PRODUCTIVITY
INCENTIVISATION TAX

THE LONG OVERDUE FIRST
STEP IN GENUINE TAX REFORM

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PUBLIC CONSULTATION DRAFT

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THIS IS A LIVING DOCUMENT

This document may be updated throughout the public consultation period in response to feedback, technical review, new information, and ongoing policy development.

Readers are encouraged to check periodically for the latest version of PIT, together with supporting materials and an expanding Frequently Asked Questions (FAQ) section.

Tap the button below to check whether a newer version of PIT is available.

Each edition of this document contains a version number and "Last Updated" date to help readers confirm that they are viewing the most recent version. The FAQ may already address questions, concerns, or suggestions raised by other readers, so it is worth reviewing before submitting feedback.

Comments, questions, and suggestions on PIT are welcome and should be submitted to **david.goy@deputies.gov.gg** ideally before 1 July 2026. This will allow sufficient time for feedback to be considered before the proposal is submitted to the States Greffier on 7 July 2026.

By the end of this document you will understand...

- What PIT is, and why it protects ordinary Guernsey households far better than blunt, punishing measures like GST, personal income tax hikes, or public service cuts
- The three revenue pipelines that make up PIT
- The problems each revenue pipeline is designed to address
- How each revenue pipeline would work in practice
- Who each revenue pipeline applies to, and who it is designed to protect

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WHAT IS PIT

At its core, the *Productivity Incentivisation Tax (PIT)* is a tax framework designed to address structural under-contribution in the tax system and ensure more proportionate contribution to the fiscal wellbeing of Guernsey. It consists of three revenue pipelines:

UNDERUTILISED PROPERTY LEVY

FAIR CONTRIBUTION LEVY

PREMIUM ASSET LEVY

Collectively, these are designed to ensure that those with the greatest financial means contribute proportionately to the fiscal wellbeing of Guernsey, while protecting ordinary islanders from disproportionate tax burdens.

Who PIT Will Not Affect

To understand who PIT applies to, it is helpful to first understand who it does **not** apply to.

If you answer **NO** to all seven questions below, then PIT does not apply to you.

1. Residential Property

Do you own, control, or have a beneficial interest in a Guernsey residential property that is not your main home and is vacant or substantially underused?

This **excludes** properties that are:

- Actively rented to tenants
- Undergoing major renovation or structural works
- Awaiting planning permission or redevelopment approval
- Subject to probate or estate administration
- Vacant due to a resident moving into medical or specialist care
- Being actively and demonstrably marketed for sale or rent

Continue →

2. Commercial Property

Do you own, control, or have a beneficial interest in a Guernsey commercial property that is vacant or substantially underutilised?

This **excludes** properties that are:

- Actively occupied by your own business
- Leased to an independent commercial tenant
- Undergoing a change of use or awaiting planning permission
- Undergoing refurbishment, remediation, or fit-out works
- Held as part of a documented strategic or institutional reserve

Continue →

3. High-Value Property (Top 10% TRP) with Minimal/No Local Tax and Social Security Contribution

Do you own, control, have a beneficial interest in, or occupy a Guernsey residential property in the top 10% of TRP ratings while structuring your affairs in a way that results in little or no local income tax or social security contributions being paid?

4. High-End Motor Vehicles

Do you own, control, or have a beneficial interest in a private non-commercial road vehicle that is located in, used in, or made available for use in Guernsey, and that had an original purchase price of £75,000 or more?

This **excludes**:

- Vehicles over 30 years old (classic or heritage vehicles)

Continue →

5. Luxury Marine Vessels

Do you own, control, or have a beneficial interest in a private vessel that is located in, used in, or made available for use in Guernsey waters, and that is 15 metres or more in length?

This **excludes**:

- Commercial fishing vessels
- Cargo vessels
- Commercial charter vessels
- Emergency, rescue, or search-and-rescue vessels

6. Private Aviation

Do you own, control, or have a beneficial interest in a private aircraft that is based in, used in, or made available for use in Guernsey?

This **excludes**:

- Scheduled commercial airlines
- Commercial charter operators
- Emergency, medical, or rescue aviation services

Continue →

7. High-Value Property Transactions

Do you, or any entity you control or have a beneficial interest in, intend to acquire or dispose of any Guernsey residential or commercial property for consideration of £2.5 million or more?

This **excludes**:

- Charitable and public-benefit organisation acquisitions
- Court-ordered or hardship-related transfers (including divorce, insolvency, and probate)
- Intra-family and inheritance transfers, subject to the conditions set out in this framework

If your answer to all seven questions is **NO**, then PIT does **not** apply to you.

WHY PIT

Every major proposal so far ultimately falls into one of three categories: it either increases the financial burden on ordinary islanders, makes Guernsey a less attractive place to do business, or reduces the quality of life on our island.

GST falls most heavily on middle-income households. Combined with inflation and rising living costs, they place additional pressure on families already feeling the squeeze.

Corporate tax increases risk penalising the productive sectors of our economy. Increasing the cost of doing business weakens Guernsey's international competitiveness and threatens the industries that create jobs, attract investment, and generate economic growth.

Personal income tax increases and higher social contributions immediately reduce the disposable income of working households and local entrepreneurs. More importantly, they miss the underlying problem: they target earned income while leaving substantial pools of passive, structured, and underutilised wealth largely untouched.

Across-the-board spending reductions are often little more than stealth public service cuts. Rather than addressing systemic procurement failures, inefficiencies, or major project overruns, blanket departmental reductions force frontline services to do more with less. The result is declining service standards, reduced public confidence, and a gradual erosion of quality of life.

But it doesn't have to be this way.

That is because a significant amount of unproductive wealth is already sitting on our island.

PIT is a framework for fiscal due diligence. It ensures that the most basic question of governance is addressed first: *whether those with the greatest means are already contributing proportionately*.

It is not credible to impose additional burdens on middle-income households through income tax rises or consumption taxes without first examining contribution at the top end of the distribution. In its current form, a portion of this wealth does not contribute meaningfully to States revenues, creates limited employment, and makes a relatively modest contribution to the wider local economy. PIT ensures this foundational assessment is carried out properly.

PIT creates a well from which untapped, unproductive wealth can be drawn.

PIT Revenue Pipeline 1

UNDERUTILISED PROPERTY LEVY

THIS LEVY HAS BEEN SUBMITTED AS AN AMENDMENT TO THE TAX REFORM 2026 POLICY LETTER.

TAP HERE TO VIEW THE AMENDMENT

When Homes Become Wealth Storage

According to States data from 2025, around 183 residential properties in Guernsey appear to be vacant based on extremely low or near non-existent electricity usage. The true figure may be even higher if other indicators, such as water consumption, internet usage, and waste disposal records, are also taken into account.

And that is before accounting for holiday homes and commercial properties that are left vacant or underused.

The use of high-value land and property, both residential and commercial, as passive wealth storage is not unique to Guernsey.

Around the world, wealthy individuals often purchase properties that are rarely occupied or never rented out because they do not need the income, treating them primarily as stores of wealth rather than homes for people or premises for businesses.

But on an island of just 24 square miles facing a housing shortage, land and housing are simply too scarce to be left sitting idle.

UNDERUTILISED PROPERTY LEVY

Turning Passive Wealth Storage Into Public Revenue

Under PIT, vacant and underused properties, both residential and commercial, would be subject to a punitive Tax on Real Property (TRP) rate through the *Underutilised Property Levy* (UPL).

The objective is to discourage the use of Guernsey property as passive wealth storage. Owners of such properties would be incentivised either to sell them at a reasonable price, helping to increase supply and stabilise the property market, or to bring them back into productive use by leasing them out and providing much-needed housing or commercial space.

Those who choose to continue holding Guernsey property as passive wealth storage would be required to make a substantial financial contribution through the levy on such properties.

How It Works →

In a Nutshell

The *Underutilised Property Levy* is designed to ensure that valuable land and property do not sit idle while the island faces a housing shortage.

It does this by:

- Applying an enhanced TRP rate to vacant and underused properties, including those held primarily for passive wealth storage
- Utilising existing tax-return systems for compliance rather than creating a new bureaucracy
- Using the existing TRP framework as the collection mechanism to keep administration simple and costs low
- Distinguishing between residential and commercial properties
- Providing sensible exemptions for genuine cases
- Ensuring system integrity through targeted verification using existing States data sources and occupancy-based cross-checking

Occupancy Declaration

PIT proposes the introduction of a simple Occupancy Declaration, which property owners can complete to indicate the occupancy status of their property.

Responsibility for declaring the occupancy status of the property depends on the property's ownership structure:

- **Properties Owned Directly by Individuals:** The property owner submits the declaration as part of their annual personal tax return.
- **Properties Held Through Trusts or Corporate Structures:** The declaration is submitted on behalf of the owner by a local fiduciary, trustee, company administrator, or other authorised agent through the Revenue Service's online portal.

