IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 6TH NOVEMBER, 2026

The States resolved as follows concerning Billet d'État No XVIII
dated 23rd October, 2026

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2027

The States are asked to decide whether, after consideration of the Policy Letter entitled "States of Guernsey Budget, 2027", they are of the opinion:

1. To agree that the amount of tax relief in respect of mortgage interest paid on a principal private residence remains at its present level of £3,500 and to cease the phased withdrawal of tax relief provided on mortgage interest in respect of principal private residence.

2. To increase the amount of bank interest exempt from tax, as provided for in section 40(kk) of the Income Tax (Guernsey) Law 1975, from £50 to £75.

3. To increase the limit on the amount of income tax payable by an individual resident in Guernsey in respect of qualifying income from £160,000 to £171,000, and in the case of an individual in respect of both qualifying and non-qualifying income from £320,000 to £342,000 and in paragraph I of the Sixth Schedule to the Income Tax (Guernsey) Law, 1975 –

   (a) for "£160,000" in both places appearing substitute "£171,000"
   (b) for "£320,000" in both places appearing substitute "£342,000"

4. To increase the limit on the amount of income tax an individual resident in Guernsey can pay under paragraph 3 of the Sixth Schedule to the Income Tax (Guernsey) Law 1975 (the "Open Market Tax Cap") in line with inflation to £65,000 for 2027 and, to provide certainty for those claiming the cap, to agree subsequent increases of £10,000 for each of the next 3 years (increasing the amount payable to £75,000 for 2028, £85,000 for 2029 and £95,000 for 2030); also increasing the amount of document duty (or anti-avoidance duty paid under the Document Duty (Anti-Avoidance) (Guernsey) Law 2017) needing to be paid on the purchase of a property on Part A of the Open Market Register, (or the purchase of all the shares of a relevant company or other relevant transaction

for the purposes of the Anti-Avoidance Law), by RPIX, from £50,000 (where the level has been since the caps introduction in 2018) to £70,000, for properties purchased (or shares purchased or in respect of any other such relevant transaction) on or after 1 January 2027.

5. To direct the Policy & Resources Committee to undertake a cost-benefit analysis of the Open Market Tax Cap and report the results in the 2028 Budget Report.

6. To agree to increasing the Tax Caps that an individual resident in Guernsey can pay under paragraphs 1 and 3 of the Sixth Schedule to the Income Tax (Guernsey) Law 1975 (the Open Market Tax Cap, the cap applicable to qualifying income and the cap relating to worldwide income) by RPIX on an annual basis in future years.

7. To endorse the intention of the Policy & Resources Committee to introduce an "Entrepreneur Tax Cap" into the Sixth Schedule of the Income Tax (Guernsey) Law 1975 as soon as practicable, the details of which will be worked up with the Committee *for* Economic Development.

8. To increase the maximum aggregate amount of donations that may be made to Guernsey Registered Charities and be exempt from income tax in any year of charge, specified in section 64B(1)(d) of the Income Tax (Guernsey) Law 1975, from £10,000 to £50,000.

9. To agree:

   (a) to amend the definition of "dependant" in Section 158 of the Income Tax (Guernsey) Law, 1975, in relation to Part XIII (pension schemes, retirement annuity schemes and retirement annuity trust schemes), to that as set out in the Revenue Service Practice Notes on occupational and retirement annuity schemes;

   (b) to introduce the term "nominee" into Part XIII of the Income Tax (Guernsey) Law, 1975 with the meaning of an individual nominated by a member of a pension scheme or an individual nominated by the scheme trustee or scheme administrator, who may receive an annuity on the member's death;

   (c) to introduce the term "successor" into Part XIII of the Income Tax (Guernsey) Law 1975 with the meaning of an individual being assigned as a successor by a dependant, a nominee, or by the scheme trustee/administrator to receive an annuity on the death of a member (where the nominees have died); and

   (d) to introduce into Part XIII of the Income Tax (Guernsey) Law 1975, a hierarchal structure for the payment of death benefits, on the death of a member of a pension scheme. The order to be dependant, nominee then successor.

