

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**Proposition No. 2026/49**

**Policy & Resources Committee**

**Tax Reform 2026**

**AMENDMENT**

Proposed by: Deputy G A St Pier

Seconded by: Deputy T L Bury

To insert a new proposition as follows:

“To direct the Policy & Resources Committee to take all such steps as are necessary including, for the avoidance of doubt, consultation with the Lord Chancellor, the Ministry of Justice, the Government of Jersey and the Isle of Man Government, to ensure that the States are provided with the opportunity to approve the repeal of the income tax exemption contained in section 1 of The Office of Lieutenant-Governor of Guernsey (Salary and Official Expenses) Law, 1972 with effect from the commencement of the term of appointment of the next holder of the Office of Lieutenant-Governor.”

**Rule 4(1) Information**

- a. The proposition contributes to the States’ objectives and policy plans by improving equity within the tax system, tax reform having been approved as a super priority in the States’ Government Work Plan (Billet d’Etat II of 2026.)
- b. There has been consultation with the Policy & Resources Committee.
- c. The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d. It is estimated that if carried into effect, the proposal would incur no costs and increase Income Tax revenues by a sum not exceeding £30,000 recognising that the net package of emoluments and benefits for a future officeholder will need to remain competitive and attractive.

- e. Drafting advice has been sought from the States Greffier and the Officers of the Policy & Resources Committee.

### **Explanatory note**

A statutory exemption from income tax for the Lieutenant-Governor's emoluments is contained in the section 1 The Office of Lieutenant-Governor of Guernsey (Salary and Official Expenses) Law, 1972.

With effect from 6 April 1993, the Crown has voluntarily paid income tax and capital gains tax in the United Kingdom.

Following His Majesty's accession in 2022, a "[Memorandum of Understanding on Royal Taxation](#)" was executed on 18 July 2023. This includes provision that, "*Income tax is paid, on private income, in accordance with ordinary income tax rules...*"

In light of these developments in the United Kingdom, the logic or principle that the Crown's representative in the Bailiwick should continue to be exempt from local income tax is not sustainable.

Further in 2026, having regard to principles of tax equity in the context of a policy letter on Tax Reform, the States of Deliberation cannot in good conscience ask the general population of the island to contribute more taxation, whilst continuing to exempt from taxation the official emoluments of the island's most senior, tax resident servant of the Crown in the right of Guernsey.

The proposal would be to end the exemption with effect from the beginning of the term of the next office holder. This is in recognition that the current office holder has a legitimate expectation, based on the conditions applicable at the beginning of the term of office, that the remuneration would be tax exempt.

It is not possible to calculate the exact change in revenues. This will depend among other things on any adjustment needed to ensure that the net package remains competitive and attractive and the personal circumstances, including other income, of the officeholder.

It is recognised that the Ministry of Justice and the Lord Chancellor have an interest in the matter and that similar arrangements exist for the Lieutenant-Governors of Jersey and the Isle of Man. Accordingly, the proposition includes directions for consultation with these interested parties, following which the Policy & Resources Committee must present the States of Deliberation with the requisite proposition to repeal the income tax exemption.

This amendment is supported by Forward Guernsey.