



States of Guernsey
Income Tax

HOW TO COMPLETE YOUR PERSONAL 2016 PAPER TAX RETURN

EXPLANATORY BOOKLET

THESE NOTES ARE FOR GUIDANCE ONLY. THEY SHOULD NOT BE REGARDED AS A COMPLETE STATEMENT OF ALL THE PROVISIONS OF THE LAW. IF AFTER READING THIS BOOKLET YOU REQUIRE FURTHER INFORMATION, PLEASE CONTACT THE INCOME TAX OFFICE.

DID YOU KNOW

You can complete your Income Tax Return
on-line?



Please visit <https://eforms.gov.gg/>

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PO Box 37
2 Cornet Street
St Peter Port
Guernsey
GY1 3AZ

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Web Site: www.gov.gg/tax

Office hours: Monday to Friday 9.00am to 4.00pm

February 2017

CONTENTS

	Page
SUMMARY SHEET	<u>4</u>
PERSONAL DETAILS	<u>4-5</u>
INCOME	
Employment	<u>6-7</u>
Self-employment (including trades and professions)	<u>8</u>
Pensions received	<u>9</u>
Bank and savings accounts	<u>10</u>
OWNERSHIP OF PROPERTY	<u>10-14</u>
COMPANIES AND DISTRIBUTIONS	<u>14-15</u>
SETTLEMENTS INCLUDING TRUSTS AND FOUNDATIONS	<u>15-16</u>
ANY OTHER INCOME	
Dividends and debenture interest	<u>16-17</u>
Other investments	<u>17</u>
Annuities	<u>17</u>
Royalties or copyrights	<u>17</u>
Paying guests and boarders	<u>17</u>
Alimony or maintenance received	<u>18</u>
Refunds of UK tax	<u>18</u>
Any other source	<u>18</u>
ADDITIONAL INFORMATION	<u>18</u>
DEDUCTIONS	
Loans (excluding mortgages)	<u>18-19</u>
Deeds of Covenant	<u>19</u>
Maintenance or alimony	<u>19</u>
PAYMENTS TO NON-RESIDENTS	<u>20</u>
ALLOWANCES	
Details of children	<u>21</u>
Charge of children	<u>21-23</u>
Personal pensions	<u>23</u>
Children in higher education	<u>23</u>
Other dependants	<u>24</u>
Infirm persons	<u>24</u>
Housekeepers	<u>24-25</u>
DOUBLE TAXATION RELIEF	<u>25</u>
PENALTIES	<u>25</u>
SURCHARGES & SUPPLEMENTS	<u>26-27</u>
KEEPING OF RECORDS	<u>27</u>

PERSONS REQUIRED TO MAKE A RETURN OF INCOME

Unless you have been notified by the Income Tax Office, in writing, that you don't need to complete a return (and so long as the conditions which resulted in such a notification continued to be met during 2016) you are required by law to complete and submit a return to the Director of Income Tax. You can fulfil your obligation by completing and submitting either an electronic return, which is available at <https://eforms.gov.gg/>, or a paper return. Paper returns will be available in 2017 from various outlets across the island between January and March, and in November and December (see www.gov.gg/tax under "Income tax returns" for more information or to download returns). Returns should be completed and submitted by 30th November 2017. An automatic penalty is likely to be imposed if the return hasn't been received by the due date.

If you have income chargeable to tax, IT IS YOUR RESPONSIBILITY to obtain and submit a return. The [Income Tax \(Guernsey\) Law, 1975, as amended](#) ("the Law") provides substantial penalties for failure to deliver returns and for failure to notify the Director of a liability to Guernsey income tax.

If you are a guardian or trustee for any person and that person's income is under your direction, control or management, you are responsible for making returns on behalf of the person under guardianship.

If you are the personal representative of the estate of a deceased person, you are responsible for making a return of income up to the date of death of the deceased, together with the income arising/accruing to the estate.

Some income arising in Guernsey to a non-resident is liable to Guernsey income tax. If you receive income on behalf of a non-resident, or if you pay income to a non-resident, you are considered in law to be an "agent", and as such you are responsible for making a return in respect of that income – for further details see page [20](#) of this booklet or contact the Income Tax Office.

Legislation is in force concerning the type of records which have to be kept for tax purposes and for how long they have to be retained. This legislation affects everyone – for further details see page [27](#) of this booklet.

Tax is charged at 20% on income less any personal or other allowances due.

For the purposes of income tax, Guernsey includes Alderney and Herm.

HOW TO FILL IN YOUR RETURN OF INCOME

If any section of the return does not apply to you and/or your spouse, state “none”.

SUMMARY SHEET

The income tax return includes a summary sheet which the Director requires you to complete. This will help with the processing of your return. Please ensure you put the total of the figures declared in each section of the return into the relevant section of the summary sheet, e.g. if your return shows a number of employers, show only the total earnings from all employers in A(1) of the summary sheet. Please also ensure you tick the summary sheet in the appropriate place if you have completed Sections E, F, G, I, J, K, L, M or O of the return.

1. Personal details

Your reference number is important to ensure that your completed return is assessed as efficiently as possible. Your unique number can be found on the Coding Notice issued in October/November or the last notice of assessment/correspondence received, and will consist of a number followed by a letter and a further series of characters (i.e. 0V.123456 or 1O.987654B). Your reference may also have a single letter suffix (i.e. “/R” or “/F”) and this should be entered on the tax return in the second box after the “/”.

Show your full name and address, together with your previous address if you have moved in the last twelve months or since you last completed a return.

Please enter your date of birth in the appropriate box.

If you changed your name during 2016, please enter your former name on the return.

