P.2026/49 Amdt 54

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

22nd September, 2026

Proposition No. P.2026/49

Policy & Resources Committee and States' Trading Supervisory Board

Tax Reform 2026

AMENDMENT

Proposed by: Deputy Chris Blin
Seconded by: Deputy Garry Collins

To delete all propositions and insert:

1. To agree that consideration of the proposed Goods and Services Tax and the associated Income Tax and Social Security contribution reforms detailed in the Policy Letter shall be deferred until a further review of revenue-generation options has been conducted.

2. To direct the Policy & Resources Committee to investigate the introduction of a tax on insurance premiums.

3. To direct the Policy & Resources Committee to return to the States no later than March 2027 with its findings and proposals for the introduction of a tax on insurance premiums, alongside and as an alternative to the proposals for GST detailed in this Policy Letter.

Rule 4(1) Information

a) The Propositions contribute to the States' objectives and policy plans by requiring further investigation of an alternative revenue-generation mechanism to support the funding of public services.

b) Consultation has not been undertaken with the sponsoring Committee in preparing the Propositions.

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

d) The financial implications for the States of Guernsey are limited to the resources required to broaden the range of revenue-generation measures to be researched and presented to the Assembly for consideration.

Explanatory note

Taxes on insurance premiums are widely used internationally. The UK applies a standard rate of 12% to most general insurance, while Finland applies 25.5%. Rates and exemptions vary between jurisdictions.

Initial modelling by the sponsors indicates that a tax on insurance premiums could make a material contribution to States' revenues. However, reliable aggregate data on Guernsey's domestic insurance premiums are not publicly available. The amendment therefore directs the Policy & Resources Committee to obtain the necessary industry data, assess the potential yield and bring evidence-based proposals before the States.

An initial illustrative model prepared by the sponsors indicates potential annual revenue of approximately £18m at a rate of 10%, but this estimate relies on assumptions that require validation.

IPT is more targeted than a broad consumption tax because those who insure more assets, or higher-value assets, generally contribute more.

This tax can be even more targeted by exempting or charging different rates for some insurance categories. Health insurance should be exempt and is not included in the revenue figures. Other categories for potential exemption or lower rates could include rental-property insurance, which could reduce the risk of additional costs being passed to tenants, although this would reduce potential revenue.
P&R will establish the appropriate liability basis while ensuring the protection of Guernsey's large and important international insurance and reinsurance sector.

IPT is normally collected through insurers or intermediaries, subject to consultation on the mechanism and costs. This could offer a less disruptive and costly collection mechanism than a broad GST and may require fewer mitigation measures for lower-income households.