



HOW TO COMPLETE YOUR PERSONAL 2019 PAPER TAX RETURN

EXPLANATORY GUIDE

THESE NOTES ARE FOR GUIDANCE ONLY AND NOT A FULL STATEMENT OF THE LAW. IF, AFTER READING THIS BOOKLET, YOU NEED MORE INFORMATION, PLEASE CONTACT US.

DID YOU KNOW

You can complete your Return

on-line?



Please visit eforms.gov.gg

Contact us:

- By post** - Revenue Service, PO Box 37, St Peter Port, Guernsey, GY1 3AZ
- In person** - Monday to Friday, 8.45am to 4.00pm at the Corporate Customer Service Counter on level 3 at:
Edward T Wheadon House, Le Truchot, St Peter Port, Guernsey, GY1 3WH
- **by prior appointment only** at:
Sir Charles Frossard House, La Charroterie, St Peter Port, Guernsey, GY1 1FH
- By telephone** - Monday to Friday, 08.45am to 4.00pm:
General switchboard: +44 (0)1481 705700
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- By email** - General email: revenueservice@gov.gg
Online service enquiries: eformsquery@gov.gg
- Website** - www.gov.gg/revenueservice

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DO I NEED TO MAKE A RETURN OF INCOME?

You're required by law to complete and submit a return to the Director of the Revenue Service unless you have been told by us, in writing, that you don't need to. If you've been told you don't need to complete a return, and your circumstances have changed during the year (married, separated, started to receive business income etc.) you may now need to submit one. If you're not sure, please contact us to check.

If you're over 65, and previously didn't have to pay tax because your income was under your personal allowance, that may have changed because your allowance hasn't increased recently but your income may have. If this is the case, you'll now need to complete a return.

If you're a guardian or trustee for anyone and their income is under your direction, control or management, you're responsible for making returns on their behalf.

If you're dealing on behalf of a person who has died and therefore acting as a personal representative of the estate, you're responsible for making a return of their income up to the date of death and for providing details of the income arising/accruing to the estate.

Some income arising in Guernsey to a non-resident is liable to Guernsey income tax. If you receive income on behalf of a non-resident, or if you pay income to a non-resident (for example you pay rent for your home to someone who doesn't live in Guernsey), you're considered in law to be an "agent", and as such you may be responsible for making a return in respect of that income – for further details see [Section N](#) of the return or contact the Revenue Service.

HOW DO I MAKE A RETURN OF INCOME?

You can complete either an electronic return (available at eforms.gov.gg) or a paper return (which can be downloaded at www.gov.gg/tax under "Income tax returns"). Paper returns will be available in 2020 from various outlets across the island between January and March and again in November and December (see www.gov.gg/tax under "Income tax returns" for more information).

Returns should be completed and submitted by 30th November 2020. An automatic penalty is likely to be imposed if it hasn't been received by the due date.

HOW TO FILL IN YOUR INCOME TAX RETURN

You must complete all sections in full. If you don't, we may treat your return as being incomplete and send it back to you. This may result in penalties being imposed if it isn't then received by the due date.

SUMMARY SHEET

The summary sheet will help with the processing of your return and if it isn't completed it may lead to a delay in receiving your assessment. Please put the total of the figures declared in each section on to the summary sheet, e.g. if you had a number of employers, include the total earnings from all employers in A(2). Tick the summary sheet if you have completed Sections E(2), F, G, I, J(2), K, N, O, P or Q.

PART 1 – PERSONAL DETAILS

Your tax reference number is important to ensure that your return is assessed as efficiently as possible. Your tax number can be found on the Coding Notice issued in October/November or the last assessment/correspondence you received. It's a number followed by a letter and a further series of characters (i.e. 0V.123456 or 10.987654B). Your tax reference may also have a single letter suffix (i.e. "/R" or "/F") and this should be entered in the second box.

1. Personal details

If you're in a same-sex marriage or civil partnership, the elder partner is responsible for both of your income tax affairs and the submission of the return. In a heterosexual marriage, the husband is responsible. The "Self" column should include details relating to the person responsible for submitting the return, and the spouse column should be completed, if applicable, if you and your spouse were living together throughout 2019.

If either of you changed your name during the year, please enter your former name.

2. Change to marital status

If you have married, entered into a civil partnership, been widowed or ceased living together as a married couple during 2019 please complete this section by ticking the relevant box and providing the date this change took place.

If you have married or entered into a civil partnership during the year, you will each need to complete your own calendar year 2019 return. You will be jointly assessed from 2020 onwards and will only need to complete one return in future, providing all income details for you and your spouse, unless you make an application for separate assessments. Applications for separate assessments must be made by 31st March in the year it's to have effect.

If you separated during the year you will each need to complete a 2019 return. You will be assessed as a married couple up until the date of your separation.

If your spouse died during the year, you should complete the return as follows:

- If you're the husband or elder partner and your spouse died, complete your income for the full calendar year, and the income of your spouse until their date of death;
- If you're the spouse, and your husband or elder partner died, complete the return to include the income of both of you up until their date of death. You will then need to complete your own return from that date.
- If you were separately assessed, then complete separate returns as you would have done previously.

3. Residence details

If you weren't here for the whole of 2019, with the exception of holidays/business trips, etc., you will need to provide details of the dates you and/or your spouse were in Guernsey. This is so we can establish your residential status for income tax purposes, and make sure that the right income and allowances are included in your assessment.

