

## ADDENDUM

### **Amended Ordinances, updated Reports and Late Papers for the Michaelmas Meeting of Chief Pleas – 30<sup>th</sup> September 2015**

1. Due to revised budget figures it has been necessary to provide amended copies of The Financial Provisions (Variation of Rates) (Sark) Ordinance, 2015 and The Direct Taxes for 2016 (Sark) Ordinance, 2015 and an update to the Report at Item 8 of the Agenda. Remove and destroy the previously circulated versions of the above mentioned Ordinances and replace with the Amended Appendix 2 and 3 respectively and insert the updated Report to accompany the Report at Item 8.

2. In accordance with the Shipping Committee Report at Agenda Item 16 please find attached the additional late paper to accompany that Report.

18 September 2015

Lt Col RJ Guille MBE  
President of Chief Pleas

Note 1. The government website has been updated to incorporate the new material in accordance with paragraphs 1 and 2 above.

Anyone wishing to see the Addendum and supporting papers may do so at the Committee Offices, Monday – Thursday, between 2.30pm and 5.00pm and at other times when the offices are open; copies may be obtained from the Committee Office. The Addendum, Agenda, Reports and Supporting Papers may also be seen on the Sark Government Website at [www.sark.gov.gg](http://www.sark.gov.gg)

## **ITEM 8 (Update)**

### **FINANCE AND RESOURCES COMMITTEE**

Report with proposition to Michaelmas Chief Pleas, 30<sup>th</sup> September 2015

## **UPDATE TO THE 2016 BUDGET AND TAXATION AND FINANCIAL PROVISIONS REPORT**

Attached to this Update are two amended Appendices which are to replace **Appendices 2 and 5** in the Report in the published Agenda for Michaelmas Chief Pleas 2015.

**Appendix 5 (Amended): The Direct Taxes for 2016 (Sark) 2015, Ordinance** has no material change but is the finalised Ordinance which is to be considered for approval under **Proposition 2** of the Report.

**Appendix 2 (Amended): The Financial Provisions (Variation of Rates) (Sark) Ordinance, 2015** has been updated in one respect:

- In Section 1.(d), the text: **£1.10 per person (from 1<sup>st</sup> January 2016)** has been replaced by: **£1.05 per person (from 1<sup>st</sup> January 2016)**.

This change is made following the consultation with the Isle of Sark Shipping Co. Ltd. (IoSS) referred to in the Report. It was requested that the increase be restricted to 5 pence, which it was felt could be absorbed into costs without a fare increase. The Company Directors asked that the increase be imposed in two stages, 5p next year and a further 5p in 2017.

Therefore **Proposition 5** is to be modified to: **That the Sark Poll (Landing) Tax be increased to £1.05 per adult for the year 2016.**

**The result of this change** is that the proposed Poll Tax income for 2016 will be reduced by £2,500; to £52,500. This affects some figures in **Appendix 1**. The changes are as follows:

On Page 3 (Appendix 1) in the **2016 Budget Column**, Poll Tax changes to £52,500. The total at the bottom of that column reduces from £1,346,000 to £1,343,500 which is the new predicted income for the Year 2016.

This figure then also replaces £1,346,000 in the **2016 Budget Column** on Page 2 and to balance this against the **Expenditure figure of £1,340,079**, the **Budget Surplus** figure is also reduced by £2,500 to **£3,421**.

Apart from the changes above, all other matters within the Report and the other Propositions included remain the same as originally published.

**Conseiller Robert Cottle**  
**Chairman, Finance and Resources Committee**

**The Financial Provisions (Variation of Rates) (Sark)  
Ordinance, 2015**

**THE CHIEF PLEAS OF SARK**, in pursuance of their Resolution of the 30<sup>th</sup> September, 2015, and in exercise of the powers conferred on them by section 2 of the Financial Provisions (Sark) Law, 1978<sup>a</sup>, hereby order:-

**Variation of landing tax.**

1. In the First Schedule to the Financial Provisions (Sark) Law, 1978 –
  - (a) delete "and", and
  - (b) for paragraph (c) substitute -
    - "(c) £1.00 per person (from 1<sup>st</sup> January, 1994 until 31<sup>st</sup> December, 2015); and
    - (d) £1.05 per person (from 1<sup>st</sup> January, 2016).".

