



**IN THE STATES OF THE ISLAND OF GUERNSEY  
ON THE 5<sup>TH</sup> NOVEMBER, 2025**

**The States resolved as follows concerning Billet d'État No XXVIII  
dated 10<sup>th</sup> October, 2025**

**POLICY & RESOURCES COMMITTEE  
THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2026**

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- I. After consideration of the Policy Letter entitled "States of Guernsey Budget, 2026", The States were 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 cease the phased withdrawal of tax relief provided on mortgage interest in respect of principal private residences.
  - 1a. To direct the Policy & Resources Committee working with the Committee for Housing, as part of the Guernsey Housing Plan, to consider changes or alternatives to Mortgage Interest Relief, including other forms of tax relief, to better assist first time buyers and homeowners in greater need of financial support; and to revert to the States with recommendations no later than the 2027 Budget Report.
  2. To endorse the intention of the Policy & Resources Committee to increase the Standard Charge specified in Section 5B(2) of the Income Tax (Guernsey) Law, 1975, as amended, from £40,000 to £50,000 in respect of the Year of Charge 2026 and subsequent years, by regulation under that subsection.
  3. To agree that the annual tax-free lump sum limit for a pension scheme remains at £203,000 for 2026 and future years.
  4. To amend the definition of a distribution in Section 62AA of the Income Tax (Guernsey) Law, 1975, as amended, so that it would also catch any transfer of the assets of the company for the repayment of, or otherwise, in respect of, an advance of money to the company by a member of the company or by a person connected with a member (whether or not the advance is secured), with an exclusion in respect of the repayment of commercial loans to trading companies.
  5. To endorse the intention of the Policy & Resources Committee to continue previous workstreams to better understand the scale of accumulated untaxed, undistributed profits in Guernsey resident companies, to include consideration of incentivising

earlier taxable distributions and any other mechanisms to increase revenues from this source of profits.

6. To agree the taxation point of a benefit in kind in relation to share award and share option schemes made from 1 January 2026 changes to the date of vesting/exercise, rather than date of grant, (with the benefit value to remain the amount calculated at point of grant) with a maximum period of seven years to be introduced (if the vesting/exercise period is longer than seven years the tax event occurs at the seven year point). To introduce exceptions into legislation to tax the benefit on death, retirement, leaving the employer or leaving the island, where the award/options are not forfeited on the occurrence of that event.
7. To agree that an excess repairs allowance may be given to a landlord, from 2026, for the cost of repairing, maintaining, insuring and managing a let property based on the expenses incurred in the actual calendar year, rather than it being based on the expenditure incurred in the previous five years (this allowance not to create a loss), with any transitional provisions as deemed necessary when the legislation is drafted.
8. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
9. To endorse a review of the duty-free allowances for tobacco products, with proposals to be made in the 2027 Budget Report.
10. To agree that a duty rate of £2.20 per 10ml of vaping liquid is introduced during 2026.
11. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
12. To approve the draft Ordinance entitled “The Document Duty (Rates) (Amendment) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
13. To approve the draft Ordinance entitled “The Document Duty (Anti-Avoidance) (Rates) (Amendment) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
14. To approve the draft Ordinance entitled “The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
15. To direct the Committee *for the Environment & Infrastructure* in consultation with the Policy & Resources Committee to implement an additional First Registration Duty charge for private high value vehicles during 2026.
16. To agree that the project for site clearance at Leale’s Yard is added as a delivery project in the current Major Projects Portfolio.
17. To reduce the Routine Capital allocation for Information Technology for 2025-2028 by £2.5m to £15.5m.
18. To approve provision within the 2026 Budget for a transfer from the General Reserve to Guernsey Ports to fund its 2026 cash requirements estimated at £2.2m.
19. To approve provision within the 2026 Budget for a transfer from the General Reserve to Guernsey Dairy to fund its 2026 cash requirements estimated at £1.4m.

20. To approve Committee Net Expenditure for 2026 totalling £678m as set out in the table in paragraph 6.21 and the Committee Net Expenditure budgets as set out in Appendix V subject to the following amendment: To delete the table on page 127 entitled Parliamentary Committees and replace with the following:

**Scrutiny Management Committee**

<b>2024 Actual £'000s</b>	<b>2025 Original Budget £'000s</b>	<b>2025 Forecast £'000s</b>	<b>Expenditure by Category</b>	<b>2026 Budget £'000s</b>
545	509	522	<b>Pay Costs</b>	545
			<b>Non-Pay Costs</b>	81
			<b>Total</b>	626

21. To approve the following Budgets for the year 2026:

- Guernsey Ports
- Guernsey Water
- Guernsey Waste
- States Works
- Guernsey Dairy
- Superannuation Fund Administration
- Committee for Employment & Social Security – Contributory Funds.

22. 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 2026 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.

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

24. To direct the Policy & Resources Committee to explore whether the approach to revenue potential forecasting for the Pillar 2 Global Minimum Tax Model Rules used by the States of Jersey could be adopted by the States.

**COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**  
**NON-CONTRIBUTORY BENEFIT RATES FOR 2026**

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- II. After consideration of the Policy Letter entitled 'Non-contributory Benefit Rates for 2026', dated 7th October 2025, 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 9<sup>th</sup> January 2026.
  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 9<sup>th</sup> January 2026.
  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 the 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 9<sup>th</sup> January 2026.
  4. To set the maximum rent allowances, for income support purposes, at the amounts set out in Table 5 of the Policy Letter, from 9<sup>th</sup> January 2026.
  5. To set the supplementary fuel allowance at £42.42 per week, from 31<sup>st</sup> October 2025 to 30<sup>th</sup> April 2026.
  6. To set the rate of family allowance at £18.40 per child, per week, from 5<sup>th</sup> January 2026.
  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 5<sup>th</sup> January 2026.
  8. To set the payment tariffs under the Mesothelioma Compensation Scheme at the rates set out in Appendix 2 of the Policy Letter, from 1<sup>st</sup> January 2026.
  9. To amend the legislation set out in paragraph 9.5 to make all benefit-related offences triable in either the Magistrate's Court or the Royal Court.
  10. To set the maximum penalty for all benefit-related offences under the legislation set out in paragraph 9.5 at seven years' imprisonment.
  11. To remove the specified limits on the penalties that may be imposed in the Magistrate's Court in respect of benefit-related offences under the legislation set out in paragraph 9.5.
  12. To repeal the Employment of Immigrants (Control) (Guernsey) Law, 1974.
  13. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

S.M.D. ROSS  
STATES' GREFFIER