For income tax purposes you will be treated as being in Guernsey if you're here at midnight at the end of that day. Likewise, you will be treated as being in any other place if you're in that other place at midnight at the end of that day.

PART 2 – INCOME AND CLAIMS FOR DEDUCTIONS

If any section doesn't apply to you and/or your spouse, please tick the 'No' box.

A. Employment

In this section you should show details of your employment and, if you were married on or before 31st December 2018, that of your spouse (unless you have asked to be separately assessed).

A(1) Occupation

Please show the type of work you and/or your spouse undertook (i.e. builder, chef, etc). This information is important as you may be able to claim deductions against your employment income (see [Section A\(5\)](#)).

A(2) Gross wages, salary, fees or other earnings

Please provide the name and address of each person or company who employed you and/or your spouse in the year and show in the columns provided the total amount you received from each employer, as shown on your final payslip, even if your employment was outside the island. These figures should include overtime, part-time work, bonuses and earnings from casual employment and work done at home. Always show the gross earnings received from each employer, i.e. earnings **before** any deductions are made.

Please don't send in payslips, but keep them in case we have any queries.

If you don't show accurate details of your earnings, this will delay the processing of your return and the issue of your assessment. However, if you don't have details of earnings from one or more of your employers, please show as much information as possible, e.g. name of employer, period of employment, and provide an estimate of your earnings.

If you were employed outside Guernsey, Alderney or Herm, and you paid tax in that other place, you may be entitled to claim double tax or unilateral relief – see the section on [double taxation](#) for more information.

A(3) Benefits in Kind

As part of your employment you may receive benefits such as rent-free accommodation, free food, or the personal use of a company car. All benefits should be added to your gross pay by your employer, so if they are shown on your payslip you don't need to include them here.

If you received benefits which haven't been included in your gross pay, you should declare them in this section.

If the benefit you received was for something other than a motor vehicle, accommodation or share options, please provide details of the benefit under "Other benefits" (e.g. free meals, etc).

A Benefit in Kind Explanatory Guide is available at www.gov.gg/tax under “self-employed and businesses” and “employers”.

A(4) Tips, gratuities and similar receipts

If you receive tips or gratuities, show the amount received during the year if they haven't already been included in your gross pay by your employer.

A(5) Claimable Deductions

You may be able to claim deductions for expenses provided they were **wholly, exclusively and necessarily** incurred in performing the duties of your employment.

Examples are the replacement, at your own expense, of special protective clothing or hand tools used in your trade or occupation. You can't claim for the original purchases, only replacement items will be considered.

The cost of subscriptions to approved professional associations is also allowable so long as they relate to the job you are doing. A list of approved associations is available at www.gov.gg/tax under “Tax Rates and Allowances” and “Learned Societies”.

If you wish to make a claim in this section, please provide details of the amount and nature of the expense. Evidence may be requested so please keep all relevant documents.

Please note that the cost of travelling between your home and place of work is **NOT** an allowable deduction.

A(6) Contributions to an Employer's Approved Pension Scheme

If you and/or your spouse have made contributions to an employer's scheme, you're allowed a deduction for the amount you've paid but not the contributions made by your employer.

Please provide the name of your employer's pension scheme and the total contributions made by you and/or your spouse to that scheme during the year.

Your employer, or your spouse's employer, should be able to tell you whether the pension scheme is approved for Guernsey income tax purposes, but if you're in doubt please contact us.

If you have contributed to a personal pension scheme as opposed to an employer's approved scheme, please see [Section R](#) for more information.

If your employer pays into a personal pension scheme on your behalf over and above your gross wages you can't claim for it.

B. Self-employment/business income

If you and/or your spouse are self-employed, you'll need to provide accounts of your business.

The economic activity code (EAC) is used to group businesses by the type of economic activity they perform. Further information, including how to find the appropriate EAC for your business, can be found at <https://www.gov.gg/ecodes>.

If the annual turnover, i.e. the total income (such as cash/cheques/ commission/tips/fees and gross income of any kind), before any deductions, of your business is below £15,000 and this isn't the first year or the first accounting period of your business, you can use the 3 Line Account ("3LA") which can be found at www.gov.gg/tax under "Income tax returns". This form requires details of just your turnover, your total expenses and the net profit (turnover less total expenses). Further notes on the completion of Form 3LA are available when downloading the form.

A Trading, Profit & Loss Account ("TPLA") is also available. This has been designed to help business owners who don't use the professional services of an accountant to prepare their return and accounts, and can be found at www.gov.gg/tax under "Income tax returns". Again, further notes are available when downloading the form. This form can be used for the first accounting year or if the annual turnover of your business is over £15,000.

Certified accounts prepared by a suitably qualified person may be requested if the Director feels they are needed.

If accounts are provided, they must show who has prepared them together with their professional qualifications.

If payments to subcontractors are claimed in the accounts, please provide a schedule showing the names and addresses of any individuals paid more than £1,000 and how much was paid to each one.

Small guest houses

Where the total income didn't exceed £15,000 during 2019, you may elect to be assessed on a percentage of the income instead of submitting accounts. Once the election has been

made it must continue unless the total income exceeds the limit, or the nature of the accommodation that you provided changes.

