

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

**POLICY & RESOURCES COMMITTEE**

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2018

The States are asked to decide:-

Whether, after consideration of the States of Guernsey Annual Budget for 2018, they are of the opinion:-

1. To immediately transfer the sum of £8.1million from General Revenue to the Capital Reserve.
2. To immediately transfer the sum of £5million from the General Revenue Account Reserve to the Core Investment Reserve.
3. To delegate authority to the Policy & Resources Committee to create pooled budgets, by re-allocating Committee budgets, where a need to do so is identified in any prioritised policy workstream.
4. That the twenty three policies set out in paragraphs 4.17 to 4.39 of this Report are prioritised in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey.
5. To extend the company intermediate income tax rate (10%) to income from the provision of investment management activities to individual clients (as defined in paragraph 5.7 of this Report, with the Policy & Resources Committee authorised to prescribe any matter relating to this definition including any limitations, conditions, restrictions and qualifications thereon by regulation) and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2018.
6. To amend the conditions for entitlement to the Charge of Children Allowance, such that a single person may continue to claim Charge of Children Allowances whilst the child is in higher education.
7. To allow on death of a spouse in a marriage or civil partnership, either spouse to have the right to transfer the full unused allowance in the year of death to the surviving spouse.

8. To endorse the intention of the Policy & Resources Committee to:

Reduce the contribution limit in regulation 1A(3) of the Income Tax (Pensions) (Contribution Limits and Tax-free Lump Sums) Regulations, 2010, as amended, from £50,000 to £35,000 in respect of year of charge 2018 and any succeeding year of charge by resolution of the States.

9. To further limit the entitlement to personal and other tax allowances and withdrawable deductions, through extending the phased withdrawal of personal tax allowances and withdrawable deductions at a ratio of £1 for every £3 a person's calculated income increases above the social security upper earnings limit, in the manner prescribed in the First Schedule to proposition 13, to the other tax allowances and deductions listed below:

- Dependent Relative Allowance
- Infirm Person's Allowance
- Housekeeper Allowance
- Charge of Children Allowance
- Pension contributions, namely –
  - Retirement Annuity Allowance
  - Contributions to an approved occupational or personal pension scheme over £1,000 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deduction')
- Mortgage Interest Relief

with the Policy & Resources Committee authorised to prescribe any limitations, conditions, restrictions and qualifications relating to this matter by regulation and to direct the preparation of such legislation as may be necessary to give effect to this decision in respect of year of charge 2018 and any succeeding year of charge. In all cases, such withdrawable deductions shall be treated as if they were allowances for the purposes of calculating an individual's assessable income.

For the purpose of this paragraph –

- (i) calculated income is an individual's income net of deductions but gross of any withdrawable deductions to which that individual is entitled, and
- (ii) the withdrawable deductions are the following deductions
  - (a) Pension contributions, namely –
    - i. Retirement Annuity Allowance, and
    - ii. contributions to an approved occupational or personal pension scheme over £1,000 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deductions')
  - (b) Mortgage Interest Relief

10. With effect from 1 January 2018 to introduce a limit of tax payable by an individual principally resident (for tax purposes) in Guernsey of £50,000 in respect of a year of charge (the “open market tax cap”), where that individual–
- (a) has paid £50,000 or more in document duty in respect of the purchase of a property on Part A of the open market register on or after 1 January 2018 (“the relevant purchase”), and
  - (b) has made the relevant purchase on a date either up to six months prior to, or up to six months after, the date on which the individual takes up permanent residence in Guernsey (“the permitted period”), and
  - (c) has not been resident in Guernsey at any time in the previous three years prior to the relevant purchase save for the permitted period.

