



HOW TO COMPLETE YOUR PERSONAL 2011 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 THIS OFFICE.

DID YOU KNOW

You can complete your Income Tax Return
on-line?



Please visit www.gov.gg

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Guernsey
GY1 3AZ

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Office hours: Monday to Friday 8.30am to 4.00pm

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PERSONS REQUIRED TO MAKE A RETURN OF INCOME

Unless you have been notified by the Income Tax Office that you do not need to complete a return, you are required by law to complete and submit a return to the Director of Income Tax. You may do this in paper format (personal returns are issued in January each year) or you may fulfil your obligation by completing and submitting an electronic return, which is available on the Tax Office website (www.gov.gg/tax). If you submit an electronic return, you will be asked if you require a paper return for future years. Where paper returns are not required, you will be notified by email, each year, when the on-line return is available for completion. Returns should be completed and returned/submitted by 30 November in the year of issue, or within 21 days if the date of issue is after 9 November. An automatic penalty will be imposed if the return has not been received by the due date. Tax is charged at 20% on income less any personal or other allowances due.

If you do not receive a return or notification that the e-form is available for any year but you have income chargeable to tax, **IT IS YOUR RESPONSIBILITY** to obtain and submit a return (the return can be printed from the Tax Office website, or the return can be completed on-line). The Law provides substantial penalties for failure to deliver returns.

If you have changed your address since sending in the previous year's return, please notify the Income Tax Office of your new address as soon as possible.

If you have changed your name on marriage, or for any other reason, please notify the Income Tax Office immediately.

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 the income of the estate.

Income arising in Guernsey, Alderney or Herm to a non-resident is liable to Guernsey income tax. If you receive such income on behalf of a non-resident, or if you pay such 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 such income – for further details see pages 16-17 of this Booklet.

With effect from 1 January 2007, legislation has been introduced 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 who completes an income tax return – for further details see page 23 of this booklet.

If you submit your return electronically, you will be entered into a prize draw, with the chance to win a top prize of £2,500, a second prize of £1,500 or a third prize of £1,000. More information about this draw, including the Terms and Conditions, are available on the Tax Office website (www.gov/tax).

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”

PERSONAL DETAILS

Show the full names of your spouse, living with you or wholly maintained by you, for the calendar year indicated on the return.

If your marriage has taken place since the last completed return, show the date of your marriage and your spouse’s former name. If your spouse is not living with you, you will be required to produce evidence that you are wholly maintaining your spouse.

If your spouse is not living with you and is not wholly maintained by you, DO NOT COMPLETE this section of the return.

Please enter your date of birth and that of your spouse, if applicable.

You will need to provide details of the number of days you/your spouse spent in Guernsey to enable the Income Tax Office to determine your residential status.

CERTIFICATE

This section must be completed 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 are married, that of your spouse, during the relevant calendar year ended 31st December. 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 relevant calendar year and show in the columns provided the total amount you received from each employer, 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 refer to section A(2) for details of benefits in kind.

You should retain your pay slips and/or Employees Tax Instalment Scheme (“ETI”) quarterly returns as you may be requested to provide these in the event of any discrepancy.

If you were employed outside Guernsey, Alderney or Herm and have paid income tax in the country where you worked, you should provide evidence of the earnings and tax deducted. You may be entitled to claim relief from double taxation - see pages 14 and 15 of this booklet.

If you are unable to obtain details of earnings from one or more of your employers, DO NOT DELAY sending in your return. Complete the return with as much information as possible, e.g. name of employer, period of employment, and provide an estimate of your earnings.

A(2) Benefits in Kind

A benefit in kind may arise to you by virtue of your employment. Examples include rent-free accommodation, the provision of free board and lodging, or the use of a company car for private motoring. All benefits in kind should be passed through the ETI Scheme, by adding the benefit to your gross pay, so if your benefit is included in your salary you do not need to take any further action. However, if your benefit in kind has not been included in your gross pay, you should declare it in this section of the return.

A Benefit in Kind Explanatory Guide is available on the Income Tax Office website under "Explanatory Guides".

A(3) Tips and Gratuities

If you are employed in any occupation where you receive tips or gratuities, enter the total amount received during the relevant calendar year.

Deductions

Contributions to an Employer's Approved Pension Scheme

If you and/or your spouse have made contributions to such a scheme, you are entitled to a deduction for the cost of these contributions from your gross earnings.