Regardless of who submits the declaration, ultimate legal and financial responsibility for the accuracy and completeness of the Occupancy Declaration remains with the property's legal owner.

Residential Properties

When completing the Occupancy Declaration, the property owner or appointed agent must select one primary status covering the preceding calendar year.

They need only select the appropriate option from the list below.

☐ **Principal Residence (Owner-Occupied)**

Definition:
The property is the owner's principal and permanent home and is occupied for a minimum of 183 days per year, or is otherwise demonstrably the owner's principal residence.

Verification Requirements:
Confirmation that the owner's personal income tax profile corresponds to the property address.

Levy:
Not liable, as principal residences fall outside the scope of the levy.

Continue →

☐ **Actively Leased**

Definition:
The property is occupied by legitimate third-party tenants under a formal lease agreement for a cumulative minimum of 183 days per year.

Verification Requirements:

- Confirmation that the tenant is an arm's-length party not owned, controlled, or otherwise connected to the property owner
- Disclosure of the tenant's legal identity
- Disclosure of the annual rental or lease consideration

Levy:
Not liable, as the property contributes to Guernsey's housing supply.

Continue →

☐ **Exempt Status**

Definition:
The property is currently unoccupied or underutilised but qualifies for a temporary exemption.

Approved Exemption Categories:

☐ **Actively Marketed (Maximum 12 Months)**

- Property is actively listed for sale or lease
- Listing must be at a reasonable and verifiable market rate
- Upon expiry, the property will be reassessed based on its occupancy status

☐ **Structural Renovation / Awaiting Planning**

- Property is undergoing substantial structural works
- Or is awaiting determination of a planning application

☐ **Probate / Estate Administration**

- Occupancy is prevented by ongoing probate proceedings, executorship, or other legal estate matters.

☐ **Medical or Care Transition**

- The owner is residing long-term in hospital or a registered care facility.

Levy:
Not liable while exemption criteria are met.

Continue →

☐ **Secondary Residence / Holiday Home**

Definition:
The property is structurally sound and habitable but is used primarily for seasonal, recreational, or occasional occupation and falls below the threshold for principal residence status.

Levy:
Properties in this category are subject to the *Underutilised Property Levy*. A 12-month grace period applies before the levy is activated, allowing owners time to bring the property into productive use or alternative occupancy.

☐ **Long-Term Vacant**

Definition:
The property has remained substantially unoccupied and unused for a cumulative period exceeding 12 months without qualifying for any approved exemption.

Levy:
Properties in this category are subject to the *Underutilised Property Levy*. A 12-month grace period applies before the levy is activated, allowing owners time to bring the property into productive use or alternative occupancy.

Commercial Properties

When completing the Occupancy Declaration, the property owner or appointed agent must select one primary status covering the preceding calendar year.

They need only select the appropriate option from the list below.

☐ **Actively Occupied (Owner-Operated)**

Definition:
The property is actively utilised by the owner's business for commercial, retail, industrial, hospitality, or professional operations.

Verification Requirements:
Company or owner's tax reference number.

Levy:
Not liable, as the property is in active commercial use.

Continue →

☐ **Actively Leased**

Definition:
The property is leased to an independent arm's-length commercial tenant actively operating from the premises.

Verification Requirements:

- Tenant tax reference number
- Lease commencement and termination dates
- Where the tenant is connected to the owner, evidence of genuine commercial activity must be provided, including active trading, employment, and business substance at the premises

Levy:
Not liable, as the property is actively leased to an independent commercial tenant.

Continue →

☐ Exempt Status

Definition:
The property is temporarily vacant but qualifies for a legitimate exemption.

Approved Exemption Categories:

☐ Actively Marketed (Maximum 12 Months)

- Property is actively marketed through a recognised commercial agent
- Asking price or lease terms must reflect prevailing market conditions
- Upon expiry, the property will be reassessed based on its occupancy status

☐ Material Change of Use / Awaiting Planning

- Property is vacant due to a pending planning application relating to redevelopment or change of use
- The application must have been formally validated by the Development & Planning Authority

☐ Structural Refurbishment or Remediation

- Property is undergoing major refurbishment, environmental remediation, or tenant fit-out works

Levy:
Not liable while exemption criteria are met.

Continue →

☐ Long-Term Vacant / Non-Operational

Definition:
The property has remained substantially vacant, unleased, or non-operational for more than 12 months without qualifying for an exemption.

Levy:
Properties in this category are subject to the *Underutilised Property Levy*. A 12-month grace period applies before the levy is activated, allowing owners time to bring the property into productive use or alternative occupancy.

☐ Strategic or Institutional Reserve

Definition:
The property is temporarily non-operational due to approved long-term redevelopment, infrastructure projects, phased estate management, or similar strategic considerations.

Exemption Conditions:

- Exemption is granted only upon approval by the relevant authority
- Exemption must be reviewed periodically
- No exemption may continue indefinitely without reapproval

Levy:
Not liable while exemption criteria are met.

Compliance Verification

The *Underutilised Property Levy* operates on an Occupancy Declaration system designed to keep administration simple and low-cost. Any knowingly false or misleading declaration is an offence and may result in financial penalties, recovery of unpaid levies, interest and surcharges, and prosecution.

To maintain confidence in the system, the States may carry out targeted checks from time to time.

Occupancy declarations may be verified using existing data, including:

- Electricity consumption
- Water usage
- Waste disposal records
- Other relevant States data sources

Where necessary, additional information may be requested, including internet usage data obtained through lawful processes.

Continue →

For commercial properties, compliance checks may also consider evidence of:

- Active employment on site
- Business activity conducted from the premises
- Arm's-length lease arrangements
- Other indicators of genuine commercial use

Preventing Misuse of the Planning Process

To prevent owners from avoiding the levy by submitting endless minor amendments, speculative proposals, or unrealistic development schemes purely to delay liability, PIT recommends that the States adopt three straightforward safeguards:

1. **The 12-Month Hard Stop (The No-Reset Rule):** A property may only qualify for an "Awaiting Planning" exemption for a maximum of 12 months within any rolling three-year period. The 12-month period begins on the date the first planning application is formally lodged. Submitting revised plans, appealing a decision, or filing a new application for the same property does not reset the clock.

Continue →

2. **The "Real and Realistic" Test:** The planning application must represent a genuine and realistic attempt to bring the property back into productive use. If the Revenue Service determines that an application has been submitted primarily to delay or avoid the levy, the exemption may be withdrawn and penalties imposed.

3. **The "Progress" Test:** Property owners must demonstrate that they are actively progressing the approved works. To retain an exemption during renovation or redevelopment, owners must provide evidence of genuine activity when requested by the Revenue Service, such as contractor invoices, building control notices, construction schedules, or other proof that work is underway.

Levy Calculation

The *Underutilised Property Levy* would be calculated as:

$$\textit{Underutilised Property Levy}\ (\mathrm{UPL}) = D \times TRP$$

Where:

- ***TRP*** represents the property's Tax on Real Property liability
- ***D*** represents a policy-determined deterrence multiplier

The multiplier acts as a policy lever that allows the States to calibrate the strength of the incentive.

Continue ⟶

Higher multipliers increase the financial cost of leaving property vacant or underused, encouraging owners to:

- Sell the property
- Lease the property
- Return the property to productive use
- Or contribute significantly to the island in return for keeping it idle

PIT recommends that the multiplier be set at a sufficiently high level from the outset, for example 50× TRP or greater, to ensure the levy functions as a genuine deterrent rather than a nominal charge. If the cost of leaving a property vacant or underused is too low, it is unlikely to influence behaviour, particularly among owners with substantial financial resources. The multiplier should therefore be set at a level that creates a meaningful incentive either to bring the property into productive use or to make a significant contribution in return for keeping it idle.

Levy Payment Liability

Legal and financial responsibility for the payment of any *Underutilised Property Levy* (UPL) liability rests with the property's legal owner as recorded in the Central Property Cadastre.

- **Individually Owned Properties:** The registered owner is directly liable for the levy.
- **Corporate Structures (Local or Offshore):** Where a property is legally owned by a company or other corporate entity, the levy is payable from the company's assets. The directors, together with any locally appointed resident agent or corporate service provider, are responsible for ensuring compliance with the levy's payment and reporting requirements.
- **Trust Arrangements:** Where a property is held in trust, liability rests with the trustees in their fiduciary capacity. The levy is payable from trust assets, whether from income or capital, and the licensed fiduciary or trustee is responsible for ensuring payment is made.

Continue →

By attaching liability exclusively to the legal owner recorded in the Central Property Cadastre, the Revenue Service avoids the administrative complexity of tracing ultimate beneficial owners or untangling layered corporate and offshore ownership structures.

The levy follows the property's registered legal owner, providing a clear, objective, and administratively efficient basis for enforcement.

