

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

**POLICY & RESOURCES COMMITTEE**

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2017

The States are asked to decide:-

Whether, after consideration of the States of Guernsey Annual Budget for 2017, they are of the opinion:-

1. To limit the entitlement to personal tax allowances, through the phased withdrawal of personal tax allowances as a person's income increases, setting the upper annual earnings limit on Social Security contributions (as directed by Resolutions 27A and 33A of Billet d'État IV dated 2 February 2015) as "the Personal Allowance Threshold" with effect from 1 January 2017 by:
  - a. Withdrawing the personal tax allowance at a ratio of £1 for every £3 an individual's income exceeds the Personal Allowance Threshold.
  - b. To ensure equality of treatment, irrespective of whether an individual is married, in a civil partnership, separately assessed or cohabiting with children:
    - i. by considering each spouse's income separately, for the purpose only of calculating the Personal Allowance entitlement, to ensure that it shall be the same as it would be were the couple independently assessed.
    - ii. withdrawing the Spouse's Income Allowance at a ratio of £1 for every £3 the claimant's spouse's income exceeds the Personal Allowance Threshold, with the married person's allowance reduced by the Spouse's Income Allowance prior to such withdrawal.
    - iii. without prejudice to the foregoing and for the avoidance of doubt, by withdrawing any transferred personal allowance at a ratio of £1 for every £3 an individual's income exceeds the Personal Allowance Threshold, where a couple transfer any unused personal tax allowance between themselves.
  - c. Pro-rating the Personal Allowance Threshold for a person who is solely or principally resident, in the year of that person's arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year.

2. To close the higher Personal Tax Allowance (granted in the First Schedule, paragraphs 1(ii), 1(iii) and 1(v)) to people who turn 65 after 1 January 2019.
3. To close the Dependent Relatives Allowance, in the case of a child receiving higher education, to new claimants with effect from 1 January 2018.
4. To exempt from charge to Guernsey tax, distributions from the accumulated profits of a company which is not incorporated in Guernsey, and which has not carried on business in Guernsey whether through a permanent establishment or otherwise, nor used to hold Guernsey investments (other than bank deposits), which arose prior to the date the beneficial member of that company becomes resident in Guernsey, where:
  - a. The individual has a beneficial interest in the company of 1% or more; and
  - b. The distribution is made by the end of the second full year of charge since the individual became resident

with the Policy & Resources Committee authorised to prescribe any limitations, conditions, restrictions and qualifications relating to this matter by regulation and to direct the preparation of such legislation as may be necessary to give effect to this decision.

5. To endorse the intention of the Policy & Resources Committee to increase the Benefit in Kind charges with effect from 1 January 2017, by 3% per annum, compounded, for 2017, 2018 and 2019, as set out in paragraph 4.24 of this Report, by regulation under powers conferred by section 8(2A)(b) of the Income Tax (Guernsey) Law,1975.
6. To endorse the intention of the Policy & Resources Committee to investigate the possible extension of excise duty to other fuel oils and report back in the Budget Report for 2018.
7. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

With immediate effect:

Cigarettes	£315.24 per kilogram
Cigars	£306.70 per kilogram
Hand rolling tobacco	£285.61 per kilogram
Other manufactured tobacco	£247.73 per kilogram
Tobacco leaf – unstemmed	£275.01 per kilogram
Tobacco leaf – stemmed	£277.77 per kilogram

Petrol other than any fuel used for the purpose of air navigation	63.5p per litre
Petrol used for the purpose of marine navigation where supplied by an approved trader	40.4p per litre
Gas oil	63.5p per litre
Biodiesel	63.5p per litre
Beer exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	47p per litre
Beer brewed by an independent small brewery exceeding 1.2 per cent volume but not exceeding 4.9 per cent volume	47p per litre
Beer, other than beer brewed by an independent small brewery, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	75p per litre
Beer brewed by an independent small brewery exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	60p per litre
Beer, other than beer brewed by an independent small brewery, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	94p per litre
Beer exceeding 7.5 per cent volume	£1.09 per litre
Spirits	£33.96 per litre of alcohol contained in the liquor.
Cider exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	47p per litre
Cider produced by an independent small cider-maker exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	47p per litre
Cider, other than cider produced by an independent small cider-maker, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	75p per litre
Cider produced by an independent small cider-maker exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	60p per litre
Cider, other than cider produced by an independent small cider-maker, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	94p per litre
Cider exceeding 7.5 per cent volume	£1.09 per litre
Light wines not exceeding 5.5 per cent volume	59p per litre
Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£2.39 per litre
Other wines	£3.82 per litre

8. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2016” and to direct that the same shall have effect as an Ordinance of the States.
9. That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2017 shall be as set out in paragraph 4.55 of this Report.
10. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2016” and to direct that the same shall have effect as an Ordinance of the States.
11. That the rates of Document Duty with effect from 1 January 2017 shall be as set out in paragraph 4.62 of this Report.
12. To approve the draft Ordinance entitled “The Document Duty (Amendment) Ordinance, 2016” and to direct that the same shall have effect as an Ordinance of the States.
13. To endorse the intention of the Policy & Resources Committee to investigate options for the States of Guernsey to receive greater revenue from those businesses that might benefit from public investment including, but not limited to, consideration of the appropriate level and scope of General Revenue income generated from telecommunications and non-regulated professional services businesses and partnerships, such as accountants and advocates, and report back in the Budget Report for 2018.
14. To agree that no grant is made in 2017 from General Revenue to the Guernsey Health Service Fund and to direct the preparation of the necessary legislation.
15. That the objective in the Fiscal and Economic Plan which provides for a ‘real-terms’ freeze on aggregate States’ revenue expenditure’ should be interpreted for 2017 to exclude the additional amount of £3,475,000 being the £8,200,000 specifically allocated for the Committee *for* Health & Social Care less the £4,725,000 reduction in General Revenue expenditure as a result of no grant being made to the Guernsey Health Service Fund.
16. To note the intention of the Policy & Resources Committee to recommend Cash Limits for the Committee *for* Health & Social Care for 2018 and subsequent years that phase out the £8,200,000 of additional funding allocated in 2017.
17. To increase the authority delegated to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund for the Transforming Health and Social Care Services programme by £500,000 to £1,500,000.
18. To approve the cash limits for ordinary revenue and capital expenditure for 2017 totalling £373million as set out in paragraph 6.12 of this Report.
19. To rescind resolution 39A of The States of Guernsey Budget 2015 (Billet d’État XXII, 2014) and agree the transfer to General Revenue of the sum of £875,000 currently ring-fenced for the elemental refurbishment of Les Beaucamps High School.

20. To authorise the Policy & Resources Committee, pursuant to Section 2(4) of the States Trading Companies (Bailiwick of Guernsey) Ordinance 2001, to agree to and implement the Board of Guernsey Post Limited's proposal to repurchase £6million of shares reducing the shareholding of the States accordingly, and subject to Guernsey Post Limited complying with its obligations under the Companies (Guernsey) Law, 2008.
21. To authorise the Policy & Resources Committee, pursuant to Section 2(4) of the States Trading Companies (Bailiwick of Guernsey) Ordinance 2001, to agree to and implement the Board of Guernsey Electricity Limited's proposal to repurchase £4million of shares reducing the shareholding of the States accordingly, and subject to Guernsey Electricity Limited complying with its obligations under the Companies (Guernsey) Law, 2008.
22. To immediately transfer the sum of £5.4million to General Revenue from the Capital Reserve.
23. To transfer the sum of £29.8million from General Revenue to the Capital Reserve on 1 January 2017.
24. To set the States' Trading Supervisory Board a target minimum contribution to General Revenue of £5million of capital returns (in addition to any dividend paid in accordance with existing policy) from the States' trading assets in 2017.
25. To approve that returns of capital from States' trading assets in 2017 be transferred to the Capital Reserve.
26. To direct Guernsey Water to transfer a maximum of £19.9million to the Capital Reserve to reimburse the total cost of Belle Greve Wastewater Outfalls Project.
27. To delegate authority until 30 June 2017 to the Policy & Resources Committee to open capital votes for projects categorised as pipeline projects, not exceeding a total of £10million, charged to the Capital Reserve and direct the Policy & Resources Committee to report to the States on the use of this delegated authority by no later than the Budget Report for 2018.
28. To agree to change the name of the Economic Development Fund to the Future Guernsey Economic Fund.
29. To direct the Policy & Resources Committee to recommend within future annual Budget Reports, transfers from General Revenue to the Future Guernsey Economic Fund of 50% of the value of evidenced tangible fiscal receipts to the States of Guernsey arising from measures funded from the Future Guernsey Economic Fund.
30. To agree that the Alderney Gambling Control Commission surpluses received by the States of Alderney continue to be transferred to the States of Alderney capital allocation until 31 December 2019.
31. To delegate authority to the States of Alderney to transfer from the States of Alderney capital allocation to the Alderney Economic Development Fund a maximum amount of £300,000 in each of 2017, 2018 and 2019.