2. Change to marital status

If your marital status has changed during 2016 (i.e. you have married, entered into a civil partnership, been widowed or ceased living together as a married couple) please complete this section by ticking the relevant box and noting the date the change took place. If you have married in the year, you will each need to complete calendar year 2016 income tax returns. You will be jointly assessed from 2017 and would only need to jointly complete one income tax return in 2018, unless you make an application for separate assessments. Applications for separate assessments must be made by 31st March in the year it is to have effect.

If you entered into a civil partnership or same-sex marriage prior to the calendar year 2016, you will be treated as married for income tax purposes with effect from 1 January 2017. Although these changes are not relevant for the 2016 income tax return, we have asked that you provide details of your spouse on this year's return so we can ensure you have the correct code.

3. **Married persons**

Show the full name of your spouse, living with you or wholly maintained by you, for the calendar year indicated on the return, and enter their date of birth in the appropriate box. If you wholly maintain your spouse but they are not living in Guernsey, you are unable to claim the Married Persons Allowance.

If your spouse isn't living with you but you are wholly maintaining them, you will need to provide evidence of this. If your spouse isn't living with you and isn't wholly maintained by you, DO NOT COMPLETE this section of the return.

If your marriage has taken place since the last completed return, ensure you have completed Section 2 and provide your spouse's former name and their former tax reference, if applicable. You will each need to complete a separate return for the year you married. A joint return must be completed for the following year, unless you make an application for separate assessments by 31st March in the year following the date of marriage.

If you are in a same-sex marriage or civil partnership, the eldest partner will automatically become responsible for both of your income tax affairs. In a heterosexual marriage, the husband is automatically responsible.

You can give your authority for your spouse to deal with your income tax affairs by ticking the appropriate box on the return. This will ensure that full details of your income tax affairs can be discussed with your spouse, and they can request any action, if they contact this office on your behalf. This authority will apply until you confirm, in writing, that this is no longer applicable. Should you and your spouse separate, the authority will automatically no longer apply once you have told us of the separation.

4. **Residence details**

You will need to provide details of the number of days you/your spouse spent in Guernsey to enable us to determine your residential status for income tax purposes. This will ensure that you are taxed on the appropriate income and receive the correct allowances.

For income tax purposes you will be treated as being in Guernsey on any particular day if you are in Guernsey at midnight at the end of that day. Similarly, you will be treated as being in any other place, on any particular day, if you are in that other place at midnight at the end of that day.

The certificate at the bottom of page 3 of the return must be completed (paying particular attention to the tick boxes regarding records maintained and penalties that may be imposed) and signed before submitting the return.

SECTION A – EMPLOYMENT

In this section of the return you should show details of your employment and, if you were married prior to the start of the calendar year, that of your spouse. Against “Occupation” describe the type of work you and/or your spouse undertook (i.e. builder, chef, etc).

A(1) Gross wages, salary, fees or other earnings

Enter the name and address of each person or company who employed you and/or your spouse in the calendar year and show in the columns provided the total amount you received from each employer, as shown on your final payslip, even if your employment was outside the island. These figures should include overtime, part-time work, bonuses and earnings from casual employment and work done at home for an employer. Always show the gross earnings received from each employer, i.e. earnings **before** any deductions are made.

Please don't submit payslips with your return, but you should keep them and/or your Employees Tax Instalment Scheme (“ETI”) quarterly returns as you may be asked to provide these if any figures given by you don't agree with your employer's.

If you are unable to obtain details of earnings from one or more of your employers, please complete the return with as much information as possible, e.g. name of employer, period of employment, and provide an estimate of your earnings. If you don't show accurate details of your earnings, this will delay the processing of your tax return and the issue of your assessment.

If you were employed outside Guernsey, Alderney or Herm, you may be entitled to claim relief from double taxation – see page [25](#) of this booklet. Double taxation relief will not be granted unless evidence of your earnings and tax deducted is provided.

A(2) Benefits in Kind

A benefit in kind may arise to you because of your employment. Examples include rent-free accommodation, the provision of free food and lodging, or the use of a company car for private motoring. All benefits in kind should be passed through the ETI Scheme, by your employer, who will add the benefit to your gross pay, so if your benefit is shown on your payslip you don't need to take any further action. **However, if you received benefits which have not been included in your gross pay, you should declare them in this section of the return.**

A Benefit in Kind Explanatory Guide is available at www.gov.gg/tax under “Other tax forms”.

A(3) **Tips and Gratuities**

If you are in a job where you receive tips or gratuities, enter the total amount received during the calendar year if they haven't already been included in your gross pay by your employer.

Deductions

Claimable Deductions

You may be entitled to claim deductions for expenses which have been **wholly, exclusively and necessarily** incurred in performing the duties of your employment.

Examples are the replacement, at your own expense, of special protective clothing or hand tools used in your trade or occupation. The initial outlay isn't claimable, only claims for replacement items will be considered. The cost of subscriptions to approved professional associations is also an allowable deduction so long as they relate to the job you are doing. A list of approved associations is available at www.gov.gg/tax under "Tax Rates and Allowances" and "Learned Societies approved for the purposes of section 63 of the Income Tax Law".

If you wish to make a claim in this section of the income tax return, please provide details of the amount and nature of the expense. Evidence may be requested.

Please note that the cost of travelling between your home and place of work is **NOT** an allowable deduction from earnings.

Contributions to an Employer's Approved Pension Scheme

If you and/or your spouse have made contributions to such a scheme, you are allowed a deduction for the amount you've paid. Limits to the amount of tax relief apply – see the section on Personal Pensions on page [24](#) of this booklet.

Show the name of the employer's pension scheme and the total contributions made by you and/or your spouse during the calendar year.

Your employer, or your spouse's employer, should be able to tell you whether the pension scheme is approved for Guernsey Income Tax purposes, but if you are in doubt please contact us.