Show the name of the employer's pension scheme and the total contributions made by yourself and/or your spouse during the relevant 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 refer to the Income Tax Office.

For contributions to a personal pension scheme please refer to Section O on page 19 of this booklet.

Other Claimable Deductions

You may be entitled to claim deductions for expenses **wholly, exclusively and necessarily** incurred in the performance of 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 cost of subscriptions to approved professional associations, in respect of your employment, are also an allowable deduction.

If you wish to make a claim, 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 employment is **NOT** an allowable deduction from earnings.

SECTION B – SELF-EMPLOYMENT (INCLUDING TRADES & PROFESSIONS)

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 may be found on our website (www.gov.gg/tax under Explanatory Guides / Businesses). Further notes on the completion of Form 3LA are available when downloading the form.

A Trading, Profit & Loss Account (“TPLA”) is also now available, which has been designed to help business owners who are sole traders but who do not use the professional services of an accountant or firm of accountants to prepare their tax return and accounts. This can also be found on our website (www.gov.gg/tax under Explanatory Guides / Businesses). Again, further notes are available when downloading the form.

The Director of Income Tax reserves the right to insist on certified accounts being prepared by a suitably qualified person if he feels it is appropriate to do so.

Small guest houses

Where the gross receipts do not exceed a specified sum, which is reviewed annually, 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.

Percentage rates

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

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:

Source – enter the name of the pension payer
Frequency – state weekly or monthly
Rate – the amount received at the date specified

If you started to receive a pension during the relevant calendar year, show the date the payments commenced.

For any pensions arising outside Guernsey, Alderney or Herm, enter the gross amount received, and if overseas tax is deducted state the amount and provide evidence. For details of relief from Double Taxation, see pages 14-15 of this booklet.

If the pension is not liable to Guernsey income tax, e.g. disability or war widows, you will be advised accordingly.

United Kingdom Pensions

There have been changes which affect Guernsey residents in receipt of United Kingdom pensions. With effect from 6 April 2010, such individuals will be entitled to claim exemption from paying United Kingdom income tax on those pensions. Relief from double taxation is not available to individuals who are entitled to claim exemption but fail to do so.

If you wish to make such a claim, the relevant form can be found on the HM Revenue & Customs website: <http://www.hmrc.gov.uk/cnr/dtindividual.pdf>

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

Telephone: 0845 070 0040

Address: HM Revenue & Customs – Centre for Non-Residents
 Fitz Roy House
 PO Box 46
 Nottingham
 England
 NG2 1BD

Please note that the form needs to be certified by the Guernsey Income Tax Office before being returned to HM Revenue & Customs.

SECTION D – OWNERSHIP OF PROPERTY

Section 1 - Your principal private residence and all property not let

Show details of all property owned, occupied/not let by you and/or your spouse, in Guernsey or elsewhere, e.g. a dwelling house, land or any property used for business purposes.

If any property was purchased during the relevant calendar year, show the date of purchase.

Section 2 - Let property

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

Address of 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 some or all of the repairs write “Tenant” and state the extent to which they are responsible, e.g. “Tenant – inside repairs only”.

If let furnished – please “✓” if the property is let furnished.

Gross rent received – enter the total gross rent received during the relevant calendar year, before deductions.

Guernsey or Alderney properties – Statutory Repairs Allowance

Where you are responsible for the costs of repairing your let property you will be allowed a deduction from the rental income, 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 Statutory Repairs Allowance is calculated. The rates of Statutory Repairs Allowance are:

Dwelling (let furnished)	15% of the gross rent received
Dwelling (let unfurnished)	10% of the gross rent received
Other buildings (including glasshouses)	10% of the gross rent received
Land	2½% of the gross rent received

Where you are not responsible for **all** repairs the rate of deduction is reduced accordingly.

The Income Tax Office 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 details of the nature of the expense. Evidence may be requested.

The Income Tax Office will calculate any allowance due by averaging the expenditure over a 5 year period. The allowance can only reduce the income to nil, it cannot create a loss.

A claim for repairs and maintenance should be made annually. It is not necessary to wait for the expiry of a five-year period as the Income Tax Office will keep a running total of expenditure claimed and calculate any allowance due.

Repairs claimed as a business expense will not be allowed as part of an excess repairs allowance claim.

Holiday letting of own residence

Where an individual lets his own residence while he is away on holiday for any period(s) not exceeding two months in a calendar year an overall deduction of 33 1/3rd% is allowed against the gross rent received in lieu of a claim on the strict statutory basis.

