

Guernsey Budget – Calendar Year 2024

Personal Tax Allowances

The personal tax allowance is going up by £875 to £13,900, an inflationary increase of 6.7%. Other allowances are also increasing by 6.7% to allow for inflation.

Personal tax allowances are withdrawn for high earners and the threshold at which this starts to happen has been reduced from £90,000 to £80,000. However, pension contributions of up to £2,500 are protected, up from £1,000.

Mortgage Interest Relief

The gradual reduction on mortgage interest relief for principal private residences has again been paused. A maximum of £3,500 interest relief can be claimed per borrower for 2024. Assuming the tapering resumes in 2025, the maximum relief will be £2,000 for 2025, £1,000 for 2026 and withdrawn completely from 2027.



Tax relief for mortgage interest incurred on buy to let property is also being reduced over time and this is continuing as planned. 50% of the interest paid in 2024 will be deductible from the net taxable rent, reducing to 25% in 2025 and 0% from 2026 onwards.

Tax Caps

The tax cap has increased from £150,000 to £160,000 for those that pay the cap on their non-Guernsey source income and from £300,000 to £320,000 for those that pay the

cap on their worldwide income (excluding Guernsey property income which continues to be taxed on top of the cap).

The Alderney tax cap for new residents arriving in Alderney from outside the Bailiwick has increased from £50,000 to £65,000.



The open market tax cap has increased from £50,000 to £60,000. This cap now also includes cases where the open market property purchased was held within a company, which means that the document duty would have been paid indirectly via anti-avoidance measures.

Social Security Rates

Contribution rates are continuing to rise in line with the previously published 10 year plan.

- Class 1 employer from 6.8% to 6.9%
- Class 1 employee from 7.0% to 7.2%
- Class 2 self-employed from 11.6% to 11.9%
- Class 3 non-employed under pension age from 11.0% to 11.3%
- Class 3 non-employed over pension age from 3.6% to 3.7%

Employers

The provision of bicycles (including electric bikes), mileage rates paid to employees for using their own bikes and bus passes are to

be added to the list of tax exempt benefits in kind.



The obligations on employers to enrol their employees into a pension scheme and make contributions will commence in 2024.

Starting with 2% minimum contributions of which at least 1% must be paid by the employer, the percentages will rise gradually over 9 years to 10% and 3.5% respectively. There will be a phased introduction for different sized employers, starting in July with employers that have 26 or more staff.



Investment Companies

Companies receiving investment income have been, up to now, taxed on that income on a calendar year basis. If the company draws up accounts to a non-December year end, it can complicate matters.

From 2024, investment income received by companies will be taxed based on the accounting year instead to bring investment income in line with trading income.

Tax Return Deadline

The tax return filing deadline has been extended for the last couple of years, but this is to now return to the original 30 November deadline. The deadline for the submission of the calendar year 2023 tax return will be 31 January 2025 but, after that, it will return to the original 30 November deadline.



Online returns for calendar years 2024 onwards will be made available from 1 February, one month after the end of the relevant year.



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