Collection Mechanism

The *Underutilised Property Levy* would be collected through the existing TRP collection framework.

This approach:

- Minimises administrative complexity
- Avoids the need to establish a separate collection system
- Reduces implementation costs.
- Allows the levy to be administered using existing States infrastructure

Using TRP as the collection mechanism also ensures proportionality. Larger and more valuable properties would attract larger levies, ensuring that the burden scales according to the value of the asset being withheld from productive use.

Transitional Grace Period

When first introduced, the States may choose to provide a transitional grace period of up to 24 months before full levy liability applies.

This grace period could subsequently be reduced to 12 months, or further if required, as market conditions evolve.

Like the multiplier, the grace period serves as a policy lever that can be adjusted to achieve the desired balance between market stability and behavioural change.

PIT Revenue Pipeline 2

FAIR CONTRIBUTION LEVY

THIS LEVY HAS BEEN SUBMITTED AS AN AMENDMENT TO THE TAX REFORM 2026 POLICY LETTER.

TAP HERE TO VIEW THE AMENDMENT

When Wealth and Contribution Become Disconnected

Under current tax arrangements, it is possible to structure financial affairs in ways that classify substantial inflows as non-personal income. As a result, some high-net-worth individuals can appear to have minimal personal income on paper and therefore contribute little or no personal income tax in Guernsey, despite ordinary islanders paying the standard 20% rate on their earnings.

Evidence of this anomaly already exists.

In 2026, the States confirmed that there are between 500 and 560 households within the top 10 percent of TRP property values whose combined income tax and social security contributions are lower than the median paid by households across the Bailiwick.

The States further report that between 380 and 390 of these households are pensioners, although it is not specified whether these are pension-age individuals whose sole income is a pension, or pension-age individuals with additional income sources that are not currently captured within taxable income.

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It's difficult to assess from available data how pension-only households could sustainably maintain properties in this bracket, which may be valued in the multi-million-pound range.

This still leaves *110 to 180 working-age households* in some of the island's most expensive properties, within the top 10 percent of TRP values, *contributing less than the median household in tax*.

This raises a fundamental issue of fairness. Ordinary working households pay tax on their wages as income by default, while some higher-wealth households are able to structure their affairs in ways that reduce their apparent contribution. When fiscal pressure arises, it is often middle-income households that are most exposed through higher taxes, increased charges, or reduced public services.

An anomaly of this scale in any private business would trigger an immediate internal audit. That some households occupy the top 10% of premium residential estates while contributing less to public finances than an ordinary working family indicates a lack of basic fiscal due diligence in the current system.

The *Fair Contribution Levy* (FCL) is a corrective framework of financial oversight designed to restore structural integrity to Guernsey's tax base and ensure that contribution remains proportionate to financial means.

THE FAIR CONTRIBUTION LEVY

Ensuring Contribution Reflects Financial Means

The Fair Contribution Levy is designed to address situations where a household's standard of living is significantly higher than the level of tax contribution reflected by its declared income.

The objective is not to penalise wealth, but to ensure that those with the greatest financial means make a fair and proportionate contribution to the public services, infrastructure, and stability from which they benefit.

Under PIT, assessment of contribution would not rely on taxable income alone. While income can be reduced, deferred, or restructured through financial arrangements, the property a household occupies often provides a more consistent indicator of overall financial means and standard of living.

Continue →

Households whose existing tax contributions already reflect their means would be unaffected. However, where a material gap exists between a household's standard of living and its contribution, the FCL would establish a minimum contribution floor.

Unless exempt, such as genuine pensioners or dependants, households occupying high-value properties while contributing less than would typically be expected of a household of that standard of living under existing tax arrangements would be offered a choice.

They may either disclose relevant inflows previously treated as non-taxable and make a standard 20% contribution under the Transparency Pathway, or alternatively remain within their existing arrangements and make an additional contribution through the Fair Contribution Levy.

Those who choose the Fair Contribution Levy pathway would also have the opportunity to reduce their liability through Economic Contribution Credits, earned by creating genuine employment opportunities within Guernsey.

How It Works →

In a Nutshell

The *Fair Contribution Levy* is designed to ensure that households enjoying a very high standard of living make a fair and proportionate contribution to Guernsey's public finances.

It does this by:

- Using existing TRP, tax, and social security data to identify households whose contribution appears significantly lower than would typically be expected for their standard of living

- Looking beyond declared taxable income alone, recognising that substantial financial inflows can sometimes be structured in ways that fall outside the scope of ordinary income tax

- Providing sensible exemptions for genuine pensioners, dependants, and households with no undeclared sources of income

- Offering a Transparency Pathway that allows untaxed inflows to be voluntarily declared and taxed at the standard 20% rate

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- Allowing liability to be reduced through *Economic Contribution Credits* earned by creating genuine jobs in Guernsey

- Ensuring that high-value residency results in either a fair fiscal contribution to the island or a direct investment in the local workforce

- Utilising existing States data and tax administration systems rather than creating a new bureaucracy

Fair Contribution Assessment

Tax on Real Property (TRP) is Guernsey's annual property tax. One TRP unit represents either one square metre of built property or fifty square metres of land.

The States already hold TRP records for every property on the island, together with records of income tax and social security contributions. Under PIT, the data-matching process would first filter the housing register to **isolate exclusively active, inhabited principal primary residences**, removing all vacant properties, empty plots, or commercial lets from the dataset. From this specific pool of occupied homes, the system would then **identify the top 10% highest-value properties by TRP**. This guarantees that a full 10% cohort of premium local households is accurately captured and assessed each year, entirely unaffected by the volume of unoccupied property in the wider market.

Any proposal to increase or decrease the 10% threshold shall require approval by the States of Deliberation. This safeguard provides long-term certainty to households while ensuring that any future expansion or contraction of the framework can occur only where there is political consensus.

Continue →

The assessment is based on beneficial occupancy, meaning the adults actually residing in the property, regardless of whether the property is owned personally, jointly owned, held through a trust, or held through a corporate structure.

The initial data-matching exercise takes place entirely within the States. No household is contacted and no action is required at this stage.

The States would compare the household's Total Tax Contribution (its combined income tax and social security contributions) against a calculated Target Contribution.

The Target Contribution is determined as:

$$\text{Target Contribution} = N \times A \times K$$

Where:

- ***A*** (The Benchmark) represents the Median Household Tax Contribution, representing the median combined income tax and social security contribution of ordinary resident households.

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- ***K*** (The Policy Lever) represents a multiplier determined by the States for adjusting the Target Contribution, where deemed necessary. Its value must never be less than 1.0

- ***N*** (The Multiplier) represents a scaling factor derived from the property's TRP rating relative to the median residential TRP value in the Bailiwick:

$$N = \text{Assessed Property TRP} / \text{Median Residential TRP}$$

Where:

  - **Assessed Property TRP** is the TRP rating of the property under review
  - **Median Residential TRP** is the median TRP value for an ordinary residential property in the Bailiwick

This ensures that the Target Contribution rises proportionately with the value and scale of the property occupied by the household.

Continue ⟶

Example *N* Calculation:

- High-value property: 1200 TRP
- Median family home: 150 TRP

$N = 1200 / 150 = 8$

In this example, applying *N* as the multiplier means a household occupying a 1200 TRP property would be expected to make a combined income tax and social security contribution approximately 8 times that of a household occupying a 150 TRP property. This is a relatively conservative benchmark.

If a household's Total Tax Contribution is equal to or greater than its Target Contribution, it is deemed to have satisfied the FCL requirements. No assessment notice is issued and no further action is required.

If a household's Total Tax Contribution falls below its Target Contribution, it may become liable for the *Fair Contribution Levy*. The shortfall is calculated as:

$$\textit{Fair Contribution Levy}\ (\text{FCL}) = \text{Target Contribution} - \text{Total Tax Paid}$$

Resolving a Fair Contribution Shortfall

Each adult beneficial occupant in a household that falls below its Target Contribution would receive an **FCL Assessment Notice**.

However, the household is not automatically liable for the Fair Contribution Levy. Before any liability arises, each beneficial occupant is given an opportunity to demonstrate that an exemption applies.

Continue →

Exemption

An individual occupant may apply for an exemption from the *Fair Contribution Levy* for that year by providing a sworn declaration confirming one of the following:

- **Genuine pensioner:** That they are a genuine pensioner, meaning a person whose principal source of income is a State pension or recognised occupational pension, and that they do not hold, directly or indirectly, or have access to substantial liquid financial capital (e.g. £1 million or more).

- **Financial dependant:** That they are a dependant who is financially reliant on another beneficial occupant of the household and who does not have substantial independent income, capital or other financial resources of their own.

If *all* beneficial occupants within the household qualify for an exemption, no further action is required for that year.

Continue →

Verification Condition

Any person applying for an exemption must consent to a Revenue Service review of their financial position.

