

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

15<sup>th</sup> December, 2020

**Proposition No. P.2020/193**

**Policy & Resources Committee**

**The States of Guernsey Annual Budget for 2021**

**AMENDMENT**

Proposed by: Deputy D de G de Lisle

Seconded by: Deputy L C Queripel

To insert, after Proposition 10, the following Proposition:

“10A. To direct the Policy & Resources Committee to include in The States of Guernsey Annual Budget for 2022 a recommendation for an Age-related standard rate Income Tax Allowance of £2,175 for Year of Charge 2022, such amount to be increased by the percentage increase recommended for the 2022 Personal Allowance, for all persons aged 64 years or over at the commencement of the year of charge, the unused part of any such allowance to be transferable in the same circumstances as a Personal Allowance.”

**Explanatory note**

In April 2015, following consideration of The Personal Tax, Pensions & Benefits Review (Billet d’État IV, 2015), the States approved, inter alia:

*“To agree to freeze the personal tax allowance provided to those over the age of 64 until such time as the personal tax allowance for those under the age of 65 reaches the same level and thereafter that the personal tax allowance for all tax payers should be the same, and direct the Treasury and Resources Department to bring forward proposals to effect this in its annual Budget Reports.”*

The Age-related Allowance was £1,775 in 2016, it was phased out over four years (2017-2020). This table that shows all of the changes and what the Age-related Allowance would have been in each of those years if it had continued to increase in line with the Personal Allowance.

	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £
Personal Allowance	9,675	10,000	10,500	11,000	11,575	11,875
Personal Allowance Increase	0.0%	3.4%	5.0%	4.8%	5.2%	2.6%
Age-related Allowance	1,775	1,450	950	450	0	0
Annual Reduction in Age-related Allowance		325	500	500	450	
Age-related Allowance if it had been increased by same % as Personal Allowance		1,825	1,925	2,025	2,125	2,175

In 2016, it was estimated that the £1,775 Age-related Allowance cost approximately £3million per annum.

It is estimated that the 2021 cost of reinstating the Age-related Allowance (ie at £2,175) would be in the region of £4million per annum.