P.2026/49 Amdt 33

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

30th September, 2026

Proposition No. P. 2026/49

Policy & Resources Committee

Tax Reform 2026

AMENDMENT

Proposed by: Deputy A Gabriel
Seconded by: Deputy G Collins

To delete propositions 1, 2 and 3 and to substitute therefor:

"1. To agree that the individual standard rate for income tax should be 22% for 2027 and 2028 and at 20% for 2029 and onwards.

2. To direct the Policy & Resources Committee to investigate an increase to the Maximum liability on income for non-Guernsey sources (including Guernsey bank interest and income derived from Guernsey exempt investment schemes, which are non-resident for Guernsey tax purposes) and the maximum liability – worldwide income and to report back to the States via the Annual Budget for 2028.".

Rule 4(1) Information

a) The proposition contributes to the States' objectives and policy plans by ensuring the tax system is fair and proportionate.

b) In preparing this proposition consultation with Treasury officials was undertaken.

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

d) The financial implication of carrying out this amendment would be to increase income tax receipts by an estimated £35m per year.

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

Explanatory Note

GST is unpalatable to most of the public, those in employment or subject to taxation on income would rather see an increase to the existing method of taxation by 2%, than a GST implemented.

This amendment proposes a fixed increase that is set for a fixed two year period.

The proposal is that there is a 2-percentage point increase in income tax for the period 1 January 2027 – 31 December 2028.

The amendment is to the 2027 & 2028 Budget years only.

A higher rate of income tax creates a stop gap to ease immediate financial pressure while the impact of any government accounting and adjusting to IPSAS and FRS102 reporting standards and any positive impact of Pillar Two receipts is assessed and accrued.

Part two of this amendment also directs the Treasury function of P&R to increase the tax cap for those with different tax arrangements usually associated with High Net Worth individuals with income.