



**An extract from Income Tax (Guernsey) Law, 1975**  
**Section 39D**  
**Effect of tax cap on rolled – forward profits**

- (1) Where in any year of charge –
- (a) the amount of income tax payable by an individual is, by virtue of section 39B, limited as set out in the Sixth Schedule, and
  - (b) the individual receives a distribution from a company consisting of income which –
    - (i) arose or accrued to the company –
      - (A) from the carrying on of a business in Guernsey, or
      - (B) from any other source whatsoever,including, without prejudice to the generality of this subparagraph and for the avoidance of doubt, investment and other income arising or accruing to an investment company and
    - (ii) in the individual's hands is non-qualifying income and, in consequence of the individual having made an election in respect of that year of charge in accordance with the Sixth Schedule, is subject to the limit on the amount of income tax payable as set out in that Schedule,
- then the following provisions have effect.

(2) There shall be calculated the amount of additional tax that would have been payable by the individual in the year of charge in which the income arose or accrued to the company had the income been distributed by the company in that year of charge.

(3) That amount of tax –

(a) shall be payable by the individual in respect of the year of charge in which he received the distribution referred to in subsection (1)(b), notwithstanding that (apart from this section) the amount of income tax payable by him would, by virtue of section 39B, have been limited as set out in the Sixth Schedule, and

(b) shall be payable in addition to the amount of income tax that would have been payable (but for this section) by the individual pursuant to the provisions of Section 39B and Sixth Schedule.