For contributions to a personal pension scheme as opposed to an employer's approved scheme, please refer to Section N on page [23](#) of this booklet.

SECTION B – SELF-EMPLOYMENT

If you and/or your spouse are self-employed, you will need to provide accounts of your business in support of your personal income tax return.

If the annual turnover (i.e. the total income earned before any deductions) of your business is below £15,000 and this is **not** the first year or the first accounting period of your business, you may choose to use the 3 Line Account (“3LA”) which can be found at www.gov.gg/tax under “Income tax returns”. This form requires details of just your turnover (which includes cash/cheques/commission/tips/fees and gross income of any nature received), your total expenses and the net profit (turnover less total expenses). Further notes on the completion of Form 3LA are available when downloading the form.

A Trading, Profit & Loss Account (“TPLA”) is also available, which has been designed to help business owners who don’t use the professional services of an accountant to prepare their tax return and accounts. This can be found at www.gov.gg/tax under “Income tax returns”. Again, further notes are available when downloading the form. This form can be used for the first accounting year or if the annual turnover of your business is over £15,000.

The Director of Income Tax reserves the right to insist on certified accounts being prepared by a suitably qualified person if he feels they are needed.

Small guest houses

Where the gross receipts don’t exceed £15,000 for the calendar year 2016, you may elect to be assessed on a percentage of the gross receipts instead of submitting accounts. Once the election has been made it must be adhered to for so long as the receipts do not exceed the prescribed limit.

If you elect for this basis, please declare the gross amount received and indicate the basis on which accommodation is provided, as shown below:

Percentage rates

Full or half board	40%
Bed and breakfast	65%
Room only	80%

Where the gross receipts exceed £15,000 for the calendar year 2016, you may complete a Trading, Profit & Loss Account (“TPLA”) – see previous section for details.

You should declare the net figure on your return.

SECTION C – PENSIONS RECEIVED

All pensions, arising in Guernsey or elsewhere, must be declared, whether or not they are liable to income tax in the place of origin.

If you and/or your spouse receive pensions, complete each column as follows:

- **Pension provider** – enter the name of the pension payer.
- **Country of origin** – enter the country from which the pension originates.
- **Frequency paid** – state how often the pension is paid, i.e. weekly, monthly, quarterly, etc.
- **Weekly/monthly rate** – show the appropriate rate for the period stated in the “Frequency paid” column.
- **Date commenced** – show the start date of the pension, if it started in 2016.
- **Total pension** – show the full amount of pension relating to 2016, no matter when received.

For any pensions arising outside Guernsey, Alderney or Herm, if overseas tax is deducted please state the amount and provide evidence. For details of relief from Double Taxation, see pages [25](#) of this booklet.

If the pension isn’t liable to Guernsey income tax, e.g. disability or war widows, the pension won’t be included in your assessment.

United Kingdom Pensions

Guernsey residents in receipt of United Kingdom pensions are entitled to claim exemption from paying United Kingdom income tax on those pensions. Relief from double taxation isn’t available to individuals who are entitled to claim exemption but don’t do so.

If you wish to make such a claim, the relevant form can be found on the HM Revenue & Customs website: <https://www.gov.uk/government/publications/double-taxation-treaty-relief-form-dt-individual>

If you don’t have access to the internet, please contact HM Revenue & Customs so that they may post a form to you. Their contact details are:

Telephone: 0300 200 3300

Address: HM Revenue & Customs
Pay As You Earn and Self Assessment
BX9 1AS

Please note that the form needs to be certified by us before you return it to HM Revenue & Customs.

SECTION D – BANK AND SAVINGS ACCOUNTS

For 2016, the first £50 of each individual's bank interest received isn't taxable but you should still declare **all** of the interest that you have received on your income tax return. The exemption will be applied automatically by us.

Include the name of each bank, building society etc, from which you and/or your spouse received interest in the calendar year. If you and/or your spouse hold several accounts, whether or not at the same bank, building society etc., show each one separately.

If any of the accounts are held outside of Guernsey, please complete the "Country" box, stating where the account is held, e.g. UK, Jersey, etc.

If during 2016 an interest bearing account was opened or closed, please "✓" the appropriate column.

The amount of interest received in the calendar year should be shown in the "Self" and/or "Spouse" columns.

If you have deposited money in an account for a fixed period with the interest credited at the end of the term and no interest has been paid in this calendar year, please provide separately details of the amount deposited, the length of the term and the predicted date(s) of payment. Please tick the box at the bottom of the summary sheet and also the box in Section I relating to "Additional Information" to confirm you are submitting additional information with your return.

If interest hasn't been recorded in the bank book (e.g. NSB book) this isn't an excuse for not declaring the interest. Details of the interest received must be obtained and declared on your return in the relevant column.

If the amount of interest received in the calendar year has varied substantially from the previous year, please explain where the additional funds have come from and how they have been used. Please tick the box at the bottom of the summary sheet and also the box in Section I relating to "Additional Information" to confirm you are submitting additional information with your return.

SECTION E – OWNERSHIP OF PROPERTY

Sections 1, 2 and 3 – Mortgage interest paid on your principal private residence ("PPR") and all other property

Show details of the property owned by you and/or your spouse and occupied by you (section 1) or owned and let (section 2) or owned and not let (section 3), in Guernsey or elsewhere. All property owned should be declared, e.g. a dwelling house, glasshouse, land or any property used for business purposes.

If you complete section 3 where you own a property which is not let, it is important that you provide details of how the property is used. This will enable us to determine what interest we can allow in your assessment.

If any property was purchased during the calendar year, place a tick in column A and, if you have not already done so, complete a Buying Property Checklist (form 357) (available at www.gov.gg/tax under "Other tax forms") and attach it to the return. Please tick the box at the bottom of the summary sheet and also the box in Section I relating to "Additional Information" to confirm you are submitting additional information with your return.