Please note that with effect from 1 January 2012 onwards the statutory basis applies, i.e. any direct expenses should be deducted first, then the 15% statutory repairs allowance will be given by the Income Tax Office.

Property outside Guernsey and Alderney

Where a property is let furnished, you are entitled to a 10% wear and tear allowance in accordance with Statement of Practice M2. Details of any expenses incurred in connection with the property should be provided with the return; evidence of any expenses claimed may be requested.

SECTION E – BANK AND SAVINGS ACCOUNTS

All banks, building society, National (Post Office) Savings, ISAs or other savings account interest is chargeable to Guernsey income tax, without exception, no matter where the account may be held and regardless of the level of interest received.

Include the name of each bank, building society etc, from which you and/or your spouse received interest in the relevant 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, stating the account number and the amount of interest received or credited in the relevant calendar year.

If during the relevant calendar year an interest bearing account was opened or closed, please “✓” the appropriate column.

If you have deposited money in an account for a fixed period of longer than 12 months, with the interest credited at the end of the fixed period, please include details of the amount deposited, the length of the term and the rate of interest receivable.

If the interest has not been recorded in the bank book (e.g. NSB book) this is not an excuse for failure to declare such interest. Details of the interest received must be obtained and declared on your return.

If the amount of interest received in the relevant calendar year has increased or decreased substantially, from that declared for the previous year, please provide an explanation of from where additional capital has been received or how the funds have been utilised, as appropriate.

SECTION F – COMPANIES & DISTRIBUTIONS

(1) Give details in respect of any company in which, **at any time during the relevant calendar year**, you and/or your spouse had an interest as a beneficial member or loan creditor, by completing the Company Interest Form.

- **“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 does not 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 does not 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.

- (2) Provide details of any distributions or deemed distributions received from any company, for which you have completed the company interest form, for the relevant calendar year. You should receive a Final Tax Certificate from the company at the end of the accounting period, when the accounts are finalised. This certificate should be attached to your return. If it is not available when the return is submitted, it should be forwarded to the Income Tax Office when it does become available. You may have received a dividend voucher instead of a Final Tax Certificate, in which case please supply the original voucher.

SECTION G – SETTLEMENTS INCLUDING TRUSTS

If you and/or your spouse were the settlor of a settlement, which existed in the relevant calendar year, you must complete the Settlement/Trust Form.

“**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:

- 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) should be included in Section H.

SECTION H – ANY OTHER INCOME

Declare any income received by you and/or your spouse which has not 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.

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

Dividends and debenture interest**Dividends from United Kingdom companies**

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.

Dividends from Jersey companies

If dividends from a Jersey company 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 Jersey income tax.

Where Jersey tax has been deducted, please submit the voucher with your return for relief from double taxation to be calculated (see pages 14-15).

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 receivable, the tax deducted at source (if any) and the net amount received from each investment.

If you wish to claim unilateral relief (see page 15), please attach the dividend vouchers or other evidence of tax deducted to your return.

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 you will need to declare both half-yearly amounts of interest.

If there have been any changes in your or your spouse's holdings of investments during the relevant 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 relevant calendar year. If income tax has been deducted (other than Guernsey income tax) state the amount of tax deducted and the name of the country in which the tax was deducted.

Purchased life annuities may contain a capital element, which is not 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 on application to the Income Tax 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, show the gross amount received. Depending on the services provided and level of income, you can be assessed on a percentage of the gross receipts, instead of submitting accounts 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 has not already been supplied. If the court order has been varied since the previous return please forward a copy for inspection and return.

NB *With effect from 1st March 2003, income received under a new court order is no longer taxable. However, this does not apply to 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 United Kingdom tax

If you have received a repayment from HM Revenue & Customs, state the amount in this section and enclose a copy of the computation.

Trust income

If income is received by you and/or your spouse, state the name of the trust and the name and address of the trustee.

When giving details of the income received you should list each source from which the trust income is derived. If expenses have been deducted before distribution please provide details.

Where available, copies of the trust accounts should be forwarded for inspection. You may be required to provide a copy of the Trust Deed.

If any of the income has borne tax in the country of origin, please show the gross income and the amount of tax suffered, as you may be entitled to claim relief from double taxation (see below).

Income from any other source

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

RELIEF FROM DOUBLE TAXATION**United Kingdom and Jersey**

Relief is given under the Double Taxation Arrangements between Guernsey and the United Kingdom and Guernsey and Jersey.

