

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**THE INCOME TAX (GUERNSEY) (AMENDMENT) ORDINANCE, 2023**

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Income Tax (Guernsey) (Amendment) Ordinance, 2023" and to direct that the same shall have effect as an Ordinance of the States.

**EXPLANATORY MEMORANDUM**

This Ordinance amends the Income Tax (Guernsey) Law 1975 and certain Ordinances made under that Law.

Section 2 of the Ordinance amends the 1975 Law by exempting, from income tax payments made to private householders for accommodating officials/competitors/performers and other accredited persons participating in, or providing necessary support or ancillary services to, a large event, the events to be regarded as "large" being designated by a Statement of Practice issued by the Director of the Revenue Service.

Section 3 increases the tax caps set out in paragraph 1 of the Sixth Schedule for individuals resident in Guernsey from £150,000 and £300,000 to £160,000 and £320,000 respectively.

Section 4 increases the tax cap set out in paragraph 2 of the Sixth Schedule for individuals resident in Alderney in 2024 and 2025 from £50,000 to £65,000.

Section 5(a) provides, for the purposes of the open market tax cap set out in paragraph 3 of the Sixth Schedule, that where an individual pays a minimum of £50,000 in Document Duty (Anti-Avoidance) Duty on the purchase of 100% of the shareholding of a company that holds an open market property on Part A of the Open Market Register, that individual will be eligible for the cap provided that the conditions as to eligibility set out in the Sixth Schedule are also met.

Section 5(b) increases the open market tax cap in paragraph 3 of the Sixth Schedule from £50,000 to £60,000.

Section 6 increases the annual exemption fee paid under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from £1,200 to £1,600.

Section 7 amends section 1 of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007 by postponing the withdrawal of tax relief for interest payments on borrowed money for a principal private residence until 2027 and increasing the amount of relief for 2024, 2025 and 2026.

Section 8 amends section 2 of that Ordinance by phasing out, by 2027, tax relief against letting income for interest payments on borrowed money for non-residential land and buildings.

Section 9 amends section 2 of that Ordinance by enabling the Policy & Resources Committee to make regulations as to the classes and descriptions of land or buildings to which section 8 applies.

Sections 10 and 11 deal with citation and commencement.

The amendments come into force on the 1<sup>st</sup> January, 2024.

# **The Income Tax (Guernsey) (Amendment) Ordinance, 2023**

**THE STATES**, in pursuance of their Resolution of the \*\* November, 2023<sup>a</sup>, and in exercise of the powers conferred on them by sections 39A, 40B, 203A and 208C of the Income Tax (Guernsey) Law, 1975<sup>b</sup>, and all other powers enabling them in that behalf, hereby order:-

## **Amendment of 1975 Law.**

1. The Income Tax (Guernsey) Law, 1975 is further amended as follows.
  
2. After section 40(oo) insert the following paragraph –

"(pp) payments made to an individual ("A") for the provision of accommodation in a building situated in Guernsey and occupied by A which is A's principal dwelling, where -

- (i) the individuals being accommodated are officials, competitors, performers and other accredited persons participating in, or providing necessary support and ancillary services to, a large event (for example, the Island Games),

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<sup>a</sup> Article I (propositions 5, 6, 7, 8, 9, 11, 12 and 13) of Billet d'État No. \*\*\* of 2023.

<sup>b</sup> Ordres en Conseil Vol. XXV, p. 124; the Law has been amended.

- (ii) the large event has been designated for the purposes of this paragraph in a statement of practice issued under section 204 in cases where there is expected to be an insufficiency of visitor accommodation in Guernsey during the period of the event,
- (iii) the accommodation is provided only during the period of the event and any reasonable period, specified in the statement of practice, immediately before and after the event, and
- (iv) the building is not otherwise used by A for letting."

3. In paragraph 1 of the Sixth Schedule –

- (a) for "£150,000" in both places appearing substitute "£160,000",  
and
- (b) for "£300,000" in both places appearing substitute "£320,000".

