

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

**7<sup>th</sup> November, 2023**

**Proposition No. P.2023/114**

**Policy & Resources Committee**

**The States of Guernsey Annual Budget for 2024**

**AMENDMENT**

Proposed by: Deputy G St Pier

Seconded by: Deputy A Taylor

To insert a new proposition as follows:

“To direct the Policy & Resources Committee to take all such steps as are necessary including, for the avoidance of doubt, consultation with the Lord Chancellor, the Ministry of Justice, the Government of Jersey and the Isle of Man Government, to ensure that the States are provided with the opportunity to approve the repeal of the income tax exemption contained in section 1 of The Office of Lieutenant-Governor of Guernsey (Salary and Official Expenses) Law, 1972 with effect from the end of the term of appointment of the current holder of the office of Lieutenant Governor.”

**Rule 4(1) Information**

- a. The proposition contributes to the States’ objectives and policy plans by improving equity within the tax system.
- b. There has been consultation with the Policy & Resources Committee who have advised: *“The Committee was of the view that there would not be a net gain as Members anticipated there would be an equal request to increase the salary attached to the role in order to maintain its alignment with similar posts. The Committee did not support this amendment.”*
- c. The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d. There are no additional funding costs associated with the amendment.

**Explanatory note**

A statutory exemption from income tax for the Lieutenant-Governor’s emoluments is contained in the section 1 The Office of Lieutenant-Governor of Guernsey (Salary and Official Expenses) Law, 1972.

With effect from 6 April 1993, the Crown has voluntarily paid income tax and capital gains tax in the United Kingdom. In light of this development in the United Kingdom 30 years ago, the logic or principle that the Crown's representative in the Bailiwick should be exempt from local income tax is no longer sustainable. In 2023, having regard to principles of tax equity, it is not justifiable that a senior public servant resident in the island should be exempt from income tax.

It is noted that the remuneration of the next office holder net of income tax will need to remain competitive and attractive. Consequently, it is not possible to accurately forecast the net gain to the public exchequer of this tax change.

The proposal would be to end the exemption with effect from the beginning of the term of the next office holder. This is in recognition that the current office holder has legitimate expectation based on the conditions applicable at the beginning of the term of office that the remuneration would be tax exempt.

It is recognised that the Ministry of Justice and the Lord Chancellor have an interest in the matter and that similar arrangements exist for the Lieutenant-Governors of Jersey and the Isle of Man. Accordingly, the proposition includes provision for consultation with these interested parties, following which the Policy & Resources Committee can present the Assembly with the requisite proposition to repeal the income tax exemption.