



States of Guernsey
Revenue Service

An extract from Income Tax (Guernsey) Law, 1975
Sixth Schedule
Limit on Tax Payable by an Individual

1. Individuals resident in Guernsey (but not in Alderney)

Subject to paragraph 3 below, an individual resident in Guernsey shall pay a maximum of £130,000 in tax in a year of charge, in respect of income from the following sources –

Qualifying income

- (1) Any income derived from non-Guernsey sources, including:
 - (a) income from businesses,
 - (b) income from offices and employments,
 - (c) income from the ownership of lands and buildings, and
 - (d) income from other sources.
- (2) Income derived from a body which has been granted an exemption from tax for that year of charge under an Ordinance made under section 40A, including for the avoidance of doubt income from the ownership of lands and buildings situate in Guernsey but excluding income arising or accruing from an office or employment held or exercised in Guernsey.
- (3) Any interest arising in Guernsey upon money deposited with a licensed institution or other person exempted from the requirement to be licensed under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994.

Income tax on income from any other sources (referred to in this Law as “**non-qualifying income**”) shall not be subject to this limit.

However, notwithstanding the preceding provisions of this Schedule, an individual resident in Guernsey in receipt of non-qualifying income may, within a period of six years

immediately after the end of any year of charge commencing after 2008, elect to pay in respect of both qualifying and non-qualifying income (other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is, for the avoidance of doubt, payable in addition to the amount of the limits on tax specified in this Schedule) in that year a maximum of £260,000 in tax, and in that case –

- (i) the maximum figure specified above of £130,000 in tax in the year of charge in respect of qualifying income does not apply, and
- (ii) the individual shall pay in respect of both qualifying and non-qualifying income (other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is, for the avoidance of doubt, payable in addition to the amount of the limits on tax specified in this Schedule) in that year a maximum of £260,000 in tax.

Income from non-Guernsey sources does not include any income arising or accruing from –

- (a) businesses carried on in Guernsey,
- (b) offices or employments held or exercised in Guernsey,
- (c) the ownership of lands and buildings situate in Guernsey, and
- (d) any other source in Guernsey.

2. Individuals resident in Alderney

An individual resident in Alderney shall pay a maximum of £50,000 in tax in any year of charge from 2016 to 2025 in respect of Alderney qualifying income save where that individual has in any previous year of charge by virtue of section 39B claimed the limit on tax payable under this schedule as it had effect prior to 1 January 2016, in which case that individual may claim the limit on tax payable available under paragraph 1 of this schedule as if he were instead resident in Guernsey.

“Alderney qualifying income” means income from any sources (including income derived from a body which has been granted an exemption from tax for that year of charge under an Ordinance made under section 40A, including for the avoidance of doubt income

from the ownership of lands and buildings situate in Guernsey (including, for the avoidance of doubt, Alderney)) except Alderney non-qualifying income.

“Alderney non-qualifying income” means income arising or accruing from the ownership of lands and buildings situate in Guernsey (including, for the avoidance of doubt, Alderney), which shall not be subject to the limit.

3. Individuals resident in Guernsey who have purchased a Part A open market property

Where an individual resident in Guernsey

- (i) has paid £50,000 or more in document duty in respect of the purchase of a property on Part A of the Open Market Register on or after 1 January 2018 (“the relevant purchase”), and
- (ii) has made the relevant purchase on a date either up to twelve months prior to, or up to twelve months after, the date on which the individual takes up permanent residence in Guernsey (“the permitted period”), and
- (iii) has not been resident in Guernsey at any time in the previous three years prior to the relevant purchase save for the permitted period,

such individual may, instead of claiming the tax cap in paragraph 1 above, pay an annual maximum of £50,000 in tax (the “open market tax cap”) in respect of each of the years of charge specified hereafter. The open market tax cap may only be applied to the year of charge in which the individual takes up permanent residence and to each of the three consecutive years immediately thereafter. The open market tax cap shall apply in respect of both qualifying and non-qualifying income as defined in paragraph 1, other than non-qualifying income arising and accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is payable in addition to the amount of the limits on tax specified in this Schedule.

4. Determination of where income arises

In determining for the purposes of this Schedule whether any income does arise in, or from the ownership of lands and buildings situate in, Guernsey (including, for the avoidance of doubt, Alderney) the income may be traced through any number of companies, partnerships, trusts, agreements or other arrangements of any description and, for that purpose, section 62D(2) shall apply (subject to the necessary modifications) in determining whether a person has an interest in, or income arises from, any company, partnership, trust, agreement or arrangement through which the interest or income is traced).