



HOW TO COMPLETE YOUR PERSONAL 2015 PAPER 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 THE INCOME TAX OFFICE.

DID YOU KNOW

You can complete your Income Tax Return
on-line?



Please visit <https://eforms.gov.gg/>

Income Tax Office
PO Box 37
2 Cornet Street
St Peter Port
Guernsey
GY1 3AZ

Telephone:
Facsimile:
Tax evasion hotline:

+44(0) 1481 724711
+44(0) 1481 713911
+44(0) 1481 747900

E-mail:
Online services enquiries:
Web Site:

taxenquiries@.gov.gg
eformsquery@gov.gg
www.gov.gg/tax

Office hours:

Monday to Friday

9.00am to 4.00pm

CONTENTS

	Page
SUMMARY SHEET	<u>4</u>
PERSONAL DETAILS	<u>4-5</u>
INCOME	
Employment	<u>5-7</u>
Self-employment (including trades and professions)	<u>7</u>
Pensions received	<u>8</u>
Bank and savings accounts	<u>9</u>
OWNERSHIP OF PROPERTY	<u>10-13</u>
COMPANIES AND DISTRIBUTIONS	<u>13-14</u>
SETTLEMENTS INCLUDING TRUSTS AND FOUNDATIONS	<u>14-15</u>
ANY OTHER INCOME	
Dividends and debenture interest	<u>15-16</u>
Other investments	<u>16</u>
Annuities	<u>16</u>
Royalties or copyrights	<u>16</u>
Paying guests and boarders	<u>16-17</u>
Alimony or maintenance received	<u>17</u>
Refunds of UK tax	<u>17</u>
Any other source	<u>17</u>
ADDITIONAL INFORMATION	<u>17</u>
DEDUCTIONS	
Loans (excluding mortgages)	<u>17-18</u>
Deeds of Covenant	<u>18</u>
Maintenance or alimony	<u>18</u>
PAYMENTS TO NON-RESIDENTS	<u>18-19</u>
ALLOWANCES	
Details of children	<u>20</u>
Charge of children	<u>20-22</u>
Personal pensions	<u>22</u>
Children in higher education	<u>22</u>
Other dependants	<u>22-23</u>
Infirm persons	<u>23</u>
Housekeepers	<u>23-24</u>
DOUBLE TAXATION RELIEF	<u>24-25</u>
PENALTIES	<u>25</u>
SURCHARGES & SUPPLEMENTS	<u>26-27</u>
KEEPING OF RECORDS	<u>27</u>

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 (and so long as the conditions which resulted in such a notification continued to be met during 2015) you are required by law to complete and submit a return to the Director of Income Tax. You can fulfil your obligation by completing and submitting an electronic return, which is available at <https://eforms.gov.gg/>, or in paper format. Paper returns are available in 2016 from various outlets across the island between January and March, and in November and December (see www.gov.gg/tax under “Income tax returns” for more information or to download a form. Returns should be completed and submitted by 30th November 2016. An automatic penalty will be imposed if the return has not been received by the due date.

If you have income chargeable to tax, IT IS YOUR RESPONSIBILITY to obtain and submit a return. The [Law](#) provides substantial penalties for failure to deliver returns and for failure to notify the Director of a liability to Guernsey income tax.

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, 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 page [18](#) of this booklet or contact the Income Tax Office.

Legislation is in force 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 – for further details see page [27](#) of this booklet.

Tax is charged at 20% on income less any personal or other allowances due.

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”.

SUMMARY SHEET

The income tax return includes a summary sheet which the Director requires you to complete. This will help with the processing of your return. Please ensure you input the total of the figures declared in each section of the return into the relevant section of the summary sheet, e.g. if your return shows a number of employers, show only the total earnings from all employers in A(1) of the summary sheet. Please also ensure you tick the summary sheet in the appropriate place if you have completed Sections E, F, G, I, J, K, L, M or O of the return.

1. Personal details

Your reference number is important to ensure that your completed return is assessed as efficiently as possible. Your unique number can be found on the Coding Notice issued in October/November or the last notice of assessment/correspondence received and will consist of a number followed by a letter and a further series of characters (i.e. 0V.123456 or 1O.987654B). Your 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 after the “/”.

Show your full name and address, together with your previous address if you have moved in the last twelve months or since you last completed a return.

Please enter your date of birth in the appropriate box.

If you changed your name during 2015, please enter your former name on the return.

2. Change to marital status

If your marital status has changed during the year indicated on the return (i.e. you have got married, been widowed or ceased to live as man and wife) please complete this section by ticking the relevant box and noting the date the change took place. You will each need to complete separate income tax returns in the year following your marriage (i.e. if you married in 2015 you will each need to complete an income tax return in 2016). You will be jointly assessed from 2016 and would only need to complete one return in 2017, unless you make an application for separate assessments.

