

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 L de Sausmarez

Seconded by: Deputy C Parkinson

In Proposition 1, immediately after the words “Appendix 7” insert the following words:

“with the following clarifications:

1. subject to zero rating GST on the supply or importation of a motor vehicle where:

(a) the vehicle is designed or substantially and permanently adapted for the carriage of a person in a wheelchair or on a stretcher, or is designed or substantially and permanently adapted to enable a person who normally uses a wheelchair, or who must be carried on a stretcher, to enter and drive or be carried in that vehicle (including a mobility scooter supplied to such a person); and

(b) the supply or importation is to that person, or to a parent, guardian or carer acting for that person,

and the Policy & Resources Committee shall, in preparing the GST legislation, provide for a certificate of eligibility based on the model used in Jersey so that the zero-rating may be applied at the point of supply or importation.

2. subject to the following:

a person who constructs, or commissions the construction of, a residential property otherwise than in the course of a business shall be entitled to recover GST incurred on goods and services supplied for the purposes of that construction.

3. 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 of 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.

4. save that, in relation to GST, no GST is chargeable on the importation of unaccompanied personal goods where the value of the consignment does not exceed a de minimis threshold, not being less than £280,
5. 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.
6. Subject to the following:
 - a) the Policy & Resources Committee, working with the Committee *for* Employment & Social Security, shall not 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 6(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 6(b) shall apply notwithstanding any commencement date previously appointed.
 - f) The legislation and other measures implementing GST and the GST commencement preconditions shall come into force simultaneously and shall not include any power (whether by legislation, resolution or administrative decision) to derogate from them.
7. subject to introducing an Alderney Essentials Cost Relief Payment that is calculated based on the estimated annual GST incurred by a household on Income Support, the value of the payment being in line with the minimum income standard as priced for Alderney.”

Rule 4(1) Information

- a) The proposition contributes to the States' objectives and policy plans by expediting debate on the super priority set out in the States' Government Work Plan (Billet d'Etat II of 2026) to 'Decide and deliver tax reform'. This forms part of the 'Island Resilience' area of focus.
- b) In preparing this proposition no specific consultation has taken place, although many of these issues have been discussed with industry as part of the ongoing engagement on tax reform.

- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications, following which some amendments to the language in 6(f) have been made.
- d) The amendment has minimal financial impact (less than £12,000) from the proposed Alderney Essentials Cost Relief Payment.
- e) Drafting advice has not been sought from the States' Greffier.

Explanatory Note

This amendment consolidates six amendments, of which five were proposed by Deputy Curgenvén (31, 34, 44, 46 and 51) and one by Deputy Camp (52), given the time considerations of this debate.

As outlined in the response to the Rule 14 questions [Question regarding Ensuring Tax Reform 2026 is Fit for Purpose to Policy & Resources Committee | Guernsey Parliament](#), most of these relate to detailed provisions which the Policy & Resources Committee has already confirmed are being developed, or which aim to achieve the same aim.

Amendment 44 formalises the credit for employed individuals that was included in the Tax Review Phase 2 policy letter, albeit it now goes wider, including self-employed individuals.

The Committee therefore supports all of these amendments, subject to the following modifications:

Amendment 34 – GST on Self Builds

The intention is to follow how Jersey operate this provision, which is to allow people who register a DIY home build to reclaim GST on input costs.

As originally drafted the amendment introduces a compliance risk by issuing an exemption certificate. The reclaim procedure provides a route to compliance validation, enabling benchmarking as to whether the GST reclaimed is broadly proportionate to the build, which can be cross checked with receipts as evidence of purchase.

Amendment 46 – De minimis provision

To clarify that the de minimis only applies in respect of unaccompanied personal imports.

This amendment also inserts a provision that seeks to introduce an Alderney Essentials Cost Relief Payment Scheme, recognising the concerns that have been raised by political and industry representatives in Alderney that the changes may have a greater impact on Alderney residents due to the higher costs of living (primarily food and fuel).

This is intended to provide targeted support to Alderney residents, as an alternative to Amendment 15.

The Tax Reform: Workstream 1 policy letter ([Tax Reform: Workstream 1 | Guernsey Parliament](#)) set out that consideration would be given to offering a higher Essentials Cost Relief Payment to Alderney. At a 3% GST that would mean an additional £42 for a single person and £51 for a couple. The relevant section of that policy letter is copied below, noting at this stage the rate of GST used in the calculations was 5%.

Alderney

- 4.1 Under the provisions of the 1948 Agreement, Alderney residents pay Guernsey taxes and, in return, the States of Guernsey assumes financial and administrative responsibility for certain public services (known as 'the transferred services'), such as policing, healthcare and education. As a general principle, all scales of taxation which are levied in Guernsey automatically apply in Alderney. For the purposes of taxation (and unless otherwise agreed by the States of Deliberation), both islands are generally treated as one.
- 4.2 During consultation on the proposals set out in this Policy Letter, concerns have been raised by political and industry representatives in Alderney that the changes may have a greater impact on Alderney residents due to the higher costs of living (primarily food and fuel).
- 4.3 Alderney's demographic and economic make-up is substantially different to Guernsey. The population has a lower average income, and a much higher percentage of pensioner households. As a result, the expected net revenue per capita from Alderney as a result of the application of this package is less than half that anticipated from Guernsey. It also means the proportion of households who could potentially qualify for this scheme is significantly higher in Alderney (up to 29%) than in Guernsey (up to 15%).

	Entire data set	Alderney only
Approx. median gross equivalised household income ⁷	£70,000	£52,000
Lower quartile gross equivalised household income	£42,000	£32,000
Upper quartile gross equivalised household income	£105,000	£74,000
Households with working age adults only	35%	34%
Households working age adults with children	19%	8%
Households with pensioners only	22%	34%
Est percentage of households better off under GST+	51%	52%
Max Percentage of households qualifying for ECRP	15%	29%

- 4.4 Alderney residents also experience higher prices in some areas, particularly in relation to food and energy. Replicating (as far as feasible) the calculations above for Alderney suggests that the basket of goods applied for a working age couple would cost around 7.5% more in Alderney and incur between £69 and £85 a year more in GST.
- 4.5 **Consideration will be given to whether a *higher* Essentials Cost Support Payment could be offered for Alderney residents.** At the level set out above, this would cost up to £20,000 a year.