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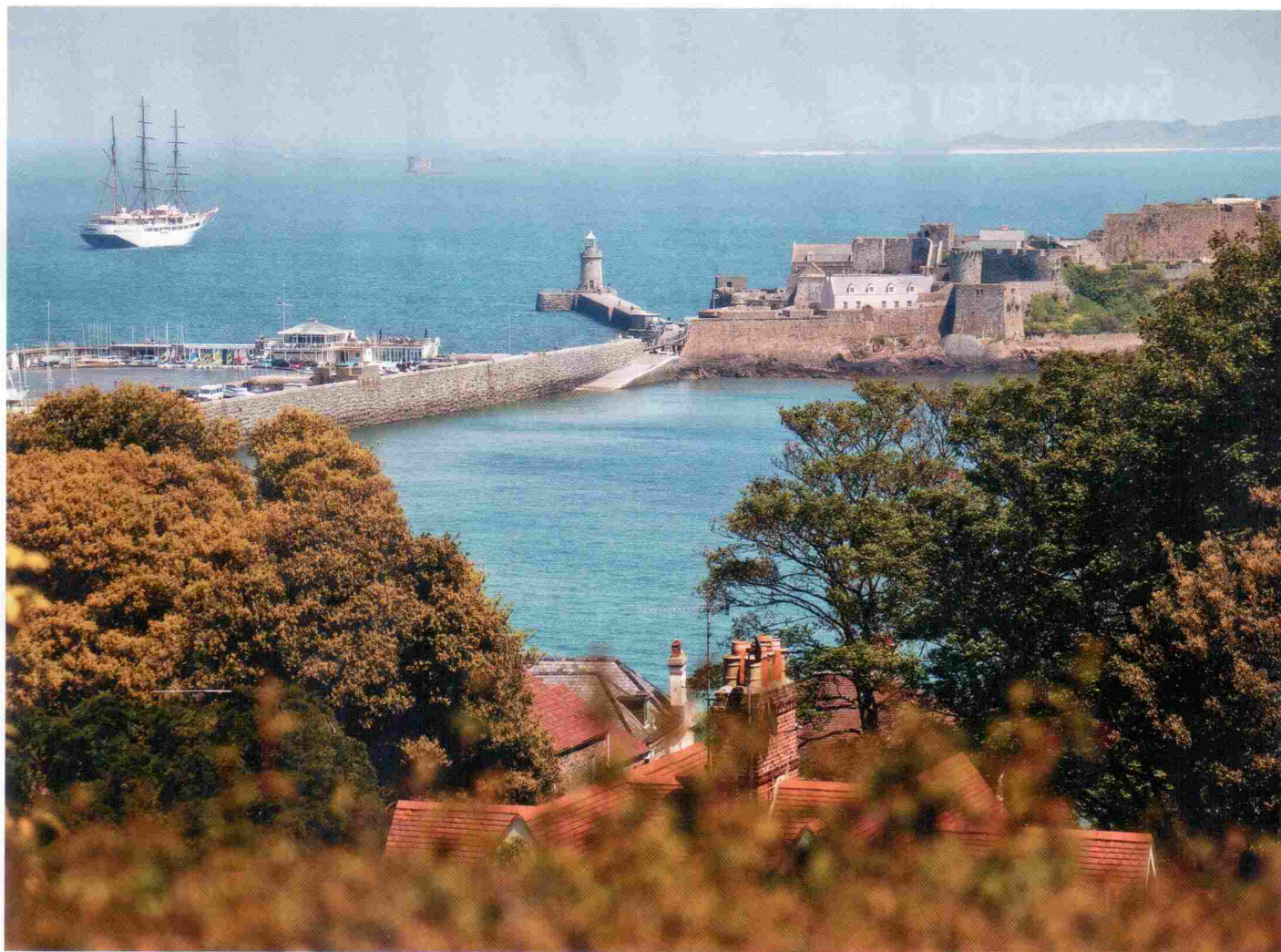
Glorious Guernsey

Stairway to heaven:
how to move to Guernsey

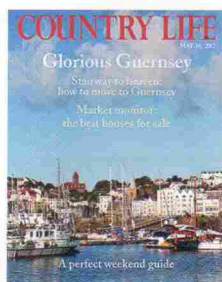
Market monitor:
the best houses for sale



A perfect weekend guide



Guernsey 2012



St Peter Port, Guernsey
(Chris George/Visit Guernsey)

Island life: who could resist the view looking out over the harbour at St Peter Port, past Castle Cornet, toward tall ships and Herm in the background?