Where evidence indicates a level of spending or wealth inconsistent with declared means, the exemption may be denied. In such cases, the *Fair Contribution Levy* becomes payable and any applicable penalties or surcharges may also be imposed.

Levy Payment Liability

If *one or more* beneficial occupants within a flagged household do not qualify for an exemption, responsibility for resolving the shortfall rests jointly and severally with the **FCL Liable Entity**.

The FCL Liable Entity shall be:

- **In the case of owner-occupied property, including property held through corporate or trust structures:** the legal owner registered in the Central Property Cadastre
- **In the case of a bona fide arm's-length tenancy:** the principal leaseholder identified in the relevant tenancy agreement

Continue →

Optional Pathway 1: The Transparency Pathway

The States may, at its discretion, elect to incorporate the Transparency Pathway into the Fair Contribution Levy framework.

How It Works: Where the FCL Liable Entity or a non-exempt occupant receives personal inflows that are not currently subject to the standard 20% income tax rate, such as trust distributions, capital receipts, or capital inflows structured as loans, they may elect, **in lieu of paying the full *Fair Contribution Levy***, to:

- Declare those inflows to the Revenue Service as taxable income, and
- Pay the standard 20% tax rate on the declared amount through their next personal tax return, and
- Pay a Transparency Adjustment, calculated as a percentage of the household's assessed Fair Contribution Levy liability. The applicable rate may be set by the States at a level considered appropriate to encourage uptake of the Transparency Pathway

Continue →

Successful disclosure and payment satisfy the FCL requirement for that year, and the household is recorded as compliant.

Verification Condition

Choosing the Transparency Pathway also requires consent to a Revenue Service review of the household's financial arrangements.

Where undisclosed inflows are subsequently identified, under-declaration penalties may apply and the household may become liable for the full *Fair Contribution Levy*.

Continue →

Optional Pathway 2: Economic Contribution Credits Pathway

How It Works:

The Fair Contribution Levy is intended to operate as a contribution floor, ensuring that households enjoying a very high standard of living make a proportionate contribution towards the island's public finances.

However, direct investment in Guernsey's workforce can be just as valuable to the island as direct tax revenue.

For this reason, an FCL Liable Entity may earn Economic Contribution Credits by creating genuine local employment.

Continue →

The credit, *C* is calculated as:

$$C = K \times E \times S$$

Where:

- ***K*** is a policy lever determined by the States. For example:
  - ***K* = 1.0 (Neutral):** Every £1 spent on local employment offsets £1 of FCL liability
  - ***K* = 1.2 (Growth Incentive):** Every £1 spent on local employment offsets £1.20 of liability
  - ***K* = 0.5 (Revenue Focused):** Every £1 spent on local employment offsets 50p of liability

- ***E*** represents total eligible employment costs, comprising gross salaries paid to local residents together with employer social security contributions

- ***S*** represents the Household Equity Share, defined as the combined legal or beneficial ownership percentage held by all adult occupants of the flagged household in the hiring entity. If the combined share is 100%, then S = 1.0.

Continue ⟶

Demonstrating Corporate Control

To claim Economic Contribution Credits (C), the FCL Liable Entity must provide the following documentation:

Corporate Tax Reference Number: The entity's unique Guernsey corporate tax reference number.

Certified Beneficial Ownership Extract: An official statement issued by the Guernsey Registry, or by the company's licensed resident agent or fiduciary, confirming the occupant's exact beneficial ownership percentage (*S*) as recorded on Guernsey's confidential Central Register of Beneficial Ownership.

Audited Payroll Declaration: A copy of the company's most recent employer tax filings, showing the total gross wages, salaries, and employer social security contributions paid to locally resident employees (*E*).

Continue →

The final levy payable is therefore:

$$\text{FCL Payable} = \max(0, \text{Target Contribution} - \text{Total Tax Paid} - C)$$

This ensures that liability can never fall below zero and prevents excess credits from generating a payment from the States.

The core principle of the *Fair Contribution Levy* is designed to ensure that high-value residency generates a tangible benefit for Guernsey.

Either a fair fiscal contribution is made towards public services, or a direct investment is made into the local workforce through genuine job creation.

Either the States receive the contribution, or islanders receive the jobs.

Either way, Guernsey benefits.

Connected Persons Exclusion

To qualify for Economic Contribution Credits, employment costs must arise from the genuine, arm's-length employment of resident islanders.

The following employment costs, including salaries, wages, fees, and social security contributions, shall be **excluded** from Economic Contribution Credits where they are paid to:

- Any occupant of a household assessed under the *Fair Contribution Levy* (FCL)
- The property's FCL Liable Entity
- Any Connected Person of an occupant or the FCL Liable Entity. Connected Persons shall be defined in accordance with Guernsey tax law and shall include spouses, civil partners, children, stepchildren, parents, and other legal dependants.

These rules ensure that Economic Contribution Credits reward genuine job creation and local employment, rather than payments made to household members, family members, or other connected parties.

Collection Mechanism

The *Fair Contribution Levy* would be administered and collected through the existing Revenue Service framework.

Where a household becomes liable for the levy, an FCL Assessment Notice would be issued to the FCL Liable Entity setting out the amount payable after any applicable exemptions, Transparency Pathway elections, or Economic Contribution Credits have been taken into account.

This approach:

- Utilises existing tax administration systems and compliance processes
- Avoids the need to establish a separate collection authority
- Minimises administrative complexity and implementation costs
- Allows the levy to be integrated into existing assessment, billing, and enforcement procedures

Amounts due under the *Fair Contribution Levy* would be recoverable in the same manner as other tax liabilities administered by the Revenue Service.

Anti-Avoidance Safeguards

The FCL is designed as a minimum contribution floor, not an elective tax regime. It must not be possible for a person to deliberately reduce their standard income tax or Social Security liability and then use the FCL as a lower-cost alternative:

(a) Look-Back Assessment

Where a beneficial occupant's total income tax and Social Security contribution falls by more than X% (where X is a percentage prescribed by the States) compared with their preceding three-year rolling average, the Revenue Service may require the beneficial occupant to demonstrate that the reduction resulted from a genuine material change in circumstances, such as retirement, redundancy or the cessation of a business.

Where no such genuine material change can be demonstrated, the beneficial occupant shall not be permitted to use the FCL as an alternative to their standard income tax and Social Security liability, and their standard liability shall continue to apply.

Continue →

(b) General Anti-Avoidance Rule

Any arrangement entered into primarily for the purpose of reducing standard income tax or Social Security contributions in order to qualify for, or reduce liability under, the FCL shall be disregarded for the purposes of determining FCL eligibility or liability. The Revenue Service may look through any trust, corporate or nominee structure to determine the underlying economic substance of the arrangement.

(c) Non-Elective Status

The FCL is an administrative corrective levy, not an alternative tax regime. No taxpayer may elect to pay the FCL in place of standard income tax or Social Security contributions where their standard liability would otherwise exceed the FCL's Target Contribution.

PIT Revenue Pipeline 3

PREMIUM ASSET LEVY

THE PREMIUM ASSET LEVY

Ensuring Proportionate Contribution from Premium Asset Ownership

The Bailiwick provides the stability, infrastructure, and regulatory framework that enables the acquisition and operation of high-value assets, including private aircraft, luxury marine vessels, high-performance vehicles, and high-value property transactions.

These assets are made possible by a range of public systems and services, including transport networks, ports, airspace management, and the legal and administrative infrastructure that supports ownership, transfer, and operation.

The *Premium Asset Levy* (PAL) is based on a simple principle: where individuals have greater capacity to access and benefit from premium, infrastructure-enabled assets, it is appropriate that they make a proportionate contribution to maintaining the systems that enable them.

Continue →

The objective is not to discourage asset ownership, but to ensure that those with the greatest capacity to participate in premium asset markets also make a proportionate contribution to the shared infrastructure and institutional stability that underpins such ownership.

In essence, PAL reflects proportionate contribution aligned with capacity and participation in premium asset systems.

How It Works →

In a Nutshell

The *Premium Asset Levy* ensures that ownership of high-value assets contributes proportionately to the public infrastructure, services, and institutional systems that make such ownership possible.

