

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

THE INCOME TAX (PENSION AMENDMENTS) (GUERNSEY) ORDINANCE, 2018

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Income Tax (Pension Amendments) (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 amend the conditions for triviality payments from pension schemes. Triviality is increased for members aged 50 or over to £50,000 per scheme taxable at 20% in the year of charge in which it is paid. Triviality is introduced for schemes in drawdown where either the aggregate value of the fund attributable to the member at the time of the request is no greater than £50,000, or £100,000 and the individual member has a guaranteed minimum retirement income of £20,000 per annum. The Ordinance comes into force on the 1st January, 2019.

The Income Tax (Pension Amendments)

(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. In section 153A of the Income Tax (Guernsey) Law, 1975 -

(a) in subsection (1)(a) for "£30,000" substitute "£50,000",

(b) after subsection (1)(c) insert the following paragraph -

"or,

(d) a pension is already being paid out of or under the provisions of that scheme, and the aggregate value of the funds attributable to the individual in question and accumulated under that scheme does not exceed -

(A) £50,000, the valuation being made immediately

^a Billet d'État No. XXIV of 2018 (proposition 21).

^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.

before the time of the making of the payment,
or

- (B) £100,000, the valuation being made immediately before the time of the making of the payment, provided that the individual in question has a guaranteed minimum aggregate retirement income (from whatever source) for the remainder of his life of £20,000 per annum (or such other threshold as the Committee may specify by regulation); provided that the Committee may by regulation specify an amount or amounts of funds or other capital which, if attributable to the individual in question, would on an actuarial basis yield for him an equivalent amount of such income or any proportion thereof and which accordingly may be taken into account in determining whether the threshold of £20,000 (as amended from time to time) is reached in his case."

- (c) in subsection (2)(a) for "paragraph (a) or (b)" substitute "paragraph (b)",

- (d) in subsection (2)(b) for "paragraph (c)" substitute "paragraph (a), (c) or (d)".

2. In section 157CA of the Income Tax (Guernsey) Law, 1975 -

(a) in subsection (1)(a) for "£30,000" substitute "£50,000",

(b) after subsection (1)(c) insert the following paragraph -

"or,

(d) a pension is already being paid out of or under the provisions of that scheme, and the aggregate value of the funds attributable to the individual in question and accumulated under that scheme does not exceed -

(A) £50,000, the valuation being made immediately before the time of the making of the payment,
or

(B) £100,000, the valuation being made immediately before the time of the making of the payment, provided that the individual in question has a guaranteed minimum aggregate retirement income (from whatever source) for the remainder of his life of £20,000 per annum (or such other threshold as the Committee may specify by regulation); provided that the Committee may by regulation specify an amount or amounts of funds or other capital which, if attributable to the individual in question, would on an actuarial basis yield for him an equivalent amount of such income or any proportion thereof and which accordingly

may be taken into account in determining whether the threshold of £20,000 (as amended from time to time) is reached in his case.",

(c) in subsection (2)(a) for "paragraph (a) or (b)" substitute "paragraph (b)",

(d) in subsection (2)(b) for "paragraph (c)" substitute "paragraph (a), (c) or (d)".

Citation.

3. This Ordinance may be cited as the Income Tax (Pension Amendments) (Guernsey) Ordinance, 2018.

Commencement.

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