



GLOBAL
EMPLOYER
GUIDE

GUERNSEY





Basic Country Facts

Full name

- Guernsey

Capital

- Saint Peter Port

Main Languages

- English
- French

Population

- 67,052

Monetary unit

- Pound sterling

Internet domain

- .gg

International dialing code

- +44

Currency

- Pound sterling



STATUTORY LABOR REQUIREMENTS

Probation Period

- There is no statutory probationary period
- It is usually covered in the employment contract

Annual Leave

- There is no statutory entitlement to paid leave in Guernsey.

Public Holidays

- There is no legal requirement to give employees time off with pay, an enhanced rate of pay, or time off in lieu in respect of public holidays.
- Any rights to paid time off for holidays and public holidays depend on the terms of the contract.

Maternity Leave

- The Maternity Leave and Adoption Leave (Guernsey) Ordinance, 2016, in force from 1 April 2016, gives the following statutory rights to pregnant employees whose due date is 7 August 2016 or later:
 - basic leave of 12 weeks
 - an enhanced period of 26 weeks leave for employees who have worked continuously for the same employer for at least 15 months
 - a period of two weeks' compulsory statutory leave (which forms part of the basic maternity leave)
 - the right to return to her original job or a suitable alternative
 - up to ten days keeping in touch days
 - the right to time off for ante-natal appointments during working hours



Maternity Support Leave

- Maternity support leave is a period of two weeks which is available to the partner of an employee who is entitled to basic maternity leave.
- It starts on the day the child is born or on the discharge from hospital of mother or baby (or mother and baby).
- To qualify, the partner must have 15 months' continuous service at the beginning of the eleventh week before the employee's due date.
- 'Partner' is defined as the birth mother's spouse or cohabiting partner unless she nominates another person in writing.

Sick Leave

- There is no statutory entitlement to sick leave or sick pay in Guernsey.
- Any terms relating to sick pay should be clearly stated in the contract of employment.
- These terms should clearly identify how much sick pay is provided and for how long.

Work Hours

- As there is no Guernsey law which states a maximum number of working hours or minimum rest breaks (paid or unpaid), it is important, for both employers and employees, that all terms and conditions relating to hours of work are clearly stated in writing.

Notice Period

- Except for employees working on a fixed contract of employment, the minimum notice period to be given by an employer is, for the following periods of continuous employment:
 - A month or more but less than two years: at least one week's notice.
 - Two years or more but less than five years: at least two weeks' notice.
 - Five years or more: at least four weeks' notice.

Severance

- There is no legal requirement for employers to provide a severance payment to an employee who has been dismissed.
- However, employers can contractually agree to this.

13th Month

- 13th month pay is not mandatory in Gibraltar



Income Tax

- 'Principally resident' and 'solely resident' individuals are both liable to Guernsey income tax on their worldwide income.
- 'Resident only' individuals are either taxed on their worldwide income or alternatively taxed on Guernsey-source income and can opt to pay a set charge of GBP 30,000 in respect of non-Guernsey source income and no additional liability will arise on this income in Guernsey.
- The revised Guernsey-UK DTT (in-force from 1 January 2020 in respect of Guernsey Income Tax) has clarified that an individual electing to pay the standard charge remains liable to Guernsey income tax on his or her worldwide income.
- Tax is payable at the rate of 20% on net income after allowances
- It is possible for a Guernsey resident individual to elect for a cap on their income tax liability. Elections can be made for a liability cap of GBP 130,000 to apply for an individual or couple on non-Guernsey-source income, and the liability cap can be increased to GBP 260,000 if an election is made for the cap to apply to an individual or couples' worldwide income.
- Furthermore, an election for a liability cap of GBP 50,000 can be made for individuals who purchase open market property on the island in excess of GBP 1,500,000 in the year they take up permanent residence.
- The cap is applied to an individual or couples' worldwide income and is also available for the three consecutive years after the year of arrival.
- An encashment of a pension fund (i.e. both triviality payments and lump sum payments which are over the annual tax-free lump sum limit) which comprises Guernsey tax relieved pension contributions shall be excluded from the income tax cap from 1 January 2020.
- The annual tax-free lump sum limit for pensions schemes has been increased to GBP 203,000.

Income Tax Rate

Flat Rate

20%



Social Security

- Both employers and employees are subject to social security based on employees' gross earnings.
- Employees are subject to social security at a rate of 6.6% of their gross earnings, up to a monthly earnings limit of GBP 12,194 for 2019.
- Employers are subject to social security at a rate of 6.6% of gross earnings, up to a monthly limit of GBP 12,194 per employee per month.
- A self-employed individual is subject to social security at a rate of 11% of gross earnings, up to a maximum weekly contribution of GBP 309.54 for 2019.