This open market tax cap shall only be available for the year of charge in which the individual takes up permanent residence and for each of the three consecutive years of charge immediately thereafter, and that accordingly the sixth schedule to the Income Tax (Guernsey) Law, 1975 shall be replaced by the following –

#### **SIXTH SCHEDULE**

Section 39B

#### **LIMIT ON TAX PAYABLE BY AN INDIVIDUAL**

##### **1. Individuals resident in Guernsey (but not in Alderney)**

Subject to paragraph 3 below, an individual resident in Guernsey shall pay a maximum of £110,000 (£100,000 for Years of Charge 2008-2011) in tax in a year of charge, in respect of income from the following sources–

##### **Qualifying income**

- (1) Any income derived from non-Guernsey sources, including:
  - (a) income from businesses,
  - (b) income from offices and employments,
  - (c) income from the ownership of lands and buildings, and
  - (d) income from other sources.
- (2) Income derived from a body which has been granted an exemption from tax for that year of charge under an Ordinance made under section 40A, other than income arising or accruing from an office or employment held or exercised in Guernsey.

- (3) Any interest arising in Guernsey upon money deposited with a licensed institution or other person exempted from the requirement to be licensed under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994.

Income tax on income from any other sources (referred to in this Law as "**non-qualifying income**") shall not be subject to this limit.

However, notwithstanding the preceding provisions of this Schedule, an individual resident in Guernsey in receipt of non-qualifying income may, within a period of six years immediately after the end of any year of charge commencing after 2008, elect to pay in respect of both qualifying and non-qualifying income (other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is, for the avoidance of doubt, payable in addition to the amount of the limits on tax specified in this Schedule) in that year a maximum of £220,000 (£200,000 for Years of Charge 2008-2011) in tax, and in that case –

- (i) the maximum figure specified above of £110,000 (£100,000 for Years of Charge 2008-2011) in tax in the year of charge in respect of qualifying income does not apply, and
- (ii) the individual shall pay in respect of both qualifying and non-qualifying income (other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is, for the avoidance of doubt, payable in addition to the amount of the limits on tax specified in this Schedule) in that year a maximum of £220,000 (£200,000 for Years of Charge 2008-2011) in tax.

Income from non-Guernsey sources does not include any income arising or accruing from –

- (a) businesses carried on in Guernsey,
- (b) offices or employments held or exercised in Guernsey,
- (c) the ownership of lands and buildings situate in Guernsey, and
- (d) any other source in Guernsey.

## **2. Individuals resident in Alderney**

An individual resident in Alderney shall pay a maximum of £50,000 in tax in any year of charge from 2016 to 2020 in respect of Alderney qualifying income save where that individual has in any previous year of charge by virtue of section 39B claimed the limit on tax payable under this schedule as it had effect prior to 1 January 2016, in which case that individual may claim the limit on tax payable available under paragraph 1 of this schedule as if he were instead resident in Guernsey.

**"Alderney qualifying income"** means from any sources except Alderney non-qualifying income.

**"Alderney non-qualifying income"** means income arising or accruing from the ownership of lands and buildings situate in Guernsey (including, for the avoidance of doubt, Alderney), which shall not be subject to the limit.

### **3. Individuals principally resident in Guernsey who have purchased a Part A open market property**

Where an individual principally resident in Guernsey

- (i) has paid £50,000 or more in document duty in respect of the purchase of a property on Part A of the Open Market Register on or after 1 January 2018 ("the relevant purchase"), and
- (ii) has made the relevant purchase on a date either up to six months prior to, or up to six months after, the date on which the individual takes up permanent residence in Guernsey ("the permitted period"), and
- (iii) has not been resident in Guernsey at any time in the previous three years prior to the relevant purchase save for the permitted period,

such individual may, instead of claiming the tax cap in paragraph 1 above, pay an annual maximum of £50,000 in tax (the "open market tax cap") in respect of each of the years of charge specified hereafter. The open market tax cap may only be applied to the year of charge in which the individual takes up permanent residence and to each of the three consecutive years immediately thereafter. The open market tax cap shall apply in respect of both qualifying and non-qualifying income as defined in paragraph 1, other than non-qualifying income arising or accruing from the ownership of lands and buildings situate in Guernsey, the tax on which is payable in addition to the amount of the limits on tax specified in this Schedule.