It does this by:

- Applying targeted levies to premium vehicles, private aircraft, luxury vessels, and high-value property transactions
- Linking contribution to clearly defined asset value tiers rather than income declarations alone
- Using existing registration, aviation, maritime, and conveyancing systems for administration and collection, avoiding the need for new bureaucratic structures or additional administrative burden
- Distinguishing between commercial, public-interest, and private luxury use

Continue →

- Providing targeted exemptions for essential, emergency, and cultural or heritage uses

- Ensuring that high-value asset ownership results in a proportionate contribution to shared infrastructure and institutional stability

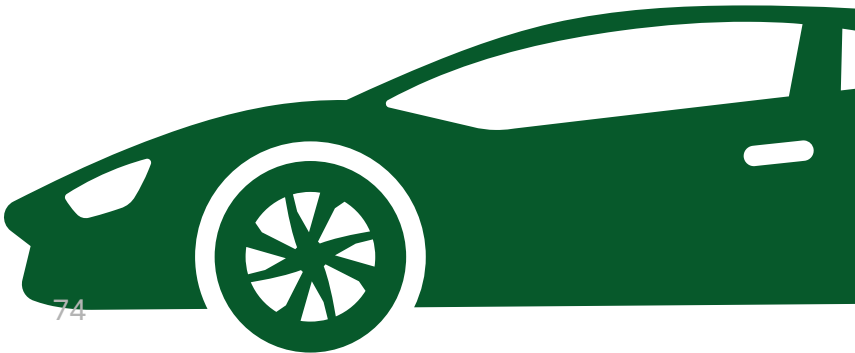
PAL Framework Overview

The PAL framework consists of four components:

- *Premium Road Levy*
- *Private Aviation Levy*
- *Luxury Marine Levy*
- *High-Value Document Duty*

Each component is designed to ensure that different categories of premium asset ownership make a proportionate contribution to shared public systems.

PREMIUM ROAD LEVY



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Premium Road Levy

The Premium Road Levy is a two-part luxury motoring framework comprising a **First Registration Premium** and an **Annual Luxury Vehicle Registration Fee**.

Together, these measures combine immediate value capture at the point of entry with a continuing, progressive contribution towards the maintenance and development of Guernsey's transport infrastructure.

Continue →

First Registration Premium

The First Registration Premium functions as a one-off progressive entry surcharge assessed when a high-value vehicle enters the Guernsey fleet for the first time.

The framework seeks to protect ordinary family vehicles and middle-income households from unintended tax burdens while ensuring that luxury vehicles and ultra-high-value automotive assets make an appropriate upfront contribution.

Upon importation or first local sale, the commercial purchase invoice must be presented to the Driver and Vehicle Licensing Authority (DVL) for assessment.

The surcharge is payable as a one-off charge in addition to any standard duties and registration fees.

Continue →

Levy Calculation

$$S = \sum(V_{Band} \times M_{Band})$$

Where:

- ***S*** = First Registration Premium Surcharge
- V_{Band} = The portion of the vehicle's OTR price falling within a specific band
- M_{Band} = The marginal tax rate (percentage) assigned to that specific ban

Premium Marginal Rate Bands

PIT recommends the following marginal rate bands:

Band 0 - First £65,000: **0%**
Band 1 - Next £30,000 (£65,001 to £95,000): **5%**
Band 2 - Next £45,000 (£95,001 to £140,000): **10%**
Band 3 - Any value above £140,000: **20%**

Continue →

Example

Vehicle:

An ultra-luxury hypercar with a total On-The-Road (OTR) price of £320,000.

Calculation:

$$S = \sum(V_{Band} \times M_{Band})$$
$$= (V_{Band0} \times M_{Band0}) + (V_{Band1} \times M_{Band1}) + (V_{Band2} \times M_{Band2}) + (V_{Band3} \times M_{Band3})$$
$$= (£65{,}000 \times 0\%) + (£30{,}000 \times 5\%) + (£45{,}000 \times 10\%) + (£180{,}000 \times 20\%)$$
$$= £42{,}000$$

The use of marginal rate bands, rather than a single flat rate, ensures that liability increases smoothly with vehicle value. This eliminates regressive cliff-edge effects, reduces incentives for invoice manipulation, and aligns the surcharge more closely with the owner's ability to contribute.

Annual Luxury Vehicle Registration Fee

The Annual Luxury Vehicle Registration Fee establishes a recurring revenue stream based upon a vehicle's certified performance capability, measured by its **Maximum Net Power Output (kW)**. This information is already recorded for each vehicle and maintained within the DVL database.

Continue →

Levy Calculation

$$F_L = K \times \sum(P_{Mi} \times M_{Ti})$$

Where:

- F_L = Total annual luxury fee
- K = Baseline financial rate (£ per kW), set annually by the States
- M_{Ti} = Multiplier applicable to Tier i
- P_{Mi} = Maximum net power output (kW) falling within the boundaries of Tier i

Tier Multipliers

PIT recommends the following tier multipliers:

M_{T0} (Tier 0): 0.0
M_{T1} (Tier 1): 1.0
M_{T2} (Tier 2): 2.5
M_{T3} (Tier 3): 5.0

Continue →

Power Bands

PIT recommends the following tier multipliers:

***P_{M0}*:** Power below the 90th percentile (Exempt Fleet)
***P_{M1}*:** Power between the 90th and 95th percentiles
***P_{M2}*:** Power between the 95th and 99th percentiles
***P_{M3}*:** Power at or above the 99th percentile

By organising the active Guernsey fleet into dynamic, data-driven percentiles based upon Maximum Net Power Output (kW), the framework automatically adapts to technological developments without requiring frequent legislative amendment. This ensures long-term resilience as electric, hybrid and internal combustion technologies evolve.

The methodology is **technologically neutral** and applies equally across all propulsion systems. As a result, the top 10% of the fleet, representing the most powerful and resource-intensive vehicles, contribute a fair and proportionate annual share towards the maintenance of public infrastructure.

Continue →

Example

Vehicle:

A high-performance sports car with a certified maximum net power output of 360 kW.

DVL Fleet Benchmarks:

- 90th percentile = 220 kW
- 95th percentile = 275 kW
- 99th percentile = 375 kW

Baseline Rate:

- K = £20 per kW

Calculation:

$$
\begin{aligned}
\mathbf{F}_L &= K \times \sum(P_{Mi} \times M_{Ti}) \\
&= 20 \times [(P_{M0} \times M_{T0}) + (P_{M1} \times M_{T1}) + (P_{M2} \times M_{T2}) + (P_{M3} \times M_{T3})] \\
&= 20 \times [(220 \times 0.0) + (55 \times 1.0) + (85 \times 2.5) + (0 \times 5.0)] \\
&= 20 \times (0 + 55 + 212.5 + 0) \\
&= £5{,}350 \text{ per annum}
\end{aligned}
$$

Collection Mechanism

The First Registration Premium shall be collected by the DVL as a mandatory condition of initial vehicle registration. No imported or newly registered premium vehicle may be assigned Guernsey registration plates until the levy has been paid in full.

For the recurring Annual Luxury Vehicle Registration Fee, the DVL shall recalculate fleet percentile benchmarks annually. The resulting fee shall be incorporated directly into the existing motor registration renewal process and displayed as a separate line item on electronic renewal notices.

Collection and enforcement shall occur through standard vehicle registration and validation procedures.

Exemptions

To protect the productive economy and preserve Guernsey's motoring heritage, the following categories shall be exempt from both the First Registration Premium and the Annual Luxury Vehicle Registration Fee:

- Certified commercial utility vehicles
- Heavy goods vehicles and freight haulage vehicles
- Public transport vehicles
- Emergency service vehicles
- Agricultural machinery
- Private motor vehicles with an original market value below the luxury asset floor (£65,000) that have attained an increased maximum net power output strictly via aftermarket modifications

In addition, any private motor vehicle shall automatically cease to be subject to the Annual Luxury Vehicle Registration Fee upon reaching **30 years of age from its date of manufacture**. Such vehicles shall thereafter be classified as historic vehicles and remain exempt from the fee.

PRIVATE AVIATION LEVY

THIS LEVY HAS NOT BEEN SUBMITTED AS AN AMENDMENT TO THE TAX REFORM 2026 POLICY LETTER.

This is because the details of the levy may require further development.

Private Aviation Levy

The *Private Aviation Levy* applies to non-commercial private aircraft utilising aviation facilities within the Bailiwick.

The objective is to ensure that ownership and operation of private aircraft contributes proportionately to the public systems and specialist infrastructure that enable private aviation.

PIT recommends the following tier structure:

- **Tier 1:** Light aircraft and turboprops
- **Tier 2:** Mid-size business jets
- **Tier 3:** Large and long-range executive jets

Continue →

Levy Calculation

To minimise administrative complexity, the levy is calculated as a multiplier applied to existing aviation fees already collected through established States systems:

$$\text{Private Aviation Levy} = M_A \times A_B$$

Where:

A_B (The Aviation Baseline):

- **For Resident Aircraft:** The standard annual hangarage or long-term parking tariff invoiced by Guernsey Ports
- **For Itinerant Aircraft:** The standard landing fee and associated airport charges payable on arrival

M_A (The Aviation Multiplier): The progressive aviation asset factor calibrated by tier:

- **Tier 1 Multiplier:** M_A = 1.5× baseline fee
- **Tier 2 Multiplier:** M_A = 5.0× baseline fee
- **Tier 3 Multiplier:** M_A = 10.0× baseline fee

Continue ⟶

Implementation

TThe Revenue Service, in coordination with Guernsey Ports, determines and periodically reviews the aviation multipliers (M_A).