Contribution	Employer	Employee	Self-employed
Social Security Contributions	6.6%	6.6%	11%



Deductible Expenses

Personal Deductions

- Mortgage interest is deductible subject to a limit of GBP 400,000 on an individual's principal private residence in Guernsey.
- There is a set cap on interest relief on a Guernsey principal private residence for individuals, which is GBP 8,000 (transferable between married couples or couples in civil partnership).
- The limit on relief will be reduced gradually every year until 2025, which will be the first year without tax relief.
- Furthermore, mortgage interest relief will be subject to withdrawal of GBP 1 for each GBP 5 of income above GBP 100,000.
- Pension contributions to Guernsey-approved schemes are also deductible up to GBP 35,000 and are subject to withdrawal in the same manner as mortgage interest for contributions above GBP 1,000.

Personal Allowances

- Guernsey residents are currently entitled to various personal allowances.
- These allowances are time apportioned for resident only, non-resident, and individuals who arrive in, or depart from, the island part way through the tax year.
- Furthermore, the allowances are subject to withdrawal at a rate of GBP 1 for each GBP 5 of income above GBP 100,000.

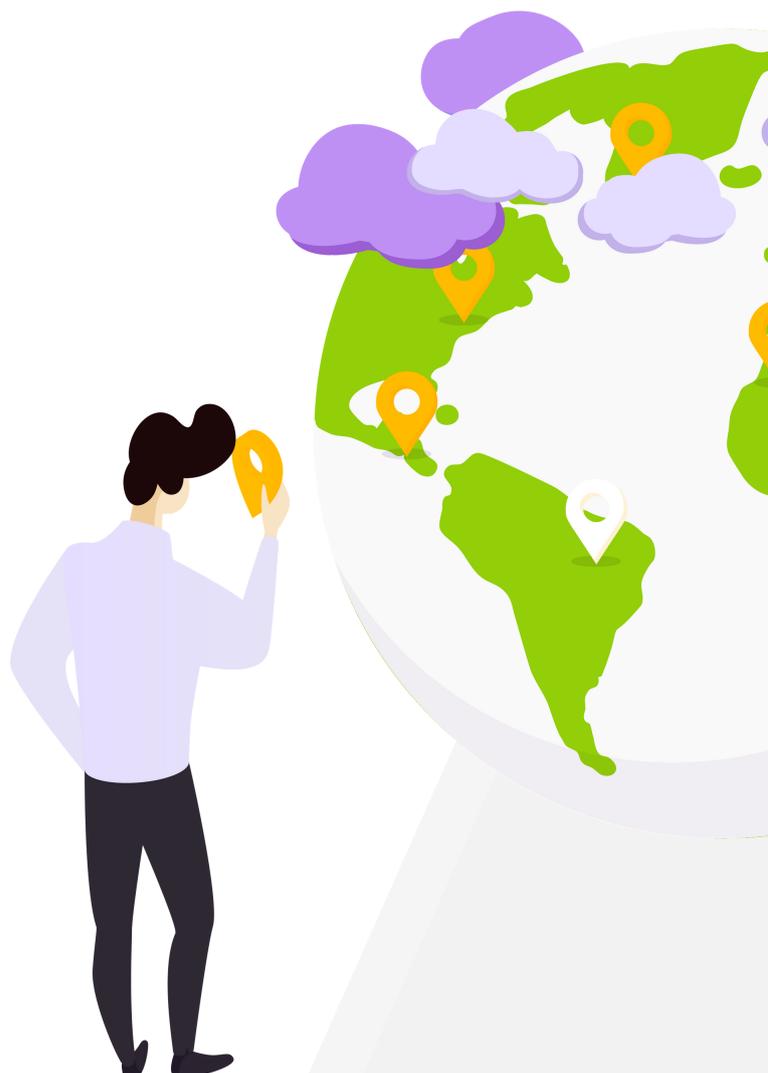
Allowances	2020 (GBP)
Single person	11,575
Single person aged 64 or over at the commencement of the year of charge	11,575
Dependent relative	3,750
Charge of children generally only available to lone parents (1)	3,750
Infirm person	3,750
Housekeeper	3,750

1. The charge will not apply in relation to children born after 31 December 2020.



Immigration

- The immigration rules require certain individuals to be granted a work permit in order to work in Guernsey.
- However, permit-free workers (who do not require a work permit) include the following:
 - British citizens
 - Nationals of member states of the European Economic Area (EEA) and Switzerland
 - Nationals who have permanent settlement (for example, indefinite leave to remain in the Common Travel Area) Guernsey has strict rules on who can live and work in Guernsey.
- In addition to the immigration requirements, a system of permits and certificates controls who can live and work in Guernsey
- Individuals working in Guernsey or anyone over the age of 16 need to hold a certificate or permit showing that they have permission to live and work there.
- Transitional arrangements apply to those who were already in Guernsey under the previous housing control system when the new rules came into force.
- Employment permits (previously referred to as a “right to work”) are granted to individuals who possess essential skills and experience that cannot be found locally.
- Most employment permits enable the holder to live and work in Guernsey for a fixed period of time but some people, because of their skills, are invited to live in Guernsey long enough for them and their immediate family to become permanent residents.
- Employment permits are conditional on the holder undertaking a specific full-time job for a specific employer.
- If this condition is broken, the permit becomes invalid.
- The employer makes the application for an employment permit.



