



HOW TO COMPLETE YOUR PERSONAL 2017 PAPER TAX RETURN

EXPLANATORY GUIDE

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 GUERNSEY INCOME TAX.

DID YOU KNOW

You can complete your Income Tax Return
on-line?



Please visit www.gov.gg/onlinetaxreturn

Contact us:

- By post** - Income Tax, PO Box 37, St Peter Port, Guernsey, GY1 3AZ
- In person** - Monday to Friday, 8.45am to 4.00pm at the Corporate Customer Service Counter on level 3 at:
Edward T Wheadon House, Le Truchot, St Peter Port, Guernsey, GY1 3WH
- **by prior appointment only** at:
Sir Charles Frossard House, La Charroterie, St Peter Port, Guernsey, GY1 1FH
- By telephone** - Monday to Friday, 9.00am to 4.00pm:
General switchboard: +44 (0)1481 724711
Tax evasion hotline: +44 (0)1481 747900
- By email** - General email: taxenquiries@gov.gg
Online service enquiries: eformsquerry@gov.gg
- Website** - www.gov.gg/tax

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PERSONS REQUIRED TO MAKE A RETURN OF INCOME

Unless you have been notified by Guernsey Income Tax, in writing, that you don't need to complete a return, you are required by law to complete and submit a return to the Director of Income Tax. If you have income chargeable to tax, IT IS YOUR RESPONSIBILITY to obtain and submit a return.

Please complete and submit either an electronic return (available at www.gov.gg/onlinetaxreturn) or a paper return (which can be downloaded at www.gov.gg/tax under "Income tax returns"). Paper returns will be available in 2018 from various outlets across the island between January and March (see www.gov.gg/tax under "Income tax returns" for more information).

Returns should be completed and submitted by 30th November 2018. An automatic penalty is likely to be imposed if the return hasn't been received by the due date.

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 (for example you pay rent for your home to someone who doesn't live in Guernsey), you are considered in law to be an "agent", and as such you may be responsible for making a return in respect of that income – for further details see [Section N](#) or contact Guernsey Income Tax.

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, please tick the 'No' box.

SUMMARY SHEET

The summary sheet will help with the processing of your return and if not completed it may lead to a delay in receiving your assessment. Please put the total of the figures declared in each section of the return on to the summary sheet, e.g. if your return shows a number of employers, please include the total earnings from all employers in A(2) of the summary sheet. Please tick the summary sheet if you have completed Sections E(2), F, G, I, J(2), K, N, O, P or Q of the return.

CERTIFICATE

The certificate at the top of page 3 of the return must be completed in full and signed before submitting the return.

PART 1 – PERSONAL DETAILS

Your tax reference number is important to ensure that your return is assessed as efficiently as possible. Your tax number can be found on the Coding Notice issued in October/November or the last assessment/correspondence you received. It is a number followed by a letter and a further series of characters (i.e. 0V.123456 or 10.987654B). Your tax 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.

Section 1 Personal details

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

The form should be completed by the husband in a heterosexual marriage or the elder partner in a same-sex marriage/civil partnership.

Please provide your own details and 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 your spouse isn't living with you but they are living in Guernsey and you are wholly maintaining them, you will need to provide evidence of this. If you wholly maintain your spouse but they aren't living in Guernsey, you are unable to claim an allowance for them and you shouldn't complete this section of the return with their details.

If you/your spouse changed your/their name during 2017, please enter your/your spouse's former name on the return.

Section 2 Change to marital status

If your marital status changed during 2017 (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 provide the date this change took place. If you have married or entered into a civil partnership during the year, you will each need to complete calendar year 2017 income tax returns.

You will be jointly assessed from 2018 and will only need to complete one income tax return for 2018, providing all income details for you and your spouse, 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.

Section 3 Authority to deal with income tax affairs

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

Section 4 Residence details

You will need to provide details of the dates you and/or your spouse were in Guernsey if you were not here for the whole of 2017. This will enable us to determine your residential status and ensure that you are taxed on the correct 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.

PART 2 – INCOME RECEIVED DURING 2017

SECTION A – EMPLOYMENT

In this section of the return you should show details of your employment and, if you were married on or before 31st December 2016, that of your spouse.

Section A(1) Occupation

Please indicate the type of work you and/or your spouse undertook (i.e. builder, chef, etc). This information is important as you may be able to claim deductions against your “Occupation” (see [Section A\(5\)](#)).

Section A(2) Gross wages, salary, fees or other earnings

Please provide 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 send in payslips with your return, but please 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 don't have 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, and you paid tax in that other place, you may be entitled to claim double taxation relief or unilateral relief – see the section on [double taxation](#) for more information. Double taxation relief or unilateral relief will not be granted unless evidence of your earnings and tax deducted is provided.

