P.2026/49 Amdt 16

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

15th July 2026

Proposition No. P.2026/49

Policy & Resources Committee

Tax Reform 2026

AMENDMENT

Proposed by: Deputy M Leadbeater
Seconded by: Deputy A Cameron

In Proposition 1, immediately after the words “Appendix 7” insert the following words “save that, in relation to GST, food produced or grown by small independent suppliers is to be taxed at a rate of 0% and not at 3%

Rule 4(1) Information

a) The proposition contributes to the States’ objectives and policy plans by ensuring Guernsey’s fiscal policy is fair and proportionate.

b) In preparing the propositions, consultation has taken place with the Policy and Resources Committee

c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.

d) There would be nominal financial implications to the States of carrying the proposal into effect.

e) Drafting advice has been sought from the States’ Greffier.

Explanatory note

The purpose of this amendment is to direct the Policy & Resources Committee to include, within the legislation implementing the proposed Goods and Services Tax ("GST"), a targeted relief for qualifying small-scale food-producing businesses.

Small-scale food-producing businesses make a contribution to the Bailiwick that extends well beyond their commercial activity. They play an important role in maintaining food security, strengthening the Island's resilience, preserving traditional industries and skills, supporting the rural economy, contributing to environmental stewardship and maintaining an important part of Guernsey's cultural heritage. These businesses are typically characterised by relatively small scale, limited margins and increasing production costs, yet they provide wider public benefits that would be difficult to replace if they were lost.

The amendment therefore seeks to ensure that, when the detailed GST legislation is prepared, appropriate consideration is given to providing a targeted relief for qualifying businesses within these sectors. The intention is to recognise the wider public interest served by those businesses while reducing disproportionate administrative and compliance burdens that may otherwise arise from the introduction of GST.

The amendment deliberately does not prescribe the detailed qualifying criteria. Instead, it directs that those criteria should be developed as part of the implementing legislation following detailed legal, technical and policy consideration. This will allow objective qualifying criteria to be established by reference to the characteristics of the business, such as its scale and nature of activity, rather than attempting to prescribe those matters within the proposition itself.

Similarly, the amendment has been intentionally framed so that eligibility for the targeted relief is determined by objective characteristics of qualifying businesses rather than by the origin of the goods they supply. This approach is intended to provide sufficient flexibility for the detailed legislation to be developed having proper regard to Guernsey's domestic legal framework and its relevant international obligations.

The amendment also preserves the ability of qualifying businesses to register voluntarily for GST where they are entitled to do so under the legislation. This recognises that, for some businesses, voluntary registration may be commercially advantageous, including where it enables the recovery of GST incurred on business inputs. The amendment therefore seeks to provide flexibility rather than impose a mandatory tax treatment.

The amendment does not seek to alter the overall structure of the proposed GST, nor does it seek to create a broad exemption that would materially undermine the projected revenues from the tax. Instead, it asks the States to recognise the unique public value provided by genuinely small-scale food-producing businesses and to ensure that the implementing legislation includes a proportionate, targeted and legally robust mechanism to support their continued contribution to the Bailiwick's food security, resilience, rural economy and long-term sustainability.

In asking the States to support this amendment, Members are not being asked to determine the detailed legal mechanism by which the targeted relief will operate. Rather, they are being asked to endorse the principle that the detailed GST legislation should include a carefully designed and legally robust form of targeted support for qualifying small-scale food-producing businesses, with the detailed qualifying criteria and legislative mechanism to be developed and returned to the Assembly for approval.