If you elect for this basis, please declare the gross amount received and indicate the basis on which accommodation is provided, as shown below:

<u>Accommodation provided</u>	<u>Percentage rates</u>
Full or half board	40%
Bed and breakfast	65%
Room only	80%

If the total income exceeded £15,000 for the year accounts are required, or you may complete a Trading, Profit & Loss Account (“TPLA”) – see previous section for details. If you complete the TPLA, or provide accounts, declare the net figure.

C. Pensions received

All pensions, from in Guernsey or elsewhere, must be declared, whether or not they are liable to income tax in the place of origin.

If pensions were received, complete each column as follows:

- **Pension provider** – enter the name of the pension payer.
- **Country of origin** – enter the country from which the pension is paid.
- **Frequency paid** – state how often the pension is paid, i.e. weekly, monthly, quarterly, etc.
- **Weekly/monthly etc pension rate** – show the rate for the period stated in the “Frequency paid” column.
- **Date commenced** – show the start date of the pension, if it started in 2019.
- **Total gross pension received** – show the total pension received relating to the calendar year 2019.

If you receive a disability or war widows pension in respect of services with Her Majesty’s Forces, the pension won’t be included in your assessment but you must still provide details.

If overseas tax is deducted from any pensions arising outside Guernsey, Alderney or Herm, please provide details of the amount and provide documentation, such as a pay slip. See the section on [double taxation](#) for more information.

D. Bank and savings interest received

The first £50 of each individual's bank interest received isn't taxable but you should still declare **all** of the interest that you have received. We'll reduce the amount automatically.

Include the name of each bank, building society etc, from which you and/or your spouse received interest during the year. If you and/or your spouse hold several accounts, whether or not at the same bank, building society etc., please list each one separately.

If any of the accounts are held outside of Guernsey, please complete the "Country" box, to let us know where the account is held, e.g. UK, Jersey, etc.

If an interest bearing account was opened or closed during the year, please "✓" the appropriate column.

The amount of interest received during the year should be shown in the "Self" and/or "Spouse" columns. If an account is held in joint names, please show your/your spouse's share of the interest received in the appropriate column.

If you've deposited money in an account for a fixed period with the interest credited at the end of the term and no interest has been paid in this calendar year, please provide details of the amount deposited, the length of the term and the predicted date(s) of payment. Please tick the box at the bottom of the summary sheet to confirm you're submitting additional information.

If the amount of interest received in the year has increased or decreased from the previous year, due to a large deposit/withdrawal, please explain where the additional funds have come from or how they have been used. Tick the box at the bottom of the summary sheet to confirm you're submitting additional information.

Income from National Savings Certificates (fixed or index) is exempt from income tax.

E. Income from let property

E(1) Income received from property

Show the following details for each property which you and/or your spouse own and let to another person:

Address of property – enter the full postal address including postcode.

- Description** – show whether it’s a dwelling house, flat, garage, glasshouse, shop, factory, land, etc.
- Name of tenant** – provide the full name(s) of the tenant(s).
- Who pays for repairs** – tenant or owner. If you pay for all repairs write “Owner”. If the tenant pays for all of the repairs write “Tenant”. If the repairs are shared state the extent, e.g. “tenant inside/owner outside”.
- Furnished** – please “✓” if the property is let furnished. A property will be considered as furnished if items such as beds, wardrobes, sofas, tables, chairs, etc are provided by the owner.
- Gross rent received** – show the total rent received during the year, before deductions.

Guernsey or Alderney properties – Statutory Repairs Allowance

If you’re responsible for the costs of repairing your let property you’ll be entitled to the Statutory Repairs Allowance (a deduction from the rental income, known as “SRA”) whether or not any repairs were carried out. Also, any direct expenses paid by you which would normally be paid by the tenant (e.g. water, electricity, etc) will be deducted before the SRA is calculated. The rates of SRA are:

Dwelling (let furnished) and holiday letting of own residence	15% of the gross rent after the deduction of any direct expenses
Dwelling (let unfurnished)	10% of the gross rent after the deduction of any direct expenses
Other buildings (including glasshouses)	10% of the gross rent after the deduction of any direct expenses
Land/parking spaces	2½% of the gross rent after the deduction of any direct expenses

Where you aren’t responsible for **all** repairs the rate of deduction is reduced accordingly.

Excess repairs allowance

You may be entitled to an additional repairs allowance for the cost of repairing, maintaining, insuring or managing any let property. If you wish to make a claim, you’ll need to provide a schedule of the expenses and the amounts paid. A claim for repairs and maintenance

should be made annually if applicable. Evidence may be requested so make sure you keep all relevant documents.

We'll calculate any allowance due to you by averaging the expenditure in the previous five years and will keep a running total. The allowance can only reduce the income to nil, it can't create a loss.

Repairs claimed as a business expense won't be allowed as part of an Excess Repairs Allowance claim.

Further information on rental income and how property income is calculated can be found at www.gov.gg/tax under "Tax Rates and Allowances".

Property outside Guernsey and Alderney

A list of any expenses paid for the property should be sent, but not the receipts. However they should be kept, as evidence of any expenses claimed may be requested.

Where a property is let furnished, you're entitled to a 10% wear and tear allowance, details of which can be found in Statement of Practice M2 (part of the Statements of Practice booklet which can be found at www.gov.gg/taxationstatementsofpractice). More information on rental income can be found at www.gov.gg/tax under "Tax Rates and Allowances".

If overseas tax has been paid, double tax/unilateral relief may be granted – see the section on [double taxation](#) for more information.