Relief is granted in respect of income assessable to Guernsey Income Tax (with the exception of United Kingdom dividend and debenture interest and, with effect from 6 April 2010, occupational pensions) which has suffered tax in the United Kingdom or Jersey. Evidence of tax paid is required (such as Certificate P60 or assessments).

Income arising in the United Kingdom

Individuals resident in Guernsey who receive income which is subject to tax in the United Kingdom are entitled to claim relief from HM Revenue & Customs.

Dividend and debenture interest is assessed net to Guernsey Tax.

The interest on United Kingdom Government stocks is paid without deduction of United Kingdom tax to non-residents of the United Kingdom. The amounts received are assessable to Guernsey Income Tax.

If you have received correspondence from a United Kingdom tax office, claims for relief should be sent to that address.

If you have not received any correspondence from HM Revenue & Customs, claims should be made to:

FICO Non-Residents,
St. Johns House,
Merton Road,
Bootle,
Merseyside.
L69 9BB

HM Revenue & Customs will issue a calculation of your final United Kingdom liability for the fiscal year of claim, which should be forwarded to the Guernsey Income Tax Office. Relief from Double Taxation will then be granted.

Any repayment received as the result of any such claims must be declared in section H of your Guernsey income tax return, stating the fiscal year to which it refers.

If you receive income from a United Kingdom occupational pension, please see pages 6-7.

Income arising in Jersey

Where income arising in Jersey suffers Jersey income tax, a claim for proportional allowance relief should be made to:

The Comptroller of Income Tax,
P.O. Box 56,
Cyril Le Marquand House,
The Parade,
St. Helier,
Jersey.
JE4 8PF

A computation will be sent to you with any repayment made. The computation should then be sent to the Guernsey Income Tax Office where any relief from double taxation will be calculated.

Where income is received from dividends, the vouchers should be submitted with your return to enable relief from double taxation to be calculated.

Other territories

For details of Double Tax Agreements with other territories, please refer to our website. Evidence of the tax paid must be forwarded to the Guernsey Income Tax Office.

Relief from Double Taxation – other than the United Kingdom and Jersey

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

SECTION I – ADDITIONAL INFORMATION

Any explanation you wish to make regarding the income of and the interest paid by you or your spouse for the relevant calendar year, or details of any income for previous calendar years not so far declared, should be attached to the return on a separate sheet of paper. The box on the return should be ticked to indicate that the separate sheet is attached.

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 mortgages and other loans for qualifying purposes. 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.

Interest paid on money borrowed for the acquisition, construction, reconstruction or repair of a property is allowable on a principal private residence. Relief is limited to interest paid on £400,000. 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. 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.

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

Deed of Covenant

An allowance for deeds of covenant is due only on deeds approved by the Director, subject to the restriction below.

Relief in respect of deeds of covenant approved prior to 1 January 2010 is available to the individual until the deed is either amended or it expires. Relief is no longer due if a deed is amended after 1 January 2010.

Maintenance or Alimony

With effect from 1st March 2003, maintenance paid under a new Court Order 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.

SECTION K – INCOME ARISING TO A NON-RESIDENT

This section **must** be completed.

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.

The agent is personally liable to pay tax on such income. Section 48 of the Law provides for recovery by the agent of the tax charged by deduction from any amount payable to the non-resident.

The tax deducted by the agent from the income should be remitted to this office within one month together with details of the income from which the tax has been deducted. A form (NRD 1) for this purpose can be obtained from the Income Tax Office website.

CLAIM FOR ALLOWANCES

SECTION L – DETAILS OF CHILDREN

Details of children in respect of whom a Guernsey Family Allowance is receivable by you or your spouse, or those in full-time higher education, should be entered in this section.

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 or your illegitimate child and is maintained by you in the calendar year.

The expression “child” shall include a stepchild and a child who has been lawfully adopted shall be treated as the child of the individual by whom he/she has been so adopted and not as the child of the natural parent.

Where a man and a woman are cohabiting as husband and wife and either has a child over the age of 19 in full-time education, either may elect that the child be treated as if he/she were the child of the cohabitee 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, it is apportioned between them in accordance with the amount or value of their respective contributions towards the maintenance of the child.

SECTION M – CHARGE OF CHILDREN

This allowance is available to lone parents (i.e. not cohabiting) and married persons where a spouse is totally incapacitated and it is necessary to employ a person for the purpose of having charge and care of the 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 in the year of charge you are entitled to 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 husband or wife throughout the year of charge.