Section A(3) 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 added to your gross pay, so if your benefit is shown on your payslip you don't need to take any further action.

If you received benefits which have not been included in your gross pay, you should declare them in this section of the return.

If the benefit you received was for something other than a motor vehicle, accommodation or share options, please provide the nature of the benefit under "Other benefits" (e.g. free meals, etc).

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

Section A(4) Tips, gratuities and similar receipts

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

Section A(5) 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".

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 so please ensure you keep all relevant documents.

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

Section A(6) Contributions to an Employer's Approved Pension Scheme

If you and/or your spouse have made contributions to an employer's scheme, you are allowed a deduction for the amount you've paid but not the contributions made by your employer.

Please provide the name of your employer's pension scheme and the total contributions made by you and/or your spouse to that scheme 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.

If you have contributed to a personal pension scheme as opposed to an employer's approved scheme, please see [Section R](#) for more information.

SECTION B – SELF-EMPLOYMENT/BUSINESS INCOME

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

The economic classification code (ECC) is used to group businesses by the type of economic activity they perform. Further information, including how to find the appropriate ECC for your business, can be found at <https://www.gov.gg/ecodes>.

If the annual turnover (i.e. the total income, which includes cash/cheques/commission/tips/fees and gross income of any nature received, 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, 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.

Certified accounts prepared by a suitably qualified person may be requested if the Director feels they are needed.

If accounts are provided, they must show who has prepared them and the nature of their professional qualifications.

If payments to subcontractors are claimed in the accounts, please provide a schedule showing their names and addresses and how much was received by each subcontractor.

Small guest houses

Where the total income doesn't exceed £15,000 for the calendar year 2017, you may elect to be assessed on a percentage of the income instead of submitting accounts. Once the election has been made it will remain unless the total income exceeds 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:

<u>Accommodation provided</u>	<u>Percentage rates</u>
Full or half board	40%
Bed and breakfast	65%
Room only	80%

Where the total income exceeds £15,000 for the calendar year 2017, you may complete a Trading, Profit & Loss Account ("TPLA") – see previous section for details. If you complete the TPLA, or provide accounts, you should declare the net figure on your return.

SECTION C – PENSIONS RECEIVED

All Pensions

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 is paid.
- **Frequency paid** – state how often the pension is paid, i.e. weekly, monthly, quarterly, etc.
- **Weekly/monthly etc pension rate** – show the rate for the period stated in the “Frequency paid” column.
- **Date commenced** – show the start date of the pension, if it started in 2017.
- **Total gross pension received** – show the total pension received relating to the calendar year 2017.

For any pensions arising outside Guernsey, Alderney or Herm, if overseas tax is deducted please provide details of the amount and provide documentation. See the section on [double taxation](#) for more information.

If you receive a disability or war widows pension, the pension won't be included in your assessment but you must still provide details on your tax return.

United Kingdom Pensions

If you receive a United Kingdom pension, you are entitled to claim exemption from paying United Kingdom income tax on that pension. Relief from double taxation isn't available to those who are entitled to claim exemption but don't.

If you want to make a claim for exemption, the 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 can 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

The form needs to be certified by us before you return it to HM Revenue & Customs.

SECTION D – BANK AND SAVINGS INTEREST RECEIVED

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. We will reduce the amount automatically.

Please 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., please list each one separately.

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

If during 2017 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 an account is held in joint names, please show your/your spouse's share of the interest received in the appropriate column.

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 to confirm you are submitting additional information with your return.

Income from National Savings Certificates (fixed or index) is exempt from income tax.

If the amount of interest received in the calendar year has increased or decreased from the previous year, due to a large deposit/withdrawal, please explain where the additional funds have come from or how they have been used. Please tick the box at the bottom of the summary sheet to confirm you are submitting additional information with your return.

SECTION E – INCOME FROM LET PROPERTY

Section E(1) Income received from property

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

- Address of property** – full postal address including postcode.
- Description** – dwelling house, flat, garage, glasshouse, shop, factory, land, etc.
- Name of tenant** – full name(s) of the tenant(s).
- 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** – 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 “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/parking spaces	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.

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 so please ensure you keep all relevant documents.

We will calculate any allowance due to you by averaging the expenditure incurred in the previous five year period and will keep a running total. 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. Information on rental income and how property income is calculated can be found at www.gov.gg/tax under "Tax Rates and Allowances".

Property outside Guernsey and Alderney

Details of any expenses incurred for the property should be sent in with the return so that the correct rental income can be calculated. Evidence of any expenses claimed may be requested so please keep all relevant documents.