E(2) Claim for mortgage relief on let property

Please show the full address of the let property, the name of the mortgage provider and the purpose of the loan (e.g. purchase/renovation/extension, etc).

If the mortgage or loan is joint, show the balance of the mortgage at 31st December, the total interest paid for the year and the amount claimed by you/your spouse. Please also provide the full name of the joint borrower.

Don't include in the "Interest paid" column:

- any of the capital repaid*,
- any amounts paid in respect of bank charges, commission or overdraft interest,

- redemption fees or penalty interest charged.

*Make sure that the claim made is only for the interest that is actually paid and not the full payment made to the lender, if these include payments of capital.

Penalties may be imposed for incorrect claims.

Interest is allowable on money borrowed for the acquisition, construction, reconstruction or repair of a let property, up to the level of income received. There is no restriction on the amount borrowed for a let property. You may be asked to provide evidence of any amount(s) claimed in this section so make sure you keep all relevant documents.

If your mortgage increased or decreased substantially, let us know why, and tick the box at the bottom of the summary sheet to confirm you're submitting additional information.

If your mortgage is coming to an end, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough tax being paid.

F. Companies, distributions and foundations

Give details in respect of any company in which, **at any time during the year**, you and/or your spouse had an interest as a beneficial member or loan creditor, by completing section (1) and (2) of the Company Interest/Foundation Form (available at www.gov.gg/tax under "Income tax returns").

- **"Beneficial member"** of a company means an individual who has a beneficial interest or any part of a beneficial interest in a share or any part of a share in that company (**but doesn't include an individual who holds only the legal title of any share or any part of a share**).
- An individual has the **"beneficial interest"** in a share or any part of a share of a company if he's the beneficial owner, or he has an equitable interest or contractual interest in the company (but doesn't include a bare legal owner of any share or part of a share). **Note** – to establish whether an individual has a beneficial interest in a company, the interest may be traced through any number of companies, partnerships, trusts, agreements or other arrangements of any description.
- The expressions **"share"**, **"equitable interest"** and **"contractual interest"** have the meanings prescribed in section 62D(4) of the [Law](#).
- **"Loan creditor"** means a creditor in respect of:

- any debt incurred by the company for any money borrowed or capital assets acquired by the company,
- any right to receive income created in favour of the company,
- consideration, the value of which to the company was (at the time the debt was incurred) substantially less than the debt (including any premium on the debt) or any redeemable loan capital issued by the company.

The following interests shouldn't be included:

- debts that have arisen purely as a consequence of an arm's length trading relationship with a company,
- shareholdings that amount, in total, to 1% or less of the company's issued share capital,
- holdings in Guernsey registered collective investment schemes.

Make sure all columns in section (1) of the Company Interest/Foundation Form are completed as appropriate.

In section (2) of the Company Interest/Foundation Form show details of any distributions received, from any company, for which you have completed section (1) of the form, for 2019. If you have received a distribution from a company you should also have received a Final Tax Certificate (Statement of shareholder's assessable income) from the company at the end of the accounting period, when the accounts were finalised, and this certificate should be attached. If it isn't available when the return is submitted, the certificate should be forwarded to us when it does become available. If you have received a dividend voucher instead of a Final Tax Certificate, please provide a copy.

If you received a distribution from a foundation, complete section (3) of the Company Interest/Foundation Form.

G. Settlements including trusts

If you and/or your spouse were the settlor of a settlement which existed in 2019, you must complete the Settlement/Trust Form (available at www.gov.gg/tax under "Income tax returns"). All income from settlements (including trusts) should be included on the form. Make sure all the columns are completed.

"Settlement" includes any disposition, trust, covenant, agreement or arrangement and any transfer of assets (including, without limitation, the making of any loan, advance or other

transfer of funds or other assets on terms under which those assets will be repaid, or reimbursement will be made, or consideration will be provided in money or monies worth, but not including a bona fide transfer made at arm's length) made or entered into directly or indirectly by any person, and the expression "**settlor**" shall be construed accordingly and includes any person who has provided or has caused to be provided funds or other property for a settlement or for any entity owned or controlled directly or indirectly by the trustees of the settlement.

"Revocable" means where an individual puts income or property into a settlement from which they may also benefit. If they do this, then the income of the settlement is deemed to be the income of the settlor and must be declared on this form.

The following connections shouldn't be included:

- deeds of covenant in favour of charities (for example, a church);
- approved pension schemes;
- outright gifts, between individuals, where there is no transfer of a right to income (for example, a parent giving a car to a child).

H. Any other income

Declare any income received by you and/or your spouse which hasn't been included in any other section.

If you need more space than the return provides, list the details of your income and/or that of your spouse on separate sheets of paper and attach them. Please tick the box at the bottom of the summary sheet to confirm you're submitting additional information.

Examples of the types of income to be included in this section are:

Dividends and debenture interest

Dividends from the United Kingdom

If dividends from a UK company have been received, write the name of the company and the net amount of the dividend received **after** the deduction of UK income tax. For the year ended 31st December 2019 there were no provisions in the UK/Guernsey Double Taxation Arrangement ("DTA") to allow relief on tax deducted from UK dividends. However, the DTA has now been renegotiated and the changes will apply from 1st January 2020.

This also applies to property income distributions (PIDs) paid through Real Estate Investment Trusts (REITs).