10. To approve the draft Ordinance entitled "The Excise Duties (Budget) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States, subject to the following amendments to The Excise Duties (Budget) Ordinance, 2026 –

a). after section 4, insert the following section -

"4A. In the definition of "independent small distiller of spirits", substitute "30,000" for "20,000", wherever it occurs in that definition.", and

b) in section 11 –

(i) in subsection (1), after "4," insert "4A,", and

(ii) in subsection (2), after "4," insert "4A,", and

subject to the following amendments to section 6:

1. in the table set out in paragraph 4:
    a. .in in subparagraph (c), for "71p" substitute "70p";
    b. in subparagraph (e), for "46p" substitute "45p";
    c. in subparagraph (f), for "39p" substitute "38p";
    d. in subparagraph (g), for "£1.15" substitute "£1.13";
    e. in subparagraph (h), for "98p" substitute "96p";
    f. in subparagraph (i), for "58p" substitute "56p";
    g. in subparagraph (j), for "52p" substitute "50p";
    h. in subparagraph (k), for "£1.44" substitute "£1.41";
    i. in subparagraph (l), for "£1.30" substitute "£1.27";
    j. in subparagraph (m), for "£1.66" substitute "£1.63"; and
2. in the table set out in paragraph 5, for "£25.94" substitute "£25.45" and for "£51.87" substitute "£50.90"; and
3. in the table set out in paragraph 6:
    a. in subparagraph (c), for "71p" substitute "70p";
    b. in subparagraph (e), for "46p" substitute "45p";
    c. in subparagraph (f), for "39p" substitute "38p";
    d. in subparagraph (g), for "£1.15" substitute "£1.13";
    e. in subparagraph (h), for "98p" substitute "96p";
    f. in subparagraph (i), for "58p" substitute "56p";
    g. in subparagraph (j), for "52p" substitute "50p";
    h. in subparagraph (k), for "£1.44" substitute "£1.41";
    i. in subparagraph (l), for "£1.30" substitute "£1.27";
    j. in subparagraph (m), for "£1.66" substitute "£1.63"; and
4. in the table set out in paragraph 7:
    a. in subparagraph (a), for "90p" substitute "89p";
    b. in subparagraph (b), for "77p" substitute "76p";
    c. in subparagraph (c), for "£3.66" substitute "£3.59";
    d. in subparagraph (d), for "£3.29" substitute "£3.23"; and
    e. in subparagraph (e), for "£5.85" substitute "£5.74".

and, subject to the following amendment to the Ordinance, which is to be amended so that the amounts in column 3 of paragraph 2 and 3 of the inserted text in section 6 remain the same as those presently in force, namely as follows:

a) in the third column of paragraph 2 of the inserted text in section 6,
   (i) for "94.4p" wherever it appears substitute "90.5p"
   (ii) for "64.0p" substitute "61.4p"
   (iii) for "63.1p" substitute "60.5p", and

b) in the third column of paragraph 3 of the inserted text in section 6, for "63.1p" substitute "60.5p".

11. To agree that alcohol duty rate increases will be limited to RPIX only for 2027 and 2028 or, prior to that point, until such time as a Minimum Unit Price for alcohol or other public health policy relating to alcohol is implemented by the States of Guernsey.

12. To direct the Policy & Resources Committee to develop proposals for a tiered structure of small producer thresholds for the 2028 Budget, in consultation with the Committee *for* Economic Development and in consideration of policies across the Channel Islands.

13. To direct the Committee *for* Home Affairs to exercise its statutory powers in order that a duty-free relief of 50ml for vaping liquid is brought into force to coincide with the commencement of the "The Excise Duties (Budget) Ordinance, 2026.

14. To include recommendations on the appropriate differential between vaping liquid and tobacco products in the 2028 Budget Report for consideration and approval by the States of Deliberation, so that the agreed approach can inform future duty-setting decisions.

15. To approve the draft Ordinance entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

16. To approve the draft Ordinance entitled "The Document Duty (Rates) (Amendment) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

17. To agree that downsizing relief will not be continued beyond the end of 2027.

18. To approve the draft Ordinance entitled "The Document Duty (Anti-Avoidance) (Rates) (Amendment) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

19. To approve the draft Ordinance entitled "The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

20. To approve Committee Net Expenditure Option A for 2027 totalling £700.4 million as set out in Table 11, paragraph 6.27, subject to an additional £57,000 of expenditure for the Committee for Housing for the purpose of funding an increased grant to Action for Children.

21. Notwithstanding whether Proposition 16 has been approved –

(a) where it has been approved, to rescind that resolution, and

(b) to approve Committee Net Expenditure Option B for 2027 totalling £716.1 million as set out in Table 11 paragraph 6.27, and

(c) to rescind Resolution 10 of Billet d'État No II, 2026, and

(d) to direct the Policy & Resources Committee, working with all committees and service areas, to continue to identify and implement recurring expenditure savings with a cumulative value by 2029 (or as soon as possible thereafter, recognising that savings need to be sustainable and deliverable without undermining agreed service outcomes) of £20 million each year (with 2026 as the baseline year) through a structured programme including priority-based budgeting and other savings and efficiency measures, and to report annually on progress in the annual budget.

