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**Guernsey – Revised Rules
Allow Tax Exemption for
Certain Seconded
Academics**

by KPMG Channel Islands
Limited, Guernsey (a KPMG
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flash Alert

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An update to Guernsey's tax legislation¹ has been issued enabling professors, lecturers, teachers, and researchers to come on secondment to Guernsey and pay no Guernsey income tax for up to two years.

Why This Matters

Residents of Guernsey are broadly subject to Guernsey income tax on their worldwide income at a flat rate of 20 percent. This can make it an attractive destination for residents in jurisdictions – such as the U.K. – which levy higher rates of income tax. The income tax-free period (of up to two years) provided for in the revised Statement of Practice may make Guernsey a more attractive assignment location and could reduce employment-related costs for organizations in respect of their professors, lecturers, teachers, and researchers working in Guernsey.

Purpose of Legislative Update

This purpose of this legislative update is to attempt to counteract some of the main factors that may hamper Guernsey's effectiveness in recruiting the education professionals that the island needs. It is also intended to encourage those individuals who work in the academic/research profession to come to Guernsey on secondment as they will potentially benefit from being exempt from Guernsey income tax.

Background

Normally, any remuneration of employees carrying out duties in Guernsey would be taxable and subject to the deduction of Guernsey income tax under the Employee Tax Instalment Scheme. The remuneration of an employee seconded to Guernsey may be treated as exempt from Guernsey income tax if **all** of the following conditions apply:

- The secondee is in Guernsey for a maximum of 90 days during the Year of Charge;
- The secondee continues to be paid by the overseas employer;
- The costs of remunerating the secondee are not allowable to the Guernsey employer.

Recent Legislative Update for Seconded Academics, Professors, Lecturers, Teachers, and Researchers

With effect from 1 January 2014, legislation has been updated, manifest in a revised Statement of Practice E40, providing that the remuneration of professors, lecturers, teachers, and researchers, who come to Guernsey to work, will be exempt from Guernsey

income tax if they meet the following conditions:

- The individual is present in Guernsey for a period not exceeding two years for the purpose of teaching;
- The individual is, or immediately before the temporary visit was, a resident of another jurisdiction;
- The remuneration arises from overseas sources.

Footnote:

1 Statement of Practice (revised) E40 Employees on Secondment (section 8), published on 26 August 2015 (<http://www.gov.gg/taxationstatementsofpractice>).

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For further information or assistance, please contact your local GMS or People Services professional, or one of the following professionals with the KPMG International member firm in Guernsey.

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