4. In paragraph 2 of the Sixth Schedule for "£50,000" substitute "£65,000".

5. In paragraph 3 of the Sixth Schedule –

- (a) in subparagraph (i) after "(the relevant purchase)," and before the word "and" insert the following proviso –

"Provided that, on and from the 1<sup>st</sup> January, 2024 –

- (A) an individual ("A") shall be deemed for the purposes of this subparagraph to have paid £50,000 or more in document duty in respect of the purchase of a property on Part A of the Open Market Register if A has paid £50,000 or more in anti-avoidance duty under the provisions of the Document Duty (Anti-Avoidance (Guernsey) Law, 2017 in respect of a relevant transaction (within the meaning of that Law) conferring on A a significant benefit (also within the meaning of that Law) arising from, or relating to, that property,
  - (B) that property is owned by a company which is limited by shares and the relevant transaction consists of a transfer of the legal or beneficial ownership of all of the shares of that company,
  - (C) references in this paragraph to the relevant purchase shall include references to a relevant transaction described in (A) and (B), and
  - (D) the Policy and Resources Committee may by regulation amend this Proviso," and
- (b) for "£50,000" in the second place appearing substitute "£60,000".

**Amendment of 1989 Exempt Bodies Ordinance.**

6. In section 5(1) of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989<sup>c</sup>, for "£1,200" substitute "£1,600".

**Amendment of 2007 Tax Relief Ordinance.**

7. In the table in section 1(2)(b)(ii) of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007<sup>d</sup> -

- (a) for the entry in column 1 in respect of the year of charge 2024 ("2,000") substitute "3,500",
- (b) for the entry in column 1 in respect of the year of charge 2025 ("1,000") substitute "2,000",
- (c) immediately after the entries in respect of the year of charge 2025 insert new entries of "£1,000" and "2026" in columns 1 and 3 respectively,
- (d) in column 3 for "2026 and subsequent years of charge" substitute "2027 and subsequent years of charge".

8. After section 2(2)(d) of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007 insert the following paragraph –

"(e) where the borrowed money was used for –

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<sup>c</sup> Recueil d'Ordonnances Tome XXV, p. 106; the Ordinance has been amended.

<sup>d</sup> Ordinance No. I of 2008; the Ordinance has been amended.

- (i) the acquisition of land situate in the Bailiwick of Guernsey, not being land within the curtilage of a domestic residential dwelling described in paragraph (d), or
- (ii) the acquisition, construction, reconstruction or repair of a building situate in the Bailiwick of Guernsey, not being a domestic residential dwelling described in paragraph (d):

Provided that deductions shall continue to be allowed under subsection (1) against income from the letting of such land or such a building on a tapering proportion of the interest paid in accordance with the following table (where column 1 is the proportion of the interest paid in respect of which tax relief may be claimed and column 2 is the applicable year of charge) –

<b>1.</b>	<b>2.</b>
Proportion of interest paid eligible for tax relief against letting income	Year of charge in which that percentage may be claimed
75%	2024
50%	2025
25%	2026
0%	2027 and subsequent years of

	charge
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Provided also that, notwithstanding the provisions of subsection (3), no such relief against interest paid in a year of charge in respect of such land or such a building may be carried forward to, and allowed as a deduction in, a later year of charge in which income in respect of the letting of that land or building first arises (should that be after the year of charge 2026).".

9. After section 2(2A) of the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007 insert the following section –

"(2B) The Policy and Resources Committee may make regulations as to the classes and descriptions of land or buildings to which section 2(2)(e) applies, whether by reference to the use to which the land or buildings are put or otherwise.".

**Citation.**

10. This Ordinance may be cited as the Income Tax (Guernsey) (Amendment) Ordinance, 2023.

**Commencement.**

11. This Ordinance shall come into force on the 1<sup>st</sup> January, 2024.