

PROPERTY TO BE EXEMPTED FROM LIABILITY FOR TAX ON REAL PROPERTY (TRP)

- Property used principally for public worship.
- Cemeteries used fully for the internment of human remains under any enactment for the time being in force.
- Public and private roads, including carriageways, shared driveways, verges, footpaths and public car parks that are not attached to States premises for use principally by staff and/or clientele.
- Quays and breakwaters of harbours.
- Airport 'airside' e.g. runways, taxiways and aprons.
- Moveable site structures and installations put in place for the duration of civil engineering or construction works or some other similar temporary purpose.
- Property, (built and land), that is principally for open community use other than when leased in part or entirety to a third party for commercial use.
- Such other property as it is deemed by the Treasury & Resources Department should be exempt from TRP charges, having due regard for equity and reasonableness.
- Land and buildings held by the National Trust and La Societe Guernesiaisie other than when leased in part or entirety to a third party for commercial use.
- Land areas in the process of reclamation, however liability to TRP will commence from the date when formal planning development permission is granted.

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QUESTIONS AND ANSWERS

Will there be any direct correlation between the old TRV and new TRP values?

No. Unit values introduced by TRP will be measured using a completely different methodology. The concept of Rateable Value for properties will cease in 2008.

How will the new rating system impact on other rates that I pay?

Currently, the Parishes use property Rateable Values in their assessment of Occupier's and Refuse Rates. Similarly, Guernsey Water also uses Rateable Values in the assessment of water charges for its un-metered customers. **However, the introduction of TRP represents only a change in measurement methodology and the introduction of property unit values under the TRP system will simply change the basis used to calculate the relevant charges.** Increases in your Occupier's Rates, Refuse Rates or water rates will continue to be determined by your Parish or Guernsey Water.

When will I know how much I am going to pay under the system?

TRP will introduce the concept of unit values, replacing the current rateable values. Unfortunately, it is not possible at this stage to say exactly how much tax property owners are likely to pay in 2008, because taxation tariffs will be decided, as in previous years, as part of the annual Budget process in November. **However, indicative increases of 25% for domestic properties and a doubling of commercial properties, on the 2007 tariffs, are being discussed by the States as part of its on-going fiscal and economic strategy.**

Do I need to do anything now?

No. Property owners will be notified of their new unit values once measuring work has been completed in September 2007 and the new TRP Values have been calculated and recorded for all land and buildings.

What is being done to help reduce the impact of higher bills?

The Treasury and Resources Department will be working with the Social Security Department to ensure that financial assistance with their TRP bills is available to those who need it. It is also being proposed to issue quarterly TRP bills from 2008 onwards. **Because tariff increases for domestic properties are likely to be modest, it is anticipated that financial support for domestic property owners will be by exception.** In addition, the Treasury and Resources Department recently introduced a facility for property owners to pay their Cadastre bills by Direct Debit, over 4 quarterly instalments.

With the exception of any tariff increase, what other effects will the new system introduce?

Whilst any increase in the amount of Tax on Real Property paid by property owners is, as in previous years, driven by the annual Budget process, the new system will remove any subjectivity and also update property measurements, bringing all properties on an equal footing in regards to size/plan area.

What do I do if I have a query regarding the unit value assigned to my property?

Please contact the States Cadastre at the address detailed below.

What do I do if I have a bill/payment query?

Please contact the States Treasury at the address detailed below.

How can I find out more information?

A public presentation is planned for Thursday, 21st June at the Beau Sejour Leisure Centre, commencing 1900.

CONTACTS

States Cadastre	on	01481 721239,	e-mail
cadastre@gov.gg			
States Treasury	on	01481 717003,	e-mail
recoveries@gov.gg			

CONTAINS IMPORTANT INFORMATION FROM THE STATES OF GUERNSEY

TAX ON PROPERTY IN THE BAILIWICK

INTRODUCTION

At its July 2005 meeting, the States authorised the Treasury and Resources Department to conduct a review of the way land and buildings in the Bailiwick are measured for taxation purposes and at their meeting in March 2006 the States approved the Department's proposals to introduce a Tax on Real Property system to replace the existing Tax on Rateable Values system.