A charge of children allowance shall not be granted 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 page 20 of this booklet) unless the individual has relinquished any claim for those allowances.

Where an individual is entitled to claim a dependent relative allowance in the case of a child receiving higher education, he/she shall be treated as if he/she were in receipt of a Family Allowance in respect of the child.

Where two individuals are entitled to claim the allowance, it is apportioned between them in accordance with the amount or value of their respective contributions towards the maintenance of the child.

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

Where a lone parent in receipt of a family allowance is not entitled to claim the charge of children allowance because he/she is cohabiting with another person, he/she may, in respect of the year of charge, by notice in writing addressed to the Director, elect that the whole, or any unused part of, the personal allowance to which he/she would otherwise be entitled shall cease to be his/hers and shall become an additional personal allowance of the person with whom he/she is cohabiting. Such election, once made, is to be irrevocable in respect of that year of charge.

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

If you cease to cohabit in a calendar year, any relinquishment made may become invalid.

(2) **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 in the calendar year you or your spouse are 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 is totally incapacitated by physical or mental infirmity, and that a person is 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 – DEPENDENT RELATIVES

Children in Higher Education

Please see Section L.

Other Dependants

Only claims that were in existence prior to 1 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 the relative has income of their own, the amount of the allowance may be reduced according to the extent of that income.

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

SECTION O – 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.

For this allowance only, a wife's income is treated separately from that of her husband, even though her income would otherwise be treated as his.

Tax relief will be limited to the lower of 100% of taxable income or £50,000.

SECTION P – INFIRM PERSON / HOUSEKEEPER ALLOWANCE

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

Infirm Person's 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 compelled 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

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 is not considered a housekeeper in this respect.

PENALTIES

A serious view will be taken if your return is found to be materially incorrect or incomplete. The Law provides 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 on the Tax Office website (www.gov.gg/tax) under “Statements of Practice”.

SURCHARGES

- With effect from 30 June 2006, a surcharge will be applied automatically if tax or penalties are not paid 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 tax is assessed later than would ordinarily be the case due to the delivery of a “late” or incorrect tax return. A “late” return would be considered as that which is received after the later of:
 1. 15 January in the year following the year in which the return was issued (e.g. a return issued on 2 January 2012 would be considered as “late” if it was submitted after 15 January 2013); or
 2. 12 months after the date of issue (e.g. a return issued on 6 May 2012 would be considered as “late” if it was submitted after 6 May 2013).
- If the 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 30 June and 31 December in the year of charge to which it relates.

For example – Mr X receives his assessment for 2012 on 1 April 2012 on which tax is due of £4,000 on 30 June 2012 and £4,000 on 31 December 2012. The tax is paid on time. The return, requesting details of his income for 2012, is issued in January 2013 but is not returned by him until 30 September 2015, i.e. more than 12 months after it was issued. As a result of the return Mr X owes an additional £3,000 tax for the Year of Charge 2012, the assessment being issued in October 2015. Although the statement would show the additional tax would be due to be paid in November 2015, the surcharges and additional surcharges would apply as if the additional £3,000 tax had been due as £1,500 on 30 June 2012 and £1,500 on 31 December 2012.

- The taxpayer has 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.

- Quarterly ETI payments and any related penalties, not paid by the due date, will be subject to a surcharge of 5% of the amount overdue.

SUPPLEMENTS

- With effect from 1 January 2006, a supplement will be added, at a rate of 5%, to any repayment of income tax made by the Director, if it is paid more than one year after the end of the month in which the 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. Furthermore, additional supplements will arise for each further six months thereafter 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.

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

KEEPING OF RECORDS

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

The Income Tax (Keeping of Records, etc) Regulations, 2006 (“the Regulations”) set down three kinds of offence:

- If the Director believes that:
 - someone failed to make, maintain, keep or retain a record or document that the Regulations require him to make, maintain, keep or retain, and
 - that is likely to prejudice the Director performing his official duties,

he may impose a penalty of up to £2,500.

- If a person, without reasonable excuse, fails to make, maintain, keep or retain records or documents which the Regulations require him to make, maintain, keep or retain then he is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the uniform scale.
- Finally, the Regulations also provide that if someone intentionally falsifies, conceals, destroys or disposes of (or allows the falsification, concealment, destruction or disposal of) records or documents which they are required to keep under the Regulations, they 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 on the Tax Office website (www.gov.gg/tax) under “Statements of Practice”.