P.2026/49 Sursis

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

15th July, 2026

Proposition No. P. 2026/49

Policy & Resources Committee

Tax Reform 2026

SURSIS

Proposed by: Deputy L McKenna
Seconded by: Deputy M Helyar

To sursis the propositions either until such time that Members of the States have received the following:

i. a report from the new Chief Resourcing Officer on the States finances; and
ii. evidence that the Revenue Services has resolved its backlog and can demonstrate that it is successfully able to manage its future workflow,

or by 19th July 2028, whichever is earlier.

Rule 4(1) Information

a) The proposition contributes to the States' objectives and policy plans by ensuring Guernsey's tax system remains fair and just.

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 financial implication of carrying out this amendment is the delay in the collection of potential revenue.

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

Explanatory Note

The States is currently in the process of replacing its Chief Resources Officer (Treasurer), who may have a significantly different view about the manner in which States finances are and should be structured and run; and
The States is currently accruing for so called Pillar II tax income without any accurate view of whether those figures are either correct or sustainable (treasury forecasts have varied widely from just £10m to £30m or more); and

The revenue service has been reported to be in need of special measures and is reported to be 20,000 returns in arrears, yet tax reform will burden it with a completely new tax to administer as a result of the inception of GST whilst there is a significant lack of public trust over its governance and management; and

Notwithstanding the negative cash position of the States and that reserves are being eroded and are due to expire entirely in 2031, and we are spending £22m per year more in benefits than are covered by contributions, P&R's own treasury lead has advised both the States and the public that our financial position is "pretty robust"; and

The States have committed to but made no significant progress towards delivering savings, which are at best only lip service with a minimal 1% savings target which is not capable of demonstrating to the public any willingness of the public service towards automating or withdrawing services or regulation to reduce costs.

Given the completely mixed political messages from key members of P&R and the significant differences between forecasts, performance and outcomes, which could have a very significant bearing upon the long term financial position of the States, it would be prudent to sursis and delay the tax reform debate until such numbers, performance of the revenue service against current promises and the views of a new chief resources officer as to savings, efficiency and productivity targets will give a clearer picture on which to base decisions in relation to tax reform.