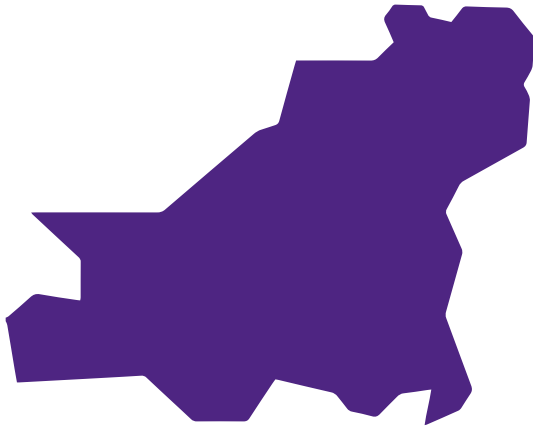


Tax residence in Guernsey

An overview

This sheet was updated in October 2020





Guernsey income tax is due by reference to an individual's residence position. For most people, residence is based on the actual days spent in Guernsey during a calendar year. However, Guernsey has two categories of residence plus special tax capping arrangements especially attractive for newcomers to the island.

The income tax rate is 20%. There is no capital gains tax, inheritance tax or VAT.

The island does not yet have separate taxation for couples (expected in a few years), so a wife's income is generally taxed on her husband unless their residency statuses are different. There can be a form of raising separate tax assessments, but the tax will remain the same overall.

Finally, don't forget that Guernsey Social Security costs also arise, even for non-employed individuals and those above the age of 65. Further details can be provided on request.

The normal tax position of the different residency statuses

Non-resident	Only liable to Guernsey tax on income from property in Guernsey and employment income received in relation to duties carried out in Guernsey
Resident only	<p>You can elect to either:</p> <p>a) be taxed on your worldwide income. Personal allowances are restricted if resident only, apportioned on the basis of time spent on the Island; or</p> <p>b) pay a £30,000 tax charge. This simplifies administration and you do not have to declare worldwide income. Tax will exceed £30,000 if your income from Guernsey sources exceeds £150,000 (up to a maximum tax charge of £220,000).</p>
Principally resident (also sometimes referred to as Solely resident)	Liable to Guernsey tax on your worldwide income (but see tax cap opportunities below)

Days in Guernsey

In Guernsey, the tax year is the calendar year, and a day is counted for tax purposes if you are here at midnight.

Up to 34 days	Non-resident
35 to 90 days	Usually again Non-resident, but see below*
91 to 181 days	Usually resident only, but see below*
182 days or more	Principally resident

* Please also note the need to take account of the four preceding years under an averaging calculation if you have spent between 35 and 181 days.

- If during the four preceding years you have spent less than 365 days in Guernsey – non-resident
- If during the four preceding years you have spent 365 days or more in Guernsey AND you have not spent more than 90 days in any one other place – principally resident
- If during the four preceding years you have spent 365 days or more in Guernsey AND you have spent more than 90 days in any one other place during the year – resident only
- If during the four preceding years you have spent 730 days or more in Guernsey – principally resident
- If you have not spent more than 90 days in any one other place during the year – principally resident.

Tax Capping

If you are principally resident, you may elect either to:

- a) pay a tax cap of £260,000. Additional tax is due on any Guernsey property income (at 20%)
- b) pay a tax cap of £130,000 on overseas income. Additional tax (again at 20%) is due on any Guernsey income

The following caps are only available to individuals who have not previously been resident.

- c) take advantage of a new incentive from 2018 specifically for new arrivals to the island. A £50,000 p.a tax cap for up to 4 years, if one also spends at least £50,000 in duty when purchasing an open market property (provided that it occurs within 6 months before or after arrival). £50,000 duty is equivalent to a house costing £1.5 million
- d) if become resident in Alderney pay a tax cap of £50,000 on worldwide income, excluding Guernsey/Alderney property income tax at 20% will be due on this.

It has been confirmed that the special Alderney tax cap will remain at £50,000 up to and including 2025.

These caps also simplify the annual tax return process.

New arrivals

Personal allowances are proportioned in the year of arrival or departure on a time basis, and if income exceeds a set amount are withdrawn on a graduated basis. From 2019 all allowances, with the exception of £1,000 of pension contributions, are restricted if income exceeds £100,000 on a £1 for £5 income basis. Given the limits of these allowances anyone earning more than approximately £155,000 will receive no relief.

There are also special rules for new arrivals that facilitate the tax free extraction of profits that arose in companies before coming to Guernsey. We can advise on this further.

Finally, with the UK leaving the EU from January 2021, any EU, EEA or Swiss nationals will become subject to Guernsey's immigration controls in the same way as non EU persons have been. Those from the UK will remain entitled to live here. Again we can provide further details.

For further information please contact either:



Mark Colver
Director, Tax

T +44 (0) 1481 753448
E mark.colver@gt-ci.com



Neil Hoolahan
Director, Tax

T +44 (0) 1481 753419
E neil.hoolahan@gt-ci.com



Liz Hawke
Senior Manager, Tax

T +44 (0) 1481 753447
E liz.hawke@gt-ci.com



[grantthorntonci.com](https://www.grantthorntonci.com)

© 2020 Grant Thornton Limited. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.