

**THE INCOME TAX (ZERO 10) (COMPANY INTERMEDIATE RATE) (AMENDMENT)
(GUERNSEY) ORDINANCE, 2017**

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2017", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

This Ordinance implements part of proposition 5 of the Budget, Billet d'Etat No. XX (paragraphs 5.27). The Ordinance brings the provision of regulated investment management services to individual clients (i.e. those services provided by the local private clients investment management community) within the scope of the company intermediate income tax rate (10%). However, the activities of managing open and closed ended collective investment schemes are not within the scope of the Ordinance.

The Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2017

THE STATES, in pursuance of their Resolution of the 7th November, 2017^a, and in exercise of the powers conferred on them by sections 203A and 208C of the Income Tax (Guernsey) Law, 1975^b and all other powers enabling them in that behalf, hereby order:-

Amendment of 1975 Law.

1. The Income Tax (Guernsey) Law, 1975 ("**the Law**"), as amended, is further amended as follows.

2. After section 2(2)(af)^c insert the following paragraph -

"(ag) income from the provision of investment management individual client services (as defined in the Fourth Schedule),".

^a Billet d'État No. XX of 2017 (proposition 5).

^b Ordres en Conseil Vol. XXV, p. 124; section 203A was inserted by Order in Council No. XVII of 2005 and section 208C was inserted by Order in Council No. V of 2011.

^c Section 2 was substituted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011) and paragraph (af) was inserted by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) (No. 2) Ordinance, 2015.

3. In section 7C^d, in the heading, and in the text of the section, for the words "and the provision of custody services" substitute ", the provision of custody services and investment management individual client services".

4. After section 47G(af)^e insert the following paragraph -

"(ag) the provision of investment management individual client services carried on in Guernsey,".

5. After section 139(6)^f insert the following subsection -

"(7) In addition, subsection (2) does not apply in any year of charge to the losses of a company where -

(a) in the year of charge 2017 the company's income fell within class 2(2)(d),

(b) the company is carrying on the same business as it was carrying on in the year of charge 2017, and

^d Section 7C was inserted by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2012.

^e Section 47G was inserted by the Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007; and paragraph (af) was inserted by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) (No. 2) Ordinance, 2015,

^f Section 139(6) was inserted by the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) (No. 2) Ordinance, 2015.

(c) the company's income falls within class 2(2)(ag).".

6. In section 209(1) immediately before the definition of "**large retail business**"^g insert the following definition -

""**investment management individual client services**" has the meaning assigned by the Fourth Schedule,".

7. In the Fourth Schedule^h after paragraph 2F insert the following paragraph -

"INVESTMENT MANAGEMENT INDIVIDUAL CLIENT SERVICES

2G. (1) For the purposes of this Law "**investment management individual client services**" means the provision to individual clients, by a person licensed to carry on controlled investment business within the meaning of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, of services comprising the restricted activity of management in relation to an investment or in relation to the assets underlying an investment (within the meaning of that Law), not being services rendered to, or in respect of, collective investment schemes (also within the meaning of that Law).

(2) "**Income from the provision of investment**

^g The definition of the expression "large retail business" was inserted by the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2015.

^h The Fourth Schedule was inserted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011).

management individual client services" shall be any income arising from the provision of investment management individual client services when carried on by a person licensed as mentioned in subparagraph (1) to carry on controlled investment business referred to in that subparagraph."

8. In the Fifth Scheduleⁱ in the table therein insert the following entry immediately below the entry relating to "Income from the provision of custody services" -

"2(2)(ag)	Income from the provision of investment management individual client services	company intermediate rate	10%".
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Year of computation: special provision.

9. Section 6(3A) of the Law applies to any company where the applicable rate of taxation of that company's income is altered by the provisions of this Ordinance *mutatis mutandis*.

Citation.

10. This Ordinance may be cited as the Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2017.

Commencement.

11. This Ordinance shall come into force on the 1st January, 2018.

ⁱ The Fifth Schedule was inserted by the Income Tax (Zero 10) (Guernsey) Law, 2007 (Order in Council No. V of 2011).