THE speed limit says it all—life progresses at a sedate 35mph in Guernsey. The climate is generous: warmer in winter than mainland Britain and sunnier in the summer. And it's familiar and yet has its own personality. In 1951, Desmond Hawkins wrote that it had 'the atmosphere of foreignness without the inconveniences'. Locals argue that the essence hasn't changed much since then.

The discriminating market means that there are no chain restaurants, theme parks or amusement arcades. Fast-food Guernsey-style is fresh fish and seafood bought from kiosks and cabins and eaten alfresco (for recommendations of where to do this, see **page 60**). The island, which is often likened to a wedge of cheese in shape—sloping from 300ft-high cliffs in the south to the beaches in the flat west and north—is extremely pretty. The interior landscape is dotted with pink and blue granite cottages sitting among sub-tropical gardens, and fishermen bob in the turquoise water in the many bays that necklace along the north-east coast.

It's one of the few remaining places in southern Britain where people don't bother to lock their doors and windows when they go out and the lanes that criss-cross the 24-mile-wide island are filled with honesty boxes in hedges from which you can buy an array of produce. 'If I had to move tomorrow, I'd sorely miss the beauty, tranquility and friendliness and safety of the islands,' says Chris Lovell, a long-term resident. 'And I'd miss a walk with our dogs along the cliffs at Pezeries Point or the walk around the reservoir at sunset and sunrise.'

It's these charms, among others, that attract newcomers to the island each year—the key to doing this successfully is to understand how the system works before packing your bags, recommends Cheryl Markosky on **page 42**. Once those boxes have been ticked, then the next step is to decide where and what to buy, so let Holly Kirkwood (**page 46**) be your guide to what's available on the open market this summer.

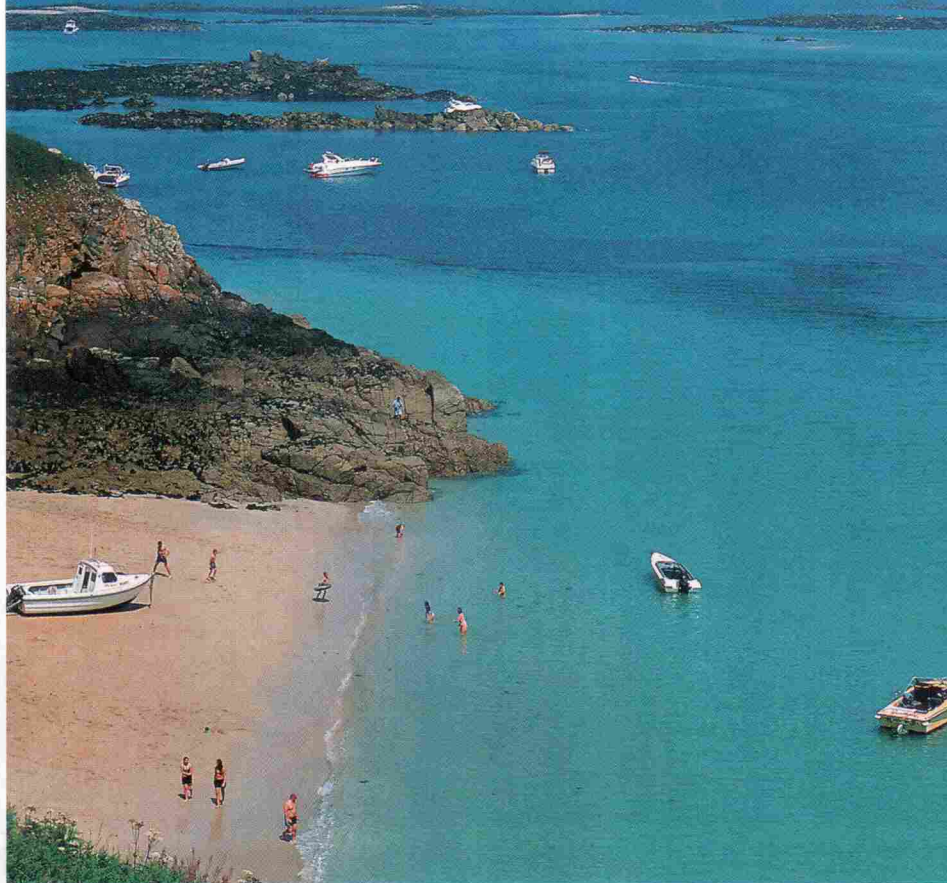
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One step at a time

