

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

**17<sup>th</sup> October 2023**

**Proposition No. P.2023/101**

**Policy & Resources Committee**

**Funding & Investment Plan**

**AMENDMENT**

Proposed by: Deputy L S Trott

Seconded by: Deputy J A B Gollop

To insert the following propositions immediately after Proposition 4:-

**“OR IF NEITHER PROPOSITIONS 2, 3 OR 4 ARE APPROVED:-**

4A. To agree that the current and future expected structural deficit shall be addressed by increasing the individual standard income tax rate so that, on and from 1<sup>st</sup> January 2025, the amount of personal Income Tax payable by individuals shall be increased to a maximum of 23%.

4B. To agree that the individual standard income tax rate shall, in the meantime, be increased so that the amount of personal Income Tax payable by individuals on and from 1<sup>st</sup> January 2024 shall be 22%.

4C. To direct the Policy & Resources Committee to submit to the States by no later than July 2024 detailed proposals for increasing the individual standard income tax rate at which personal Income Tax is charged to a maximum of 23% in order to address the structural deficit in the absence of any additional measures, for implementation on 1st January 2025.

4D. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.”

**Rule 4(1) Information**

- a) The propositions contribute to the States’ objectives and policy plans and are in line with the Government Work Plan priorities.
- b) In developing the propositions, the Policy & Resources Committee has been informed

- c) The propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposal into effect is an estimated £32m increase to Income Tax per annum from 2024 onwards.

### **Explanatory note**

This amendment is only being proposed if all other options are unsuccessful, so that the States' are able to address the underlying financial deficit.

The estimated financial impact of raising the rate at which personal Income Tax payable by individuals by 1% is that it will generate an additional £16m of revenues per annum. Raising the rate by 2% would have the effect of generating an estimated £32m of additional revenue and 3% would raise an estimated £48m additional revenue per annum.

The 2% increase is being recommended initially in order to give the Policy & Resources Committee sufficient time to undertake detailed analysis of the likely impact of the proposals before reporting back to the States by July 2024.

*Please note that this modelling has been undertaken based on assumptions which have not all been verified and in a timeframe which has not allowed the degree of consideration, scrutiny and review that would normally be given to modelling of this type. There has been limited time for the identification, consideration and modelling of the possible implications of the revised assumptions.*