Dividends from elsewhere

If you received dividends from a territory other than the UK, write the name of the company and the **gross** amount of the dividend, **before** deduction of any overseas income tax.

If tax has been deducted, please submit the voucher so that double tax or unilateral relief can be calculated (see the section on [double taxation](#) for further information).

Debenture interest from other overseas companies and interest from overseas stocks and bonds

List all other amounts received by way of debenture interest or interest on stocks and bonds showing separately the source of the income, the gross amount received, the tax deducted at source (if any) and the net amount received from each investment.

If you wish to claim double taxation or unilateral relief, please attach evidence of the tax deducted . (See the section on [double taxation](#) for further information).

Other investment income

This includes, but isn't limited to, interest (e.g. loan interest), Government Securities, States of Guernsey loans and Friendly Societies.

List each investment separately, stating the full name, its nominal value and the amount of interest received during the year.

In the case of UK Government Securities, interest is normally paid half-yearly. If you hold this type of investment ensure you declare both half-yearly amounts.

If there have been any changes in your investment holdings during the year, such as purchases or sales, please indicate this on your return or on any schedule of investment income provided.

Income from National Savings Certificates (fixed or index) and National Savings Premium Bonds are exempt from tax.

Annuities

If an annuity was received during the year, provide details of the gross amount paid during the year. If tax has been paid in the country of origin (other than Guernsey) please show the country and the amount of tax deducted.

Purchased life annuities may contain a capital element, which isn't treated as income. If the income element is known, include this amount only. If not, please apply to this office for a Notice of Determination.

Royalties or copyrights

Provide details of the amounts received, stating the type of income.

Paying guests and boarders

If income from lodgers and/or boarders (apart from immediate family members, such as son or daughter) was received, show the gross amount and tell us on what basis the accommodation is provided. Depending on the accommodation/food provided, you don't need to submit accounts and you'll be assessed on a percentage of the gross receipts as follows:

<u>Accommodation provided</u>	<u>Percentage rates</u>
Full or half board	40%
Bed and breakfast	65%
Room only	80%

Alimony or maintenance received*

Provide details of income received under an Order of a Court from a spouse or former spouse, together with a copy of the original Court Order, if this hasn't already been supplied. If the Court Order has been varied since the previous return please send us a copy for our records.

NB *Income received under a Court Order made on or after 1st March 2003 isn't taxable. If a Court Order originally made before this date is varied on or after 1st March 2003 the income is taxable and must be declared.

Refunds of tax from other jurisdictions

If you have been given double tax or unilateral relief in Guernsey, any subsequent refund of tax on the same income from the other jurisdiction needs to be declared by you. Any repayment relating to a period prior to your arrival in Guernsey doesn't need to be declared by you on your Guernsey return.

Trusts

If you are a beneficiary of a trust you must declare any income received in this section.

PPI

If interest was received as a result of a mis-sold Payment Protection Insurance claim, declare here the amount received.

Single Premium Life Assurance Bonds (SPLABS)

If any money is taken from one of these bonds within the first 10 years of the investment being made, then any profit on the units sold to make the withdrawal would be taxable in the year that the money was taken out.

A copy of the **full unit history transaction statement** is needed to see if there is any taxable profit on the units sold to make the withdrawal. This should be provided for the full calendar year, or from the date of the original investment to the end of the year, if this is the first year of withdrawal (including details of the original investment).

Further information on these bonds can be found at www.gov.gg/taxationfaq.

Income from any other source

Declare income from any other source not mentioned elsewhere.

I. Additional information

Any explanation you wish to make regarding the income paid for the year, or any previous years not yet declared, should be given in this section or attached if there isn't enough space. Please tick the box at the bottom of the summary sheet to confirm you're submitting additional information.

J. Ownership of property including mortgage interest paid

J(1) Ownership of your home and mortgage interest paid

Show the full address of the property owned and occupied by you (your principal private residence ("PPR")), in Guernsey.

If the property was purchased during the year, please tick column A and, if you haven't already done so, complete a Buying Property Checklist (form 357) (available at

www.gov.gg/tax under “Other tax forms”) and attach it. Please tick the box at the bottom of the summary sheet to confirm you’re submitting additional information.

If you moved during the year, resulting in two PPRs, please provide details on a separate sheet, and make sure you tick the box at the bottom of the summary sheet to confirm you’re submitting additional information.

Please provide the name of the mortgage provider and the purpose of the loan (e.g. purchase/renovation/extension, etc). Please note that the interest can only be claimed if it’s paid to a Guernsey based lender.

If the mortgage or loan is joint, show the balance of the mortgage at 31st December, the total interest paid for the year and the amount claimed. Provide the full name(s) of the joint borrower(s) if applicable.

Do NOT include in the “Interest paid” column:

- any of the capital repaid*,
- any bank charges, commission or overdraft interest paid,
- redemption fees or penalty interest charged.

*Make sure that the claim made is only for the interest that’s actually paid and not the full payment, if these include payments of capital. Penalties may be imposed for incorrect claims.

If you’ve borrowed more during the year, please state how the funds have been used. If the balance owing has decreased substantially, let us know where the funds used to reduce the capital have come from. If the interest paid has increased substantially with no corresponding increase in the amount borrowed, tell us why.

Interest paid on money borrowed for the acquisition, construction, reconstruction or repair of a property is allowable on a PPR. Relief is limited to interest paid on £400,000. There’s also a cap on the amount of income tax relief. The cap has been set at £8,000 for the calendar year 2019 (or £16,000 for a married couple where the mortgage is joint).