### **4. Determination of where income arises**

In determining for the purposes of this Schedule whether any income does arise in, or from the ownership of lands and buildings situate in, Guernsey (including, for the avoidance of doubt, Alderney) the income may be traced through any number of companies, partnerships, trusts, agreements or other arrangements of any description and, for that purpose, section 62D(2) shall apply (subject to the necessary modifications) in determining whether a person has an interest in, or income arises from, any company, partnership, trust, agreement or arrangement through which the interest or income is traced."

11. To amend the Income Tax Law to include an additional provision, so that someone is only treated as principally resident in Guernsey under section 3(3)(c) where they are resident only in that year and principally resident in the following year, but were not resident in the previous year, and to direct the preparation of such legislation as may be necessary to give effect to this decision.

12. To amend section 65 of the Income Tax Law such that a settlor is only liable to tax on distributions from a company or other entity held or under the control of trustees of a revocable settlement, without prejudice to the application by the Director of Income Tax of the anti-avoidance provisions of section 67 of the Law in the manner indicated in paragraph 5.46 of this Report, and to direct the preparation of such legislation as may be necessary to give effect to this decision.
13. To endorse the intention of the Policy & Resources Committee to introduce a system of independent taxation as follows:
  - (a) Phase 1 – with effect from 1 January 2018, each individual’s income and entitlement to allowances are considered separately, with full transferability of unused personal and other tax allowances mirroring the current position (the transfer will be automatic for married couples and those in civil partnerships). Joint assessment for married couples/civil partnerships will continue; and
  - (b) Phase 2 – introduction of independent taxation, including individual assessments, albeit retaining full transferability of unused allowances mirroring the current position.

and to direct the preparation of such legislation as may be necessary to give effect to this decision.

14. 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 2018 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.

## FIRST SCHEDULE

### Year of Charge 2018

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate. In order to calculate the amount of the allowance, where the taxpayers are married or in a civil partnership, each spouse's income shall be considered separately, in accordance with the table below. All allowances are subject to the following conditions –

- (i) the allowances shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge in the same manner in which income is pro-rated by virtue of sections 5(3) and 5(4) of the Income Tax (Guernsey) Law, 1975,
- (ii) where a person is in receipt of a Guernsey source pension, which is liable to be taxed at source under the Employees Tax Instalment scheme, or a Guernsey old age pension arising under section 33 of the Social Insurance (Guernsey) Law 1978, then the pro-rating under section 51(5) and 51A(2A) of the Income Tax (Guernsey) Law, 1975 shall apply –
  - (i) from the commencement of the year of charge until the date of arrival (in the case of that person's permanent arrival), or
  - (ii) from the date of departure until the end of the year of charge (in the case of that individual's permanent departure), and
  - (iii) the totality of each person's allowances and withdrawable deductions are reduced at a ratio of £1 of allowances and withdrawable deductions for every £3 that that person's calculated income is above the upper annual earnings limit as determined by the Committee *for* Employment & Social Security in respect of the relevant tax year.

For the purpose of this schedule –

- (a) calculated income is an individual's income net of deductions but gross of any withdrawable deductions to which that individual is entitled, and
- (b) the withdrawable deductions are the following deductions
  - Pension contributions, namely
    - Retirement Annuity Allowance
    - contributions to an approved occupational or personal pension schemeover £1,000 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deductions')
  - Mortgage interest relief

<u>NATURE OF ALLOWANCE</u>	<u>AMOUNT OF ALLOWANCE</u>
1. <b>Personal Allowance</b> *^	Tax at the standard rate on £10,500.
2. <b>Age-related allowance</b> *^	Tax at the standard rate on £950 for persons aged 64 years or over at the commencement of the year of charge.
3. <b>Dependent Relative Allowance</b> *	In respect of each dependent relative - tax at the standard rate on £3,375 or on the amount of the contributions whichever is less:  Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £7,125 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £3,375 the sum of £1 for every pound by which the dependent relative's income exceeds £7,125.  Provided further that if any Family Allowances are payable in respect of the dependent relative, the allowance shall be further reduced to tax at the standard rate on such sum as remains after subtracting from £3,375, or such lesser sum as remains after deducting from £3,375 the sum of £1 for every pound by which the dependent relative's income exceeds £7,125 the sum of £282 for every month in the year of charge for which such Family Allowances are payable.
4. <b>Infirm Person's Allowance</b> *	Tax at the standard rate on £3,375
5. <b>Housekeeper Allowance</b>	Tax at the standard rate on £3,375
6. <b>Charge of Children Allowance</b> *	Tax at the standard rate on £7,125
7. <b>Retirement Annuity Allowance</b> *	Tax at the standard rate on a sum equal to the qualifying premiums or contributions.

## SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

### **Dependent Relative Allowance**

- A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:
- (a) that the child in respect of whom an allowance is claimed -
    - (i) is the child of the claimant, or
    - (ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;
  - (b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.
  - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2018.
- (2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom he has been so adopted and not as the child of the natural parent.
- (3) Where a couple are cohabiting as if they were married and either has a child in respect of whom a dependent relative allowance is claimable, either individual by a notice in writing addressed to the Director, may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of that cohabitee.
- (4) In computing the amount of a child's income in his own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.
- (5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and
  - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
  - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

#### **Infirm Person's Allowance**

- (1) The conditions to be fulfilled to entitle a claimant to an infirm person's allowance are:
- (a) that the claimant is by reason of old age or infirmity or by reason of the old age or infirmity of the claimant's spouse compelled to maintain or employ an individual solely for the purpose of having care of the claimant or the claimant's spouse;
- Provided that the allowance shall not be granted by reason of infirmity unless throughout the year the claimant or the claimant's spouse was permanently incapacitated by physical or mental infirmity.*
- (b) if such an individual is a relative of the claimant or of the claimant's spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that individual, that the claim has been relinquished;
  - (c) that the claim relates to an infirm person in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Not more than one allowance shall be allowed to any claimant for any year.

## **Housekeeper Allowance**

- (1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:
  - (a) that the claimant is a widow or widower.
  - (b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;
  - (c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;
  - (d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.
- (3) A housekeeper allowance shall not be granted to any individual in any year in which another person's unused allowance has been transferred to that individual or if that individual is in receipt of an infirm person's allowance.
- (4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

## **Charge of Children Allowance**

- (1) The conditions to be fulfilled to entitle a claimant who is married or in a civil partnership to a charge of children allowance are:
  - (a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children
    - (i) on 1 January, or
    - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,whichever date is first relevant, and
  - (b) that the claimant proves that throughout the year either the claimant or the claimant's spouse is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and
  - (c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained, or

if the claimant or any other individual is so entitled, that the claim has been relinquished.

- (2) The conditions to be fulfilled to entitle a claimant who is not married or in a civil partnership to a charge of children allowance that in the year of charge:
  - (a) the claimant is in receipt of Family Allowances in respect of one or more children
    - (i) on 1 January, or
    - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,

whichever date is first relevant, and

- (b) the claimant is not cohabiting with another person, except where -
    - (i) the claimant proves that throughout the year either the claimant or the claimant's cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and
    - (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if the claimant or any other individual is so entitled that the claim has been relinquished.
- (3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.
- (4) Where an individual has a child receiving higher education he shall, for the purposes of the preceding paragraphs numbered (1) to (3), be treated as if he were in receipt of a Family Allowance in respect of the said child.

Provided that if there are two such individuals the charge of children allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that child

- (5) Not more than one allowance shall be granted to any claimant for any year.

## **Retirement Annuity Allowance**

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance or deduction under section 8(3)(bb) are that the claimant pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975 and of which the claimant or the claimant's spouse is a beneficiary.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant during the year of computation of the income of the claimant assessable for the year of charge.
- (3) Notwithstanding the provisions of the preceding paragraph no allowance or deduction shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
  - (a) 100% of the income of the claimant during the year of computation referred to in the preceding subparagraph, or
  - (b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Committee.