Moving to Guernsey can be painless with help from those in the know, says Cheryl Markosky



Move to Guernsey and enjoy perfect blue sea and golden sand at Belvoir Bay, Herm

SUBSTITUTING one island for another need not be a complex operation and Britons who've relocated to the Bailiwick of Guernsey say the trick is to understand how the place operates before decamping to it with your family.

Tax and entry requirements

It's a myth that Guernsey's a tax haven. 'It's tax-friendly,' according to Helen Green from chartered accountants Saffery Champness (01481 721374, www.saffery.gg). 'You do pay tax, but at a lower rate.' Income Tax is capped at 20%, and there's no VAT, Inheritance or Gift Tax. And in 2006, Guernsey's parliament introduced a zero tax rate on company profits (except 10% for certain banking activities) and capped personal tax at £250,000. Unlike Jersey, there are no entry requirements and residency is determined by the number of days (or 'midnights', to be precise) spent on Guernsey annually. 'If you're going offshore, ensure you sever all ties with Britain,' cautions Peregrine Pole-

Carew from Schrodgers Private Bank (01481 703700, www.schrodgers.com/ci). 'If you still have your golf-club membership, children in school, and your wife—or even dog—living back in Britain, Her Majesty's Revenue and Customs could assume you're still a British resident, therefore scuppering tax plans.'

Property

Although anyone can buy a Guernsey property, not everyone can occupy it under a system of 'open' and 'local' markets. About 1,600 of the 22,000 island properties are freely available on an open register, but the local equivalent is for locals and housing licence holders (for essential workers) only. Open market homes include most of Guernsey's larger properties, costing about 30% more than locally designated property and on a par with London prices. Richard Hardie, from boutique agency Livingroom (01481 233008; www.livingroom.gg), suggests the capital St Peter Port and St Martin for Georgian property, and Jo Stoddart, from

County Homeseach (01481 257200; www.county-homeseach.co.uk) declares: 'There's an element of snobbery about the west coast, with sunsets to die for.' Of the 10 parishes, upper cliffside sectors are also coveted.

Legalities

With Norman French influences, the majority of the island's common law is based on the UK legal system. 'Forced heirship rules have just been done away with,' explains Jason Morgan from law firm Carey Olsen (01481 741563, www.careyolsen.com). 'Now, you can leave your real and personal property to whomever you like.' When a property offer is accepted, you sign conditions of sale. 'It concentrates the mind, but you're not in a headlong rush as the process to completion takes about a month. The estate agents hold the buyer's deposit [typically 10%], and if the purchaser defaults, the deposit is awarded to the seller,' adds Mr Morgan. Title deeds aren't in a registered central database (like in the UK), and legal fees are similar to London rates.


Egalitarian society

Guernsey's not just full of rich people and is 'less showy' than Monaco and not 'as Home Counties as Jersey', suggests Mr Hardie. 'You could be sitting next to a man in a T-shirt and flip-flops, not knowing he's worth £300 million.' So unpretentious is the place that the owner of a large estate on the south side was once mistaken for the gardener, adds Shauna Clapham of agent Swoffers (01481 711766, www.swoffers.co.uk). 'If you're worried about status, don't come here.'