If you moved during the year, resulting in two PPRs, please provide details on a separate sheet, ensuring you tick the box at the bottom of the summary sheet and also the box in Section I relating to "Additional Information".

Please ensure the name of the mortgage provider and the purpose of the loan (e.g. purchase/renovation/extension, etc) is provided in the relevant column.

If the mortgage or loan is joint, show the year end, the total interest paid for the calendar year and the amount claimed by you/your spouse.

Do NOT include in the "Interest paid" column:

- any of the capital repaid*,
- any amounts paid by way of bank charges, commission or overdraft interest,
- redemption fees or penalty interest charged.

(*There have been some cases where claims have been made on the basis of the total mortgage repayments which were paid to the lender but only part of the repayment related to the interest charged and the remainder related to the capital being repaid. Care should be taken to ensure the claim made on your tax return relates only to the interest actually paid as penalties may be imposed for incorrect claims.)

Interest paid on money borrowed for the acquisition, construction, reconstruction or repair of a property is allowable on a principal private residence ("PPR"). Relief is limited to interest paid on £400,000. There is also a cap on the amount of income tax relief given for interest paid on money borrowed in respect of a PPR. The cap has been set at £13,000 for the calendar year 2016 (or £26,000 for a married couple where the mortgage is joint).

If the balance of your mortgage for your PPR is over £400,000 you will need to make the following calculation:

$$\frac{\text{Interest paid x 400,000}}{\text{Average of outstanding balances on mortgage at beginning and end of year}}$$

For example: Interest paid during calendar year 2016 = £46,000

Outstanding balance on 1 January 2016	£ 612,000
Outstanding balance on 31 December 2016	<u>£ 600,000</u>
	£1,212,000 ÷ 2 = £606,000 = average

So the calculation would be as follows:

$\frac{£46,000 \times 400,000}{£606,000} = £30,363$	interest allowed as a deduction (restricted to interest cap of £13,000 or £26,000 for a married couple where the mortgage is joint)
-----------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------

Interest is also allowable on money borrowed for the acquisition, construction, reconstruction or repair of a let property, up to the level of income received. There is no restriction on the amount borrowed for a let property.

You may be asked to provide evidence of the purpose and amount of any deduction claimed in this section. Should your mortgage increase or decrease substantially, please provide an explanation with your income tax return. When doing so, please tick the box at the bottom of the summary sheet and also the box in Section I relating to "Additional Information" to confirm you are submitting additional information with your return.

For full details of the rules for relief for interest paid (including those for loans for other qualifying purposes) see the [Income Tax \(Tax Relief on Interest Payments\) \(Guernsey\) Ordinance, 2007](#), the [Income Tax \(Tax Relief on Interest Payments\) \(Amendment\) \(Guernsey\) Ordinance, 2014](#) and the [Income Tax \(Tax Relief on Interest Payments\) \(Amendment\) \(Guernsey\) Ordinance, 2015](#).

If your mortgage is coming to an end, please contact this office so that your Coding Notice can be changed, if necessary. If you don't, it will result in too much relief being granted and you may not pay enough tax.

Section 4 – Income from let property

Show the following details for each property which you and/or your spouse own and let to another person:

Name of let property – enter full postal address.

Description – state whether a dwelling house, flat, garage, glasshouse, shop, factory, land, etc.

Name of occupier – enter the name of the tenant.

Who pays for repairs – tenant or owner. If you pay for all repairs write "Owner". If the tenant pays for all of the repairs write "Tenant". If the repairs are shared state the extent, e.g. "tenant inside/owner outside".

- Furnished** – please “✓” if the property is let furnished. A property will be considered as furnished if items such as beds, wardrobes, sofas, tables, chairs, etc are provided by the owner.
- Gross rent received** – enter the total rent received during the calendar year, before deductions.

Guernsey or Alderney properties – Statutory Repairs Allowance

If you are responsible for the costs of repairing your let property you will be entitled to the Statutory Repairs Allowance (a deduction from the rental income, known as the “SRA”) whether or not you incur any expenditure. In addition, any direct expenses paid by you which would normally be borne by the tenant (e.g. water, electricity, etc) will be deducted before the SRA is calculated. The rates of SRA are:

Dwelling (let furnished) and holiday letting of own residence	15% of the gross rent after the deduction of any direct expenses
Dwelling (let unfurnished)	10% of the gross rent after the deduction of any direct expenses
Other buildings (including glasshouses)	10% of the gross rent after the deduction of any direct expenses
Land	2½% of the gross rent after the deduction of any direct expenses

Where you aren’t responsible for **all** repairs the rate of deduction is reduced accordingly.

Your Assessor will calculate the allowance due.

Excess Repairs Allowance

You may be entitled to an additional repairs allowance for the cost of repairing, maintaining, insuring or managing any let property. If you wish to make a claim, please provide a schedule of the expenses and the amounts incurred. A claim for repairs and maintenance should be made annually if applicable. Evidence may be requested.

Your Assessor will calculate any allowance due by averaging the expenditure incurred in the previous five year period and will keep a running total of the expenditure claimed. The allowance can only reduce the income to nil, it cannot create a loss.

Repairs claimed as a business expense won’t be allowed as part of an Excess Repairs Allowance claim. See the information on rental income at www.gov.gg/tax under “Tax Rates and Allowances” for more information on how property income is calculated.

Property outside Guernsey and Alderney

Details of any expenses incurred in connection with the property should be provided with the return so that the correct rental income can be calculated by your Assessor. Evidence of any expenses claimed may be requested.

Where a property is let furnished, you are entitled to a 10% wear and tear allowance in accordance with Statement of Practice M2 (which can be found in the Statements of Practice booklet at www.gov.gg/taxationstatementsofpractice). More information on how property income is calculated is also available at www.gov.gg/tax under "Tax Rates and Allowances".