## **Transferability of unused allowances**

- *the allowances marked with an \* in the first schedule are transferable between taxpayers in the circumstances described in paragraph (i) below*
- *the allowances with an ^ in the first schedule are transferable between taxpayers in the circumstances described in paragraph (ii) below,*

*and in all cases transfer is subject to the conditions detailed below.*

(i) transfers between married couples or couples in a civil partnership

Any allowances due to an individual which are greater than the individual's own income may only be transferred to the spouse, if at the commencement of the year of charge the claimant's spouse is living with the claimant as a married couple.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of divorce or separation, the allowance is proportioned on the basis of the number of days in the year of charge which precede that event, with the relevant proportion of any unused allowances prior to that event being automatically transferred.

For the purposes of this paragraph –

“divorce” means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof, and includes an order for the dissolution of a civil partnership, and

"separation" means that the couple are living separately as fully and as completely as though they had never been married or in a civil partnership, as the case may be.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of death, the full unused allowance is transferrable.

Where there is an entitlement to transfer of an allowance under this paragraph, that allowance will be automatically transferred.

(ii) transfers between co-habiting couples in receipt of Family Allowance, but not eligible for the charge of children allowance

Where the recipient of a Family Allowance in respect of one or more children is not entitled to claim the charge of children allowance because the claimant is cohabiting with another person, the claimant may, in respect of the year of charge, by notice in writing addressed to the Director, elect that any unused part of, the personal allowance to which the claimant would otherwise be entitled shall cease to be the claimant's and shall become part of the personal allowance of the person with whom he is cohabiting, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person as if they were married throughout the year of charge.

15. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

With immediate effect:

a	Cigarettes	£339.83 per kilogram
b	Cigars	£338.29 per kilogram
c	Hand rolling tobacco	£315.03 per kilogram
d	Other manufactured tobacco	£273.25 per kilogram
e	Tobacco leaf – unstemmed	£303.34 per kilogram
f	Tobacco leaf – stemmed	£306.38 per kilogram
g	Petrol other than any fuel used for the purpose of air navigation	67p per litre
h	Petrol used for the purpose of marine navigation where supplied by an approved trader	43.9p per litre
i	Gas oil	67p per litre
j	Biodiesel	67p per litre
k	Beer exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	49p per litre
l	Beer brewed by an independent small brewery exceeding 1.2 per cent volume but not exceeding 4.9 per cent volume	49p per litre
m	Beer, other than beer brewed by an independent small brewery, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	79p per litre
n	Beer brewed by an independent small brewery exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	63p per litre
o	Beer, other than beer brewed by an independent small brewery, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	99p per litre
p	Beer exceeding 7.5 per cent volume	£1.14 per litre
q	Spirits	£35.66 per litre of alcohol contained in the liquor.

r	Cider exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	49p per litre
s	Cider produced by an independent small cider-maker exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	49p per litre
t	Cider, other than cider produced by an independent small cider-maker, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	79p per litre
u	Cider produced by an independent small cider-maker exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	63p per litre
v	Cider, other than cider produced by an independent small cider-maker, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	99p per litre
w	Cider exceeding 7.5 per cent volume	£1.14 per litre
x	Light wines not exceeding 5.5 per cent volume	62p per litre
y	Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£2.51 per litre
z	Other wines	£4.01 per litre

16. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2017” and to direct that the same shall have effect as an Ordinance of the States.
17. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2017” and to direct that the same shall have effect as an Ordinance of the States.
18. To direct the Committee *for* Education, Sport & Culture and the Committee *for* Home Affairs to report back in the June 2018 Policy & Resource Plan update policy letter with a detailed assessment of each opportunity identified in the PwC Report entitled “Costing, benchmarking and prioritisation” together with an implementation plan including anticipated costs, benefits and timeline for delivery.
19. To approve the cash limits for ordinary revenue expenditure for 2018 totalling £377.8million as set out in paragraph 6.21 of this Report.
20. To direct that an oversight group comprising political representatives from both the Committee *for* Education, Sport & Culture and the Policy & Resources Committee is formed as a priority to oversee the development of initiatives and the delivery of budget reductions.

