

## **B7 NON-RESIDENT ENTERTAINERS - EXPENSES CLAIMS (sections 7 and 48)**

*(See also [M32](#))*

### **Introduction – Statutory Position**

All public entertainers, such as stage, film or radio artistes, musicians and athletes, who appear in Guernsey and who are not resident in Guernsey for income tax purposes, are liable to income tax in respect of any fees or payments made either directly or indirectly in connection with the appearance.

The Law provides that where a non-resident person is liable to tax in respect of any income and has an agent in Guernsey, the agent is chargeable on his behalf with tax in respect of any such income which arises directly or indirectly from or through the agent. The tax charged may be deducted by the agent from any sum payable by or through him to the non-resident. Section 48(2) of the Law provides that the expression “agent” includes a manager and any person receiving or paying income on behalf of, or to, a non-resident.

### **Concessional Treatment for administrative ease**

It is recognised that it can be difficult for those persons involved, including agents, to obtain or identify full and correct details of expenditure in respect of the individuals concerned, and some of the managers may be in different jurisdictions. It is also recognised that there may be time constraints on being able to resolve the Guernsey income tax liability quickly, given that such individuals may be present for a short amount of time. Resolving the issue as efficiently as possible is in the interests of all concerned.

For these reasons, in order to ease the administration of such matters, the following treatment may be applied in order to easily calculate the expenditure that would be allowable for Guernsey income tax purposes and enable a swift calculation of the Guernsey income tax liability.

#### **Fees of less than £2,500**

Where a fee of less than £2,500 is received it is accepted that the expenditure, that would be allowable for Guernsey income tax purposes, would in all likelihood either equate to or exceed that sum, so no tax will be due. The Guernsey agent will, therefore, not be required to report details of such engagements to the Revenue Service.

#### **Fees of £2,500 or more**

In these cases the Guernsey income tax payable will have to be determined but in order to resolve matters as easily as possible, it can be done in the following manner:

- a) An expense claim can be made of £2,500 (the “minimum expense allowance”) in lieu of a detailed expense claim, and the balance of the income will then be liable to Guernsey income tax at the individual standard rate of 20% or
- b) An expense claim of 25% of the gross fee paid can be made (“alternative expense allowance”), in lieu of a detailed expense claim, and the balance of the income will then be liable to Guernsey income tax at the individual standard rate of 20%, or
- c) A detailed expense claim may be made and the balance of the income, after agreed allowable expenses, will then be liable to Guernsey income tax at the individual standard rate of 20%

### Groups

If the act performing consists of more than 1 artist, for example a band, it will be necessary to determine the amount due to each member separately. This is because each individual is entitled to claim their own expenses as shown in a, b and c above. Any unused amounts, i.e. where their expenses are more than the amount paid to them, can't be transferred to another member of the group. If an individual band member wishes to claim expenses other than the amounts shown in a and b, then any expenses attributable to the group as a whole, for example fees for the hire of the venue, will be proportioned on the same basis as the fee apportionment.

Example:

A band consisting of 4 members comes to Guernsey to play for 2 nights.

The agent receives a sum of £12,000 for the performances. The agent will have to determine the amount due to each individual member of the group, before expenses, in order to calculate the tax due. If the payments are determined as:

Singer	£5,000
Guitarist	£4,000
Drummer	£2,000
Pianist	£1,000

The singer and the guitarist will be the only members of the band where the Guernsey income tax payable has to be determined, as they are the only ones to receive an amount over the minimum expense allowance shown above of £2,500.

The tax due can then be calculated as follows:

Singer     £5000 - £2500 (minimum expense allowance)  
               = £2500 taxable @ 20% = £500

Guitarist   £4000 - £2500 (minimum expense allowance)

= £1500 taxable @ 20% = £300

Alternatively, rather than claim the minimum expense allowance, the singer and/or the guitarist may make a claim for actual expenses incurred, or the alternative expense allowance of 25% of the gross fee, and tax will then be paid on the remainder of the fee at 20% .

If the agent is not provided with details of the relevant apportionment of the fee amongst the members of the band, or details of expenses, he would calculate the tax due on the basis of the total gross fee paid, less the expense allowance in b above, then deduct and remit tax to the Revenue Service at 20% of the balance.

In the example shown above, the agent would calculate the tax to be remitted as

£12,000 - £3000 (the alternative expense allowance of 25%) = £9000 @ 20% = £1800

He is unable to use the minimum expense allowance for each band member (i.e. £2500 x 4) as any unused "expenses" over the income paid to each member, can't be transferred to other members of the group.

The costs of travel and accommodation met by the promoter may be disregarded.

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