Collection Mechanism

The levy is collected through existing airport charging systems administered by Guernsey Ports and authorised handling operators:

- **Resident / Base-Operated Aircraft:** Applied as an annual surcharge alongside hangarage or long-term parking charges issued by Guernsey Ports
- **Itinerant / Visiting Aircraft:** Applied as a surcharge alongside existing landing, parking, and handling charges collected through established airport charging systems

Continue →

Exemptions

- Commercial and charter operations
- Emergency and air ambulance services (including search and rescue)
- State and diplomatic aircraft

Qualifying Provision:

To prevent structural avoidance, the commercial charter exemption shall be limited to bona fide arm's-length public charter operations and shall not extend to connected-party, related-party, or self-chartering arrangements. The emergency-services exemption shall apply only to aircraft formally certified for medical, rescue, or emergency-response functions and actively tasked by a recognised public authority.

LUXURY MARINE LEVY

THIS LEVY HAS NOT BEEN SUBMITTED AS AN AMENDMENT TO THE TAX REFORM 2026 POLICY LETTER.

This is because the details of the levy may require further development.

Luxury Marine Levy

The *Luxury Marine Levy* applies to non-commercial vessels utilising maritime facilities or services within Bailiwick waters.

The objective is to ensure that ownership and operation of luxury marine assets contributes proportionately to the public systems and maritime infrastructure that support their use within Bailiwick waters.

PIT recommends the following tier structure:

- **Tier 1 (15m – 20m):** Large leisure craft
- **Tier 2 (20m – 35m):** High-demand luxury vessels
- **Tier 3 (35m+):** Superyachts and ultra-large vessels

Continue →

Levy Calculation

To minimise administrative complexity, the levy is calculated as a multiplier applied to existing maritime fees already collected through established States systems:

$$\text{Luxury Marine Levy} = M_M \times M_B$$

Where:

M_B (The Marine Baseline):

- **For Resident Vessels:** The standard annual mooring or marina berthing invoice issued by Guernsey Ports
- **For Visiting Vessels:** The standard harbour, mooring, berthing, or visiting vessel tariff applicable to the vessel

M_M (The Marine Multiplier):
The progressive maritime asset factor calibrated by tier:

- **Tier 1 Multiplier:** M_M = 1.5× baseline fee
- **Tier 2 Multiplier:** M_M = 3.0× baseline fee
- **Tier 3 Multiplier:** M_M = 6.0× baseline fee

Continue →

Implementation

The Revenue Service, in coordination with Guernsey Ports and the Harbour Master, determines and periodically reviews the marine multipliers (M_M).

Collection Mechanism

The levy is collected through existing maritime charging systems administered by Guernsey Ports and other relevant authorities:

- **Resident Vessels:** Automatically applied alongside annual mooring or berthing invoices issued by Guernsey Ports
- **Visiting Vessels:** Applied through existing harbour, mooring, berthing, or visiting vessel tariff systems administered by the relevant authority

Continue →

Exemptions

- Commercial fishing, cargo, and charter operations
- Emergency and search and rescue vessels
- State and diplomatic vessels

Qualifying Provision:

All exemptions shall apply exclusively to bona fide, arm's-length commercial operations and officially authorised missions undertaken by registered commercial entities or recognised public authorities, and shall not extend to connected-party, related-party, or self-dealing arrangements.

HIGH-VALUE DOCUMENT DUTY

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High-Value Document Duty

The *High-Value Document Duty* applies to high-value residential property transactions at the point of conveyance.

The objective is to ensure that acquisition of premium residential property contributes proportionately to the public systems, infrastructure, and stability that underpin property values within the Bailiwick.

Recommended marginal band structure:

- **Band 0:** Up to £2,500,000 (0% surcharge)
- **Band 1:** Exceeding £2,500,000, up to £5,000,000 (25% surcharge)
- **Band 2:** Exceeding £5,000,000, up to £10,000,000 (50% surcharge)
- **Band 3:** Exceeding £10,000,000 (75% surcharge)

Continue →

Levy Calculation

The High-Value Document Duty is calculated on a sliced marginal basis. The surcharge rates apply exclusively to the standard statutory Document Duty generated by the portion of property value falling within each respective band:

$$\text{Total Document Duty} = D_{\text{Standard}} + (D_{\text{Slice1}} \times 0.25) + (D_{\text{Slice2}} \times 0.50) + (D_{\text{Slice3}} \times 0.75)$$

Where:

$D_{Standard}$: The standard statutory Document Duty calculated on the total purchase price under normal Greffe rates
D_{Slice1}: The portion of standard statutory Document Duty generated exclusively by property value exceeding £2,500,000 up to £5,000,000.
D_{Slice2}: The portion of standard statutory Document Duty generated exclusively by property value exceeding £5,000,000 up to £10,000,000.
D_{Slice3}: The portion of standard statutory Document Duty generated exclusively by property value exceeding £10,000,000.

Continue ⟶

Implementation

The Revenue Service, in coordination with the Housing Department, sets and reviews the multipliers (M_D) based on broader market conditions.

Collection Mechanism

The surcharge is calculated and applied at the point of conveyance through the existing Document Duty collection system at the Greffe.

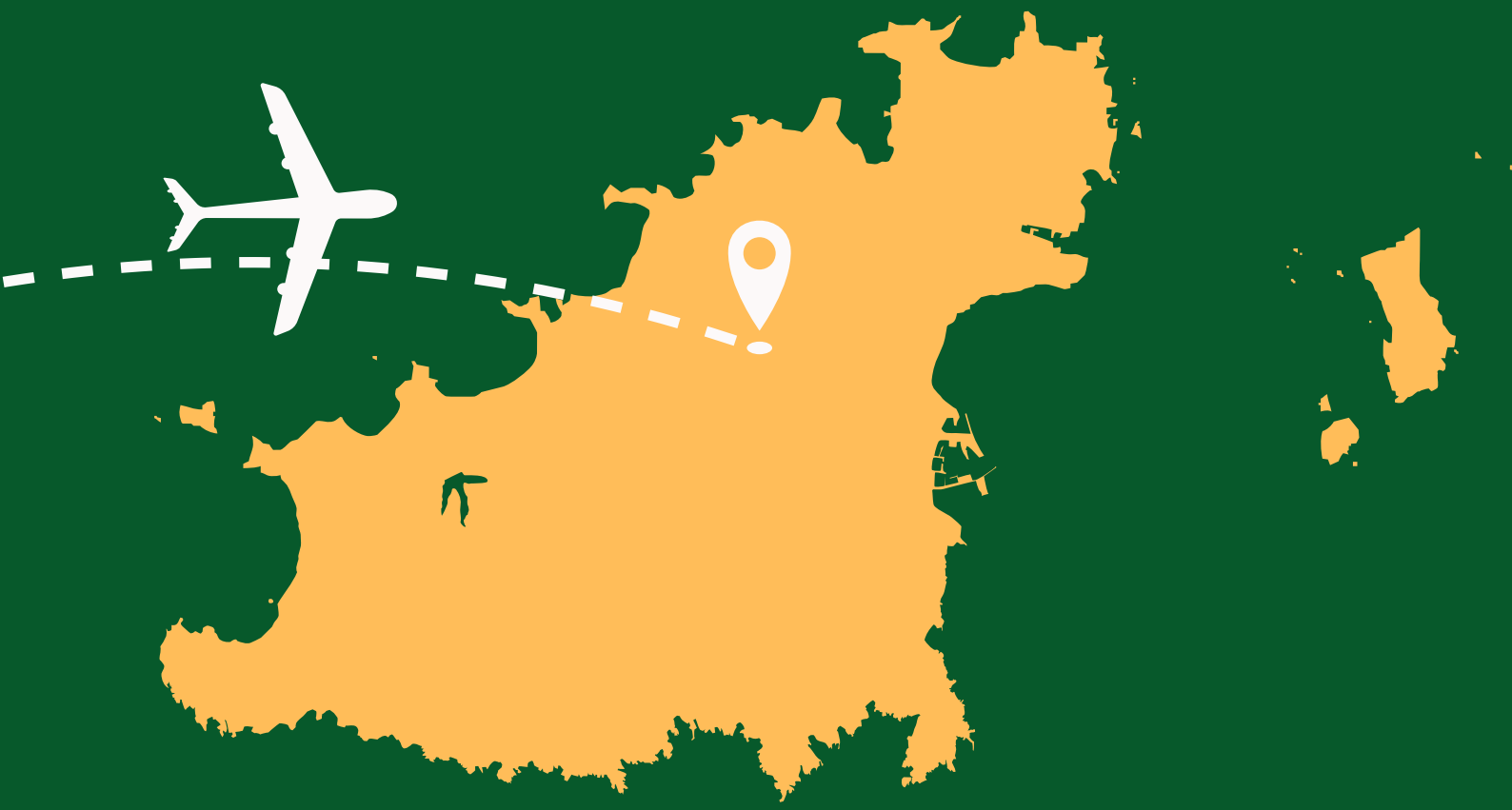
Continue →

Exemptions

- Charitable and not-for-profit acquisitions by independently registered public-benefit organisations, subject to verification that no direct or indirect private benefit arises
- Court-ordered or hardship-related transfers (including divorce and probate)
- Intra-family and inheritance transfers: Exemptions apply to transfers of property between close family members, including transfers made as part of inheritance, estate succession, or bona fide intra-family arrangements. To qualify for exemption, the transfer must result in a genuine change in beneficial ownership, and the property must not remain under the same effective control or arrangement as before the transfer. Where arrangements preserve prior ownership or control through connected parties, trusts, or associated entities, the exemption will not apply.