32. To delegate authority to the States of Alderney to approve use of the Alderney Economic Development Fund.
33. To note that, with effect from 2020, unless alternative arrangements are put in place as part of the package of changes to the financial relationship between Guernsey and Alderney, the Alderney Gambling Control Commission surpluses will be credited to the General Revenue Account.
34. (a) That, subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2017 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition.

(b) That the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled.

(c) That:

“Family Allowances” means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and

“the income Tax (Guernsey) Law, 1975” means that Law as amended, extended or applied by or under any other enactment.

## FIRST SCHEDULE

### Year of Charge 2017

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate.

<u>NATURE OF ALLOWANCE</u>	<u>AMOUNT OF ALLOWANCE</u>
<b>1. Personal Allowance</b>	
(i) for persons who are married or in a civil partnership	<p>Tax at the standard rate on £20,000, subject to the provisos in paragraph A, and calculated in accordance with paragraph B.</p> <p>A - Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of spouse's income allowance, including any transferred allowance, that would have been granted prior to the withdrawal of any of that allowance. Provided secondly that, should a divorce or separation occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, or separation). Provided thirdly that in the case of the death of a claimant, the deceased claimant shall be entitled to the allowance for the full year of charge, reduced by the amount of the appropriate allowance for single persons specified in (iv) or (v) below granted to the surviving spouse for the remainder of the year of charge from (and including) the claimant's date of death; and in the case of the death of the claimant's spouse, the claimant shall be entitled to the allowance for the full year of charge. Provided fourthly that the</p>

allowance shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge.

B – The allowance is reduced at a ratio of £1 of allowance for every £3 of assessable income that the claimant's income is above the equivalent of the upper annual earnings limit as determined by the Employment and Social Security Committee in respect of the relevant tax year. In order to calculate the amount of the allowance, each spouse's income shall be considered separately, together with any spouse's income allowance granted. Should the claimant not have sufficient income of their own to utilise the balance of the married person's allowance, any excess shall be treated as being the spouses.

For the purposes of this paragraph and paragraphs (ii) to (v) below, "divorce" means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof, and includes an order for the dissolution of a civil partnership.

(ii) for persons who are married or in a civil partnership where, at the commencement of the year of charge either they, or their spouse living with them, was of the age of 64 years or over.

Tax at the standard rate on £21,450, subject to the provisos in paragraph A, and calculated in accordance with paragraph B.

A - Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of spouse's income allowance, including any transferred allowance, that would have been granted prior to the withdrawal of any of that allowance. Provided secondly that, should a divorce or



separation occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce or separation). Provided thirdly that in the case of the death of a claimant, the deceased claimant shall be entitled to the allowance for the full year of charge, reduced by the amount of the appropriate allowance for single persons specified in (iv) or (v) below granted to the surviving spouse for the remainder of the year of charge from (and including) the claimant's date of death; and in the case of the death of the claimant's spouse, the claimant shall be entitled to the allowance for the full year of charge. Provided fourthly that the allowance shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge.

B – The allowance is reduced at a ratio of £1 of allowance for every £3 of assessable income that the claimant's income is above the upper annual earnings limit as determined by the Employment and Social Security Committee in respect of the relevant tax year. In order to calculate the amount of the allowance, each spouse's income shall be considered separately, together with any spouse's income allowance granted. Should the claimant not have sufficient income of their own to utilise the balance of the married person's allowance, any excess shall be treated as

being the spouses.

(iii) for persons who are married or in a civil partnership where, at the commencement of the year of charge, both they, and their spouse living with them, were of the age of 64 years or over.

Tax at the standard rate on £22,900, subject to the provisos in paragraph A, and calculated in accordance with paragraph B.

A - Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of spouse's income allowance, including any transferred allowance, that would have been granted prior to the withdrawal of any of that allowance. Provided secondly that, should a divorce or separation occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce or separation). Provided thirdly that in the case of the death of a claimant, the deceased claimant shall be entitled to the allowance for the full year of charge, reduced by the amount of the appropriate allowance for single persons specified in (iv) or (v) below granted to the surviving spouse for the remainder of the year of charge from (and including) the claimant's date of death; and in the case of the death of the claimant's spouse, the claimant shall be entitled to the allowance for the full year of charge. Provided fourthly that the

allowance shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge.

B – The allowance is reduced by a ratio of £1 of allowance for every £3 of assessable income that the claimant's income is above the upper annual earnings limit as determined by the Employment and Social Security Committee in respect of the relevant tax year. In order to calculate the amount of the allowance, each spouse's income shall be considered separately, together with any spouse's income allowance granted. Should the claimant not have sufficient income of their own to utilise the balance of the married person's allowance, any excess shall be treated as being the spouses.

(iv) for single persons.

