Significant Tax Advantages Available to Individuals Moving to Guernsey

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20th January 2022

Background

Guernsey is one of the Channel Islands and is situated in the English Channel, close to the French coast of Normandy.

Whilst retaining very close links to Britain, Guernsey is independent from the UK and has its own democratically elected parliament which controls the island's laws, budget and levels of taxation.

What Tax Advantages are Available to Individuals Moving to Guernsey?

1. **Capped Rate of Income Tax**

Guernsey residents pay 20% income tax on Guernsey source income (above a tax-free allowance of £13,025). Individuals can cap the liability on non-Guernsey source income at a maximum £150,000 per annum **OR** cap the liability on worldwide income at a maximum £300,000 per annum.

2. **Additional Tax Cap Available for 'Resident only' Individuals**

'Resident only individuals' (generally, defined as individuals spending more than 91 days per year in Guernsey and 91 days or more in another jurisdiction during the calendar year):

- Can elect to be taxed on their Guernsey source income only, by paying a standard annual charge of £40,000. Non-Guernsey source income will then be ignored, whether it is remitted to Guernsey or not.

3. **Further Potential to Cap Guernsey Income Tax Liability**

New residents to Guernsey, who purchase an 'open market' property, can enjoy a tax cap of £50,000 per annum on Guernsey source income in the year of arrival and subsequent three years, as long as the amount of Document Duty paid, in relation to the house purchase, is at least £50,000.

Eligibility to Move to Guernsey

British citizens, EEA nationals and Swiss nationals are eligible to move to Guernsey. Nationals of other countries require permission or "leave to remain" in Guernsey. Visa and immigration rules are comparable to the UK.

Individuals who do not have an automatic right to live in Guernsey but want to move there, must fall within one of the following categories:

- Spouse/partner of a British Citizen, EEA national or settled person.
- Investor (minimum £750,000 invested in Guernsey) (and a minimum £1million under their control in Guernsey).
- Person intending to set themselves up in business. A minimum £200,000 investment into a new or existing Guernsey company which the applicant will manage themselves.
- Writer, artist or composer.

Any other individual wishing to move to the Bailiwick of Guernsey must obtain an entry clearance (visa) prior to his/her arrival. The entry clearance must be applied for through the British Consular representative in the individual's country of residence.

Other Reasons to Want to Move to Guernsey

There is no inheritance tax, no capital gains tax, no value added tax and no withholding tax. Guernsey is also a leading international financial centre and the general rate of corporation tax is zero.

Other Positive Factors – the Lifestyle

- The island of Guernsey is 79 square kilometres, with 50 kilometres of stunning coastline, including 27 beaches. It has an approximate population of 65,000 and is well known for its temperate climate and relaxed, high quality standard of living. It combines many of the reassuring elements of UK culture with the benefits of living abroad.

- The island is only forty-five minutes from London by air and has good transport links to seven key airports which enables easy access to Europe and international connections.

- Guernsey is ideal for families, with its beautiful beaches, emphasis on sport, low crime rate and a very good education system.

Further Information

For further information about moving to Guernsey, please contact the Dixcart office in Guernsey: advice.guernsey@dixcart.com.

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Guernsey registered company number: 6512.