

2020 Guernsey Budget Update

30 April 2020

The States of Guernsey published their 2020 Budget on 8 October 2019.

The Policy & Resources Committee stated that a balanced budget had been possible because of a recommendation to reduce the amount transferred to the Capital Reserve, which the Committee considers to be safely manageable given the slower than expected capital programme.

The main highlights are as follows:

Company Taxation

Extension of 10% intermediate rate

The 10% intermediate rate has been widened on a number of occasions since 2012. With effect from 2020 the intermediate rate of 10% has been extended to income from the activity of running an aircraft registry.

Extension of 20% higher rate

Income from the licensed activity of cultivation and manufacturing of the plant cannabis has been brought within the scope of the higher income tax rate of 20%.

Tax on Real Property (TRP)

Domestic

Domestic and land tariffs are to be increased by 10.2%.

Commercial

Commercial tariffs are to be increased by 5%.

- The general office and ancillary accommodation category is to be increased to the same tariff as those for regulated finance industries, legal services, accountancy services and non-regulated financial businesses over a 5-year period.

Personal Taxation

Personal allowances

- The personal allowance has increased from £11,000 to £11,575 and the supplementary allowances have increased to £3,750.
- Allowances are to be pro-rated for a person who is solely or principally resident in the years of arrival or departure based on the proportion of time spent in Guernsey.

- The withdrawal of personal allowances (including mortgage interest relief and pension scheme contributions) for higher earners is being continued at the withdrawal rate of £1 for every £5 that a person's income exceeds the withdrawal threshold of £100,000.
- Any allowances due to a person that are greater than their income can be transferred to their spouse automatically without any election being required.

Miscellaneous Income Tax Matters

- The annual tax-free lump sum limit for a pension scheme has been set at £203,000 for 2020.
- From 1 January 2020 the benefit in kind charges for vehicles and accommodation are increased by 2.5% per annum for 2020, 2021 and 2022.
- The income tax law has been amended to clarify that an individual electing to pay the standard charge remains liable to Guernsey income tax on his or her worldwide income. This will ensure the person will be treated as resident in Guernsey for the purposes of the Guernsey/UK double tax agreement.

Next Steps

For more information please contact David Osborne, Head of Tax at Baker Tilly Channel Islands, on david.osborne@bakertilly.je or DL: +44 (0)7829 727 549

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