Tax at the standard rate on £10,000, but subject to the second and third provisos relating to divorce, separation or death set out in (i), (ii) or (iii) above. Provided fourthly that the allowance shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge. The allowance is reduced at a ratio of £1 of allowance for every £3 of assessable income above the equivalent of the upper annual earnings limit as determined by the Employment and Social Security Committee, in respect of the relevant tax year.

(v) for single persons aged 64 years or over at the commencement of the year of charge.

Tax at the standard rate on £11,450, but subject to the second and third provisos relating to divorce, separation or death set out in (i), (ii) or (iii) above. Provided fourthly that the allowance shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge. The allowance is reduced at a ratio of £1 of allowance for every £3 of assessable income above the equivalent of the upper annual earnings limit as determined by the Employment and Social Security Committee, in respect of the relevant tax year.

## **2. Dependent Relative Allowance**

In respect of each dependent relative - tax at the standard rate on £3,225 or on the amount of the contributions whichever is less:

Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £6,775 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £3,225 the sum of £1 for every pound by which the dependent relative's income exceeds £6,775.

Provided further that if any Family Allowances are payable in respect of the dependent relative, the allowance shall be further reduced to tax at the standard rate on such sum as remains after subtracting from £3,225, or such lesser sum as remains after deducting from £3,225 the sum of £1 for every pound by which the dependent relative's income exceeds £6,775 the sum of £269 for every month in the year of charge for which such Family Allowances are payable.

## **3. Infirm Person's Allowance**

Tax at the standard rate on £3,225

**4. Housekeeper Allowance**

Tax at the standard rate on £3,225

**5. Spouse's Income Allowance**

Tax at the standard rate on a sum equal to the amount of the claimant's spouse's net qualifying income but not exceeding tax at the standard rate of £10,000, or £11,450 for a spouse aged 64 years or over at the commencement of the year of charge, and the balance of personal allowances not utilised by the claimant. The allowance is reduced at a ratio of £1 of allowance for every £3 of assessable income above the equivalent of the upper annual earnings limit as determined by the Employment and Social Security Committee, in respect of the relevant tax year.

**6. Charge of Children Allowance**

Tax at the standard rate on £6,775.

**7. Retirement Annuity Allowance**

Tax at the standard rate on a sum equal to the qualifying premiums or contributions.

## SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

### 1. Personal Allowance

(1) The conditions to be fulfilled to entitle the claimant to the personal allowance are:

(a) in respect of the allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons or those in a civil partnership") -

(i) the claimant is the husband in an opposite sex marriage or the elder spouse in a same-sex marriage or civil partnership; and

(ii) that at the commencement of the year of charge the claimant's spouse is living with the claimant or is wholly maintained by the claimant; and

(iii) that in computing their assessable income for that year the claimant is not entitled to make any reduction on account of any payment made for the claimant's spouse's maintenance.

*Provided that if any question arises as to whether a spouse is or is not wholly maintained by the claimant, the question shall be determined by reference to the financial circumstances of that spouse.*

(b) in respect of the allowance specified in paragraph 1(iv) or (v) of the First Schedule ("single persons")-

(i) that the claimant is not entitled to an allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons"); or

(ii) that the claimant is subject to the second or third proviso relating to divorce, separation or death set out in the said paragraph 1(i), (ii) or (iii).

### 2. Dependent Relative Allowance

A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:

(a) that the child in respect of whom an allowance is claimed -

(i) is the child of the claimant, or

(ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;

(b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.

- (2) 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 has been so adopted and not as the child of the natural parent.
  - (3) Where a couple are cohabiting as if they were married and either has a child in respect of whom a dependent relative allowance is claimable, either individual by a notice in writing addressed to the Director, may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of that cohabitee.
  - (5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.
- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and
  - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
  - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

### **3. Infirm Person's Allowance**

- (1) The conditions to be fulfilled to entitle a claimant to an infirm person's allowance are:
- (a) that the claimant is by reason of old age or infirmity or by reason of the old age or infirmity of the claimant's spouse compelled to maintain or employ an individual solely for the purpose of having care of the claimant or the claimant's spouse;
- Provided that the allowance shall not be granted by reason of infirmity unless throughout the year the claimant or the claimant's spouse was permanently incapacitated by physical or mental infirmity.*
- (b) if such an individual is a relative of the claimant or of the claimant's spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that individual, that the claim has been relinquished;



- (c) that the claim relates to an infirm person in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Not more than one allowance shall be allowed to any claimant for any year.