3. Married persons

Show the full name of your wife, 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. With effect from 1st January 2015, if you wholly maintain your wife but she is not living in Guernsey, you are no longer able to claim the Married Persons Allowance.

If your marriage has taken place since the last completed return, ensure you have completed Section 2 and provide your wife's former name and her former tax reference, if applicable. You will each need to complete a separate return for the year of marriage. A joint return can be completed for the following year. If your wife is not living with you but you are wholly maintaining her, you will be required to produce evidence of this. If your wife is not living with you and is not wholly maintained by you, DO NOT COMPLETE this section of the return.

You may provide your authority for your wife to deal with your income tax affairs by ticking the appropriate box. This will ensure that full details of your income tax affairs can be discussed with your wife, and she can request any action, if she contacts this office on your behalf. This authority will apply until you confirm, in writing, that this is no longer applicable. Should you and your wife separate, the authority will automatically no longer apply upon notification of the separation.

4. **Residence details**

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 for income tax purposes. This will ensure that you are taxed on the appropriate 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.

The certificate at the bottom of page 3 of the return must be completed (paying particular attention to the tick boxes regarding records maintained and penalties that may be imposed) 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 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 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 do not submit payslips with your return, but you should retain your payslips 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 are unable to obtain 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. Please be aware that failure to obtain details of your earnings will delay the processing of your tax return and the issue of an accurate assessment.

If you were employed outside Guernsey, Alderney or Herm, you may be entitled to claim relief from double taxation – see pages [24-25](#) of this booklet. Double taxation relief will not be granted unless evidence of the earnings and tax deducted is provided.

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 your employer adding the benefit to your gross pay, so if your benefit is shown on your payslip you do not need to take any further action. **However, if you received benefits which have not been included in your gross pay, you should declare them in this section of the return.**

A Benefit in Kind Explanatory Guide is available at www.gov.gg/tax under “the ETI Scheme”.

A(3) **Tips and Gratuities**

If you are employed in a job where you receive tips or gratuities, enter the total amount received during the calendar year if they have not already been included in your gross pay by your employer.

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 you and/or your spouse 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 refer to the Income Tax Office.

For contributions to a personal pension scheme as opposed to an employer’s approved scheme, please refer to Section N on page [22](#) 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 initial outlay is not claimable, only claims for replacement items will be considered. The cost of subscriptions to approved professional associations, in respect of your employment, is 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

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 at www.gov.gg/tax under “Income tax returns”. This form requires details of just your turnover (which includes cash/cheques/commission/tips/fees and gross income of any nature received), 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 do not use the professional services of an accountant or firm of accountants 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.

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 £15,000 for the calendar year 2015, 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%

Where the gross receipts exceed £15,000 for the calendar year 2015, you may complete a Trading, Profit & Loss Account (“TPLA”) – see previous section for details.

The net figure must be declared on your return.

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:

- **Pension provider** – enter the name of the pension payer.
- **Country of origin** – enter the country from which the pension originated.
- **Frequency paid** – state how often the pension is paid, i.e. weekly, monthly, quarterly, etc.
- **Weekly/monthly rate** – show the appropriate rate for the period stated in the “Frequency paid” column.
- **Date commenced** – show the start date of the pension, if it started in 2015.
- **Total gross pension** – show the total received from that pension during 2015.

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 [24-25](#) of this booklet.

If the pension is not liable to Guernsey income tax, e.g. disability or war widows, the pension will not be included in your assessment.

United Kingdom Pensions

Guernsey residents in receipt of United Kingdom pensions are 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: <https://www.gov.uk/government/publications/double-taxation-treaty-relief-form-dt-individual>

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 – BANK AND SAVINGS ACCOUNTS

For 2015, the first £50 of each individual’s bank interest received is not taxable but you should still declare **all** of the interest that you have received on your income tax return. The exemption will be applied automatically by the Income Tax Office.

All banks, building society, National (Post Office) Savings, ISAs or other savings account interest should be declared, 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 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.

If any of the accounts are held outside of Guernsey, please complete the “Country” box, stating where the account is held, e.g. UK, Jersey, etc.

If during 2015 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 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 and also the box in Section I relating to “Additional Information”, to confirm you are submitting additional information with your return.

If 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 in the relevant column.

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

Please tick the box at the bottom of the summary sheet and also the box in Section I relating to “Additional Information”, to confirm you are submitting additional information with your return.

SECTION E – OWNERSHIP OF PROPERTY

Sections 1, 2 and 3 – Mortgage interest paid on your principal private residence (“PPR”) and all other property

Show details of all property owned and occupied (section 1)/owned and let (section 2)/owned and not let (section 3) by you and/or your spouse, in Guernsey or elsewhere. All property should be declared, e.g. a dwelling house, glasshouse, land or any property used for business purposes.