22. To agree the allocation of £5 million from the existing £25 million unallocated Routine Capital Allocations for 2025 to 2028 to support the development and implementation of Spend-to-Save initiatives.

23. To agree a multi-year budget of £15 million for the period 2027 to 2029 to fund the economic growth initiatives set out in paragraphs 6.98-6.109 of the 2027 Budget Report, and to direct the Policy & Resources Committee to ensure that the multi-year funding agreement for economic growth initiatives as set out in paragraphs 6.98-6.109 of the 2027 Budget Report ("the Fund") provides that:

(a) the sole purpose of the Fund is to support time-limited initiatives which address identifiable constraints on, and make a credible contribution to, sustainable economic growth in Guernsey;
(b) for the purpose of this proposition, "economic growth" means sustainable increase in the volume of goods and services produced in Guernsey ("the real economic output"). A proposal may be funded where it demonstrates a measurable contribution to Guernsey's productive capacity which is reasonably expected to increase real economic output over time.
(c) each proposal for funding must demonstrate that it:
    i. identifies a specific constraint on or opportunity for economic growth and explains how the proposed intervention is expected to contribute to increased real economic output or productive capacity which is reasonably expected to generate such output;
    ii. demonstrates why public funding is required, including what is likely to happen in the absence of funding and why the proposed activity would not otherwise be delivered to the same extent or at the same time;
    iii. specifies measurable outcomes, including a baseline, including a baseline, indicators, targets, timescales and arrangements for evaluating the results;
    iv. includes a costed and deliverable plan, with clear milestones, a defined funding period and an explanation of how the initiative will conclude or be

sustained without creating an unapproved ongoing expenditure commitment; and

v. demonstrates value for money through an assessment of reasonable alternatives, whole-life costs, expected benefits and material risks;

(d) notwithstanding that it will work with the Policy & Resources Committee in its established, the Committee *for* Economic Development shall be responsible for establishing and publishing the application and assessment framework for the Fund in advance of welcoming submissions;

(e) in variance of the expectation expressed at paragraph 6.105 of the 2027 Budget Report, the Committee *for* Economic Development shall be responsible for making the final decision on individual funding allocations, within the total funding, duration and terms approved by the States, such funding not to be unreasonable withheld by the Policy & Resources Committee; and

(f) the Committee *for* Economic Development shall report to the States at least annually on the operation of the Fund, including for each funded initiative, its approved funding, progress and results against the five criteria in paragraph (c), and an assessment of how the Fund, taken as a whole, is contributing to its purpose in paragraph (a) (notwithstanding that this may be achieved through a report annexed to the budget in line with paragraph 6.106 of the 2027 Budget Report).

24. To agree that funding from the Channel Islands Lottery (Guernsey) Fund be provided to support the operation of Beau Sejour Leisure Centre for the period 2027 to 2031, at up to £700,000 per annum, indexed annually for inflation and capped at the Centre's operating deficit.

25. To approve provision within the 2027 Budget for a transfer from the General Reserve to Guernsey Ports to fund its 2027 cash requirements estimated at £1.1 million.

26. To authorise the Policy & Resources Committee to make annual transfers from General Revenue to Guernsey Waste, from 2027 onwards, equivalent to the forecast operating losses of Guernsey Waste excluding inert waste and depreciation, subject to a cap of £2.3 million in 2027, with the cap increasing annually thereafter in line with inflation.

27. To approve the following Budgets for the year 2027:

(a) Guernsey Ports
(b) Guernsey Water
(c) Guernsey Waste
(d) States Works
(e) Guernsey Dairy
(f) Superannuation Fund Administration
(g) Committee *for* Employment & Social Security – Contributory Funds.

28. That,

(a) subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2027

by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition;

(b) the allowances specified in the First Schedule to this proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this proposition have been fulfilled;

(c) "Family Allowances" means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and

(d) "the Income Tax (Guernsey) Law, 1975" means that Law as amended, extended or applied by or under any other enactment and includes, where relevant, any Ordinance, regulation or Resolution of the States made under that Law.

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

30. To agree that all committees of the States are accountable for the staffing of their service areas, meaning that recruitment to all roles (both to fill vacancies and the creation of new roles) of SO1 pay grade or equivalent and higher, or regarding of existing roles to or above that grade, must be approved or ratified in principle by the sponsoring committee; and further to direct P&R to create a standardised reporting template that each committee will complete annually.