SECTION F – COMPANIES AND DISTRIBUTIONS

Give details in respect of any company in which, **at any time during the calendar year**, you and/or your spouse had an interest as a beneficial member or loan creditor, by completing the Company Interest Form (available at www.gov.gg/tax under "Income tax returns").

- **"Beneficial member"** of a company means an individual who has a beneficial interest or any part of a beneficial interest in a share or any part of a share in that company (**but doesn't include an individual who holds only the legal title of any share or any part of a share**).
- An individual has the **"beneficial interest"** in a share or any part of a share of a company if he is the beneficial owner thereof or if he has an equitable interest or contractual interest therein (but doesn't include a bare legal owner of any share or part of a share). **Note** – in order to ascertain whether an individual has a beneficial interest in a company, the interest may be traced through any number of companies, partnerships, trusts, agreements or other arrangements of any description.
- The expressions **"share"**, **"equitable interest"** and **"contractual interest"** have the meanings prescribed in section 62D(4) of the [Law](#).
- **"Loan creditor"** means a creditor in respect of:
 - any debt incurred by the company for any money borrowed or capital assets acquired by the company,
 - any right to receive income created in favour of the company,
 - consideration, the value of which to the company was (at the time the debt was incurred) substantially less than the debt (including any premium on the debt) or any redeemable loan capital issued by the company.

The following interests should not be included:

- debts that have arisen purely as a consequence of an arm's length trading relationship with a company,
- shareholdings that amount, in total, to 1% or less of the company's issued share capital,
- holdings in Guernsey registered collective investment schemes.

Ensure all columns in section (1) of the Company Interest Form are completed as appropriate.

In section (2) of the Company Interest Form provide details of any distributions received, from any company, for which you have completed section (1) of the form, for 2016. You should receive a Final Tax Certificate from the company at the end of the accounting period, when the accounts are finalised and this certificate should be attached to your return. If it isn't available when the return is submitted, the certificate should be forwarded to the Income Tax Office when it does become available. If you have received a dividend voucher instead of a Final Tax Certificate, please provide a copy.

SECTION G – SETTLEMENTS INCLUDING TRUSTS AND FOUNDATIONS

If you and/or your spouse were the settlor of a settlement or the founder of a foundation which existed in 2016, you must complete the Settlement/Trust/Foundation Form (available at www.gov.gg/tax under "Income tax returns").

"Settlement" includes any disposition, trust, covenant, agreement or arrangement and any transfer of assets (including, without limitation, the making of any loan, advance or other transfer of funds or other assets on terms under which those assets will be repaid, or reimbursement will be made, or consideration will be provided in money or monies worth, but not including a bona fide transfer made at arm's length) made or entered into directly or indirectly by any person, and the expression **"settlor"** shall be construed accordingly and includes any person who has provided or has caused to be provided funds or other property for a settlement or for any entity owned or controlled directly or indirectly by the trustees of the settlement.

"Revocable" A settlement shall be deemed as revocable if any income or property which may at any time arise under or be comprised in the settlement is, or will or may become, payable or applicable for the benefit of the settlor or (irrespective of whether he or she is resident in Guernsey) the wife or husband of the settlor in any circumstances whatsoever.

The following connections should **not** be included on the Settlement/Trust/Foundation Form:

- deeds of covenant in favour of charities (for example, a church);
- approved pension schemes;

- outright gifts, between individuals, where there is no transfer of a right to income (for example, a parent giving a car to a child).

All income from settlements (including trusts) and foundations should be included on the Settlement/Trust/Foundation Form. Please ensure all the columns are completed.

SECTION H – ANY OTHER INCOME

Declare any income received by you and/or your spouse which hasn't been included in any other section of the return.

If you need more space than the return provides, list the details of your income and/or that of your spouse on separate sheets of paper and attach them to the return. Please tick the box at the bottom of the summary sheet and also the box in Section I relating to "Additional Information" to confirm you are submitting additional information with your return.

Examples of the types of income to be included in this section of the return are:

Dividends and debenture interest

Dividends from the United Kingdom

If dividends from a United Kingdom company have been received by you and/or your spouse, write the name of the company and the net amount of the dividend received **after** the deduction of United Kingdom income tax. The United Kingdom/Guernsey Double Taxation Arrangement provides that no relief is due on tax deducted from UK dividends.

This also applies to property income distributions paid through Real Estate Investment Trusts (REITs).

Dividends from elsewhere

If dividends from a territory other than the United Kingdom have been received by you and/or your spouse, write the name of the company and the **gross** amount of the dividend, **before** deduction of any overseas income tax.

Where tax has been deducted, please submit the voucher with your return so that relief from double taxation or unilateral relief can be calculated (see page [25](#)).

Dividends and debenture interest from other overseas companies and interest from overseas stocks and bonds

List all other amounts received by way of dividends, debenture interest or interest on stocks and bonds showing separately the source of the income, the gross amount received, the tax deducted at source (if any) and the net amount received from each investment.

If you wish to claim double taxation relief or unilateral relief, please attach the dividend vouchers or other evidence of tax deducted to your return. Guernsey has negotiated various Double Taxation Arrangements with other territories – see page [25](#) for further information.

Other income, such as interest (e.g. loan interest), Government Securities, States of Guernsey loans and Friendly Societies

List each investment separately, stating the full name, its nominal value and the amount of interest received in the relevant year.

In the case of United Kingdom Government Securities, interest is normally paid half-yearly. If you hold this type of investment ensure you declare both half-yearly amounts.

If there have been any changes in your own or your spouse's holdings of investments during the calendar year, such as purchases of new investments or sales of investments previously held, state this on your return or on any schedule of investment income provided.

