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THE STATES OF DELIBERATION

Of the

ISLAND OF GUERNSEY

30 September 2026

Proposition No. P.2026/49

Policy & Resources Committee

TAX REFORM 2026

AMENDMENT

Proposed by: Deputy H Camp
Seconded by: Deputy G Collins

To insert, in Proposition 1 immediately after the words "Appendix 7" the following:

"Subject to the following:

a) the Policy & Resources Committee, working with the Committee for Employment & Social Security, shall not to bring GST into operation unless:
   i. the associated personal income tax and social security contribution mitigations are in force and operational, and are being applied through the relevant deduction, collection and assessment arrangements, before GST becomes chargeable;
   ii. the approved GST-related increases in the States Pension, income support and other benefits have taken effect, with payments at the increased rates commencing before GST becomes chargeable; and
   iii. the Essential Costs Relief Payment arrangements are in force and operational.

   for the purposes of this Proposition, an intention to apply relief retrospectively, make compensatory payments later or complete the necessary systems after GST has commenced shall not constitute implementation of the Mitigation Measures.

b) the Policy & Resources Committee:
   i. shall defer the commencement of GST where any of the conditions in this Proposition 1(a) cannot be met;
   ii. shall revise the implementation timetable so that those conditions are met, including any necessary alignment with the commencement of a tax or contribution year; and
   iii. shall report promptly to the States on the reason for the delay, its financial implications and the revised timetable.

c) no authority otherwise given under this item shall permit GST to commence in advance of compliance with those conditions.

d) the Policy & Resources Committee and the Committee for Employment & Social Security, before any instrument bringing GST into operation is made or submitted for approval, shall publish a joint implementation assurance report:
   i. identifying each Mitigation Measure, its commencement date and the date from which its financial effect will be delivered;
   ii. setting out the evidence that the necessary legislation, staffing, systems, payroll interfaces, assessment arrangements and payment processes are ready to deliver the measures in accordance with this Proposition; and
   iii. identifying any outstanding implementation risks and explaining how those risks have been addressed, including the arrangements for receiving and determining Essential Costs Relief Payment claims.

e) where compliance depends upon an event occurring after publication of that report, the Committees shall publish confirmation that the event has occurred before GST becomes chargeable. If the conditions cannot be met, the terms under this Proposition at 1(b) shall apply notwithstanding any commencement date previously appointed.

f) the legislation implementing GST shall give effect to these commencement conditions and shall not confer power to dispense with them by administrative decision.".

Rule 4(1) Information

a) The propositions contribute to the States' objectives by ensuring that, where the Tax Reform 2026 Policy Letter is substantively approved, the sequencing and protections inherent in such, shall survive implementation of GST as the Policy Letter intends.

b) In preparing the proposition, it has not been shared with other committees ahead of lodging due to time constraints, the possibility of the sequencing becoming disjointed having only been substantively aired in the days ahead of the submission deadline.

c) The proposition has been submitted to His Majesty's Procureur and HM Greffier in accordance with this rule, but is unlikely to provide sufficient time for advice on any legal or constitutional implications due to constraints noted above.

d) The financial implications to the States of Guernsey in carrying out this proposal are designed to be neutral, as they seek to preserve the integrity of the whole package being proposed pursuant to the Policy Letter and associated propositions.

EXPLANATORY NOTE

This amendment ensures that, in the event that the implementation of GST is approved, it cannot commence before the measures approved to protect households from its effects are operational.

The Policy Letter presents GST and its mitigations as a package. At paragraph 10.2, the Policy & Resources Committee explains that GST without mitigating measures is regressive and states that it considers it essential that GST should only be introduced with strong mitigating measures.

The intended sequencing is also expressed in several places:

- The Executive Summary states that increases in the States Pension, income support and other benefits would be introduced ahead of GST.
- Paragraph 10.3 identifies the personal income tax and social security mitigations and describes the pension and benefit increases as pre-emptive. This paragraph summarises the earlier package; the revised amounts for the proposed 3% GST are addressed subsequently.
- Paragraph 10.9 adjusts the pension and benefit increases to reflect the lower estimated inflation impact of 1.9%, and adjusts the Essential Costs Relief Payment to reflect the lower GST rate.
- Appendix 2, paragraph A2.18 confirms that the pension and benefit adjustments would apply at implementation, rather than recipients having to wait for the next routine uprating the following January.
- Figure 20, depicts the personal income tax and social security changes becoming operational at the beginning of January 2028, followed by GST at the beginning of February 2028.

Figure 20 is an indicative timetable expressly subject to change. This amendment therefore does not seek to fix those particular calendar dates. Instead, it makes the essential sequence an express condition of commencement:

1. the personal income tax and social security mitigations must be operational before GST;
2. increased pension and benefit payments must have commenced before GST; and
3. the Essential Costs Relief Payment scheme must be ready to deliver its first payments no later than GST's commencement.

The requirement concerning the first Essential Costs Relief Payments makes their timing explicit, rather than relying upon an inference from the implementation timetable.

If systems, staffing or administrative difficulties prevent those conditions being met, GST must be deferred. A promise to backdate relief or compensate households later would not satisfy the conditions. Retrospective compensation does not remove the immediate pressure on households required to meet higher prices before receiving the corresponding support.

The joint assurance report would make the readiness of the whole package visible before commencement. It would include the arrangements for processing Essential Costs Relief Payment claims in advance.

The amendment concerns operational delivery of the schemes; it does not make commencement dependent upon every potentially eligible person having submitted a claim or completed an individual assessment.

The amendment does not require every element to commence on the same day. It preserves the principle that protections must precede, or in the case of Essential Costs Relief Payments be available from, the introduction of GST.

This is a safeguard on implementation. It does not endorse GST, reverse any decision to reject or defer it, or otherwise displace amendments approved during the debate.