Lifestyle

The crime rate's low, people don't lock doors and leave keys in their cars. There's one roundabout and three sets of traffic lights on an eight-mile by five-mile island with a population of about 65,000. 'You won't believe the amount of leisure time islanders get,' says Mrs Stoddart. 'They often pop home for lunch, finish work at 5.30pm and are on the beach by 6pm. Sporting facilities for football, cricket and sailing are fantastic', as are facilities for the Arts, including the award-winning Les Chansonelles ladies choir and regular concerts.

Accessibility's good, too—'it doesn't matter where you live, as everything's minutes from everything else,' Mrs Stoddart adds. Equally, don't be put off by the water. 'It's quicker to get to London from Guernsey than from Manchester. People don't think twice about hopping on a plane to Gatwick at 7am to be in London before 9am,' says Mrs Clapham.

'It's a very real place that took me a bit by surprise,' sums up Savills International's Charles Weston-Baker (020-7016 3740; www.savills.com). 



Castle Carey is the most prestigious property for sale on the island, through Cooper Brouard (01481 236039), at £16 million

Unlocking Guernsey's doors

An exceptional variety of architectural styles can be found on the open market in Guernsey.

Holly Kirkwood finds out what's in store for a buyer on the island today

DESPITE lying 70 miles off the UK mainland and just 30 miles from France, the small island of Guernsey (whose Bailwick includes Sark, Herm, Alderney, Jethou, Brecqhou, and Lihou) remains loyal to Britain: local currency is Sterling and one drives on the left. Part of neither the UK nor the EU, the island's reputation for privateering in days gone by has been replaced by one for internationally-renowned financial services and a benevolent tax regime, and as a result it's become accustomed to a steady stream of relocating UK residents.

The property market is split into two parts: the local market, for islanders and essential key workers (average price £420,000), and the open market, which is open to UK and EU passport holders and in total represents around 1,600 properties on the island—with between 50 and 60 typically on the market in any one year. The open market prices range from £500,000 to more than £10 million, and averages out at £1.1 million. 'We get buyers from all over the UK, but, obviously, those relocating from London and the Home Counties find the most equivalent prices here,' says Shauna Clapham from Swoffers (01481 711776). Properties with good sea

views do command a premium, 'although lots of residents feel that they see the sea all the time, so don't have to have a view from their house'. However, Chris Lovell from Lovells Property (01481 723360) estimates that at least 25% of the open-market houses do have a sea view.

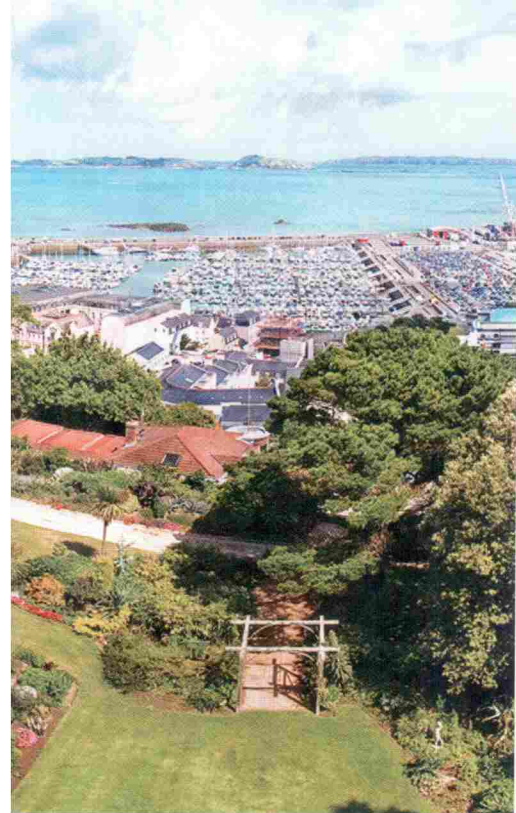
The architecture varies enormously. The island's capital, St Peter Port, has a great number of the open-market properties on

the island, which include Georgian and Regency houses, but also some very modern apartments. Jo Stoddart, partner at County Homesearch (01481 257200) says two state-of-the-art penthouses recently sold in the town for £6 million each, so prices here can easily be as punchy as in the South-East.

