

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

THE INCOME TAX (ZERO 10) (COMPANY INTERMEDIATE RATE) (AMENDMENT)
(GUERNSEY) ORDINANCE, 2019

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, 2019", 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 amends the Income Tax (Guernsey) Law, 1975 to apply the company intermediate income tax rate (10%) to income from the operation of an aviation registry.

The Income Tax (Zero 10)
(Company Intermediate Rate)
(Amendment) (Guernsey) Ordinance, 2019

THE STATES, in pursuance of their Resolution of the 5th November, 2019^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 orders:-

Amendment of 1975 Law.

1. The Income Tax (Guernsey) Law, 1975 is further amended as follows.
2. Immediately after section 2(2)(ai), insert the following paragraph -

"(aj) income from the operation of an aviation registry,".

3. In section 7C, in the heading and in the text of the section, for the words "the operation of an investment exchange and compliance and other related activities" substitute "the operation of an investment exchange, compliance and other related activities, and the operation of an aviation registry."

4. Immediately after section 47G(ai), insert the following paragraph -

^a Billet d'État No. XXI of 2019 (proposition 12).

^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. There are other amendments not material to this Ordinance.

"(aj) the operation of an aviation registry in Guernsey,".

5. Immediately after section 139(9)^c, insert the following subsection -

"(10) 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 2019 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 2019, and

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

6. In section 209(1), after the definition of "**oath**" insert the following definition -

""operation of an aviation registry" means operating an aviation registry in accordance with the Aviation Registry (Guernsey) Law, 2013,".

7. For the heading to the Fourth Schedule substitute the following -

^c Section 139(9) was added by the Income Tax (Zero 10) (Company Higher Rate) (Amendment) (Guernsey) Ordinance, 2019.

“FOURTH SCHEDULE

Section 2(2)

BANKING AND OTHER DESCRIPTIONS OF BUSINESS”.

8. In the Fifth Schedule in the table therein insert the following entry immediately below the entry relating to "Income from compliance and other related services" -

| | | | |
|-----------|---|---------------------------|-------|
| "2(2)(aj) | Income from the operation of an aviation registry | company intermediate rate | 10%”. |
|-----------|---|---------------------------|-------|

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, 2019.

Commencement.

11. This Ordinance shall come into force on the 1st January, 2020.