

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November 2026

Proposition No. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Deputy G St Pier

Seconded by: Deputy H Camp

To insert, in Proposition 24(a), immediately after the words “First Schedule to this proposition” the words “, subject to amending paragraph (iii) of the First Schedule by the insertion of “£88,650” in place of “£85,000””.

Rule 4(1) Information

- a. The proposition contributes to the States’ objectives and policy plans by maintaining equity within the tax system.
- b. The proposition has been submitted to the Policy & Resources Committee for consultation.
- c. The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d. It is estimated that the proposition could reduce the income tax burden on taxpayers in 2027 by £800,000.
- e. Drafting advice has been sought from the States Greffier and advice has been sought from officers of the Policy & Resources Committee.

Explanatory note

By increasing the value of the withdrawal threshold by RPIX (4.3%) to £88,650, the amendment does no more than maintain the real value (after inflation) of the threshold. In

the absence of this, the income tax burden on taxpayers is increased by approximately £800,000, as more taxpayers are dragged into the fiscal withdrawal threshold process.

The Budget Report states at paragraphs:

“5.3 The taxable income threshold at which the personal, other allowances and deductions (such as mortgage interest and pension contributions) are withdrawn was increased to £85,000 (from £82,500) with effect from 1 January 2026. The withdrawal ratio is set at a rate of £1 of allowance being withdrawn for every £5 that an individual’s income exceeds the threshold. £2,500 of relief on pension contributions is protected from withdrawal.

*“5.4 The Policy & Resources Committee **is recommending that no changes are made to these figures for the Year of Charge 2027. The threshold at which withdrawal starts is recommended to remain at £85,000 with the withdrawal rate remaining at 1:5. This will increase revenues by circa £800,000.**”*

Accordingly, the Budget Report does not explain or justify the recommendation to freeze the withdrawal threshold other than – presumably – simply to raise more income tax revenues.