21. To authorise the Policy & Resources Committee, on the recommendation of the oversight group, to increase the 2018 revenue expenditure budget of the Committee *for* Education, Sport & Culture by the value of savings from projects initiated in 2018 but due to deliver benefits between 2019 and 2021.
22. To direct the Policy & Resources Committee and the Committee *for* Employment & Social Security to investigate options for enabling the integrated compilation and presentation and consideration by the States of all general revenue income and expenditure, including non-contributory benefits, and that the Policy & Resources Committee reports back, with appropriate proposals, in the 2019 Budget Report.
23. That the objective in the Fiscal Policy Framework which limits expenditure growth in real terms should be interpreted for 2018 to exclude £1.8million of the additional amount of £2.5million allocated to the Committee *for* Employment & Social Security to fund the introduction of the income support scheme.
24. To endorse the intention of the Policy & Resources Committee to use its existing delegated authority to approve partial-funding from the Capital Reserve for projects that are being initiated by non-States bodies that would support delivery of the objectives of the Policy & Resource Plan; where there is a business case that demonstrates the project represents value for money; and where the value does not exceed £250,000.
25. To set the States' Trading Supervisory Board a target minimum contribution to General Revenue of £5.5million of capital returns (in addition to any dividend paid in accordance with existing policy) from the States' trading assets in 2018.
26. To approve that returns of capital from the States' trading assets and capital income in 2018 be transferred to the Capital Reserve.
27. To transfer the sum of £53.2million from General Revenue to the Capital Reserve on 1 January 2018.
28. To agree that Resolution I. 20 on Billet d'État No. XXII of 2014 shall cease to have effect at the end of 2017 and that with effect from 1 January 2018 the investment return on the Core Investment Reserve should be credited to that Reserve up to the level necessary to maintain its real value as at 1 January 2018 and delegate authority to the Policy & Resources Committee to transfer some or all of any returns exceeding that level to the Capital Reserve.
29. To direct the Policy & Resources Committee to establish a social investment commission during 2018, to begin operation from 1 January 2019.

30. To increase the authority delegated to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund for Public Service Reform by £750,000 to £1.5million.
31. To delegate authority to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund of up to £750,000 to fund the development of the People Plan.
32. To delegate authority to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund of up to £375,000 to fund the development of an energy policy.
33. To increase the authority delegated to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund for the transition to the new system of population management by £500,000 to £1million.
34. To delegate authority to the Policy & Resources Committee to lend on capital raised by the States of Guernsey bond issue to Alderney Electricity Limited or provide a guarantee to facilitate Alderney Electricity Limited's external borrowings to fund upgrading the Alderney power station on such terms as the Committee may approve.
35. To endorse the decision of the Policy & Resources Committee to make available a temporary overdraft facility for 2018 of £11.8million to Aurigny Limited.
36. To approve the transfer of up to £435,000 in 2017 and up to £105,000 in 2018 from the States of Alderney capital allocation to the States of Alderney revenue budget.
37. To approve the revised Rules for Payments to States Members, Non-States Members and Former States Members attached as Appendix II to this Report.
38. To approve the following Expenditure Budgets for the year 2018:
  - (a) Policy & Resources Committee
  - (b) Committee *for* Economic Development
  - (c) Committee *for* Education, Sport & Culture
  - (d) Committee *for* Employment & Social Security
  - (e) Committee *for the* Environment & Infrastructure
  - (f) Committee *for* Health & Social Care
  - (g) Committee *for* Home Affairs
  - (h) Scrutiny Management Committee
  - (i) Development & Planning Authority
  - (j) Overseas Aid & Development Commission
  - (k) States' Trading Supervisory Board
  - (l) Royal Court
  - (m) Law Officers

39. To approve the following Budgets for the year 2018:
- (a) Corporate Housing Programme
  - (b) Solid Waste Trading Account
  - (c) Guernsey Registry
  - (d) Ports
  - (e) Guernsey Water
  - (f) States Works
  - (g) Guernsey Dairy
  - (h) States Capital Investment Portfolio – Operating Costs
  - (i) Superannuation Fund Administration
  - (j) Committee *for* Employment & Social Security – Contributory Funds
40. To note the Budget for the States of Alderney for 2018.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.