Please note that the interest cap is being decreased each year until the complete withdrawal of relief in 2025.

If the balance of your mortgage for your PPR is over £400,000 you’ll need to make the following calculation:

Interest paid x 400,000
Average of outstanding balances on mortgage at beginning and end of year

For example: Interest paid during year = £46,000

Outstanding balance on 1 st January	£ 612,000
Outstanding balance on 31 st December	<u>£ 600,000</u>
	£1,212,000 ÷ 2 = £606,000 = average

So the calculation would be as follows:

<u>£46,000 x 400,000</u>	interest allowed as a deduction
£606,000	(restricted to interest cap of £8,000 or £16,000 for a married couple if the mortgage is joint)

You may be asked to provide evidence of the purpose and amount of any deduction claimed in this section so please keep the relevant documents.

If your mortgage is coming to an end, or the interest payable is due to change substantially, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough, or too much, tax being paid.

J(2) Ownership of a property which isn't let and isn't your PPR

All property owned should be declared, e.g. a dwelling house, glasshouse, land or any property used for business purposes. If a property isn't let and isn't your PPR then no interest relief can be claimed, unless the property was the marital home previously and provision is made under a Court Order for you to pay the interest.

If the property was purchased during the year, please tick column A and, if you haven't already done so, complete a Buying Property Checklist (available at www.gov.gg/tax under "Other tax forms") and attach. Please tick the box at the bottom of the summary sheet to confirm you're submitting additional information.

Please ensure the name of the mortgage provider and the purpose of the loan (e.g. purchase/renovation/extension, etc) is shown in the relevant column.

If the mortgage or loan is joint, show the year end balance, the total interest paid for the calendar year and the amount claimed by you/your spouse. Please provide the full name(s) of the joint borrower(s) if applicable.

If you own a property which isn't let, it's important that you provide details of how the property is used so we know whether we can allow any interest in your assessment.

Don't include in the "Interest paid" column:

- any of the capital repaid*,
- any amounts paid by way of bank charges, commission or overdraft interest,
- redemption fees or penalty interest charged.

*Make sure that you've only claimed for the interest only, i.e. not capital repayments. Penalties may be imposed for incorrect claims.

If you wish to make a claim in this section, keep the relevant documents as you may be asked for evidence. If your mortgage increased or decreased substantially, please let us know why.

K. Interest paid on loans other than mortgages

Show the amount of interest paid on loans for qualifying purposes (but not mortgages, which should be claimed in Section E or J). For details of the rules for relief for interest paid see the [Income Tax \(Tax Relief on Interest Payments\) \(Guernsey\) Ordinance, 2007](#). The purpose of the loan should be explained (e.g. purchase of company shares).

If the balance outstanding has increased substantially during the year, please state how the funds have been used.

If the balance outstanding has decreased substantially, please let us know the source of the funds used to reduce the capital.

If the interest paid has increased substantially with no corresponding increase in the amount borrowed, please let us know the reason.

State the name and address of the person, bank, etc. to whom payment is made and the amount of interest only paid.

Don't include:

- any of the capital repaid*,
- any amounts paid in respect of bank charges, commission or overdraft interest,

- redemption fees or penalty interest charged.

*Make sure that you've only claimed for the interest only, i.e. not capital repayments. Penalties may be imposed for incorrect claims.

You may be asked to provide evidence of the purpose and amount of any deduction claimed in this section so please keep the relevant documents.

If your loan is coming to an end, please contact us so that your Coding Notice can be changed, if necessary. If you don't, it may result in not enough tax being paid.

L. Deeds of covenant

An allowance for deeds of covenant is due only on deeds approved by the Director before 1st January 2010.

Relief is available until the deed is either amended or expired.

Show the full name of the Guernsey Registered Charity and the amount donated in 2019.

M. Maintenance paid to a spouse or former spouse

If the maintenance is payable under a Court Order made before 1st March 2003 show the full name of the spouse/former spouse and the amount paid to them during 2019. If the Court Order was made on or after 1st March 2003, it isn't allowable so don't complete this section.

N. Income arising in Guernsey to a non-resident

A non-resident (e.g. individual, company, etc.) is liable to tax on Guernsey income, except for bank interest, dividends, distributions, directors fees, royalties and other similar payments. If you accept payment on behalf of, or you pay income directly to, a non-resident (for example rent paid to a non-resident landlord for a Guernsey/Alderney property which you use or occupy, or maintenance payments made under a Guernsey Court Order made before 1st March 2003 where the spouse has permanently left the island), you may be responsible for deducting tax on such income, and must complete this section.

However, section 48 of the Law provides that you can recover the tax by deducting it from the payment made to the non-resident.

Any tax deducted by you, as agent, should be paid to us within one month of the deduction, together with details of the income from which it's been deducted. A non-resident deduction form for this purpose can be downloaded from www.gov.gg/tax under "Other tax forms".

Provide the tax reference number under which you paid the tax to the Revenue Service, including the full name and address of the non-resident and the amount you paid to them in 2019.

PART 3 – CLAIMS FOR ALLOWANCES

O. Children

O(1) Children

Please provide details of children for whom you or your spouse were the claimant of Guernsey Family Allowance as at 1st January 2019 (or started to claim that allowance if the child was born, adopted or fostered after 1st January 2019), or those in full-time higher education. All details should be completed, including the income of the child where the income was greater than £11,000 for 2019 and/or the child is over 19 and in full time higher education.