Type of Visa/ Permits	Documentation	Validity	Eligibility
Short Term Employment Permit	<ul style="list-style-type: none"> • Copy of valid passport • Completed application form • Employment contract 	1 year (renewable if the job can't be filled locally) until the holder completes a combined period of five years residence	<ul style="list-style-type: none"> • Tied to working in a named role for a named employer. • Permit holder must live in shared Local Market housing but can't be the householder, or Open Market Part D. • Permit holders can't accommodate other people. • Issued for jobs where there are manpower shortages in Guernsey. • Must be full-time post (at least 35 hours a week).
Medium Term Employment Permit	<ul style="list-style-type: none"> • Copy of valid passport • Completed application form • Employment contract 	Maximum 5 years	<ul style="list-style-type: none"> • Tied to working in a named role for a named employer. • Permit holder can be a Local Market householder. • Permit holder can house their immediate family members. • Issued for jobs where there are skills shortages in Guernsey, but where skills are being developed locally or are not in short supply elsewhere. • Must be full-time post (at least 35 hours a week).



Type of Visa/ Permits	Documentation	Validity	Eligibility
Long Term Employment Permit	<ul style="list-style-type: none"> • Copy of valid passport • Completed application form • Employment contract 	Maximum 8 years	<ul style="list-style-type: none"> • Tied to working in a named role for a named employer. • Permit holder can be a Local Market householder. • Permit holder can house their immediate family members. • Issued for jobs where there are skills gaps in Guernsey and the skills needed are in short supply internationally. • Must be a full-time post (at least 35 hours a week).

*Documents are to be submitted by the employer. Specific information can be provided by contacting your employer.



Value Added Tax (VAT)

- Guernsey does not operate a VAT or goods and services tax (GST).

Withholding Tax

- Guernsey does not levy withholding tax on dividends, interest, royalties, or fees for technical services paid to a resident or nonresident
- There is no branch remittance tax



Termination

- Generally, there are three forms of dismissal:
 - Standard dismissal of a full-time employee by the employer which can be with or without notice, oral or written.
 - Expiry of a fixed term contract.
 - Constructive dismissal where the employee terminates the employment contract, with or without notice, by reason of the employer's conduct.
- There are a number of reasons for an appropriate dismissal, including:
 - The employee's lack of capacity, either in terms of skills or qualifications (academic or technical) or in terms of health.
 - The employee's conduct.
 - Some other substantial reason, for example, a business reorganization.
 - Redundancy (in one of three forms: business, place of work and employee redundancy).
- Except for employees working on a fixed contract of employment, the minimum notice period to be given by an employer is, for the following periods of continuous employment:
 - A month or more but less than two years: at least one week's notice.
 - Two years or more but less than five years: at least two weeks' notice.
 - Five years or more: at least four weeks' notice.
- There is no legal requirement for employers to provide a severance payment to an employee who has been dismissed.
- However, employers can contractually agree to this.

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include maternity leave, maternity support leave
- Statutory benefits also include social security benefits

Statutory Benefits

Maternity Leave

Maternity Support Leave

Social Security Benefits





Payments and Invoicing

- All income is assessed on a current-year basis.
- The tax year runs from 1 January to 31 December.
- Income tax is levied by assessment based on the taxpayer's tax return.
- Tax is deducted from earned income of employed individuals during the year through the ETI scheme.
- Employed individuals make payments on account during the year through the ETI scheme and a final balancing payment or repayment may be due following the assessment.
- All other taxpayers make two payments on account based on an estimated assessment issued generally around May of each year.
- The two equal tax installments are due on 30 June and 31 December of the tax year.
- A balancing payment or repayment is due following the issuance of a final assessment.
- In general, a Guernsey resident making a payment of Guernsey income (excluding bank interest) to a person resident outside Guernsey is regarded as the agent of the nonresident.
- The agent may be assessed instead of the nonresident and, consequently, the agent may withhold income tax at a rate of 20% from the payment and remit it to the tax authorities.
- However, this rule does not apply if the recipient is resident in Jersey or the United Kingdom, receives the payment as business income and does not have a permanent establishment in Guernsey.

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