31. To direct the Policy & Resources Committee to transfer into the Core Investment Reserve from Pillar2 tax receipts:

(a) 100% of any receipts which exceed the estimated receipts as follows:
2025 - £75m
2026 - £77m
2027 - £79m
2028 - £74m

(b) 50% of the receipts for 2029 and each subsequent year.

32. To direct the Policy & Resources Committee in preparing the Medium-Term Financial Plan to consider:
1. the role of debt and borrowing as part of total States net asset management;
2. the most efficient funding of capital projects, including equity investment, borrowing and debt financing options;
3. the value, in repaying, purchasing or reallocating part or all of the existing States of Guernsey 2046 Bond;
4. the current funding levels and utilisation of all the States' Reserves, including the Guernsey Insurance Fund and/or the Superannuation Fund;

5. how the underlying reserves could be invested in local capital projects;
6. how instructions to the States Investment Board would need to be amended to reflect the considerations 1 to 5; and
7. the development of an annual rolling medium term 5 year macro-economic plan within which the Medium-Term Financial Plan might sit.

33. To direct the Policy & Resources Committee, in consultation with the Committee *for* Housing and the Committee *for* Economic Development, to investigate increasing document duty rates by at least one percentage point for property transactions valued at more than £2.5 million, including the introduction of a new rate band for transactions valued at more than £10 million, and to ensure that any resulting changes are ready to be implemented as part of the 2028 Budget.

34. To agree that maintaining and improving Guernsey's economic competitiveness should be a core consideration in the development of the States' fiscal policy.

35. To amend Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees by inserting an additional sub-paragraph as follows:

(g) in the case of the annual Budget and all propositions referring to taxation, public expenditure, public borrowing or other fiscal policy matters, an assessment of the likely implications of those proposals for Guernsey's economic competitiveness, including, where relevant, their effects on business costs, investment, employment, productivity and Guernsey's relative attractiveness as a place in which to conduct business. The extent of the assessment shall be proportionate to the nature of the proposals and, where no implications are reasonably anticipated, a statement to that effect shall be sufficient.

THE COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

NON-CONTRIBUTORY BENEFIT RATES FOR 2027

P.2026/83

I. After consideration of the Policy Letter entitled 'Non-Contributory Benefit Rates for 2027', dated 6th October 2026, they were of the opinion:-

1. To set the income support requirement rates at the rates set out in Tables 1 and 2 of the Policy Letter, from 8th January 2027.

2. To set the income support limits of weekly income for people residing in residential homes, nursing homes, EMI (dementia care) accommodation, and the Guernsey Cheshire Home at the rates set out in Table 3 of the Policy Letter, from 8th January 2027.

3. To set the personal allowances payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of income support and to persons in United

Kingdom hospitals or care homes who are in receipt of income support at the amounts set out in Table 4 of the Policy Letter, from 8th January 2027.

4. To set the maximum rent allowances, for income support purposes, at the amounts set out in Table 5 of the Policy Letter, from 8th January 2027.

5. To set the supplementary fuel allowance at £50.48 per week, from 30th October 2026 to 29th April 2027.

6. To set the rate of family allowance at £19.20 per child, per week, from 4th January 2027.

7. To set the rates and annual income limit for severe disability benefit and carer's allowance at the rates and limit set out in Table 7 of the Policy Letter, from 4th January 2027.

8. To amend the Severe Disability Benefit and Carer's Allowance (Guernsey) Law, 1984 to provide that severe disability benefit and carer's allowance may be backdated for a period of up to 12 months before the date on which the claim was made, provided that there was good cause for the delay.

9. To amend the First Schedule to the Income Support (Implementation) Ordinance, 1971 to:

   (a) Allow payments made under any health compensation or incentivisation scheme approved by the Committee to be disregarded when assessing a person's resources for income support purposes, as set out in paragraphs 8.1 to 8.5 of the Policy Letter;
   (b) Clarify that the phrase in Paragraph 18 ''to secure income support'' includes obtaining or maintaining an income support claim, as set out in paragraph 8.9 of the Policy Letter; and
   (c) Clarify that in Paragraph 18, regarding ''resources abandoned'', those resources include the cash value lost when a resource is sold, given away, or otherwise disposed of for less than its market value, as set out in paragraph 8.10 of the Policy Letter.

10. To set the payment tariffs under the Mesothelioma Compensation Scheme at the rates set out in Appendix 3 of the Policy Letter, from 1st January 2027.

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

S.M.D. ROSS
STATES' GREFFIER