Dependant relative allowance

If you're supporting a child in higher education, a Dependent Relative Allowance may be given if:

- a claim was made in 2017 or earlier, and
- the child is your child and/or is maintained by you during the year.

If two individuals are entitled to claim, the allowance of £3,550 will be proportioned based on the amounts paid by each towards the maintenance of the child.

Where two individuals are living together as if they were married or in a civil partnership, and either of them has a child over the age of 19 in full-time education, either may elect that the child be treated as their child for the purpose of this allowance. This election must be made in writing.

When declaring the income of a child in higher education, don't include any scholarship, bursary or other educational grants received. Details of the child's income must be provided for a Dependent Relative Allowance to be considered.

The expression "child" includes a stepchild. A child who has been lawfully adopted shall be treated as your child and not as the child of the natural parent.

O(2) Charge of children/Relinquishment of allowance

Charge of children allowance

This allowance is available if you're a lone parent (i.e. a single person not cohabiting) or you're married/in a civil partnership/cohabiting but your spouse/cohabitee is totally incapacitated and you need to employ a person to take charge and care of your child.

The relevant box in this section **must** be ticked for an allowance to be given.

You'll be entitled to this allowance if the following conditions are met:

- that on 1st January in the year you're the claimant of a Family Allowance in respect of one or more children (or you started to receive that allowance if the child was born, adopted or fostered after 1st January 2019); and
- you're not married, in a civil partnership or cohabiting with another person, except where –
 - you prove that throughout the year either you or your spouse/cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by you to take charge and care of the child, and
 - no one is entitled to a Dependent Relative Allowance for the person employed or maintained, or if they were, that the claim has been relinquished.

Please tick the relevant box to show which spouse was incapacitated.

For the purposes of this section, "cohabiting" means living as if you were married or in a civil partnership throughout the year.

A charge of children allowance isn't due to an individual who is entitled to a Housekeeper Allowance or to an Infirm Person's Allowance for that year unless the individual has relinquished any claim for those allowances.

Only **one charge of children allowance** shall be granted to any claimant for any year.

If you're a lone parent with a child in full time higher education, you're entitled to claim both a Dependent Relative Allowance (if claimed in 2017 or earlier) and Charge of Child Allowance.

Relinquishment of allowance

If you were claiming a Family Allowance but aren't entitled to the Charge of Children Allowance because you were cohabiting with another person throughout the whole calendar year, you may, by completing the Relinquishment of Personal Allowances form (available at www.gov.gg/tax under "Other tax forms"), transfer any unused personal allowance to the person you're cohabiting with.

If you relinquished/received allowances to/from your partner in 2019, tick the box and provide your partner's full name and tax reference number.

P. Dependent relatives (old age or infirmity)

Only pre-existing claims will be considered.

Please tick the box to show who is claiming the allowance.

You may claim the allowance if you or your spouse pay towards the maintenance of a relative who is unable to take care of themselves due to old age or infirmity.

If your relative has taxable income of their own, your claim may be reduced depending on the level of that income. If they don't live in Guernsey, "taxable income" means income which would be taxable here had your relative been resident in the island.

Where two or more persons jointly pay towards the maintenance of a relative, the allowance will be shared between them according to the level of their payments.

Please provide an explanation as to why the relative is unable to look after themselves.

Q. Infirm persons/housekeeper allowances

For both allowances, only pre-existing claims will be considered, and only one allowance will be given for any year.

Please tick the box to show who is claiming the allowance.

Show the name of the person or agency, the amount paid to them in 2019 and tick the appropriate column to show which allowance is being claimed.

Infirm Persons Allowance

You may claim the allowance if, throughout the year, either you or your spouse were permanently unable to take care of yourself due to physical or mental infirmity, or old age, and needed to maintain or employ someone solely for the purpose of providing care to you or your spouse;

If the person employed is a relative and you're entitled to any other tax allowance for them, please note that you can only claim one allowance.

Housekeeper Allowance

You can claim the allowance if you're a widow or widower, and you employ or maintain someone as a housekeeper. If the person employed is related to you or your late spouse, and you're entitled to any other income allowance for them, please note that you can only claim one allowance.

You can't claim the allowance if there's been a transfer of unused personal allowance between you and someone else during the year, or you receive an Infirm Person's Allowance.

"Housekeeper" means someone who's responsible for the managing the household, including food, expenses and laundry, i.e. not just cleaning.

R. Contributions made to personal pensions

You may claim relief for cash paid into a Guernsey approved retirement annuity scheme or a retirement annuity trust scheme in your name or that of your spouse.

You can pay as much as you like into a personal pension, but there's a limit on the amount of tax relief which can be claimed. This limit applies to the total payments made to all approved schemes, which is the lower of 100% of taxable income or £35,000. In the case of a married couple the £35,000 maximum still applies for each individual, providing each spouse has sufficient taxable income (see Statement of Practice M48, which is available at www.gov.gg/taxationstatementsofpractice) under "Statements of Practice (Including Interpretations of Law) & Extra Statutory Concessions".

If you have any unused contributions these may be able to be carried forward, depending on your circumstances.

For full details of the rules relating to pension taxation and relief, please refer to the relevant Practice Notes, which are available at www.gov.gg/taxpensions under “Document downloads”.