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

If overseas tax has been paid, double taxation relief/unilateral relief may be granted – see the section on [Double Taxation](#) for more information.

Section E(2) Claim for mortgage relief on let property

Please show the name of the mortgage provider and the purpose of the loan (e.g. purchase/renovation/extension, etc).

If the mortgage or loan is joint, show the balance of the mortgage at 31st December, 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 in respect of bank charges, commission or overdraft interest,
- redemption fees or penalty interest charged.

(*There have been 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. Please ensure the claim made on your tax return is only for the interest that is actually paid as penalties may be imposed for incorrect claims.)

Interest is 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 so please ensure you keep all relevant documents. 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 to confirm you are submitting additional information with your return.

If your mortgage is coming to an end, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough tax being paid.

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 2017. You should receive a Final Tax Certificate (Statement of shareholder’s assessable income) 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 Guernsey Income Tax 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 2017, 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 spouse of the settlor in any circumstances whatsoever. The income of a revocable settlement is deemed to be the income of the settlor.

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 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 (“DTA”) provides that no relief is due on tax deducted from UK dividends (but please note that as at the date of publication of this guide, the United Kingdom/Guernsey DTA is being renegotiated).

This also applies to property income distributions (PIDs) paid through Real Estate Investment Trusts (REITs). Whilst PIDs/REITs are treated as property income for UK tax purposes, the amounts paid out are still legally dividends.

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 the section on [double taxation relief](#) for further information).

Debenture interest from other overseas companies and interest from overseas stocks and bonds

List all other amounts received by way of 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 evidence of the tax deducted to your return. Guernsey has negotiated various Double Taxation

Arrangements with other territories – see the section on [double taxation relief](#) for further information.

Other investment income

This includes, but is not limited to, 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, please indicate this on your return or on any schedule of investment income provided.

Income from National Savings Certificates (fixed or index) are exempt from tax.

Annuities

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

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:

<u>Accommodation provided</u>	<u>Percentage rates</u>
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 on or after 1st March 2003 isn't taxable. However, this doesn't apply to the income received from any variations of an existing Court Order made on or 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.

Trusts

If you are a beneficiary of a trust you must declare any income received in this section of the 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 detailed in this section or attached to the return on a separate sheet of paper if there isn't enough space on the return. Please tick the box at the bottom of the summary sheet to confirm you are submitting additional information with your return.

PART 3 – CLAIMS FOR DEDUCTIONS AND ALLOWANCES

SECTION J – OWNERSHIP OF PROPERTY AND MORTGAGE INTEREST PAID

Section J(1) Ownership of your home and mortgage interest paid

Show details of the property owned by you and/or your spouse and occupied by you (your principal private residence (“PPR”)), in Guernsey.

If the property was purchased during the calendar year, please tick 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 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 to confirm you are submitting additional information with your return.

Please provide the name of the mortgage provider and the purpose of the loan (e.g. purchase/renovation/extension, etc).

If the mortgage or loan is joint, show the balance of the mortgage at 31st December, 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 in respect of bank charges, commission or overdraft interest,
- redemption fees or penalty interest charged.

(*There have been 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. Please ensure the claim made on your tax return is only for the interest that is actually paid as penalties may be imposed for incorrect claims.)

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.

Interest paid on money borrowed for the acquisition, construction, reconstruction or repair of a property is allowable on a 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 £11,000 for the calendar year 2017 (or £22,000 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:

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

For example: Interest paid during calendar year 2017 = £46,000

Outstanding balance on 1 January 2017	£ 612,000
Outstanding balance on 31 December 2017	<u>£ 600,000</u>
	£1,212,000 ÷ 2 = £606,000 = average

So the calculation would be as follows:

$$\frac{\text{£46,000} \times 400,000}{\text{£606,000}} = \text{£30,363} \quad \text{interest allowed as a deduction}$$

(restricted to interest cap of £11,000 or £22,000 for a married couple where the mortgage is joint)

You may be asked to provide evidence of the purpose and amount of any deduction claimed in this section so please keep the relevant documents.

If your mortgage is coming to an end, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough tax being paid.

Section J(2) Ownership of a property which is not let and not PPR

If 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. All property owned should be declared, e.g. a dwelling house, glasshouse, land or any property used for business purposes. If a property is not let and not your PPR then no interest relief can be claimed, unless the property was the marital home previously and provision is made under a Court Order for you to pay the interest.

If the property was purchased during the calendar year, please tick 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 to confirm you are submitting additional information with your return.

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 balance, 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 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.)

You may be asked to provide evidence of the purpose and amount of any deduction claimed in this section so please ensure you keep the relevant documents. Should your mortgage increase or decrease substantially, please provide an explanation with your income tax return.

