

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

7<sup>th</sup> November, 2017

Proposition No. P2017/90

**AMENDMENT**

Proposed by: Deputy P Roffey  
Seconded by: Deputy H L de Sausmarez

**Policy and Resources Committee**

**States of Guernsey Annual Budget for 2018**

To insert new propositions 14a and 14b:

- “14a. To agree that Resolution I.29 of Billet d’État No. IV of 2015 shall cease to have effect at the end of 2017.
- 14b. To change the eligibility for claims to the Age-related allowance to ‘persons aged 69 years or over at the commencement of each year of charge’, where the allowance was not claimed in relation to the previous year of charge, with effect from 1 January 2019.

And to replace the table in the First Schedule of Proposition 14 with the following:

<b><u>NATURE OF ALLOWANCE</u></b>	<b><u>AMOUNT OF ALLOWANCE</u></b>
<b>Personal Allowance*^</b>	Tax at the standard rate on £10,400.
<b>Age-related allowance*^</b>	Tax at the standard rate on £1,500 for persons aged 64 years or over at the commencement of the year of charge.
<b>Dependent Relative Allowance*</b>	In respect of each dependent relative - tax at the standard rate on £3,350 or on the amount of the contributions whichever is less:  Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £7,050 the allowance shall be reduced to tax at the

standard rate on such sum as remains after subtracting from £3,350 the sum of £1 for every pound by which the dependent relative's income exceeds £7,050.

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 £3,350, or such lesser sum as remains after deducting from £3,350 the sum of £1 for every pound by which the dependent relative's income exceeds £7,050 the sum of £279 for every month in the year of charge for which such Family Allowances are payable.

**Infirm Person's Allowance\***

Tax at the standard rate on £3,350

**Housekeeper Allowance**

Tax at the standard rate on £3,350

**Charge of Children Allowance\***

Tax at the standard rate on £7,050

**Retirement Annuity Allowance\***

Tax at the standard rate on a sum equal to the qualifying premiums or contributions.

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### **Explanatory note**

In April 2015 following consideration of the ‘Planning a Sustainable Future – The Personal Tax, Pensions and Benefits Review’ the States agreed that the personal tax allowance provided to those over the age of 64 should be frozen until such time as the personal tax allowance for those under the age of 65 reaches the same level. As part of the 2017 Budget Report, the States agreed that the Age-related allowance would be frozen for 2017. The effect of this amendment would be:

1. Part A: to remove the requirement for the Age-related allowance to be frozen for 2018 onwards.
2. Part B: that the Age-related personal tax allowance currently provided to persons over the age of 64 would only become available to persons over the age of 69 with effect from 1 January 2019. Persons under the age of 70 who are currently in receipt of the Age-related personal tax allowance would

continue to receive it. This would mean that anyone aged 63 or under at the commencement of 2018 would not be entitled to the Age-related allowance until the year that they turn 70.

3. To increase all Allowances (including the Age-related Allowance) by 4% which has the same net cost as the recommendation to increase all allowances apart from the Age-related Allowance by 5%. This would mean that the Personal Allowance would increase by £400 to £10,400 (compared to £10,500 in the recommendation); and the Age-related Allowance by £550 to £1,500 (compared to £950 in the recommendation).

The following table summarises the Personal Income Tax Allowances:

	Age at the start of the year of charge	
	64 or over £	Under 64 £
2017	11,450	10,000
2018 (Budget proposal - 5% increase for under 64's only)	11,450	10,500
2018 (Proposed in this amendment - 4% increase)	11,900	10,400