



Media Release

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Guernsey Deputies to answer Alderney's questions at Tax Review public drop-in

Guernsey Deputies will visit Alderney on Saturday (January 21st) to answer questions from the community on the Tax Review proposals. Although a low level of Goods & Services Tax (GST) is on the table, the Guernsey Policy & Resources Committee believes that most Islanders would be better off if its tax changes are adopted.

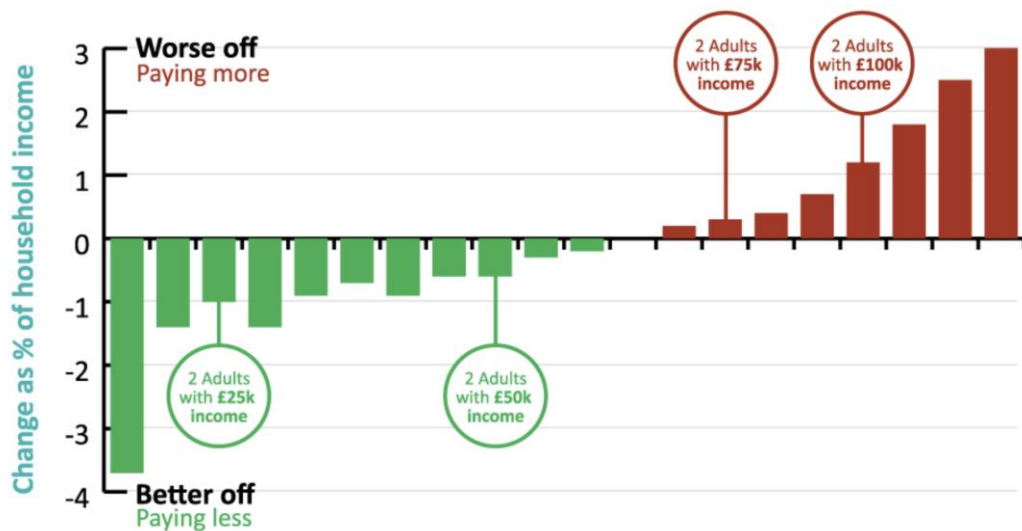
The drop-in event takes place at the Butes Centre between 10am and 12 noon, four days before the debate begins in the Guernsey States of Deliberation.

The Guernsey Deputies will be on hand to assist the public while some States of Alderney Members including the Island's Representatives on the States of Deliberation, Alex Snowdon and Steve Roberts, will also be present. The meeting is part of a wider consultation in the Bailiwick islands.

The proposals mean that most people could take home more money than they do under the current tax system, so while GST will result in the cost of goods and services increasing, lower- and middle-income households would be better off overall.

The anticipated changes include a new tax band to allow people to take home more money, raising the income tax allowance and the introduction of a Social Security allowance that would mean low earners contribute less. The Deputies will have more information on what this would mean for many Alderney residents and workers.

The chart below shows how, under the proposals, low- and middle-income earners would be better off while those on higher income would pay more in taxes.



Nigel Vooght, the new Chairman of Alderney’s Policy & Finance Committee, said: “We welcome this opportunity to discuss the Tax Review and I would urge Islanders to attend as this is so important for our future. Although the introduction of GST may seem unpalatable, there is much merit in the balancing act proposed that could mean many Islanders would in fact be better off.

“Obviously the proposals under discussion have specific implications to the Alderney community and Islanders will have many questions about how it would affect them. This is an opportunity to find out the facts from those who have worked on the project and make our voice heard.”

Islanders can submit questions in advance, especially those that may require more complex answers. This can be done by email to Consultation.Alderney@gov.gg.

The States of Deliberation debate will look at how to ensure the funding of essential public services can be secured in a way that is sustainable as the changing make-up of the population means there is a forecast shortfall of £100m per year by 2040. The number of people working and paying taxes is reducing because people are living longer and having fewer children, and that in turn means more people using public services in later years, especially for pensions and health and care services, pushing up the overall cost of public services.

The package of measures seeks to raise additional revenue but recognises that much of the shortfall needs to be addressed by maintaining the size of the workforce to ensure continued economic growth, and by tighter restraint on public spending. It also seeks to deliver a tax reform that would mean a revised tax system where most lower and middle-income households could be better off compared to now.

Guernsey Deputies will be asked to approve a package that includes:

- A new 15% Income Tax band on everyone's income up to £30,000. Someone earning £30,000 a year will see their tax bill reduce by about £900 a year.
- An increase in the personal income tax allowance of £600 which would reduce tax bills by £120 a year.
- A broad-based GST at 5% with relief for a limited number of things such as rents and mortgages and flights and ferries to, from and between the Islands. This is expected to increase costs by about 3.4% for the average household.
- Restructuring Social Security contributions to give everyone an allowance. This would mean an employed individual on £30,000 would see their contributions reduce by £700 a year.
- Pre-emptive increases to pensions and benefits to reflect the increase in prices anticipated at the introduction of the GST.
- A scheme to provide financial support to certain low-income households on top of the benefits system.

The package is designed to increase tax receipts by £50-£60m by no later than the end of 2025. After that date, further measures may be necessary.

The Policy & Resources Committee is already committed to developing corporate tax reforms that could raise up to £20m as part of its recommendations, but to do so in consultation with local businesses and the other Crown Dependencies. P&R is mindful that such reform, if not handled carefully, could create uncertainty and damage the Bailiwick's credibility as an international finance centre.

Last week's downgrading of Guernsey's credit rating by S&P Global is cited as a warning that further downgrading may follow if tax reforms are not implemented as a matter of urgency. Any downgrading of Guernsey's credit rating is a concern to Alderney as the Island seeks to grow its economy as part of the Bailiwick.

P&R President Deputy Peter Ferbrache said: "What the States decides in its debate on the Tax Review will have major consequences for the community for many years to come. The solutions are not simple, and we want to give as much time as possible to answering questions and explaining how we've come to these recommendations."

More information on the Tax Review recommendations, including case studies, FAQs, graphs and the full Policy Letter can be found at <http://www.ourfuture.gg/tax-review>.

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Notes to Media

For more information and images, please contact Alistair Forrest, alistair29110@gmail.com