CURRENT SYSTEM OF MEASUREMENT

The current system of rating property for taxation in Guernsey dates back to 1947 and in the case of Alderney to 1949. These allow for the assessment of the Annual Rental Value of a property, which at the time was deemed to be a fair level of rent chargeable for the property. The Rateable Value is derived from the Annual Rental Value and a property taxation tariff is applied as part of the annual States budget process.

WHY IS CHANGE NECESSARY?

The current system of taxing properties using Rateable Value has become very complex, subjective (and hence potentially unfair) and, as a consequence, inefficient to administer and not easily understood by property owners. The current system of measurement also relies heavily on the need for the internal inspection of properties, which the Department feels is invasive and not the most appropriate use of available resources.

The Fiscal and Economic Policy Steering Group, formed in 2004 with a mandate to oversee the development of a long-term fiscal and economic strategy for Guernsey, identified property taxation, **particularly in respect of commercial properties**, as a vehicle for the collection of additional revenue, but to do so it is essential for all property to be measured using an equitable, consistent and transparent system.

MAIN FEATURES OF THE NEW SYSTEM

The principle aims of the new Tax on Real Property system is to introduce simplicity, transparency and equity to enable objective comparisons of the assessed unit values of one property to another. The new system will remove existing subjectivity, with all properties across the Bailiwick being measured using the same methodology, moving to an objective measurement of realty.

The consequences of the introduction of Tax on Real Property will mean that the concept of rental value will cease, with the measurement of internal areas of properties being by exception, rather than being the rule. Internal features such as plumbing/bathroom fittings, central heating, connection to the main drain etc. together with location will have no bearing on property measurements or unit value and therefore property taxation.

Wherever possible, properties will be measured by plan view, negating the need for complex and time consuming internal inspection. One square metre of area equates to one unit value. The range of property categories is to be extended to allow the States greater flexibility to manage the impact of future taxation tariffs in a more focussed and responsive manner.

WHAT WILL BE THE EFFECTS OF THE CHANGE?

Property owners will notice the following key changes:

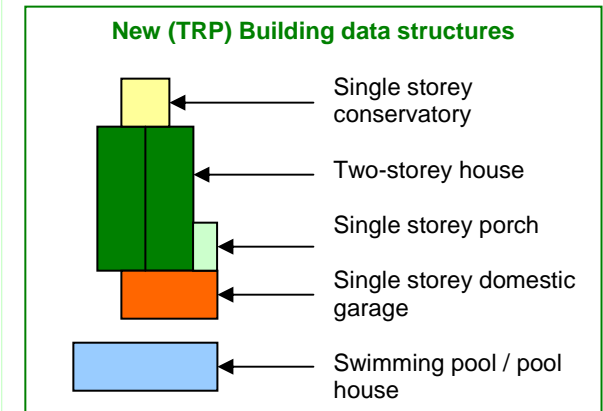
- In the vast majority of cases, properties will be measured by the plan view, with a multiplier being applied for each storey (see note below). For habitable roof space, a 50% multiplier will be applied to the plan view.
- Internal features, such as plumbing/bathroom fittings, central heating etc. and connection to the main drain, will not form part of the unit value assessment
- A greater number of property categories will be introduced, achieving a greater understanding of property usage.
- The level of allowance for domestic land is to increase significantly, with the first 1,650 square metres (1 vergée) of land being excluded from TRP.

NOTE

'Plan view' is a scale representation of the horizontal top view or section of a structure, or a floor layout of a building and shall be derived from:

- (1) for buildings:
 - (a) for buildings measured internally, measurement of the floor line edge of the interior walls
 - (b) for buildings measured externally, measurement of the edge of the roof line
- (2) for land: the measurement of the plan view (horizontal area) of a defined land parcel

Methodology of measurement



- Detached outbuildings of less than 10m² within the Cadastre land parcel are exempt.
- Flats will be assessed on a pro-rata basis using the formula to compensate for communal and/or circulation areas, internal walls and roof overhangs

$$\frac{\text{Internal area of the flat} \times \text{Unit value of the 'whole dwelling'}}{\text{Internal area of all flats}}$$

TIMESCALES

The project to implement the new Tax on Real Property system commenced in the spring of 2006, with a target date for completing the measurement of all properties by September this year. The new unit values will therefore be introduced for taxation purposes for the 2008 year of charge. This will be done in November of this year as part of the States debate on the 2008 Budgets.