standard rate on £2,950.

## **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 £9,200.

## **6. Charge of Children Allowance**

Tax at the standard rate on £6,250.

## **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

(ii) that in computing his assessable income for that year the claimant is not entitled to make

any reduction on account of any payment made for his wife's maintenance.

*Provided that if any question arises as to whether a wife is or is not wholly maintained by her husband, the question shall be determined by reference to the financial circumstances of the wife.*

- (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 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 Administrator, 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 in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children, and
  - (b) 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
  - (c) 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 that in the year of charge:
- (a) the claimant is in receipt of Family Allowances in respect of one or more children, and
  - (b) 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 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 Administrator, 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, 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

husband or wife 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 or his wife 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.
- (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 or his wife during the year of computation of the income of the claimant or his wife 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, or of the claimant and the claimant's wife, as the case may be, during the year of computation referred to in the preceding paragraph.
  - b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Department.
- (4) For the purposes of this allowance the income of a wife shall be treated separately from the income of her husband, notwithstanding that her income would otherwise be treated as his income.

#### **II. To approve the following Expenditure Budgets for the year 2012:**

1. Policy Council
2. Treasury and Resources Department
3. Courts and Law Officers
4. Commerce and Employment Department
5. Culture and Leisure Department
6. Education Department
7. Environment Department
8. Health and Social Services Department
9. Home Department
10. Housing Department
11. Public Services Department
12. Social Security Department

13. Public Accounts Committee
14. Scrutiny Committee
15. States Assembly and Constitution Committee
16. Capital Reserve

III. To approve the following Budgets for the year 2012 and Probable Outturns for 2011:

1. Corporate Housing Programme
2. Ports
3. Guernsey Water
4. States Works
5. Guernsey Dairy
6. Guernsey Registry
7. Beau Sejour Centre
8. Superannuation Fund – Administration

IV. To note the Budget for the States of Alderney for 2012.

S M D ROSS  
HER MAJESTY'S GREFFIER