St Peter Port is predominantly made up of Victorian properties as 'Queen Victoria and Prince Albert stayed on the island in 1859 and there are many quality properties built throughout her reign,' comments Ross Le Marquand of Cooper Brouard, who are currently listing the most prestigious property for sale on the island, which happened to be one of those that hosted the royal couple on their visit. Castle Carey occupies a prime position above the capital and was built in the Gothic Revival style. Subsequently extended, the castle, which has only had five owners in 170 years, now offers a massive 21,500sq ft of space. The interiors owe



Le Cour de Longue, in St Saviours, has three acres of private gardens and grounds with a swimming pool, through Swoffers (01481 711766)



combining with proximity to St Peter Port. Many buyers also look to the north end of the island, which has so many beautiful sand beaches within easy reach, or the south-west with its dramatic cliff paths and sunsets.

For those looking for a bit of land, 'there are a few country estates from the time when rich residents would have a property in town and one in the country,' says Richard Fox from Martel Maides (01481 713463). 'The average amount of land is now 10 acres, and although we've just sold an estate with 28 acres, it's rare that such properties will come onto the open market.'

Modern developments such as Fort George, just outside St Peter Port—where there is a good selection of houses for sale with great sea views for between £3.5 million and £5 million—are popular with those looking for a house that's ready to go. Many of these have spectacular sea views, as do most modern houses out on the west coast, 'but there aren't many period properties for sale on the west with sea views,' notes Mrs Clapham.

This is true across the board: with such a small number of houses for sale on the island, it's less a case of 'where would you like to live?' than 'what type of property are you looking for?'. Some buyers prefer to get planning permission to knock down a property and build a bespoke house, and the planners are remarkably forward thinking on this, according to those in the know. Renting while you wait for the perfect property is also an option, although it's not cheap, and can cost up to £140,000 a year, says Mr Fox, who is selling Sartoria, a remarkable family home situated on high ground and standing on the island's west coast—well placed to take full advantage of far-reaching views over Perelle Bay (01481 713463).

Alternatively, there are always properties being sold privately: Richard Hardie from Livingroom (01481 233008) says his agency has become known for its discretion in these matters, 'as there are always some very private people who don't want their business known across the island'.

much to Robert Adam and period features include a chic Art Deco bar, curtains hand-painted by William Morris and a beautiful central hall, as well as 10 bedrooms and some impressive entertaining spaces. All the principal rooms have outstanding views out over the port and the gardens face south with views to Castle Cornet (£16 million, 01481 236039).

‘Lots of residents feel they see the sea all the time, so don't have to have a view’

Out in the country, there are Georgian gems and Arts-and-Crafts houses with traditional granite farmhouses that wouldn't look out of place in Devon—or Brittany for that matter—scattered throughout the island. A very pretty 300-year-old example is currently on the market. Le Cour de Longue is a wonderfully private property in St Saviour, with five bedrooms and a studio suite. The gardens and grounds come to three acres and the swimming pool is surrounded by a wonderful Mediterranean-themed garden—£4.95 million through Swoffers (01481 711766).

Almost all areas of the island are extremely desirable for different reasons, and they consist of different parish communities. Some have village shops and pubs and others are more like hamlets, but each has its own specific identity and charm. St Martins is probably the most sought-after parish with its charming rural lanes and pretty scenery



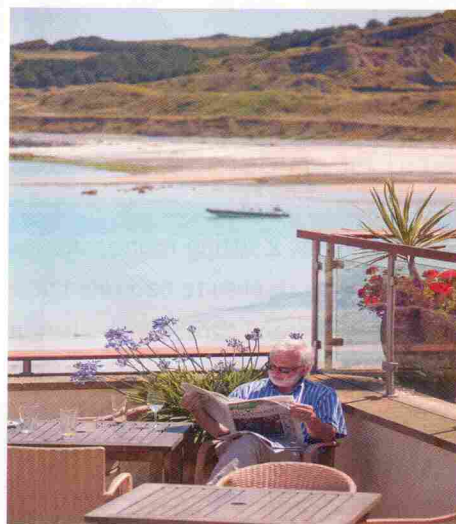
Properties on the west coast are highly sought-after. Airy Sartoria offers amazing views over Perelle Bay, through Martel Maides (01481 713463) at £5.95 million