**Repeal.**

2. The Financial Provisions (Variation of Rates) (Sark) Ordinance, 1991 is repealed.

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<sup>a</sup> Ordres en Conseil Vol. XXVI, p. 480; Vol XXXIII, p. 168 Order in Council No. XXIX of 2001; No. III of 2007; No. XV of 2013.

**Interpretation.**

3. (1) The Interpretation (Guernsey) Law, 1948<sup>b</sup> applies to the interpretation of this Ordinance.

(2) Any reference in this Ordinance to an enactment is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied.

**Citation.**

4. This Ordinance may be cited as the Financial Provisions (Variation of Rates) (Sark) Ordinance, 2015.

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<sup>b</sup> Ordres en Conseil Vol. XIII, p. 355.

**The Direct Taxes for 2016 (Sark)  
Ordinance, 2015**

**THE CHIEF PLEAS OF SARK**, in exercise of the powers conferred upon them by sections 1(1), 2(2), 7(a) and (i), 8(2), 10(a), (b), (d) and (h) and 20, of the Direct Taxes (Sark) Law, 2002, hereby order:-

**Imposition of direct taxes for 2016.**

1. In order to raise revenue towards financing the budgeted cost of public purposes which Chief Pleas have resolved should be provided or undertaken, there are hereby imposed for the financial year ending on 31<sup>st</sup> December 2016 -

- (a) property tax; and
- (b) personal capital tax,

in accordance with the Law, the General Provisions Ordinance and this Ordinance.

**General rates of property tax for 2016.**

2. (1) The rates of property tax for 2016 are -

- (a) in respect of dwellings, £14.00 per quarter;
- (b) in respect of domestic outbuildings, £14.00 per quarter;
- (c) in respect of tourist or guest accommodation, £14.00 per quarter;
- (d) in respect of other commercial buildings, £14.00 per quarter;

- (e) in respect of agricultural buildings, including hay barns, £14.00 per quarter;
- (f) in respect of open land, £ Nil per quarter.

(2) If a designation has been assigned to any land, building or part thereof in the Cadastre in accordance with the General Provisions Ordinance, that designation determines the classification of that land, building or part thereof for the purposes of this section.

**General rate of personal capital tax for 2016.**

3. Subject to sections 4 and 5 of this Ordinance, the rate of personal capital tax for 2016 payable by an individual who does not make an election in accordance with section 8(2)(b) or 8(2)(c) of the Law is 0.30 % per pound of that individual's net capital assets.

**Minimum and maximum personal capital tax for 2016.**

4. (1) The minimum personal capital tax payable by an individual for 2016 is, subject to sections 5 and 6 of this Ordinance and section 10 of the General Provisions Ordinance, £300.00.

(2) The maximum personal capital tax payable by an individual for 2016 is £ 6,400.00.

**Age and infirmity relief.**

5. (1) This section applies to an individual who -

- (a) is aged 69 years or above on 31<sup>st</sup> December 2015, or
- (b) on 1<sup>st</sup> January 2016 holds a certificate stating that in the opinion of the Sark Medical Officer of Health he is permanently unfit to undertake gainful employment.

(2) An individual to whom this section applies is not liable to pay

any personal capital tax for 2016 if the value of his net capital assets is £150,000 or less.

**Other relief.**

6. (1) This section applies to an individual who is aged under 69 years on 31<sup>st</sup> December 2015 and is liable to pay property tax as possessor of real property which is his principal dwelling.

(2) An individual to whom this section applies is not liable to pay any personal capital tax for 2016 if the value of his net capital assets is £100,000 or less.

**"Forfait" factor for 2016.**

7. For the purpose of making the calculation required in the case of a person who makes an election in accordance with section 8(2)(b) of the Law, the factor prescribed for 2016 is a factor of 2.0.

**Deferred and instalment payments.**

8. Notwithstanding section 13(2) of the Law, an individual may elect in writing, at the same time as delivering to the Assessor his own declaration and calculation of the direct tax(es) which he is liable to pay, or within 14 days of service upon him of an assessment under section 14 of the Law, to pay his property tax and/or personal capital tax for 2016 -

- (a) in one lump sum, and less a discount of 2.5%, on or before 28<sup>th</sup> January 2016;
- (b) by four equal payments, on or before 28<sup>th</sup> January, 28<sup>th</sup> April, 28<sup>th</sup> July and 28<sup>th</sup> October 2016; or
- (c) by not more than nine equal monthly payments commencing on or before 28<sup>th</sup> January 2016.