If any property was purchased during the calendar year, place a tick in column A and, if you have not already done so, complete a Buying Property Checklist (form 357) (available from 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 and also the box in Section I relating to “Additional Information”, 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 and also the box in Section I relating to “Additional Information”.

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, please ensure that you state the total balance outstanding at the year end. However, please ensure that you only claim for your share of the interest paid and note the percentage claimed in the “Percentage share” box, e.g.

Total balance outstanding at 31/12 £300,000 - this figure should be shown on the return

Total interest paid during the year £ 10,658 - if your share of the £10,658 is, for example, a half share, you should show £5,329 in the interest paid column on the return and “50%” in the “Percentage share” box.

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 some 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.)

Interest paid on money borrowed for the acquisition, construction, reconstruction or repair of a property is allowable on a principal private residence (“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 £15,000 for the calendar year 2015 (or £30,000 for a married couple where each party to the marriage is the borrower).

If your mortgage for your PPR is over £400,000 you will need to make the following calculation:

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

For example: Interest paid during calendar year 2015 = £46,000

Outstanding balance on 1 January 2015	£ 612,000
Outstanding balance on 31 December 2015	<u>£ 600,000</u>
	£1,212,000 ÷ 2 = £606,000 = average

So the calculation would be as follows:

$\frac{£46,000 \times 400,000}{£606,000} = £30,363$	interest allowed as a deduction (restricted to interest cap of £15,000 or £30,000 for a married couple where each party is the borrower)
---	--

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. 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. 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 and also the box in Section I relating to “Additional Information”.

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](#)

If your mortgage is due to cease, please contact this office so that your Coding Notice can be amended, if applicable. Failure to do so will result in too much relief being granted and a subsequent underpayment of income tax.

Section 4 – Income from let property

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

Name of let 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 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 – enter the total gross rent received during the 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 entitled to the Statutory Repairs Allowance (a deduction from the rental income, known as the “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	2½% of the gross rent after the deduction of any direct expenses

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 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.

The Income Tax Office will calculate any allowance due by averaging the expenditure incurred in the previous five year period and will keep a running total of expenditure claimed. The allowance can only reduce the income to nil, it cannot create a loss.

Repairs claimed as a business expense will not be allowed as part of an Excess Repairs Allowance claim. See the information on rental income at www.gov.gg/tax under “Tax Rates and Allowances” for more information on how property income is calculated.

Property outside Guernsey and Alderney

Details of any expenses incurred in connection with the property should be provided with the return, to enable the correct rental income to be calculated; evidence of any expenses claimed may be requested.

Where a property is let furnished, you are entitled to a 10% wear and tear allowance in accordance with Statement of Practice M2 (which can be found in the Statements of Practice booklet at www.gov.gg/taxationstatementsofpractice).

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 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.

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 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 AND FOUNDATIONS

If you and/or your spouse were the settlor of a settlement or the founder of a foundation which existed in the calendar year, 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 wife or husband of the settlor in any circumstances whatsoever.

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 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. Please tick the box at the bottom of the summary sheet and also the box in Section I relating to “Additional Information”, 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 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. The United Kingdom/Guernsey Double Taxation Arrangement provides that no relief is due on tax deducted from UK dividends.

This also applies to property income distributions paid through Real Estate Investment Trusts (REITs).

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 page [25](#)).

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 [25](#)), 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 own or your spouse's holdings of investments during the 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 calendar year. If income tax has been deducted in the country of origin (other than Guernsey income tax) state the country and the amount of tax 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 the Income Tax Office for a Notice of Determination.

Further details may be obtained from 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 (with the exception of immediate family members, such as son or daughter) show the gross amount received. Depending on the services provided and if the income does not exceed £15,000, you do not need to submit accounts and you will be assessed on a percentage of the gross receipts as follows:

Percentage rates

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

If the income received from lodgers and/or boarders exceeds £15,000, please show the gross amount received and supply accounts. You may use the Trading Profit & Loss Account – see page 7 for further information.

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 *Income received under a court order made after 1st March 2003 is not taxable. However, this does not apply to the income received from 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.

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 so far declared, should be attached to the return on a separate sheet of paper. Please tick the box at the bottom of the summary sheet and also the box in section I relating to “Additional Information”, to confirm you are submitting additional information with your return.

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 loans for qualifying purposes with the exception of mortgages. 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](#)

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 advise the purpose for which the funds have been utilised. If the balance outstanding has decreased substantially, please advise the source of the funds used to reduce the capital. 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 by way of bank charges, commission or overdraft interest.