The Alderney alternative

With a population of just 2,400, Alderney is a popular tourist destination and home of a leading regulator in the eGaming industry. It has a very similar tax regime to that on Guernsey and is a relaxed, friendly island which is extremely safe and has a much more benevolent climate to that of the UK mainland. Find out more at www.alderney.gov.gg

Estate agents who can help with finding a house on the island include:

- Alderney Estate Agency** (01481 823110)
- Bell & Co Ltd** (01481 822562)
- Mitchell & Partners Ltd** (01481 823277)



Chris George/Visit Guernsey

Why Guernsey?



Neil Dorey, Director with Intertrust Guernsey, looks at some of the reasons why Guernsey has become a location of choice...



Guernsey, the second largest of the Channel Islands, has long been a popular choice for people looking to re-locate from the UK and other similar jurisdictions. But what is it that draws somebody to a particular place....to make a new home in a new country? More specifically, what attracts people to Guernsey?

For some, the presence of family already living here invokes considerable pull. But what of those individuals with no such ties? Perhaps it's the high quality of life, or the island's aesthetic merits – its scenic beaches, bays, and countryside. For those moving from the UK, Guernsey's close proximity, its English speaking environment and common time zone may be key. Some might even place considerable importance on the Island's comprehensive legislative/regulatory framework, excellent communications networks and availability of high quality legal and corporate service providers – features of particular relevance to, for example, the increasing numbers of entrepreneurs contemplating, not retirement to Guernsey, but the establishment of active business interests here.

Whilst there are many reasons why people choose to live in Guernsey, this article focuses on some of the financial benefits and gives an overview of Guernsey's favourable tax system.

The System

The Bailiwick of Guernsey forms part of the British Isles, but it does not form part of the United Kingdom. Self-governing, Guernsey has developed its own distinct legislation and has responsibility for its own fiscal policy. The Bailiwick comprises three separate legal jurisdictions: Guernsey (including Herm

and Jethou), Alderney and Sark (including Breghou). For tax purposes, however, the Guernsey income tax law does not extend to Sark, Breghou or Jethou, which have no income tax.

Rather than beginning with a description of which taxes are present in Guernsey, it is always interesting to note, firstly, the types of taxes which are not levied on the Island. There are no inheritance taxes, death duties, wealth taxes, capital gains taxes, capital transfer taxes or value added tax. In fact, Guernsey's Income Tax Department currently levies just one type of tax – income tax.

For individuals, income tax is generally charged at a flat rate of 20% after deducting personal allowances, which in comparison to the UK are slightly more generous. Moreover, loan interest paid may also be deductible, in certain circumstances, in calculating taxable income – again this may be seen as more favourable in comparison with other tax systems.

Residence

An individual's tax residence status determines how much income is charged to tax in Guernsey. There are essentially two forms of residence for Guernsey tax purposes, both of which are broadly determined by reference to the individual's days of presence in the Island in the tax year (the Guernsey tax year being the calendar year) and, in certain circumstances, in the previous four years. The two forms of residence are known as "solely or principally resident" and "resident only".

Those individuals classed as solely or principally resident – the majority of the Island's population – are liable to Guernsey income tax at the flat rate of 20% on their

worldwide income, wherever it arises (but see "Tax Capping", below).

Individuals classed as "resident only" are also liable to Guernsey tax on worldwide income, but have the ability to elect to pay a "Standard Charge", which covers their liability on any overseas income, as well as on Guernsey bank deposit interest – see further commentary on the standard charge, below.

Tax Capping

One of the most important aspects of the Guernsey tax system, as it applies to solely or principally resident individuals, is the tax cap.

