

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

4th November 2025

Proposition No. P.2025/121

Policy & Resources Committee

The States of Guernsey Annual Budget for 2026

AMENDMENT

Proposed by: Deputy A Matthews

Seconded by: Deputy D Goy

To delete Proposition 1 and insert a new proposition:

“1. To agree that the amount of tax relief in respect of mortgage interest paid on a principal private residence remains at its present level of £3,500 and cease the phased withdrawal of tax relief provided on mortgage interest in respect of principal private residences.”.

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by delivering on the action in the Government Work Plan to “Agree a sustainable taxation policy” whilst more effectively addressing the acknowledgment that “Housing supply and affordability is a critical enabler in all three strategic portfolios.”
- b) In preparing the proposition(s), advice has been sought from officers of the Policy & Resources Committee and the Committee has been informed, but full consultation has not taken place.
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposal into effect are an estimated reduction in revenue income of £0.6m compared to the proposed

2026 Budget. In addition, if the Mortgage Interest Relief remained at £3,500 for 2027 and future years the estimated reduction in revenue income compared to the proposals in the 2026 Budget would be £1.6m in 2027, £2.5m in 2028 and £3.5m in 2029 and future years.

- e) Drafting advice has been sought from the States' Greffier and from Treasury Officers.

Explanatory note

Mortgage Income tax relief (MIR) is an allowance against personal income tax available to owners of a principal private residence against interest paid on a mortgage against their home. It is not available for second homes, or interest for other secured or unsecured loans.

Tax allowances (including any MIR claimed) are clawed back and progressively withdrawn from higher earners, MIR is effectively means-tested.

The States agreed in 2015 to completely withdraw the relief by 2025, however the withdrawal has been suspended during a period of interest rate rises and now stands at a level of £3,500 as the maximum level of interest that is available to claim as an allowance. For taxpayers, the monetary value at the maximum level is likely to be 20% of the allowance amount.