

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

5th November, 2024

Proposition No. P.2024/91

Policy & Resources Committee

2025 Budget Report

AMENDMENT

Proposed by: Deputy R G Prow

Seconded by: Deputy N Inder

1. To delete in Proposition 1A "of 5%".
2. To insert after Proposition 1A a new Proposition as follows:

"1B. To agree as follows –

- (a) that a GST shall be introduced only by way of Ordinance under the General Sales Tax (Enabling Provisions) (Guernsey and Alderney) Law, 2009, and any subsequent amendments to such an Ordinance (for example, in relation to the rate or scope of a GST) shall be effected only in the same manner;
- (b) that retail food (defined in such manner as the Policy & Resources Committee, after investigation, may recommend, and the States, when enacting the necessary legislation, may determine) should be zero rated for the purposes of GST and that the rate of GST should be set at 6%;
- (c) that the provisions of articles 3(4) and 3(5) of the Reform (Guernsey) Law, 1948 shall apply in respect of any Ordinance which increases the rate of GST and any resolution directing any such increase in the same manner as they apply to the Reform (Guernsey) Law, 1948 and any resolution to amend that Law."

Rule 4(1) Information

- a) The proposition contributes to the States' objectives and policy plans by seeking to agree a sustainable model for public finances.
- b) In preparing the proposition, advice from Treasury officials has been taken.
- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implications of the removal of GST relating to food from the overall revenue raising package (as set out in the amendment proposed by Deputies Roffey and Ferbrache) is a loss of revenue of c.£11m. To replace this lost revenue would require the rate of GST to be set 1% higher at 6%. In addition, the costs of implementation and ongoing administration for both the States and businesses subject to GST will be higher than previously calculated although this has not yet been quantified and will depend to some extent on the agreed definition of 'retail food'.

Explanatory note

This amendment, inserting a Proposition 1B, seeks to replicate the effect of two successful amendments to proposition 2)(A)ii; [Gollop/Matthews; and again Gollop/Matthews that the States approved] and [Prow/Dudley-Owen – Not laid – but the content agreed by Policy and Resources] in the course of the 2023 debate on Article V of Billet d'État II of 2023 ("Tax Review: Phase 2") [CHttpHandler.ashx\(gov.gg\)](http://CHttpHandler.ashx(gov.gg)).

The amendment would only be relevant if the amendment proposed by Deputies Roffey and Ferbrache (Proposition 1A) were approved and is designed to be read and to form a package with that amendment.

As Proposition 1B is linked to the Roffey/Ferbrache amendment, it does not affect the options available to the States as outlined in the Explanatory Note to that amendment.

The amendment also inserts the same requirements as to a two thirds majority in respect of any subsequent Ordinance which increases the rate of GST and any resolution directing any such increase as are applicable in respect of amendments to the Reform (Guernsey) Law, 1948 under articles 3(4) and (5) of that Law.