



**Response to a Question Pursuant to Rule 14  
of the Rules of Procedure of the States of Deliberation and their Committees**

**Subject:** Tax Reform 2026  
**States' Member:** Deputy Rob Curgenvén  
**Date received:** 24<sup>th</sup> June 2026  
**Date of reply:** 3<sup>rd</sup> July 2026

**Question 1:**

**Appendix 7 to the Policy Letter entitled “Tax Reform 2026” (P2026-49), budgets for £3m per year in additional revenue from “further increases in annual vehicle tax”. What are the intended rates of annual vehicle tax following the planned increases?**

**Answer:**

The indicative rates set will raise an estimated £4m in 2027/8. A further £3m is intended to be raised from further transport taxes by 2032 (see appendix 9.4 for proposed timing), on which the Policy & Resources Committee will work with the Committee *for the Environment & Infrastructure* to develop further details. The proposals in respect of transport taxes are summarized here: [Transport tax changes - States of Guernsey](#)

**Question 2:**

**The President recently indicated that she anticipated that GST could rise to 5% within 2 years of implementation, and the policy letter envisages undisclosed “further increases in annual vehicle tax”. Can the President please confirm if any other increases or new taxes are envisaged ?**

**Answer:**

The intention of presenting a lighter package of measure is to both reduce the risk of economic shock from applying too much change in one go, and to recognize that there is still some significant uncertainty around some key elements of the States finances – particularly in relation to the medium- and long-term receipts from Pillar 2 and the future risk and opportunities from factors like AI and offshore wind.

The initial rate is protected until after the 2030 review, so would remain at this level for 2028, 2029 and 2030: as such, the President has never indicated that GST could rise to

5% within two years of implementation as that is clearly not the case. The inclusion of a review in 2030 is intended to allow the next Assembly to consider both the progress of any measures implemented and the developments in the areas referred to above, before deciding whether it is necessary to go further. It may or may not be necessary to consider a further increase in the GST rate to 5% or other changes to the tax base at that time, but that consideration will fall to the next Assembly, and any changes made would not be within two years of implementation.

If a future Assembly does consider it necessary to change the standard rate when that review reaches the States in 2030, implementation of those changes would occur no earlier than 2031. If that decision does include a change in the standard rate, the legislation will require that this be accompanied by proportionate changes in the provisions made to protect lower income households, including adjusting the thresholds of the 15% rate and reviewing the allowance applied to social security contributions as agreed by the Assembly in February.