**Interpretation and construction.**

9. (1) In this Ordinance -

"**2016**" means the financial year ending on 31<sup>st</sup> December 2016;

"**employment**" includes self-employment;

"**the Law**" means the Direct Taxes (Sark) Law, 2002;

"**the General Provisions Ordinance**" means the Direct Taxes (General Provisions) (Sark) Ordinance, 2003;

and other words and expressions used in this Ordinance have the same meanings as they have in the Law.

(2) This Ordinance, the General Provisions Ordinance and the Law are to be construed as one.

**Citation.**

10. This Ordinance may be cited as the Direct Taxes for 2016 (Sark) Ordinance, 2015.



## **ITEM 16 (Update)**

### **FINANCE & RESOURCES and SHIPPING COMMITTEES**

Update Report with propositions to Michaelmas Chief Pleas 30<sup>th</sup> September 2015

### **EXECUTIVE AND NON-EXECUTIVE DIRECTORS IOSS - REMUNERATION**

Further to the Report issued in the Michaelmas Chief Pleas Agenda (Item 16) regarding the recruitment of Executive and Non-Executive Directors to the Board of Isle of Sark Shipping Company Limited (IOSS), interviews have taken place and candidates have been selected as being suitable for the roles.

We were very pleased that a good number and range of applications were received and that the candidates interviewed were of high quality and had much to offer.

Following consideration of the experience and skills required and what each candidate could bring, it was decided that the requirements of the Company could be best filled by appointing four Non-Executive Directors (NEDs), including the current NED, Mrs Julie Mann and two Executive Directors (EDs).

At the time of writing this, the offers of appointment are in the process of being made. The names and details of the proposed new Directors therefore cannot be confirmed at present. Further information will be made available as soon as possible.

In order to appoint the new Board under the terms of the Memorandum of Understanding (MOU) between IOSS and Chief Pleas, the names are required to be brought to Chief Pleas with the recommendation of the Shipping Committee and with the agreement of the existing Directors and the Finance and Resources Committee. That has been covered in Item 16 of the Agenda.

Further to that, there is also the requirement in the MOU that Directors fees are approved by Chief Pleas, particularly any increases. Therefore the fees associated with the appointment of the new Directors require approval.

It is proposed that the four NEDs would receive a gross annual fee of £3,000 each, a total of £12,000.

One full time ED is proposed, the fee being £40,000 per annum, together with a second part-time ED at a fee of £11,000, both on a PAYE basis. Both fees will be subject to employers' social insurance contributions (6.5%). This is a total requirement to be paid by IOSS of £63,000 per annum plus employers' social insurance (SI) contributions. (£66,315 total)

The current situation regarding remuneration is that the Executive Director receives £37,300 on a PAYE basis, the NED is unpaid and the Caretaker Manager/ Reviewer is receiving £40,000 p.a. during the period of the Review. The current total is £77,300 plus social insurance, therefore the proposed six appointments have a lower total than the current fees for Directors and Management.

However there will be an overlap between the new appointments and the Review so that in the next IOSS financial year, commencing October 1<sup>st</sup> 2015, there will be a requirement of £20,000 for the final six months of the Review and £63,000 plus relevant SI contributions for Directors Fees, (total £83,000 plus NI contributions). That can be budgeted for by IOSS but requires approval from Chief Pleas as a one-off increase. That is an extra £5,700 next year, but will be succeeded by a future annual decrease of a currently estimated £14,300.

**Proposition –**

That the fee for an Executive Director of £40,000 p.a. and the fee for a part-time Executive Director (Finance) of £11,000 p.a. be approved (subject to employers' social insurance contributions).

**Proposition -**

That fees for four Non-Executive Directors are approved, each with a gross annual fee of £3,000.

**Proposition –**

That a total expenditure of £83,000 (plus social insurance costs) by the Isle of Sark Shipping Company Limited is approved for the year commencing Oct 1st 2015 for the fees of Directors and the fee for the remaining duration of the Review.

**Conseiller Robert Cottle  
Chairman, Finance and Resources Committee**

**Conseiller Karen Adams  
Chairman, Shipping Committee**