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Chartered Tax Advisers

Guernsey Budget Highlights

The 2017 Guernsey Budget report has now been published and will be debated in the States of Guernsey on 1st November.

The Budget is aimed at being a balance between controlling Government spending and raising revenues in a ratio of 2:1; and even though the revenue raising aspects are clearly targeted at higher earners, all income brackets will be affected by the usual hikes in duty on fuel, alcohol and tobacco.

Personal Allowances

Personal allowances for single persons are rising to £10,000 and for married couples to £20,000. However, it is being proposed that personal allowances are withdrawn at a rate of £1 for every £3 if an individual's income exceeds the "upper earnings limit" (£138,684) as set in the Social Security regulations.

Personal allowances will be pro-rated in years of arrival or departure with effect from 2017 in place of granting full allowances.

It is also proposed that no new age related personal allowances for persons over 65 will be given with effect from January 2019.

Lastly, the dependent relatives allowance will be withdrawn with effect from January 2018, which will affect individuals with children in higher education.

Property Taxes

Document Duty

The Budget introduces Document duty on a 'graduated' system, to replace the current 'slab' system, a similar move to the UK SDLT changes recently introduced, but at significantly lower rates. The changes mean that a house costing £600,000 will be subject to £1,125 less duty than before and the acquisition of a property costing £3m will incur £21,500 more duty than before. The current rates are 2%, 2.5% or 3% applicable when thresholds are met.

The new rates are as follows:

RATE	TRANSACTION VALUE
2%	Up to £250,000
3.25%	On value between £250,001 and £400,000
3.5%	On value between £400,001 and £750,000
3.75%	On value between £750,001 and £1,000,000
4%	On value above £1,000,000

Property Rates

Property rates known as TRP, are being increased by an inflation busting 10.5% for most domestic dwellings and 5% for business property.

New Arrivals - Pre-arrival Income

A new statutory provision will be introduced into the Tax Law to confirm that distributions of pre-arrival income made to new residents from a company incorporated outside Guernsey will not be taxable in Guernsey as long as the income did not arise in Guernsey, is distributed within 2 years of arrival and the shareholder owns more than 1% of the share capital.

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