

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

25<sup>th</sup> January, 2023

**MOTION UNDER ARTICLE 7(1) OF THE REFORM (GUERNSEY) LAW, 1948**

Proposed by: Deputy P J Roffey

Seconded by: Deputy T L Bury

To suspend Rule 24(2) of the Rules of Procedure of the States of Deliberation and their Committees to the extent necessary to permit the amendment set out below to be debated.

**Proposition No. P.2022/112**

**POLICY & RESOURCES COMMITTEE**

**THE TAX REVIEW: PHASE 2**

**AMENDMENT**

Proposed by: Deputy P J Roffey

Seconded by: Deputy T L Bury

**To be laid only in the event that Amendment 13 (Ferbrache/Helyar) is carried:**

To insert the following immediately after proposition 4:

**“OR**

**4A. OPTION D**

To:-

- a. Agree that the States’ revenue budget faces a very significant structural deficit but that the challenge of agreeing a single package to resolve the forecast £85M medium term shortfall has proven too politically challenging to be achievable, and that therefore it needs to be split into two tranches, with the first approved by this assembly, and the second by the Assembly of 2025-2029;
- b. Direct the Policy & Resources Committee to report back to the States by November 2023 with detailed proposals to raise up to £20M in increased corporate taxes or charges;
- c. Direct the Policy & Resources Committee to report back to the States by November 2023 with proposals to raise an additional £6M in property taxes, with the focus on raising the bulk of such sums from the largest properties;

- d. Direct the Policy & Resources Committee to investigate and report back to the States on the introduction of a property tax deferral scheme which could be accessed by those for whom TRP bills could induce hardship;
- e. Agree that, despite the high duty currently on motor fuels, taken in the round Guernsey taxes motoring very modestly compared to many other jurisdictions and that the total quantum of such taxation should be increased from circa £20M per year to circa £30M per year;
- f. Direct the Committee *for the* Environment & Infrastructure and the Policy & Resources Committee to report back to the States by November 2024 with detailed proposals on the best way to implement the increases in motoring taxes referred to in e. above;
- g. Direct the Committee *for* Employment & Social Security to implement the proposed reforms to social security contributions as set out in section 8 of the policy letter;
- h. Note that the proposed reforms to social security contributions will only raise an additional £19M per year, compared to the additional £34M per year which the Government Actuary has estimated is needed to make the insurance funds sustainable and therefore a net contribution of £15M per year will be required from general revenue;
- i. Direct every States committee to consider how they can make revenue savings by efficiency measures, service reduction, or outsourcing, and to instruct the Policy & Resources Committee to set up a sub-committee to co-ordinate these efforts;
- j. Note the revenue raising measures set out above will only raise circa £55M per year [before any revenue savings] and as such fall short of the predicted medium term revenue shortfall;
- k. Direct the Policy & Resources Committee to report back to the States by November 2026 with a second tranche of measures needed to tackle and the remaining structural deficit which may exist after the implementation of the measures set out above."

#### **Rule 4(1) information**

- a) The proposition is consistent with the States' strategic objective of achieving sustainable finances.
- b) In preparing the proposition, consultation has taken place with the Policy & Resources Committee.
- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

- d) The proposition is intended to improve the States' finances by approximately £55 million per year.

#### **Explanatory Note**

1. The proposer regards this option as inferior to Option A in the P+R amendment as it does not fully resolve the challenge of the forecast revenue deficit at this stage. Nor does it include any of the range of measures aimed at helping those on modest incomes, other than the introduction of social security contribution allowances.
2. However it has many advantages over some of the other options being put forward. In particular the high levels of savings on which both the P+R Option C and the Soulsby/St. Pier options are predicated.
3. While the two phase approach is sub-optimal in some ways it does have some advantages in that it raises very considerable extra revenues during the term of this assembly and by November 2026 some things which are currently being contended by States members will be proven to be either valid or invalid.
4. It should be noted that per capita Guernsey raises 50% of the level of taxation on motoring that the UK does. Therefore the proposals in this amendment would still leave the average taxation of motoring at just 75% of that in the UK on a total population basis. However as a higher percentage of Guernsey residents are motorists than is the case in the UK, the typical burden per motorist would be an even smaller percentage of the tax burden on their UK counterpart.