Annuities

If you and/or your spouse receive an annuity, declare the gross amount received in the calendar year. If income tax has been deducted in the country of origin (other than Guernsey income tax) state the country and the amount of tax deducted.

Purchased life annuities may contain a capital element, which isn't treated as income. If the capital element has been determined, include on the return only the income element of the annuity. If not, please apply to this office for a Notice of Determination.

Further details may be obtained from this office.

Royalties or copyrights

Provide details of the amounts received, stating the nature of the income.

Paying guests and boarders

If you and/or your spouse receive income from lodgers and/or boarders (with the exception of immediate family members, such as son or daughter) show the gross amount received. Depending on the accommodation/food provided, you don't need to submit accounts and you will be assessed on a percentage of the gross receipts as follows:

Percentage rates

Full or half board	40%
Bed and breakfast	65%
Room only	80%

Alimony or maintenance received*

Provide details of income received under an Order of a Court from a spouse or former spouse, together with a copy of the original Court Order, if this hasn't already been supplied. If the Court Order has been varied since the previous return please forward a copy for our records.

NB *Income received under a Court Order made after 1st March 2003 is not taxable. However, this doesn't apply to the income received from any variations of an existing Court Order made after 1st March 2003, where the original Court Order was made prior to this date.

Refunds of tax from other jurisdictions

If you have been given double taxation/unilateral relief in Guernsey, any subsequent refund of tax on the same income from the other jurisdiction needs to be declared by you. Any repayment from another jurisdiction relating to a period prior to your arrival in Guernsey doesn't need to be declared by you on your Guernsey income tax return.

Income from any other source

Declare income from any other source not mentioned elsewhere on the return.

SECTION I – ADDITIONAL INFORMATION

Any explanation you wish to make regarding the income paid to you and/or your spouse for the calendar year, or details of any income for previous calendar years not yet declared, should be attached to the return on a separate sheet of paper. Please tick the box at the bottom of the summary sheet and also the box in this section relating to "Additional Information" to confirm you are submitting additional information with your return.

SECTION J – DEDUCTIONS CLAIMED

Include in this section of your return the amount of interest paid by you and/or your spouse in respect of loans for qualifying purposes (but not mortgages, which should be declared in Section E of your return). For full details of the rules for relief for interest paid (including those for loans for other qualifying purposes) see the [Income Tax \(Tax Relief on Interest Payments\) \(Guernsey\) Ordinance, 2007](#), the [Income Tax \(Tax Relief on Interest Payments\) \(Amendment\) \(Guernsey\) Ordinance, 2014](#) and the [Income Tax \(Tax Relief on Interest Payments\) \(Amendment\) \(Guernsey\) Ordinance, 2015](#).

Please ensure the columns relating to “Purpose” and “Balance outstanding” are completed. The purpose of the loan should be explained (e.g. purchase of company shares). If the balance outstanding has increased substantially during the year, please state how the funds have been used. If the balance outstanding has decreased substantially, please advise where the funds used to reduce the capital have come from. If the interest paid has increased substantially with no corresponding increase in the amount borrowed, please advise the reason for the increase in interest.

State the name and address of the person, bank, etc. to whom payment is made and the amount of interest only paid.

Do NOT include:

- any of the capital repaid*,
- any amounts paid by way of bank charges, commission or overdraft interest.

(*There have been some cases where claims have been made on the basis of the total loan repayments which were paid to the lender but only part of the repayment related to the interest charged and the remainder related to the capital being repaid. Care should be taken to ensure the claim made on your tax return relates only to the interest actually paid as penalties may be imposed for incorrect claims.)

You may be asked to provide evidence of the purpose and amount of any deduction claimed in this section.

Deed of Covenant

An allowance for deeds of covenant is due only on deeds approved by the Director prior to 1st January 2010.

Relief is available to you until the deed is either amended or it expires. Relief is not due if a deed has been amended after 1st January 2010.

Maintenance or Alimony paid

Maintenance paid under a Court Order made on or after 1st March 2003 is no longer allowable. A deduction will be given for variations of an existing Court Order made after 1st March 2003, where the original Court Order was made prior to this date.

If the Court Order (made before 1st March 2003) has been varied since you completed your last return, please provide a copy of the new Court Order.

SECTION K – INCOME ARISING TO A NON-RESIDENT

A non-resident individual is liable to tax on income arising in Guernsey, other than Guernsey bank interest, dividends, distributions, directors fees, royalties and other similar payments. If you receive income on behalf of, or you pay income to, a non-resident, you are considered by law to be their agent and are responsible for providing details. For example, this would include payment of rent to a non-resident landlord for a Guernsey/Alderney property which you use or occupy, or maintenance payments made under a Guernsey Court Order made before 1st March 2003 where the spouse has permanently left the island.

If you are treated as an agent for these purposes, you are personally liable to pay tax on such income. However, section 48 of the Law provides that you can recover the tax payable on such income by deducting the appropriate amount of tax from the payment made to the non-resident.

Any tax deducted by you, as agent, from such income should be paid to this office within one month of the deduction, together with details of the income from which the tax has been deducted. A Non-resident Deduction form (NRD 1) for this purpose can be obtained from www.gov.gg/tax under “Other tax forms”.

CLAIM FOR ALLOWANCES

SECTION L – DETAILS OF CHILDREN

Details of children in respect of whom a Guernsey Family Allowance was received by you or your spouse as at 1st January 2016, or those in full-time higher education, should be entered in this section. All columns should be completed, including the column regarding the income of the child where either the income is greater than £9,675 for 2016 and/or the child is over 19 and in full time higher education.

