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 R Curgenven
Seconded by: Deputy G Collins

In Proposition 1, immediately after the words "Appendix 7" to insert the following words:

> "save that a “Lower Entitlement Limit” be established for employed and self-employed individuals at a level equivalent to the Lower Earnings Limit immediately prior to implementation the Social Security contributions allowance for employed and self-employed contributors; and that a person whose earnings in the relevant period are at or above the Lower Entitlement Limit but below the Allowance shall be awarded a contribution credit for that period, so that such an individual’s contribution record will be maintained without having to elect to pay a voluntary contribution."

Rule 4(1) Information

a) The proposition contributes to the States' objectives and policy plans by ensuring that a measure presented as a gain to lower earners does not operate as a loss of pension and benefit entitlement for the same people, and by placing beyond doubt the contribution credit which the Policy & Resources Committee has confirmed is the policy intent.

b) Limited consultation has taken place with the Policy & Resources Committee. Separately, changes have been made following the feedback from Treasury.

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

d) This amendment does not increase or reduce expenditure from the social security fund as compared to the existing position.

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

Explanatory Note

P.2026/49 proposes a social security allowance for employed and self-employed contributors, set at the level of the allowance for non-employed contributors, currently £11,122. Contributions would not be payable below it, which is a gain in cash to lower earners.

Entitlement to a States Pension and to contributory benefits depends on contributions having been paid or credited. If contributions cease to be payable below £11,122 and nothing is put in their place, a person earning between the present lower earnings limit and that figure accrues no record for those years. The remedy otherwise available is to buy a voluntary contribution, costing in excess of £1,600 a year — more than the contributions the person would have paid, and in many cases more than the allowance is worth to them.

The Committee for Employment & Social Security has expressed the wish to protect the entitlement of this group so that they are not disadvantaged in the long term, and the Policy & Resources Committee has confirmed that the policy intent is to provide a contribution credit for them so that no-one loses entitlement as a result of the restructure. However, P.2026/49 does not provide for the credit, and the Committee has indicated that the decision rests with the Committee for Employment & Social Security.

This amendment provides the credit within the same resolution as the allowance, so that the entitlement is preserved by the decision which creates it. It establishes a Lower Entitlement Limit, set on implementation at the level of the present lower earnings limit, which would then fall within the annual uprating of contribution thresholds by the Committee for Employment & Social Security. A person whose earnings in a period are at or above that limit but below the allowance is awarded a contribution credit for that period. The credit is awarded period by period, so that a person whose earnings fall below the limit in a later period is not credited for it, and a person who enters the band in a later year is. Figures 15 and 16 of P.2026/49 compare household income before and after the package; the credit ensures that the gain those figures show is the gain the households concerned actually receive.