PIT Revenue Pipeline 4

HIGH-NET-WORTH RESIDENCY SCHEME



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IMPORTANT NOTE

Residency and Immigration are Separate Matters

For the avoidance of doubt, the **High-Net-Worth Residency Scheme (HNWRS)** concerns residency and population management, not immigration or visa policy.

In Guernsey and Jersey, the right of a person to enter or remain in the jurisdiction under the applicable immigration and visa framework is distinct from the right to take up residence under the respective population management and housing legislation.

The proposed HNWRS would therefore operate only in relation to the residency aspect of the process, specifically the conditions attached to taking up and retaining residence through an Open Market (Part A) property. It would not alter the existing immigration, visa, nationality or entry requirements applicable to any applicant.

An individual would still need to satisfy all applicable immigration and visa requirements independently of the residency conditions proposed by the HNWRS.

The Opportunity Cost of Finite Island Land

Guernsey's two most valuable and non-renewable assets are **human capital and land**. As a compact island jurisdiction, Guernsey can accommodate only a strictly limited population because of severe constraints on housing capacity.

When considering population management policies, it is therefore vital that Guernsey attracts people who provide a high level of economic and social value relative to the amount of physical space they occupy. In other words, Guernsey needs to be highly selective about who it welcomes to live on the island as residents.

After decades of the finance industry being the dominant sector of the island's economy, Guernsey's human capital has become relatively concentrated. We have a wealth of financial expertise, but comparatively less talent in many other fields. If we are to successfully diversify the economy, we therefore need to either develop or import talent in areas where there are significant skills shortages. Moreover, as a mature, developed economy, we have inevitably had to rely on importing key workers in sectors where businesses struggle to recruit sufficient staff locally.

Continue →

Our limited land should therefore be managed with this reality in mind when considering new arrivals. This principle becomes particularly important when considering **High-Net-Worth Individuals (HNWIs)**.

What kind of HNWIs should Guernsey seek to attract?

This is a critical question.

Unlike ordinary professionals or essential key workers, HNWIs can consume an exceptionally large physical footprint by acquiring some of the largest residential estates available on the island.

A single large estate occupied by an HNWI household could instead provide housing for **dozens to hundreds of essential health workers, carers and other skilled personnel.** These are people who pay standard rates of tax while performing vital roles that local employers often struggle to fill. The opportunity cost becomes even greater when the HNWI household is economically inactive and contributes little or nothing to government coffers through legal tax avoidance.

As property demand from wealthy buyers increases, it can also place systemic pressure on Guernsey's regulatory framework to convert valuable Local Market housing stock into Open Market properties.

Continue →

HNWIs may also have the financial capacity to acquire multiple Local Market dwellings as passive stores of wealth, speculative assets or buy-to-let investments. This can directly push up property values and price local workers out of the market, even when those properties are not physically occupied by their owners.

Unchecked HNWI demand in the property market can artificially increase both land and rental values. This forces local workers to spend an unsustainable proportion of their income on housing, reducing the amount they have available to spend elsewhere in the domestic economy. In turn, this can weaken local consumption and place further pressure on household finances.

In short, **HNWIs can have a disproportionately large land footprint compared with other immigrants.** The type of HNWI Guernsey chooses to attract should therefore be carefully curated, with particular consideration given to the economic and social value they provide relative to the scarce land and housing resources they consume.

Continue →

The HNWI Spectrum: Economic Drivers vs. Passive Tax Avoiders

Not all high-net-worth arrivals have the same impact on the island. The type of HNWIs Guernsey attracts depends very much on how its population policies are designed.

A population policy acts as a *filter*. If the objective is to attract the right type of person, the system must be deliberately designed to select for the desired economic and social outcomes.

Ideal HNWIs: Economic Drivers

These are economically active individuals who make a meaningful contribution to the island by:

- establishing local businesses;
- investing capital in domestic venture funds;
- creating substantial local employment; and/or
- paying a fair and proportionate share of annual income tax.

A competent government should ensure that a HNWI's economic contribution significantly outweighs the amount of land, housing and other finite public resources they consume.

Continue →

Non-Ideal HNWIs: Passive Tax Avoiders

Just as there are ideal HNWIs, there are also non-ideal HNWIs. These are economically inactive individuals whose primary motivation is the legal minimisation of their tax liabilities.

They may structure their global wealth in ways that result in little or no taxable income being generated. Consequently, they can contribute virtually nothing through income tax or social security while still consuming substantial amounts of finite housing stock and making use of public infrastructure and services.

At present, Guernsey's framework does not effectively distinguish between these two groups or filter arrivals according to the economic and social value they provide.

As a result, we effectively leave the outcome to the roll of a dice, crossing our fingers and hoping that we attract the ideal kind of HNWI.

That is not how a competent government should design population policy.

Continue →

How Guernsey Compares with Benchmark Jurisdictions

The following comparison considers five areas: jurisdiction, financial and capital requirements, minimum tax floor, social security obligations, and enforcement.

SINGAPORE

Financial & Capital Requirements

- **Substantial mandatory investment:** Under the Global Investor Programme (GIP), applicants must choose between:
    - Investing at least S$10 million in a Singapore business
    - Investing S$25 million in a GIP-select fund
    - Establishing a Singapore-based Single Family Office with at least S$200 million in assets under management, of which at least S$50 million must be transferred into Singapore and deployed in specified investments

Minimum Tax Floor

- No single GIP minimum tax payment. Singapore instead uses its ordinary tax system alongside targeted tax incentives.

Continue ⟶

Social Security Obligation

- Central Provident Fund (CPF) obligations apply where the individual or relevant entity employs employees who are subject to CPF.

Enforcement / Residency Link

- Strong investment and renewal conditions. GIP investments must be evidenced and maintained. Renewal of the five-year Re-Entry Permit requires continued compliance with the relevant investment, employment and residence criteria.

JERSEY

Financial & Capital Requirements

- **High Value Residency (HVR) financial threshold:** New 2(1)(e) applicants are expected to have net assets of at least £10 million, excluding their principal residence.

- **Applicants must also purchase a property worth:**
  - More than £3.5 million for a house
  - £1.75 million for an apartment

Continue →

Minimum Tax Floor

- **£250,000** minimum annual income-tax contribution for new HVR applicants.

- Where the applicant's actual taxable income would produce less than £250,000 of tax, Jersey applies a top-up/deemed-income of £1,250,000 per annum to reach the minimum.

Social Security Obligation

- Social Security obligations apply according to the individual's employment, self-employment and contribution status. These are separate and on top of the £250,000 per annum HVR income-tax contribution.

Enforcement / Residency Link

- Residency is specifically linked to HVR status and its conditions. The scheme is subject to continuing requirements, and applicants can be removed from the HVR programme.

Continue →

GUERNSEY (CURRENT)

Financial & Capital Requirements

- No equivalent HNWI capital or net-worth requirement.
- Open Market residence is principally linked to qualifying for residence through an Open Market Part A property, subject to the applicable housing and immigration rules. Guernsey does not require the incoming Open Market residents to demonstrate a minimum personal net worth (unlike Jersey, which expects £10 million) or make a mandatory capital deployment (unlike Singapore's Global Investor Programme).

Minimum Tax Floor

- No mandatory minimum annual tax contribution.

Social Security Obligation

- Social Security obligations depend on the person's circumstances and contribution category. There is no special HNWI Social Security contribution designed to guarantee a minimum public contribution. That means a HNWI with zero taxable income can also pay zero Social Security contribution.

Continue →

Enforcement / Residency Link

- Tax and housing are comparatively weakly linked.
- Ordinary tax debt is dealt with through the tax system rather than through a Jersey-style HVR minimum-tax condition attached to residential status.

Guernsey's “Free Lunch” Policy

Compared with its peer jurisdictions, Guernsey currently offers what can effectively be described as a “free lunch”.

