

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

Proposition No. 2026/49

Policy & Resources Committee

Tax Reform 2026

AMENDMENT

Proposed by: Deputy G A St Pier
Seconded by: Deputy A Sloan

To insert a new proposition as follows:

“To direct the inclusion within the scope of longer-term work (envisaged in Appendix 3 of the Tax Review Sub-committee’s report) an examination of the role of social security contributions in Guernsey’s revenue base.”

Rule 4(1) Information

- a. The proposition contributes to the States’ objectives and policy plans by contributing to the ‘Island Resilience’ area of focus within the States’ Government Work Plan (Billet d’Etat II of 2026.)
- b. There has been consultation with the Policy & Resources Committee and the Committee *for* Employment & Social Security
- c. The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d. It is envisaged that if approved the proposal would be carried into effect by existing internal resources as part of the work already envisaged as following the policy letter.

- e. Drafting advice has been sought from the States Greffier and the Officers of the Policy & Resources Committee and the Committee *for* Employment & Social Security.

Explanatory note

It is envisaged that this work will need to be led by the subject matter experts within the Committee *for* Employment & Social Security.

The Social Security system has undergone substantial change since its first introduction, both in terms of the application of social security contributions and the nature and scale of benefits supported. This includes significant changes to contributions applied following the introduction of the Zero-10 corporate tax regime in 2008. In short, social security contributions have consciously become more akin to an income-related tax.

As developing a model of sustainable healthcare is a super priority in the GWP, it is timely and appropriate that consideration be given to one of the key funding streams – social security contributions.

The 'GST+' package approved by the States of Deliberation in November 2024 included proposals to extend the scope of social security contributions to unearned income. These proposals have been deferred until the 2030 'assurance review' set out in Section 12 of the policy letter. Prior to that review, this amendment directs that consideration should be given to the role of social security contributions within our revenue base as part of the work envisaged by the Tax Review Sub-committee in its next report.

This amendment is supported by Forward Guernsey.