If your mortgage is coming to an end, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough tax being paid.

SECTION K – INTEREST PAID ON LOANS OTHER THAN MORTGAGES

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 claimed in Section E or J 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 in respect of bank charges, commission or overdraft interest,
- redemption fees or penalty interest charged.

(*There have been 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. Please ensure the claim made on your tax return is only for the interest that is 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 so please keep the relevant documents.

If your loan is coming to an end, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough tax being paid.

SECTION L – DEEDS 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 on or after 1st January 2010.

Show the full name of the Guernsey Registered Charity and the amount donated in 2017.

SECTION M – MAINTENANCE PAID TO A SPOUSE OR FORMER SPOUSE

Maintenance paid under a Court Order made on or after 1st March 2003 is no longer allowable.

Show the full name of the spouse/former spouse and the amount paid to them during 2017.

SECTION N – 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 may be responsible for providing details and could be personally liable to pay tax on such income (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). However, section 48 of the Law provides that you can recover the tax payable 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".

SECTION O – CHILDREN

Section O(1) Details of children

Please provide details of children in respect of whom a Guernsey Family Allowance was received by you or your spouse as at 1st January 2017 (or you commenced to receive that allowance if the child was born after 1st January 2017), or those in full-time higher education. All details should be completed, including the income of the child where either the income is greater than £10,000 for 2017 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.

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 a Dependent Relative Allowance to be considered.

Where two individuals are entitled to claim the allowance, the allowance of £3,225 will be proportioned based on the amounts paid by each towards the maintenance of the child.

Section O(2) Charge of children/Relinquishment of allowance

Charge of children allowance

This allowance is available if you are a lone parent (i.e. a single person not cohabiting) or you are married or in a civil partnership 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.

The relevant box in this section 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 in the year of charge you are receiving a Family Allowance in respect of one or more children (or you commenced to receive that allowance if the child was born after 1st January 2017); and
- you are not married, in a civil partnership or cohabiting with another person, except where –
 - you prove that throughout the year either you or your spouse/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 [Section Q](#) for more information) 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.

Relinquishment of allowance

If you are a lone parent and 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 to transfer any unused personal allowance to the person you are cohabiting with. You will not be able to claim back the unused allowances once they have been transferred unless you cease to cohabit.

If you relinquished/received allowances to/from your partner in 2017, please tick the box in this section of the return and provide your partner’s name and tax reference number.

If you weren't cohabiting throughout the full calendar year, you can't transfer any unused personal allowance.

SECTION P – DEPENDENT RELATIVES (OLD AGE OR INFIRMITY)

Only claims 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.

Please show:

- the full name and address of the dependant,
- the year they were born,
- their relationship to you,
- the grounds for the claim,
- their income for 2017,
- the amount contributed by you/your spouse or others in 2017.

SECTION Q – INFIRM PERSONS/HOUSEKEEPER ALLOWANCES

For both allowances, only claims in existence prior to 1st January 2009 will continue to be allowed. No new claims will be considered. Only **one allowance** shall be given for any year.

Show the name of the person employed, the amount paid to them in 2017 and tick the appropriate column to show which allowance is being claimed.

Infirm Persons Allowance

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.

Housekeeper Allowance

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.

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.

SECTION R – CONTRIBUTIONS MADE TO 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 2017 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 each pension contract please show:

- the name of the pension provider
- the contract number
- the date payments commenced
- the name of the annuitant, and
- the amount paid in 2017.

For contributions to an employer’s approved scheme as opposed to a personal pension scheme, please see [Section A\(6\)](#).

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 us.

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 2017 income tax return should be completed and submitted by 30th November 2018.

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 2017 return would be considered as “late” if it was submitted after 15th January 2019); or
 2. 12 months after the date of issue (e.g. your 2017 return issued on 6th May 2018 would be considered as “late” if it was submitted after 6th May 2019).
- 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 2018 on 1st April 2018 on which tax is due of £4,000 on 30th June 2018 and £4,000 on 31st December 2018. The tax is paid on time. The return, requesting details of his income for 2018, was available in January 2019 but isn't returned by him until 30th September 2020, 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 2018, the final assessment being issued in October 2020. Although the statement would show the additional tax would be due to be paid in November 2020, the surcharges and additional surcharges would apply as if the additional £3,000 tax had been due as £1,500 on 30th June 2018 and £1,500 on 31st December 2018.

- 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, the Regulations can be found on the Guernsey Legal Resources website (www.guernseylegalresources.gg) and the Statement of Practice on Keeping, Maintaining and Retaining Records is available at www.gov.gg/taxationstatementsofpractice under "Codes and statements of practice".