Where you are supporting a child in higher education, a Dependent Relative Allowance may be given, providing that the child:

- is over the age of 19 on the first day of August in the calendar year and receiving full-time education at any university, college, school or other educational establishment and,
- is your child and/or is maintained by you in the calendar year.

The expression “child” includes a stepchild. A child who has been lawfully adopted shall be treated as your child and not as the child of the natural parent.

Where you are cohabiting as a married couple and either of you has a child over the age of 19 in full-time education, either may elect that the child be treated as their child for the purpose of this allowance. This election must be made in writing.

When calculating the income of a child in higher education, no account shall be taken of any scholarship, bursary or other educational grant received. Details of the child’s income must be provided for an allowance to be considered.

Where two individuals are entitled to claim the allowance, the allowance of £3,125 will be proportioned based on the amounts paid by each towards the maintenance of the child.

SECTION M – CHARGE OF CHILDREN

This allowance is available if you are a lone parent (i.e. not cohabiting) or you are married but your spouse is totally incapacitated and it is necessary to employ a person for the purpose of having charge and care of your child.

(1) Lone Parents – i.e. a single person not cohabiting

The relevant box in Section ‘M’ must be ticked for an allowance to be given.

You will be entitled to this allowance if the following conditions are met:

- that on 1 January in the year of charge you are receiving a Family Allowance in respect of one or more children; and

- you are not cohabiting with another person, except where –
 - you prove that throughout the year either you or your cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by you for the purpose of having the charge and care of the child, and
 - neither you nor anyone else is entitled to a Dependent Relative Allowance in respect of the person so employed or maintained, or if you or some other individual is so entitled that the claim has been relinquished.

For the purposes of this section, “cohabiting” means living with another person as that person’s spouse throughout the year of charge.

A charge of children allowance will not be due for a year of charge to an individual who is entitled to a Housekeeper Allowance or to an Infirm Person’s Allowance for that year (see pages [24-25](#) of this booklet) unless the individual has relinquished any claim for those allowances.

Only **one charge of children allowance** shall be granted to any claimant for any year.

If you are a lone parent with a child in full time higher education, you are entitled to claim both a Dependent Relative Allowance and Charge of Child Allowance.

(2) **Cohabitation**

If you are a lone parent in receipt of a Family Allowance but aren’t entitled to claim the Charge of Children Allowance because you are cohabiting with another person, you may, by completing the Relinquishment of Personal Allowances form (ref. CC2) (available at www.gov.gg/tax under “Other tax forms”), elect that any unused part of the personal allowance be transferred to the person with whom you are cohabiting. Such election, once made, is to be irrevocable in respect of that year of charge, unless you cease to cohabit, when the election becomes invalid.

If you relinquished/received allowances to/from your partner in 2016, please tick the box in this section of the return.

If you are not cohabiting throughout the full calendar year, you may not relinquish the allowance.

(3) **Married Persons**

The relevant box in Section ‘M’ **must** be ticked for an allowance to be given.

You will be entitled to this allowance if the following conditions are met:

- that on 1st January 2016 you or your spouse were in receipt of a Family Allowance in respect of one or more children; and
- you prove that throughout the year either you or your spouse were totally incapacitated by physical or mental infirmity, and that a person was employed or maintained for the purpose of having charge and care of the child; and
- that neither you nor anyone else is entitled to a Dependent Relative Allowance in respect of the person so employed or maintained or, if you or some other individual is so entitled, that the claim has been relinquished.

SECTION N – PERSONAL PENSIONS

You may claim relief for premiums paid on a Guernsey approved retirement annuity scheme or a retirement annuity trust scheme in your name or that of your spouse.

The amounts which may be contributed to personal pension arrangements are unlimited but there is a limit on the amount of tax relief which can be claimed (which applies to the overall contributions/premiums made to all approved schemes), and this is the lower of:

- (a) 100% of taxable income, or
- (b) the amount prescribed by Policy & Resources Committee by Regulation. For 2016 the amount is £50,000. Please note that, in the case of a married couple, the £50,000 maximum still applies for each individual, providing each spouse has sufficient taxable income (see Statement of Practice M48, which is available at www.gov.gg/taxationstatementsofpractice) under “Statements of Practice (Including Interpretations of Law) & Extra Statutory Concessions”.

For full details of the rules relating to pension taxation and relief, please refer to the relevant Practice Notes, which are available at www.gov.gg/taxpensions under “Document downloads”.

For contributions to an employer’s approved scheme as opposed to a personal pension scheme, please refer to page [6](#) of this booklet.

SECTION O – DEPENDENT RELATIVES, INFIRM PERSONS AND HOUSEKEEPERS

Dependent relatives

Children in Higher Education

Please see Section L on page [21](#).

Other Dependants

Only claims that were in existence prior to 1st January 2009 will continue to be allowed. No new claims will be considered.

An allowance may be given if the following conditions are satisfied:

- you maintain, or contribute towards the maintenance of, a person who is a relative of you or your spouse; and
- the person you maintain is prevented by incapacity due to old age or infirmity from maintaining himself/herself.

If your relative has taxable income of their own, the amount of the allowance may be reduced according to the extent of that income. If your relative isn't resident in Guernsey, reference to "taxable income" means income which would be taxable in Guernsey had your relative been resident here.

Where two or more persons jointly maintain or contribute towards the maintenance of a dependant, the allowance will be shared between them in accordance with the level of their contributions towards the maintenance of that person.

Infirm Person's Allowance

Only claims that were in existence prior to 1st January 2009 will continue to be allowed. No new claims will be considered.

The conditions to be fulfilled are:

- that throughout the year either you or your spouse were permanently incapacitated by physical or mental infirmity or due to old age, and needed to maintain or employ an individual solely for the purpose of having care of you or your spouse;
- that if the individual employed is a relative and you are entitled to any other income tax allowance in respect of that individual, the claim for that allowance has been relinquished.

