

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

**25<sup>th</sup> February 2026**

**Proposition No. P.2026/7**

**Policy & Resources Committee**

**Tax Reform: Workstream 1**

**Motion under Article 7(1)**

Proposed by: Deputy J Ozanne  
Seconded by: Deputy A Matthews

To suspend Rule 24(2) the Rules of Procedure of the States of Deliberation and their Committees to the extent necessary to permit the sursis set out below to be debated.

**SURSIS**

Proposed by: Deputy J Ozanne  
Seconded by: Deputy A Matthews

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

- i) An update from 2025 Accounts setting out the size of the current deficit,
- ii) The report of the Tax Reform Sub-Committee and
- iii) The revised Fiscal Policy Framework,

or by July 15<sup>th</sup>2026, whichever is earlier.

**Rule 4(1) Information**

- a) The proposition contributes to the States' 2026-2029 Government Work Plan 'super priority' of 'deciding and delivering tax reform' by ensuring that deliberations are held in an ordered way with all the facts, so as to improve our fiscal stability and long term fiscal sustainability.
- b) In preparing the proposition, consultation has taken place with the President of Policy and Resources and the State's Treasurer, both of whom are opposed to this

sursis on the grounds that it will cause a significant knock on delay for the implementation of GST.

- c) The propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) There are no immediate financial implications in carrying out this amendment. However, the States Treasurer has forecast that should this sursis lead to a delay in implementation of GST tax reforms, this would result in an adverse impact of £50m-£100m potential lost revenue. This estimate does not, it would appear, take into account any other income from alternative tax reforms or revenue increasing measures that may be decided by States Members instead.
- e) Drafting advice was sought from the States Greffier.

### **Explanatory note**

The timing of the debate on Tax Reform: Workstream 1 is premature and would best be conducted once the results of three significant items have been considered by States members. These are:

- i) An analysis of the 2025 Accounts, with a particular understanding of the current deficit.
- ii) The report from the Sub-Committee on Tax Reform, which is currently due in April 2026.
- iii) The revised Fiscal Policy Framework, following the successful Sursis Motive in January 2026.

Tax Reform: Workstream 1 asks States Members to make a hypothetical decision on whether GST should be added to certain foods and beverages, whilst there is no clarity as to the size of the 2025 States' deficit nor the range of alternative options that are being proposed regarding tax reform.

This sursis proposes delaying the debate until the main GST debate for three reasons:

1. The Workstream 1 debate is likely to generate much confusion and ill-will amongst members of the public, a large proportion of whom are strongly opposed to the concept of GST, even when coupled with a support package ('GST plus'). In having the most controversial part of the debate first, that of deciding whether GST should be applied to food, the States risks further undermining levels of public trust and confidence. Delaying the debate will enable a more ordered and logical process, which will help build trust and confidence – both of which will be needed if the States do ultimately decide to go ahead and implement a form of GST.
2. It is imperative that States Members have as an informed debate as possible, which requires a greater understanding of both the scale of the problem – in the light of the most recent 2025 Accounts – and an understanding of potential alternative tax reform options. These will be presented in April by the Sub-Committee on Tax Reform, and it would therefore seem prudent to await their report and its recommendations. The

revised Fiscal Policy Framework, which is to be published by 15<sup>th</sup> July 2026, will provide a clearer and more robust framework for ensuring an effective constraint on fiscal decision-making. It is therefore good practice to have agreed this before making decisions that will impact our long-term financial position.

3. Policy should be shaped, driven and decided by politicians, not determined by operational concerns or constraints. There has been a growing sense of frustration amongst deputies and the public as to who is perceived to be in the 'driving seat' when it comes to policy matters, especially on tax reform. This is not helped by the recent revelations regarding major capital overspends and the problems experienced by the Revenue Service. Despite the fact that it has been agreed that the main debate regarding whether 'GST' should be implemented is set for the summer, there is increasing concern that some officers regard the decision as already made and that States Members are 'being managed' down a path that will deliver this predetermined outcome. Whether or not this is true is secondary to the fact that it does nothing to help build trust and confidence between States Members, officers and the public. The right ordering of these debates is foundational to rebuilding that trust.

This sursis therefore recommends a short delay for the reordering of proceedings, so that Deputies can have all the facts needed for an informed debate on GST – both on general and specific topics. It is recommended if modelling is required beforehand, that a 'worst case scenario' be adopted.