#### **4. Housekeeper Allowance**

- (1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:
- (a) that the claimant is a widow or widower.
  - (b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;
  - (c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;
  - (d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.
- (3) A housekeeper allowance shall not be granted to any individual for any year if such individual is entitled for that year to a personal allowance for married persons, or to an infirm person's allowance.
- (4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

#### **5. Spouse's Income Allowance**

- (1) The conditions to be fulfilled to entitle a claimant to a spouse's income allowance are that the claimant is entitled to the personal allowance for married persons and that there is included in the claimant's assessable income some income arising or accruing to the claimant's spouse.

## 6. Charge of Children Allowance

- (1) The conditions to be fulfilled to entitle a claimant who is also entitled to the personal allowance for married persons to a charge of children allowance are:
  - (a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children
    - (i) on 1 January, or
    - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question.whichever date is first relevant, and
  - (b) that the claimant proves that throughout the year either the claimant or the claimant's spouse is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and
  - (c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained, or if the claimant or any other individual is so entitled, that the claim has been relinquished.
- (2) The conditions to be fulfilled to entitle a claimant who is entitled to the personal allowance appropriate to persons other than married persons to a charge of children allowance are that in the year of charge:
  - (a) the claimant is in receipt of Family Allowances in respect of one or more children
    - (i) on 1 January, or
    - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question.whichever date is first relevant, and

- (b) the claimant is not cohabiting with another person, except where -
- (i) the claimant proves that throughout the year either the claimant or the claimant's cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and
  - (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if the claimant or any other individual is so entitled that the claim has been relinquished.

Provided that where the recipient of a family allowance in respect of one or more children is not entitled to claim the charge of children allowance because the claimant is cohabiting with another person, the claimant 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 the claimant would otherwise be entitled shall cease to be the claimant's and shall become part of the personal allowance of the person with whom he is cohabiting, such election, once made, to be irrevocable in respect of that year of charge. Such additional personal allowance shall be reduced at a ratio of £1 of allowance for every £3 where the assessable income of the individual is above the equivalent of the upper annual earnings limit as determined by the Employment and Social Security Committee, for that relevant tax year.

For the purposes of this paragraph "cohabiting" means living with another person as if they were married throughout the year of charge.

- (3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.
- (4) Where an individual is entitled to claim a dependent relative allowance in the case of a child receiving higher education he shall, for the purposes of the preceding paragraphs numbered (1) to (3), be treated as if he were in receipt of a Family Allowance in respect of the said child.

Provided that if there are two such individuals the charge of children allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that child.

- (5) Not more than one allowance shall be granted to any claimant for any year.

## 7. Retirement Annuity Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance are that the claimant pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975 and of which he is a beneficiary.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant during the year of computation of the income of the claimant assessable for the year of charge.
- (3) Notwithstanding the provisions of the preceding paragraph no allowance shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
  - (a) 100% of the income of the claimant during the year of computation referred to in the preceding subparagraph, or
  - (b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Department.
- (4) In the case of a married couple or couple who have entered into a civil partnership:
  - (a) for the avoidance of doubt, the allowances specified in this paragraph apply in respect of each party to the marriage or civil partnership, and each party to the marriage or civil partnership may be considered to be the claimant for the purposes of this paragraph, irrespective of whether the couple are jointly assessed or separately assessed by virtue of an application under section 46 of the Income Tax (Guernsey) Law, 1975, and
  - (b) for the purposes of this paragraph, and notwithstanding subparagraph (1), either party to the marriage or civil partnership may also pay (and an allowance may be granted in respect of) qualifying premiums or contributions to a retirement annuity scheme or retirement annuity trust scheme of which the other party is a beneficiary, provided that the maximum allowance granted in respect of any individual may not exceed the limit prescribed in subparagraph (3).

35. To approve the following Expenditure Budgets for the year 2017:

- (a) Policy & Resources Committee
- (b) Committee *for* Economic Development
- (c) Committee *for* Education, Sport & Culture
- (d) Committee *for* Employment & Social Security
- (e) Committee *for the* Environment & Infrastructure
- (f) Committee *for* Health & Social Care
- (g) Committee *for* Home Affairs
- (h) Scrutiny Management Committee
- (i) Development & Planning Authority
- (j) Overseas Aid & Development Commission
- (k) States' Trading Supervisory Board
- (l) Royal Court
- (m) Law Officers

36. To approve the following Budgets for the year 2017:

- (a) Corporate Housing Programme
- (b) Solid Waste Trading Account
- (c) Guernsey Registry
- (d) Ports
- (e) Guernsey Water
- (f) States Works
- (g) Guernsey Dairy
- (h) States Capital Investment Portfolio – Operating Costs
- (i) Superannuation Fund Administration
- (j) Committee *for* Employment & Social Security – Contributory Funds

37. To note the Budget for the States of Alderney for 2017.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.