

R14 **INTERPRETATION OF SECTION 3(3)(c) OF THE LAW
APPLIES UNTIL 31 DECEMBER 2017**

Introduction

In accordance with section 3(3)(c), an individual shall be treated as being “principally resident” in Guernsey in any particular year of charge if they take up permanent residence in Guernsey in that year of charge.

An individual shall be treated as taking up permanent residence in Guernsey if:

- (i) they are resident in Guernsey in that year of charge, within the meaning of section 3(1), and
- (ii) they are solely or principally resident in Guernsey in the following year of charge.

Further Explanation

The Director wishes to clarify that section 3(3)(c) will only be applied once to the preceding year of charge. Therefore if an individual has continually been “resident only” and then becomes principally resident, section 3(3)(c) will only apply to the preceding year of charge to that in which they became “principally resident”. Prior years in which they were “resident only” will not be affected.

In circumstances where section 3(3)(c) applies, an individual should ensure that, where appropriate, an amended personal income tax return for the preceding year of charge is submitted with the return for the year of charge in which they became “principally resident”.

The Director will not impose penalties for an incorrect or incomplete return, for the earlier year affected by section 3(3)(c), provided the relevant information has been delivered by the filing deadline for the return for the year of charge in which the individual became “principally resident”.

Similarly, surcharges will only be imposed if the relevant tax is not paid by the due date as set out in a statement of account issued with a revised assessment for the year of charge, provided the amended return has been submitted by the filing deadline for the return for the year of charge in which an individual becomes “principally resident”.

Example

Mr X has been “resident only” for the Years of Charge 2010-2014, electing to pay the standard charge, and filed his personal income tax returns accordingly. In the year of charge 2015 Mr X becomes “principally resident”.

Mr X will be treated as having taken up permanent resident in Guernsey in the Year of Charge 2014, as he is resident in Guernsey in the Year of Charge 2014, and is solely or principally resident in the following year of charge (2015). The years of charge 2010-2013, inclusive, are not affected.

Provided Mr X delivers an amended personal income tax return for year of charge 2014 by 30 November 2016 (the filing deadline for the year of charge 2015 return), no penalties for submitting an incorrect or incomplete return will be imposed.

On issue of a revised assessment for the Year of Charge 2014, provided the liability is settled by the due date, no surcharges for late payment of tax will be imposed.

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