

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

THE INCOME TAX (ZERO 10) (COMPANY INTERMEDIATE RATE) (AMENDMENT)
(GUERNSEY) ORDINANCE, 2018

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2018", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

This Ordinance amends the Income Tax (Guernsey) Law, 1975 to extend the company intermediate income tax rate of 10% to income from the regulated activity of operating an investment exchange under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and from compliance and other related activities provided to regulated financial services businesses. The Ordinance comes into force on the 1st January, 2019.

The Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2018

THE STATES, in pursuance of their Resolution of the 6th November, 2018^a, and in exercise of the powers conferred on them by sections 203A and 208C of the Income Tax (Guernsey) Law, 1975^b and all other powers enabling them in that behalf, hereby order:-

Amendment of 1975 Law.

1. The Income Tax (Guernsey) Law, 1975 ("**the Law**"), as amended, is further amended as follows.

2. After section 2(2)(ag) insert the following paragraphs -

"(ah) income from the operation of an investment exchange (as defined in the Fourth Schedule),

(ai) income from compliance and other related activities (as defined in the Fourth Schedule),".

3. In section 7C, in the heading, and in the text of the section, for the words "and investment management individual client services" substitute ", investment management individual client services, the operation of an investment

^a Billet d'État No. XXIV of 2018 (propositions 13 and 14).

^b Ordres en Conseil Vol. XXV, p. 124; section 203A was inserted by Order in Council No. XVII of 2005 and section 208C was inserted by Order in Council No. V of 2011.

exchange and compliance and other related activities".

4. After section 47G(ag) insert the following paragraph -

"(ah) the operation of an investment exchange in
Guernsey,

(ai) compliance and other related activities carried
on in Guernsey,".

5. After section 139(7) insert the following subsection -

"(8) In addition, subsection (2) does not apply in any year
of charge to the losses of a company where -

(a) in the year of charge 2018 the company's
income fell within class 2(2)(d),

(b) the company is carrying on the same business
as it was carrying on in the year of charge 2018,
and

(c) the company's income falls within class 2(2)(ah)
or (ai).".

6. In section 209(1) -

(a) after the definition of "**company**" insert the following
definition -

""**compliance and other related activities**" has the meaning assigned by the Fourth Schedule,"

- (b) after the definition of "**oath**" insert the following definition -

""**operation of an investment exchange**" has the meaning assigned by the Fourth Schedule,".

7. In the Fourth Schedule after paragraph 2G insert the following paragraphs -

"OPERATION OF AN INVESTMENT EXCHANGE

2H. (1) For the purposes of this Law the "**operation of an investment exchange**" means the restricted activity of operating an investment exchange within the meaning of paragraph 9 of Schedule 2 to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, when carried on by a person licensed to carry on that restricted activity under the provisions of that Law.

(2) "**Income from the operation of an investment exchange**" shall be any income arising from the operation of an investment exchange.

COMPLIANCE AND OTHER RELATED ACTIVITIES

2I. (1) For the purposes of this Law "**compliance and other related activities**" includes, without limitation, advising on and monitoring

corporate governance, ethics, standards of conduct, risk management and compliance with the provisions of or made under -

- (a) the regulatory Laws within the meaning of section 75B(3B),
- (b) the Criminal Justice (Fraud Investigation) (Bailiwick of Guernsey) Law, 1991,
- (c) the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999,
- (d) the Drug Trafficking (Bailiwick of Guernsey) Law, 2000,
- (e) the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002,
- (f) the Disclosure (Bailiwick of Guernsey) Law, 2007,
- (g) the Prescribed Businesses (Bailiwick of Guernsey) Law, 2008,
- (h) the Data Protection (Bailiwick of Guernsey) Law, 2017, or
- (i) any other enactment or statutory instrument prescribed for the purposes of this paragraph

by regulations of the Committee.

(2) **"Income from compliance and other related activities"**

shall be any income arising from compliance and other related services when provided to a person or body of persons, corporate or unincorporated, holding or deemed to hold a licence, registration or authorisation from the Guernsey Financial Services Commission under the regulatory Laws within the meaning of section 75B(3B).".

8. In the Fifth Schedule in the table therein insert the following entries immediately below the entry relating to "Income from the provision of investment management individual client services" -

"2(2)(ah)	Income from the operation of an investment exchange	company intermediate rate	10%
2(2)(ai)	Income from compliance and other related services	company intermediate rate	10%".

Year of computation: special provision.

9. Section 6(3A) of the Law applies to any company where the applicable rate of taxation of that company's income is altered by the provisions of this Ordinance *mutatis mutandis*.

Citation.

10. This Ordinance may be cited as the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2018.

Commencement.

11. This Ordinance shall come into force on the 1st January, 2019.