





# BUSINESS PANEL



## OUR EXPERTS SHARE THE KNOWLEDGE...

<p><b>NGIT</b> JASON CONNOLLY</p> 	<p><b>CAREY OLSEN</b> RACHEL JONES</p> 	<p><b>RAVENSCROFT</b> DALE ACTON</p> 	<p><b>SOVEREIGN TRUST (CHANNEL ISLANDS) LTD</b> SEAN GILLEASE</p> 
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To be a future panellist, contact [wgreen@guernseypress.com](mailto:wgreen@guernseypress.com)

# Trade war could damage global growth

**You alluded to a potential trade war in last week's comment, are you able to explain further please?**

**Dale Acton, head of trading and market making, Ravenscroft, replies:** In a nutshell, a trade war is when countries place taxes and tariffs on products made overseas in an attempt to decrease imports from other countries and increase demand for locally-made – and seemingly now cheaper – products. By introducing these taxes, overseas products become more expensive and consumers begin to look closer to home for their wares. The overall aim of those behind this approach is to boost their own country's economy and shield it from foreign

competition – this is known as 'protectionism'. On the face of it, that might sound fairly sensible; looking after your own and attempting to rebalance trade deficits (i.e. the difference between what one country sells to another country and what they buy back in return) isn't fundamentally a bad thing. Not that trade deficits are necessarily a bad thing either, however; some countries are known for their manufacturing prowess whilst others provide greater services, for example, and deficits are part and parcel of global trade. What has everyone on a heightened sense of alert recently is the blunt tone and bravado of President Trump's comments and the subsequent concerns about the potential fallout of the

world's largest economy (USA) actually locking horns with the world's second largest economy (China). Although it is still largely a war of words at present, tariffs are now being introduced by both sides and I think most would agree that this is a worrying development. The World Trade Organisation has also been fairly vocal and warned that global growth could fall extremely quickly if words turn into proper action. It is this fear that continues to weigh on investors' minds and world stock markets. Free trade and proactive dialogue will hopefully prevail, however if neither government does back down, it will ultimately, as is usually the case, be us mere mortals who will suffer.



A trade war started by US president Donald Trump with China could be bad news, says Ravenscroft's Dale Acton. (Pablo Martinez Monsivais/AP)

## Minimising threat of cybercrime

**How do we stop cybercrime derailing our business?**

**Jason Connolly, director at NGIT, replies:** The islands are an attractive target to criminals across the globe. Whilst we live on a low-crime island, when online we are not protected by our geography. There is a high risk of individual, criminal gang and state-sponsored attacks that target our affluent community and prosperous financial services sector. How do we protect ourselves from this evolving threat? Good security is like an onion, with multiple layers of defences which ensure that even if a single measure is breached, IT systems remain protected. A firewall separates internal network traffic from the public internet and is analogous to border control. It is a fundamental and basic form of security protection. At the next level, Web Security monitors web traffic to detect and block any nefarious websites, code injected into legitimate websites and botnets (vast zombie-like networks of infected PCs used by criminals to stage attacks). The last line of defence is desktop antivirus or anti-ransomware software. This software detects infections, quarantines infected machines to prevent spread to other devices on the network and, with luck, cleans up the infected PC or server. Depending on the damage, it may be necessary to revert to backup to restore the infected machine and any lost or corrupted data. These controls are only part of the story. Miscreants use social engineering to trick staff into inadvertently giving access to private systems through 'phishing' attacks. These approaches can be very sophisticated and convincing, so regular security training is required to educate staff about fake emails, links and attachments. Arguably the most critical protection is regularly updating desktop and server software. It's a race for organisations to install new patches before hackers can exploit vulnerabilities. Whether your organisation wins this race or succumbs to the hackers depends on your security systems, people, processes and technology, all of which will need your investment.

## Planning permission for a business sign?

**I want to attach a sign to the front of my business premises but have been told I may need planning permission. Is this right?**

**Carey Olsen senior associate Rachel Jones replies:** Yes, it is possible that you will need planning permission. Generally speaking, planning permission will be required for the erection of a new sign on business premises. The Land Planning and Development (Guernsey) Law 2005 provides that planning permission will be required for 'attaching to or painting or otherwise exhibiting on the exterior of any structure, or placing on land, an advertisement or sign'. The main reasoning behind this is to ensure that signs are appropriate and to ensure they do not spoil the character of the environment. It is recognised that signs and advertising are an important way of promoting business and services and signs that are carefully designed may enhance the quality of our surroundings. Badly designed signs and those that are too big, badly located or inappropriately lit can undermine the

quality of a place. There are some 'exemptions' where planning permission will not be required, but it should be noted that most of the exemptions do not apply to protected buildings or monuments. The exemptions are set out in full in the Land Planning and Development (Exemptions) Ordinance 2007 and they cover things like contractors' signs (temporary signs where contractors are engaged in building or other works) and nameplates identifying any individual, company or firm carrying on a trade, business or profession from that building (subject to compliance with certain criteria). If you are repainting or replacing an existing sign, provided that the sign, as repainted/replaced, is not internally illuminated and the overall size and location is not changed, planning permission will not be required (unless the sign is on a protected building or a protected monument). If your proposed sign does not fit within one of the exemptions set out in the Exemptions Ordinance, you will need to obtain planning permission and if you are unsure, you should always seek professional advice.

## Can I take tax-free lump sum upon retirement?

**When I transferred out of my employer's final salary (defined benefits) pension scheme into a retirement annuity trust, I was told I would be able to take a 30% tax-free lump sum upon retirement. Now I've been told there is a limit. What are the rules?**

**Sean Gillease, business development manager, Sovereign Trust (Channel Islands) Ltd, replies:** Upon reaching minimum retirement age within a retirement annuity trust, which is age 50 for a Guernsey resident member, an individual is entitled to a pension commencement lump sum of up to 30% of the RAT value. Your PCLS can be paid without any tax deduction if it does not exceed £194,000\* (i.e. total plan value of circa

£650,000 or less if you opt for a 30% PCLS). For any PCLS paid which exceeds this amount, the surplus amount would be subject to tax at 20%. It is important to note that the tax-free limit does not apply to anyone whose RAT consists wholly of non-Guernsey-sourced pension benefits, for example funds transferred from a UK-registered pension scheme into a RAT. To help illustrate this, if you have £500,000 in your RAT and you request to take your maximum PCLS entitlement, your trustees would calculate 30% of £500,000, which equals £150,000 and as this amount does not exceed the maximum tax-free lump sum entitlement they would be able to pay this to you in full without deducting any tax. If, however you have £1m. in your RAT and you request to take

your maximum PCLS entitlement, your trustees would calculate 30% of £1m. which equals £300,000. In this scenario only £194,000 would be tax free and the balance of £106,000 would be taxable at 20%. This equates to tax of £21,200. You would therefore receive a net amount of £278,800, being the requested £300,000 less tax of £21,200. To summarise, if you are lucky enough that your RAT value is high enough for your PCLS of up to 30% to exceed the tax-free entitlement of £194,000, then you would be subject to tax on the surplus amount paid to you above this level. \* The maximum tax-free PCLS entitlement is currently set at £188,000 by the Guernsey Income Tax Office, however this is subject to change.