P.2026/49 Amdt 51

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, in relation to GST, where a person supplies second-hand goods which that person acquired from a person who did not charge GST on that acquisition, GST is chargeable only on the amount by which the consideration for the supply exceeds the consideration for which the goods were acquired, whatever the description of the goods and whatever the trade of the person making the supply."

Rule 4(1) Information

a) The proposition contributes to the States' objectives and policy plans by preventing the same goods from bearing the tax twice, by not disadvantaging those who buy second-hand, and by placing beyond doubt the margin scheme which the Policy & Resources Committee has confirmed is being developed.

b) In preparing this proposition no consultation has taken place.

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

d) The proposition is consistent with the Committee’s stated intention to introduce a margin scheme; no separate revenue estimate is provided in the Policy Letter.

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

Explanatory Note

Many islanders, particularly those on lower incomes, choose to buy second-hand goods. When sold new to individuals, goods are subject to GST. When these are subsequently resold to a dealer, that GST cannot be reclaimed and the sale is, in effect, an exempt transaction. The dealer, if registered, would then be required to charge GST. Many jurisdictions recognise that applying a sales tax to the full price of used goods produces double taxation where the previous owner was not registered – something which would disproportionately effect poorer members of the community. Internationally, the problem is usually addressed by the introduction of a "margin scheme", or exemption of such goods altogether.

Responses given by the Policy & Resources Committee confirm that they intend to introduce such a margin scheme for the commercial resale of second-hand goods, and have discussed it with the motor trade. However, the policy letter does not provide for it.

This amendment provides certainty for businesses and consumers, placing the introduction of a margin scheme beyond doubt.