

<b>Jurisdiction's name:</b>	<b>Guernsey</b>
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<b>Information on Residency for tax purposes</b>
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<b>Section I – Criteria for Individuals to be considered a tax resident</b>
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Residential status of individuals for tax purposes is determined in accordance with [section 3 of the Income Tax \(Guernsey\) Law, 1975, as amended \(“the Law”\)](#).

A simple guide to Guernsey income tax residence and resultant income tax liability, which is dependent on residential status in Guernsey, is available on the Revenue Service website [here](#).

The Director of the Revenue Service also publishes [Statements of Practice](#) (“SOP”) which include interpretations of the Law. SOPs with the prefix “R” include relevant information concerning the residence of individuals for Guernsey income tax purposes.

<b>Section II – Criteria for Entities to be considered a tax resident</b>
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A “company” is defined in [section 209\(1\) of the Law](#) as “*any body of persons corporate or unincorporated, not being a partnership*”.

In accordance with [section 4 of the Law](#), a company will be tax resident in Guernsey if:-

- (a) *it is controlled in Guernsey, or is centrally managed and controlled in Guernsey in that year of charge, or*
- (b) *it is registered in Guernsey and has not been granted an exemption from tax for that year of charge under any Ordinance made under section 40A of the Law.*

except in certain limited circumstances where it can be proven to the satisfaction of the Director that, in that year of charge-

- the company is, under the domestic law of another territory (Territory A), tax resident in Territory A, and
- the company is centrally managed and controlled in Territory A; and
- either-
  - it is resident for tax purposes under Territory A’s law under a double taxation agreement, or approved international agreement or international tax measure, between Guernsey and Territory A which a tie-breaker clause applies; or
  - the highest rate at which any company may be charged to tax in Territory A is at least 10%; and
- there is a bona fide commercial reason for its residence status in Territory A, which status is not motivated by avoidance, reduction or deferral of Guernsey income tax for any person.

An exemption under section 40A of the Law is available only to public collective investment schemes, in accordance with [Schedules 1 and 2 of the Income Tax \(Exempt Bodies\) Ordinance, 1989](#).

The Director of the Revenue Service also publishes [Statements of Practice \(“SOP”\)](#) which include relevant information concerning the residence of companies for income tax purposes. SOPs with the prefix “C” relate specifically to the income tax position for companies.

A specific SOP has been published separate to the current version of the main SOP Booklet and is numbered C52, dealing with “Corporate residence” and can be found [here](#).

### **Foundations**

Foundations fall within the definition of a company so residential status is determined in accordance with section 4 of the Law, as detailed above.

## **Section III – Entity types that are as a rule not considered tax residents**

### **Partnerships**

Partnerships are fiscally transparent for the purposes of Guernsey income tax, therefore, the partners of a partnership (which may be individuals or companies) will be taxed on their respective share of the profits/income of the partnership in accordance with [section 42\(1\) of the Law](#).

Ordinary (General) partnerships are governed in Guernsey [The Partnership \(Guernsey\) Law, 1995](#).

Limited Partnerships are defined, for income tax purposes, in [section 209\(1\) of the Law](#), which includes reference to the definition contained in the [Limited Partnerships \(Guernsey\) Law, 1995](#).

Limited Liability Partnerships are also defined in section 209(1) of the Law, which includes reference to the definition contained in the [Limited Liability Partnerships \(Guernsey\) Law, 2013](#).

### **Trusts**

For Guernsey domestic income tax purposes a trust is not considered resident as it is neither an individual nor a company (a trust has no legal personality, therefore, is not an entity it is merely a legal arrangement). In accordance with [section 53 of the Law](#) the trustee or the beneficiary of a trust may be charged with income tax on any income which they are entitled to received or has arisen from the property vested in the trust.

The Director of the Revenue Service has published [Statement of Practice M12](#), which provides clarification that income tax will only be charged on trust income where the income arises in Guernsey (with the exception of Guernsey bank interest) or the beneficiaries are resident in Guernsey.

In the event that a trust is determined to be revocable then the settlor will be charged with income tax in respect of the trust income arising in Guernsey (excluding Guernsey bank interest) or the worldwide trust income where the settlor is resident in Guernsey. This is in accordance with [section 65 of the Law](#).

The treatment of trusts specified above relates only to the domestic income tax position. In respect of CRS reporting purposes, trusts are considered to be an entity, in accordance with the Standard.

**Section IV – Contact point for further information**

Further questions relating to Guernsey tax residency may be addressed to the Guernsey Revenue Service Inspectorate team (Corporate) at:-

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