



The Government of Sark

## **POLICY AND FINANCE & TAXATION REVIEW (SPECIAL) COMMITTEES**

### **COMMITTEES OF THE CHIEF PLEAS OF SARK**

E-mail: [policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk) / [taxation@sarkgov.co.uk](mailto:taxation@sarkgov.co.uk)

Telephone: (01481) 832118

#### **Sark Personal Capital Tax (PCT) – Information Sheet**

PCT is an annual tax for individuals who meet Sark’s 90-night residency qualification in the relevant year. Under current rules, residents choose one of several PCT options each year. The choice to declare worldwide net assets is only one option; others either cap tax, set a minimum, or, in defined circumstances, reduce it to zero.

This information sheet provides a clear explanation of how Personal Capital Tax (PCT) works under Sark’s tax law, but its primary purpose is to help residents understand Box 3 – the Asset Declaration option. While several PCT choices are available each year (including the Forfeit, Minimum Tax, Maximum Tax, and certain exemptions), only Box 3 requires individuals to calculate and declare their worldwide net capital assets.

Because many residents at recent tax surgeries raised questions about what must be included, what may be excluded, how assets are valued and how liabilities are treated when choosing the asset-declaration route, this guide focuses specifically on explaining the rules that apply when you elect to pay PCT based on your net assets.

If you are choosing Box 3, the sections that follow outline in straightforward terms:

- what counts as an asset for PCT purposes
- which items the 2003 Ordinance expressly excludes
- how to determine whether something is ‘beneficially owned’
- how to value different types of property (Sark and overseas)
- what liabilities may be deducted when calculating net assets

Short descriptions of the other PCT options are included for context only, to help understand where Box 3 sits within the wider system. However, the detailed guidance in this document relates specifically to the asset-tax option (Box 3).

#### **WHAT PCT IS PAYABLE ON**

When choosing Box 3, the assets-declaration option, PCT is payable on your worldwide net capital assets, meaning your assets minus bona fide liabilities. The law defines what must be included unless specifically excluded.

## 1. Capital assets you beneficially own

This includes assets held:

- In your own name
- Through a nominee
- Through a trust where you can benefit
- In a company you control
- As loans you have taken:
  - Loans you have made to others (these count as assets if bona fide).
  - Loans you have taken out only reduce your net assets if they are bona fide liabilities attached to an asset.
- As investments held under an insurance policy
  - Even if held inside an insurance policy, the underlying investments still count as part of your assets.

Even if an asset is not legally held in your name, it still counts as your asset if you can benefit from it or if you control it (e.g., via a trust, nominee, or controlled company).

## 2. The following types of assets (unless an exclusion applies):

- Financial investments (shares, bonds, unit trusts, portfolios)
- Property outside Sark (valued at sale price or 20× rental value)
- Boats, vehicles, equipment, machinery unless excluded as business assets (see below)
- Art, jewellery and collections held as investments (i.e., not simple home décor)

## 3. Boats, tractors, machinery, etc. (non-business or low-hours cases)

If these items are not part of a qualifying Sark business in which you personally work 200+ hours/year, they are included in your net capital assets. If you do not personally work at least 200 hours a year in the business, these items must be treated as your taxable assets.

## WHAT PCT IS NOT PAYABLE ON

The 2003 General Provisions list specific exclusions, meaning these items cannot be included in 'net capital assets'.

### A. Personal Effects & Furnishings (non-investment)

These are fully excluded:

- Household goods
- Electronics
- Clothes
- Jewellery (unless held as an investment)
- Ornaments, decorations and works of art displayed in your principal dwelling (unless held as investments)

## B. Your Principal Dwelling in Sark

Your principal residence is excluded entirely from PCT. Valuation rules only apply for determining the excluded interest. However, this exclusion does not apply to business premises — business land and buildings are always included.

## C. Pension Funds

Excluded:

The part of any pension or collective investment fund that can only be used to provide income upon:

- Retirement, or
- Disability (certified by a Sark doctor)

This means:

- Proper pension pots = EXCLUDED
- Unwrapped retirement savings/investments = INCLUDED. If you can withdraw or cash in the fund at will, it is not regarded as a pension for exclusion purposes and must be included.

## D. Business Assets (Sark-situated)

Excluded:

- All Sark-situated equipment, assets, and stock-in-trade of a bona fide agricultural, horticultural, fishing, retail or other commercial business in which the taxpayer personally works 200+ hours per year. This means land and buildings used for a business are always included when calculating your net assets, even if you work 200+ hours in the business.

This means:

- Fishing boats used in a genuine fishing business = EXCLUDED
- Tractors used in a genuine agricultural business = EXCLUDED
- Tools, machinery, business stock = EXCLUDED
- Land and buildings of the business are NOT excluded

If the 200-hour test is not met, the assets become included.

## E. Individuals with NO liability at all

PCT is not payable if your connection with Sark arises only from:

- Living on a separate islet not connected to Sark, or
- A seasonal worker in employer-provided accommodation for <180 nights → No PCT payable.

ALSO NOT PAYABLE ON (because Sark does not tax these at all)

These categories are never subject to PCT because Sark has no such taxes:

- Income (wages, self-employment, pensions) – no income tax
- Capital gains – no CGT
- Inheritance – no inheritance tax
- VAT/sales tax – no VAT/sales tax

Category	PCT Payable	Reason
Worldwide financial investments	Y	Not excluded under law
Cash, bank balances	Y	Part of net capital assets
Rental / overseas property	Y	Included unless principal dwelling (Sark only)
Works of art as investments	Y	Investment assets not excluded
Loans you have made to others	Y	Counted as capital you beneficially own (if bona fide)
Tractors / machinery (non-business)	Y	No exclusion unless business + 200 hrs test
Fishing or leisure boats (non-business)	Y	Included unless fishing business + 200 hours test
Principal dwelling in Sark	N	Excluded under law
Household items, décor, jewellery	N	Personal effects excluded unless investment
Art displayed in your home	N	Excluded as furnishings unless investment
Pension funds	N	Excluded if only usable for retirement/disability income
Business equipment/boats/tractors used ≥200 hrs/year	N	Excluded as Sark-situated business assets
Income / pensions paid out	N	Sark has no income tax
Capital gains, inheritance, VAT	N	Sark has none of these taxes

Note: Reliefs, thresholds, factors, and the min/max amounts are year-specific and set in that year's Ordinance and forms (e.g., 2024, 2025, 2026). Always check the current year's provisions.

### Quick Summary

You must include:

- Worldwide investments
- Overseas property
- Boats, vehicles, machinery (unless you work 200+ hours in the business)
- Loans you have made to others
- Cash and bank balances

You do NOT include:

- Your principal Sark dwelling
- Personal household items
- Proper locked pension funds
- Business equipment/boats/tractors (if you personally work 200+ hours)
- Income, capital gains, inheritance (Sark does not tax these)