(*There have been some 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. Care should be taken to ensure the claim made on your tax return relates only to the interest actually paid.)

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

Deed 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 the individual until the deed is either amended or it expires. Relief is no longer due if a deed has been amended after 1st January 2010.

Maintenance or Alimony paid

Maintenance paid under a Court Order made on or after 1st March 2003 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.

If the Court Order (made before 1st March 2003) has been varied since you completed your last return, please provide a copy of the new Court Order.

SECTION K – 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 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, or maintenance payments made under a Guernsey Court Order made before 1st March 2003 where the spouse has permanently left the island.

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 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”.

CLAIM FOR ALLOWANCES

SECTION L – DETAILS OF CHILDREN

Details of children in respect of whom a Guernsey Family Allowance is received by you or your spouse, or those in full-time higher education, should be entered in this section. All columns should be completed, including the column regarding the income of the child where either the income is greater than £9,675 for 2015 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 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 receiving 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 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 pages [23-24](#) of this booklet) 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.

(2) Cohabitation

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, by completing the Relinquishment of Personal Allowances form (ref. CC2) (available from www.gov.gg/tax under “Other tax forms”), elect that any unused part of the personal allowance be transferred to the person with whom he/she is cohabiting. Such election, once made, is to be irrevocable in respect of that year of charge, unless he/she ceases to cohabit when the election becomes invalid.

If you relinquished/received allowances to/from your partner in 2015, please tick the box in this section of the return.

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

(3) 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 – 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, from 2011 onwards. However, there is a limit on the amount of tax relief which can be claimed, and this is the lower of:

- (a) 100% of taxable income, or
- (b) the amount prescribed by Treasury & Resources Department by Regulation. For 2015 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, 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 contributions to an employer’s approved scheme as opposed to a personal pension scheme, please refer to page [6](#) of this booklet.

SECTION O – DEPENDENT RELATIVES, INFIRM PERSONS AND HOUSEKEEPERS

Dependent relatives

Children in Higher Education

Please see [Section L](#).

Other Dependants

Only claims that were 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 the relative has taxable income of their own, the amount of the allowance may be reduced according to the extent of that income. In the case of a relative who is not resident in Guernsey, reference to “taxable income” means income which would be taxable in Guernsey had the relative been resident.

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.

Infirm Person’s Allowance

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

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

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

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.

RELIEF FROM DOUBLE TAXATION

United Kingdom and Jersey

Relief is given under the Double Taxation Arrangements ("DTAs") 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 6th April 2010, United Kingdom occupational pensions) which has suffered tax in the United Kingdom or Jersey. Evidence of tax paid is required (such as a UK Certificate P60 or assessments).

Income arising in the United Kingdom

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

Dividend and debenture interest is assessed net to Guernsey income 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:

HM Revenue & Customs
Saxon House
1 Causeway Lane
Leicester
LE1 4AA

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 a 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 page [8](#).

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.

Income arising in other territories

For details of DTAs with other territories, please refer to www.gov.gg/dta Evidence of the tax paid must be forwarded to the Guernsey Income Tax Office.

Relief from Double Taxation where Guernsey does not have a DTA with the relevant territory

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 the Guernsey Income Tax Office.

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”.

Returns should be completed and submitted by 30th November 2016. An automatic penalty will be imposed if the return has not been received by the due date.

SURCHARGES

- 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 income tax is assessed later than would ordinarily be the case due to the delivery of 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 (a 2015 return would be considered as “late” if it was submitted after 15th January 2017); or
 2. 12 months after the date of issue (e.g. a 2015 return issued on 6th May 2016 would be considered as “late” if it was submitted after 6th May 2017).
- 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 30th June and 31st December in the year of charge to which it relates.

For example – Mr X receives his interim assessment for 2016 on 1st April 2016 on which tax is due of £4,000 on 30th June 2016 and £4,000 on 31st December 2016. The tax is paid on time. The return, requesting details of his income for 2016, was available in January 2017 but is not returned by him until 30th September 2018, 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 2016, the assessment being issued in October 2018. Although the statement would show the additional tax would be due to be paid in November 2018, the surcharges and additional surcharges would apply as if the additional £3,000 tax had been due as £1,500 on 30th June 2016 and £1,500 on 31st December 2016.

- 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.

SUPPLEMENTS

- 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](#) and [2012](#) (“the Regulations”) set down four 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.
- Where a person keeps records outside Guernsey, they are under a duty, with effect from 1st July 2012, to ensure they keep control of those records and can have these records sent to Guernsey when properly requested by the Director to do so. Anyone who fails to comply is subject to a penalty of up to £2,500.
- 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 at www.gov.gg/taxationstatementsofpractice under “Codes and statements of practice”.