Only **one allowance** shall be given for any year.

Housekeeper Allowance

Only claims that were in existence prior to 1st January 2009 will continue to be allowed. No new claims will be considered.

The conditions to be fulfilled are:

- that you are a widow or widower; and

- that an individual is employed or maintained by you in the capacity of a housekeeper; and
- if the individual is a relative of you or of your late spouse and you are entitled to any other income tax allowance in respect of that individual, the claim for that allowance has been relinquished.

Only **one allowance** shall be given for any year.

The allowance shall not be given for any year if the individual is entitled to a Married Person's Allowance or to an Infirm Person's Allowance for that year of charge.

In this context "Housekeeper" means an individual who is responsible for the management of the household, including food, housekeeping expenditure and the care of linen and laundry, i.e. a cleaner isn't considered a housekeeper in this respect.

RELIEF FROM DOUBLE TAXATION

Relief is given under the Double Taxation Arrangements ("DTAs") between Guernsey and other territories in respect of income assessable to Guernsey income tax.

Some of the DTAs have specific provisions regarding pensions paid. For full details please see the relevant DTA at www.gov.gg/dta.

Relief (called "unilateral relief") may be granted where income tax has been suffered in a country with which Guernsey does not have a DTA. Evidence of the income tax paid must be forwarded to the Guernsey Income Tax Office.

PENALTIES

A serious view will be taken if your return is found to be materially incorrect or incomplete. The [Law](#) provides for substantial penalties in respect of negligence and fraud in relation to the return (possibly including the person concerned being prosecuted).

For further details on penalties, please see the Statement of Practice on Penalties for Incorrect Returns, which is available at www.gov.gg/taxationstatementsofpractice under "Codes and statements of practice".

Your 2016 income tax return should be completed and submitted by 30th November 2017. An automatic penalty is likely to be imposed if your return hasn't been received by that date.

SURCHARGES

- A surcharge will be applied automatically if you do not pay tax or penalties by the due date. The surcharge will be 5% of the amount overdue. Additional 5% surcharges will be added at 6 monthly intervals, not only on the outstanding tax or penalty but also on any previous surcharge or additional surcharge imposed, until such time as the debt is fully paid. The Director will continue to pursue collection of any arrears, through the normal legal channels, unless the debt is being paid under an agreement made with the Director.
- A surcharge will also be due where income tax is assessed later than would ordinarily be the case because you had submitted a “late” or incorrect income tax return. A “late” return would be considered as that which is received after the later of:
 1. 15th January in the year following the year in which the return was made available (your 2016 return would be considered as “late” if it was submitted after 15th January 2018); or
 2. 12 months after the date of issue (e.g. your 2016 return issued on 6th May 2017 would be considered as “late” if it was submitted after 6th May 2018).
- If your return is “late” or found to be incorrect, a surcharge and any additional surcharges would apply to any additional tax assessed, based on that return, as if the tax had been due on 30th June and 31st December in the year of charge to which it relates.

For example – Mr X receives his interim assessment for 2017 on 1st April 2017 on which tax is due of £4,000 on 30th June 2017 and £4,000 on 31st December 2017. The tax is paid on time. The return, requesting details of his income for 2017, was available in January 2018 but isn’t returned by him until 30th September 2019, i.e. after 15th January in the year following the year in which the return was made available. As a result of the return Mr X owes an additional £3,000 tax for the Year of Charge 2017, the assessment being issued in October 2019. Although the statement would show the additional tax would be due to be paid in November 2019, the surcharges and additional surcharges would apply as if the additional £3,000 tax had been due as £1,500 on 30th June 2017 and £1,500 on 31st December 2017.

- You have the right to appeal against any surcharges or additional surcharges imposed but the appeal must be sent to the Director, in writing, within 30 days of receipt of the surcharge or additional surcharge.

SUPPLEMENTS

- A supplement will be added, at a rate of 5%, to any repayment of income tax made to you by the Director, if it is paid more than one year after the end of the month in which your fully completed return is received. The supplement will be paid in respect of any tax for any year of charge that is affected by that return. Additional supplements will also arise for each further six months that the repayment remains unpaid.

The additional supplement will apply not only to the amount of the repayment but also to any previous supplement or additional supplement.

- You have the right to appeal, on the grounds that a supplement is payable or has been miscalculated. Your appeal must be sent to the Director, in writing, within 30 days of the date of issue of the repayment.

KEEPING OF RECORDS

If you have income from a **business**, or income from the **letting of property**, you must keep your records for six years after the end of the year in which the relevant income tax return was submitted. For **all other sources of income** your records have to be kept for two years after the end of the year in which your tax return was submitted.

The [Income Tax \(Keeping of Records, etc\) Regulations, 2006](#) and [2012](#) (“the Regulations”) set down four kinds of offence:

- If the Director believes that:
 - you haven’t maintained, kept or retained a record or document in accordance with the Regulations, and
 - this is likely to prejudice the Director performing his official duties,
 he may impose a penalty of up to £2,500.
- If you, without reasonable excuse, haven’t made, maintained, kept or retained records or documents in accordance with the Regulations, you are guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the uniform scale.
- If you keep records outside Guernsey, you are under a duty to ensure they are available should the Director need to see them. If you don’t comply you will be subject to a penalty of up to £2,500.
- Finally, the Regulations also provide that if you intentionally falsify, conceal, destroy or dispose of (or allow the falsification, concealment, destruction or disposal of) records or documents which you are required to keep under the Regulations, you are guilty of an offence.

For further details and a list of records that you need to keep, please see the Regulations and the Statement of Practice on Keeping, Maintaining and Retaining Records for Income Tax Purposes, both of which are available at www.gov.gg/taxationstatementsofpractice under “Codes and statements of practice”.