In 2008, Guernsey introduced a cap on the income tax liabilities of wealthy/high earning Guernsey residents –acknowledging that in order to attract business and wealth to the Island, the fiscal environment should include an annual limit on the amount of tax that any individual and their financial structures should pay.

From 1 January 2012, an individual's liability to Guernsey tax on overseas income is capped at £110,000, with a wider, overall cap of £220,000 applicable on worldwide (i.e. including Guernsey source) income. The cap applies not only to the individual's direct income, but also extends to the income/profits of associated entities – for example, to companies in which the individual holds an interest.

"Resident Only" Individuals – The Standard Charge

Some people choose to make a home in Guernsey but may not live permanently in the Island, perhaps spending considerable time elsewhere.



Such individuals are likely to be "resident only" – that is, they are resident in Guernsey but neither solely resident nor principally resident in the Island. Very broadly, an individual will be resident only if he/she spends between 91 and 181 days in Guernsey in any particular year and also spends at least 91 days in another country.

Resident only individuals are chargeable to Guernsey income tax on worldwide income after deduction of all applicable personal tax allowances. However, such an individual may, alternatively, elect to pay the "Standard Charge", which for 2012 is set at £27,500. If that election is made, the individual will be taxed only on Guernsey source income (excluding Guernsey bank deposit interest). Although the individual will have no entitlement to personal tax allowances or other reliefs, the Standard Charge may be offset against the individual's tax liability computed on this basis.

Whilst intended to be a minimum tax burden, for resident only individuals with no Guernsey source income other than bank deposit interest, the standard charge could equally be regarded as a form of tax cap.

Corporate Taxation

The standard rate of corporate income tax in Guernsey is 0%. Higher rates, apply to certain types of income, with profits derived from banking activity charged at 10%, the profits of utility companies charged at 20% and, of perhaps most relevance, income derived from Guernsey land and buildings charged at 20%. In certain circumstances, the profits/income of companies are "deemed distributed" to (imputed upon) Guernsey resident shareholders and charged to tax at 20% in their hands.

Company profits are computed on ordinary commercial principles and, to be allowable, expenses must be incurred wholly and exclusively for business purposes. Again, companies are not subject to tax on capital gains.

Reducing Exposure to UK Tax

In many cases, new residents to Guernsey will be emigrating from the UK. Moving to Guernsey and becoming non-UK resident will not necessarily take an individual completely outside of the UK tax system. However, with appropriate planning, it is often possible to minimize UK

income tax, to eliminate capital gains tax and ultimately to reduce or eliminate exposure to inheritance tax. For instance, the ownership of UK commercial investment property by a Guernsey resident and domiciled individual can be structured tax efficiently through a Guernsey holding company. The effect of this straightforward structure would be to reduce the income tax liability on the rent from a possible top rate of 50% to 20%, to reduce potential inheritance tax exposure from 40% to 0% and in addition there would be no capital gains tax on a disposal.

In conclusion, whilst the Guernsey tax system may be relatively straightforward, it is important that proper professional advice is always taken, especially where there is also a cross-border tax position in other jurisdictions to be considered.

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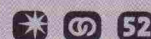
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Be an island expert

Arabella Youens canvasses local agents for their tips on what to do during a long weekend in Guernsey



Whether you like your boats big or small (*below*), there's something for everyone

Where to stay

La Frégate A luxury, four-star hotel in St Peter Port (01481 724624; www.lafregate-hotel.com)

The Farmhouse A four-star boutique hotel in St Saviours Parish, TripAdvisor's Travelers' Choice 2012 award-winner (01481 264181; www.thefarmhouse.gg)

The Bella Luce In La Fosse, St Martins, it's based in a 12th-century manor (01481 238764; www.bellalucehotel.com)

Best beaches All round, Petit Bot on the south coast shines for its dramatic cliffs as does Pembroke Bay with its amazing fine sand, says Shauna Clapham of Swoffers (01481 711766). For families, opt for Pembroke or Port Soif. 'Both are clean, family-friendly, have loo and cafe facilities and are very safe for children,' recommends Jo Stoddard of County Homesearch Channel Islands (01481 257200). For surfing, try Vazon beach 'which is excellent,' she adds.

