

Remote Working and Guernsey Tax

Guernsey Employers of Foreign Workers

Non-Guernsey residents are only taxed on their Guernsey source income. For a non-resident employee of a Guernsey business, the employment income they earn whilst physically here is a Guernsey source.

The strict interpretation of the tax law is that, if just one day is spent working in Guernsey, this must be reported to the Guernsey Revenue Service (“GRS”) with an appropriate deduction of tax. A proportion of the personal allowance reduces the amount of income that is taxable.

However, the GRS have acknowledged that this can sometimes be administratively burdensome often with little or no Guernsey tax to pay where the number of days spent working in Guernsey is minimal.

The GRS have set out concessionary treatment that can be applied by employers in this situation. Where a non-Guernsey resident employee works in Guernsey for five days or less in a calendar month, it will not be necessary for them to calculate and remit any Guernsey tax due. If, over the calendar year, the number of Guernsey work-days exceeds 30, the concession is removed and tax would need to be paid.

Employers must ensure that they have fulfilled their employer obligations in the country of residence of their employees. This may involve registering as an employer and deducting tax and Social Security or National Insurance contributions in that jurisdiction.

If the remote worker is resident in the UK, the employer can operate a Pay As You Earn (“PAYE”) scheme. However, there is no obligation to do so unless they have a permanent establishment in the UK. If they do not, the employee is usually required to take on the responsibility to report and pay their own tax and National Insurance Contributions under a direct pay scheme.

The employer is likely to also have an obligation to auto-enrol UK based employees into a workplace pension.



Guernsey Employees of Foreign Businesses

Non-Guernsey businesses have no legal obligation to register under the ETI scheme. However, the GRS recommends they do.

The GRS cannot enforce the payment of the employer’s Social Security contributions by a non-Guernsey business. However, if it is not paid, it can affect the employee’s contribution record and therefore their entitlement to pension and other benefits.

The employee can operate their own payroll and ETI submissions where the employer has agreed to this. The employer, in this scenario, would pay the employee their gross salary plus employer’s Social Security contributions.

The foreign employer will need to comply with the secondary pensions rules for their Guernsey based employees and auto-enrol them if they meet the criteria.



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