For contributions to an employer’s approved scheme as opposed to a personal pension scheme, please see [Section A\(6\)](#).

CERTIFICATE

The certificate at the bottom of page 12 must be completed and signed before submitting the return.

RELIEF FROM DOUBLE TAXATION

Relief is given under the Double Taxation Arrangements (“DTAs”) between us and other territories in respect of tax that’s paid in one of those territories on income that’s also taxable in Guernsey. Full details of the DTAs are available at www.gov.gg/dta.

Some of the DTAs have specific provisions regarding pensions paid. If you receive a UK pension, you’re entitled to claim exemption from paying UK income tax on that pension. If you’re able to claim but don’t, double tax relief won’t be given.

If you want to make a claim for exemption, the form can be found on the HM Revenue & Customs website: <https://www.gov.uk/government/publications/double-taxation-treaty-relief-form-dt-individual>

If you don’t have access to the internet, contact HM Revenue & Customs so that they can post a form to you. Their contact details are:

Telephone: 0300 200 3300

Address: HM Revenue & Customs
Pay As You Earn and Self Assessment
BX9 1AS

The form needs to be certified by us before you return it to HM Revenue & Customs.

If tax is paid on income in a country with which Guernsey doesn't have a DTA, relief (called "unilateral relief") may be granted. In these circumstances relief given is $\frac{3}{4}$ of the effective rate of Guernsey tax.

Details of the full gross income and tax deductions will need to be provided for relief to be given.

PENALTIES

If your return is found to be incorrect or incomplete the Income Tax (Guernsey) Law, 1975 provides for substantial penalties.

For more details please see the Statement of Practice on Penalties for Incorrect Returns, which is available at www.gov.gg/taxationstatementsofpractice under "Codes and statements of practice".

Your 2019 return should be completed and submitted by 30th November 2020. An automatic penalty may be imposed if it hasn't been received by that date.

SURCHARGES

A surcharge will be applied automatically if you don't pay tax or penalties by the due date. The surcharge will be 5% of the amount overdue. Additional 5% surcharges will be added at 6 monthly intervals, not only on the outstanding tax or penalty but also on any previous surcharge or additional surcharge imposed, until the debt is fully paid. We'll continue to pursue collection of any arrears, through the normal legal channels, unless the debt is being paid under an agreement.

A surcharge will also be due where tax is assessed later than it should have been because you submitted a "late" or incorrect return. A "late" return would be one received after 15th January in the year following the year in which it was made available (your 2019 return would be considered as "late" if it was received by us after 15th January 2021).

If it's "late" or found to be incorrect, a surcharge and any additional surcharges would apply to any additional tax assessed, based on that return, as if the tax had been due on 30th June and 31st December in the year to which it relates.

For example – Mr X receives his interim assessment for 2019 on 1st April 2019 on which tax is due of £4,000 on 30th June 2019 and £4,000 on 31st December 2019. The tax is paid on time. The return, requesting details of his income for 2019, was available in January 2020 but isn't submitted by him until 30th September 2021, i.e. after 15th January in the year

following the year in which it was made available. The final assessment was issued in October 2021, as a result of which Mr X owes an additional £3,000 tax for the Year of Charge 2019. Although the statement would show the additional tax would be due to be paid in November 2021, the surcharges and additional surcharges would apply as if the additional £3,000 tax had been due as £1,500 on 30th June 2019 and £1,500 on 31st December 2019.

If you believe that a surcharge isn't payable or has been miscalculated, you can appeal, in writing, within 30 days of the issue of the surcharge notice.

SUPPLEMENTS

A supplement of 5% will be added to any repayment of tax made to you if it's paid more than one year after the end of the month in which your fully completed return is received. The supplement will be paid in respect of any tax for any year of charge that's affected by that return. Additional supplements will also be paid for each further six months that the repayment remains unpaid.

If you believe that a supplement is payable or has been miscalculated, you can appeal, in writing, within 30 days of the date of issue of the repayment.

KEEPING OF RECORDS

If you've income from a business or the letting of property, you must keep your records for six years after the end of the year in which the relevant return was submitted. For all other income your records have to be kept for two years after the end of the year in which your return was submitted.

The [Income Tax \(Keeping of Records, etc\) Regulations, 2006](#) and [2012](#) ("the Regulations") set out four kinds of offence:

- If the Director believes that:
 - you haven't maintained, kept or retained a record or document in accordance with the Regulations, and
 - this is likely to prejudice the Director performing her official duties,

she may impose a penalty of up to £2,500.

- If you, without reasonable excuse, haven't made, maintained, kept or retained records or documents in accordance with the Regulations, you're guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on The Uniform Scale of Fines (Bailiwick of Guernsey) Law 1989.
- If you keep records outside Guernsey, you need to make sure they're available if the Director needs to see them. If you don't comply you'll be subject to a penalty of up to £2,500.
- Finally, the Regulations also provide that if you intentionally falsify, conceal, destroy or dispose of (or allow the falsification, concealment, destruction or disposal of) records or documents which you're required to keep under the Regulations, you're guilty of an offence.

For further details and a list of records that you need to keep, the Regulations can be found on the Guernsey Legal Resources website (www.guernseylegalresources.gg) and the Statement of Practice on Keeping, Maintaining and Retaining Records is available at www.gov.gg/taxationstatementsofpractice under "Codes and statements of practice".