Boat Take a rib trip around the coast to see the puffins and seals, says Ross Le Marquand of Cooper Brouard (01481 235039). Chris Lovell of Lovells (01481 723636) recommends a trip to Sark.

Big breakfasts The White Rock Café in St Peter Port is a greasy spoon recommended by Richard Fox of Martel Maides (01481

713463) or for more upmarket fare, try Christies, which is open from 8am (01481 726624; www.christiesrestaurant.com)

Lunch on the beach Once, it was just a humble kiosk serving beach snacks, but the Fermain beach cafe in St Martins was voted among the top beach cafes in *The Telegraph*. 'Prepare for a walk, but it's worth it,' believes Mrs Clapham. Booking is advised (01481 238636).

Best place for sunsets Vazon Bay to watch the setting sun as you lean against a granite seawall, recommends Mr Fox.

Sunbathing spot Take the ferry across to Herm and go to Shell Beach or Belvoir Bay, says Mr Fox.

Festivals The Guernsey Festival runs from June 23 to 24. This annual music festival takes place at the Rabbit Warren in St Sampsons. Adult tickets for the whole weekend cost £85 (www.guernseyfestival.gg). The six-week Tennerfest (October 1–November 11) involves 160 establishments organising menus that start from £10 (01481 723552). The Guernsey Photography Festival (www.guernseyphotographyfestival.com) from May 24 to June 22 hosts events and talks as well as an exhibition.

Lunch Le Petit Bistro (01481 725055; www.peititbistro.co.uk) boasts menus inspired

by the chef's native Brittany. The food is delicious but service can be a little slow, warns Mrs Stoddard.



Smart supper Pier 17 'overlooks the fishing quay and is great for seafood,' says Mr Le Marquand. The Auberge has a wonderful location on the clifftops overlooking St Peter Port (01481 238485; www.theauberge.gg). The Governor's Restaurant at the Old Government House Hotel is at St Ann's Place, St Peter Port (01481 738623; www.theoghhotel.com).

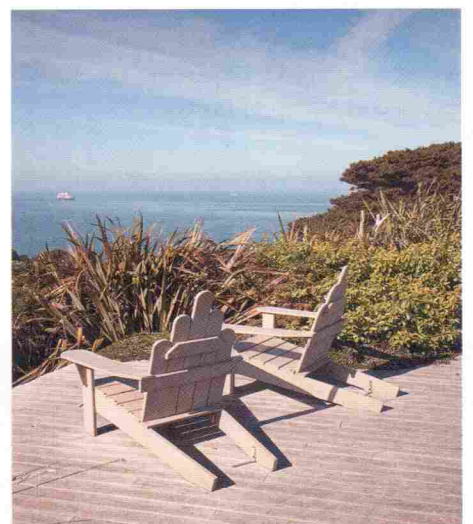
Takeaways For fresh fish, try the Crab Cabin in St Sampson—buy a box of fresh crab meat and eat it alfresco. Sit on the beach or the sea wall to eat fish and chips from the wonderful shop at Cobo.



Walks 'The cliff walks along the south coast are spectacular, especially through the Bluebell Wood, from Clarence Battery to the Fermain beach cafe, from Fermain Bay to Petit Bot Bay, and around the headland at Pleinmont in Torteval,' recommends Mrs Stoddard. 'If you're energetic,' adds Mr Fox, 'you can walk from St Peter Port right the way round to Pleinmont Point.'

Adds Mrs Clapham: 'My favourite is from Moulin Huet to Le Gouffre, where there's a cafe for refreshments. In late April to May, the bluebell wood is a must.' Or take a guided historical walk by Annette Henry, who specialises in walking tours and themed walks.

Shopping Take advantage of the VAT-free shopping, especially for jewellery and electrical goods. For jewellery, visit Ray & Scott at The Bridge, N. St.J. Paint & Son in St Peter Port and Derek Birch & Son.



Clifftop L'Auberge restaurant at Jerbourg