Jersey guarantees a substantial recurring annual contribution of £250,000 to its public finances from qualifying residents. Singapore, meanwhile, requires direct capital investment into its domestic economy.

Guernsey currently requires neither.

The only guaranteed financial contribution from a new Open Market (Part A) arrival are the one-off Document Duty payment made when a property is purchased and the relatively modest, yearly Tax on Real Property (TRP) charge associated with that property.

Continue →

After that initial transaction, the States of Guernsey provides generous tax caps. New arrivals can even cap their tax liability at £60,000 per year for their first four years *in case they're not able to minimise their taxable income for that year*.

When a jurisdiction offers significant residency benefits while demanding very little economic contribution in return, it naturally risks attracting HNWIs whose primary objective is legal tax avoidance.

So how do we know whether a HNWI has chosen Guernsey primarily for tax avoidance? One way is to examine their response when asked to make a fair and proportionate annual contribution to public revenue. If an individual immediately threatens to leave the island when asked to make such a contribution, that reaction can provide useful evidence about the nature of their connection to Guernsey.

It may indicate that:

- they have no meaningful local business operations anchoring them to the economy;
- they have few or no genuine social, community or family ties to the island; and
- their presence in Guernsey depends primarily on maintaining a tax environment in which they can make little or no contribution to public finances.

Continue ⟶

While some HNWIs donate generously to local charities, and that philanthropy is undoubtedly valuable, voluntary charitable donations are not a substitute for paying a fair share of income tax. Donations do not fill the gap in public finances created by legal tax avoidance. Anyone can afford to be generous to local charities when they are exempted from paying their fair share of income tax.

Some HNWIs may also spend significant amounts of money in restaurants, employ gardeners and use other local services. Such consumption can provide some economic benefit, but consumption is not a substitute for paying a proportionate income tax. Many ordinary residents also spend money on restaurants, tradespeople and other services, yet they do not receive special tax breaks simply for doing so. Why should HNWIs be treated differently?

Moreover, given the relatively small number of HNWIs involved, their routine day-to-day spending is unlikely to make a meaningful difference to the overall economy; rich or poor, there is a natural limit to how much a person can consume on a day-to-day basis. Nor would their once-in-a-blue moon large expenditures, such as major house renovations move the needle of Guernsey's economy.

Continue →

A population policy should be designed to attract residents who contribute to the long-term prosperity of Guernsey, not to residents whose principal value to the island depends on their ability to avoid contributing to the public purse.

The Cost of Setting the Bar Too Low for HNWIs

It is an established fact, and one that has been repeatedly acknowledged by the Policy & Resources Committee when making the case for GST, that some of Guernsey's wealthiest residents pay little or no income tax.

In fact, 2026 data showed that approximately 560 households living in the top 10% of the island's largest properties pay less in combined income tax and social security contributions than the median household.

To exacerbate the problem, Guernsey's Class 3 Social Security contributions for non-employed people are calculated strictly according to their taxable assessable income.

A HNWI reporting zero taxable income can therefore qualify for a 100% exemption under the Lower Income Exemption threshold, resulting in a contribution of £0 to the Social Insurance Fund.

Continue →

HNWIs who make no contribution to public revenue are therefore, in effect, being subsidised by ordinary working islanders.

Guernsey cannot simply revoke the established rights of existing residents without creating significant legal difficulties.

However, it can, and should, require new arrivals to make a compulsory and fair contribution towards the public services they will use as a condition of being granted residency.

The principle is straightforward:

If Guernsey is prepared to grant new residents access to its limited housing, infrastructure and public services, it should also require them to make a meaningful contribution towards the cost of providing them.

HIGH-NET-WORTH RESIDENCY SCHEME

Securing Guaranteed Economic Return from Future Arrivals

To close the “free lunch” loophole and ensure that Guernsey obtains a guaranteed, recurring public benefit from attracting new high-net-worth residents, the proposed Amendment would establish a Jersey-style High-Net-Worth Residency Scheme (HNWRS).

The scheme would apply strictly to new high-net-worth individuals who use an Open Market (Part A) property as the basis for taking up their own residency in Guernsey on or after 1 January 2028.

The scheme would not apply to Open Market residents generally. The purpose is to distinguish new HNWIs who use the Open Market as their route to residency from other people who may lawfully live in or be accommodated within Open Market properties.

How It Works →

In a Nutshell

The High-Net-Worth Residency Scheme (HNWRS) is designed to ensure that new HNWI arrivals who use Open Market property as the basis for establishing their residency rights from 1 January 2028 onwards undergo pre-entry financial screening and pay a statutory minimum of £150,000 in annual income tax, alongside the applicable Social Security contributions.

Continued compliance with these fiscal requirements would be directly linked to the retention of their residency rights.

Pre-Entry Financial Vetting

If a new, non-resident person:

1. wants to buy or rent an Open Market property and establish residency in Guernsey through that property; and

2. is seeking to establish that residency through the Open Market rather than through an Employment Permit, family connection or other applicable route to residency;

then, in order to establish residency through the Open Market, they would have to apply and qualify through the HNWRS.

They would have to demonstrate either:

- a verified global net worth of at least a specified amount, for example £5 million, excluding their primary residence; or

- a sustainable annual global income of at least £750,000.

Continue →

Meeting one of these thresholds would be a prerequisite for residency through the HNWRS.

This is necessary to ensure that applicants have the financial means to meet the mandatory annual tax floor outlined below.

Once an applicant has passed this HNWRS financial eligibility clearance and otherwise satisfies the applicable Population Management and property requirements, they could proceed with an Open Market (Part A) property transaction and take up residency through that property.

Once a qualifying HNWI has used an Open Market (Part A) property as the basis for taking up their own residency, that individual would become subject to the statutory annual fiscal obligations of the HNWRS.

These obligations would remain in force for as long as the individual remains resident in Guernsey under the HNWRS.

Mandatory £150,000 Annual Income Tax Floor

Every new qualifying HNWI who uses an Open Market (Part A) property as the basis for taking up their own residency would be required to contribute at least £150,000 per year in personal income tax.

This would be enforced through a statutory "Deemed Income" assessment. The individual would be deemed to have £750,000 of assessable income, which would then be taxed at the standard 20% rate, producing the £150,000 annual tax floor.

If an HNWRS participant declared worldwide taxable income below £750,000, the tax system would nevertheless legally deem their assessable income to be £750,000.

The £150,000 tax floor would apply only to the qualifying HNWI who has been admitted to the HNWRS and who uses an Open Market (Part A) property as the basis for their own residency. Dependent spouses, civil partners and children living in the same household would not be subject to separate individual tax floors.

Mandatory Social Security Contribution

The Class 3 Lower Income Exemption for non-employed people would be explicitly removed for qualifying HNWIs admitted to the HNWRS.

This would prevent a qualifying HNWI who is not employed or self-employed from avoiding a Social Security contribution solely because their taxable income is low or nil.

The Class 3 contribution would apply to the qualifying HNWI admitted to the HNWRS.

Interlocking Housing and Fiscal Enforcement

Full payment of the annual tax and Social Security liabilities applicable under the HNWRS would become an explicit statutory condition of retaining residency under the HNWRS and the applicable Population Management framework.

Failure to meet these obligations could result in the loss of the residency entitlement provided under the HNWRS, subject to the applicable legal safeguards, rights of appeal and any compassionate or long-residence provisions established by law.

Any outstanding tax liability would continue to be pursued as an enforceable civil debt.

Exemptions

Grandfathering Existing Residents

The scheme would apply only to new qualifying HNWIs who take up residency through an Open Market (Part A) property on or after 1 January 2028.

Existing Open Market (Part A) residents would retain their current statutory arrangements.

This would preserve legal certainty, respect legitimate expectations and protect the States from potential retroactive legal challenges.

Alignment with Independent Taxation

Spouses and civil partners living in the same household would continue to file independent tax returns as required by law.

The HNWRS tax floor would apply only to the qualifying HNWI admitted to the scheme. A spouse or civil partner would not become subject to a separate £150,000 tax floor merely by living with an HNWRS participant.

Continue →

Genuine Financial Ruin or Asset Collapse

The scheme would also provide protection for HNWRS participants who subsequently suffer severe and genuine financial hardship, such as through a catastrophic business collapse or market insolvency.

1. Forensic Hardship Audit

The taxpayer could petition the Revenue Service for a Hardship Reassessment.

The Revenue Service would carry out a comprehensive forensic audit of the individual's global assets and financial affairs to establish whether the loss of wealth was genuine rather than the result of an artificial tax-avoidance arrangement.

2. Fallback Assessment

If genuine financial impoverishment were verified, the Revenue Service could suspend or terminate the £150,000 HNWRS tax floor and move the individual to the standard income tax system, under which tax would be assessed at 20% of actual reported income.

Continue →

3. Housing Reclassification

The individual's case would then be referred to Population Management for review under the standard compassionate or long-residence provisions.

This would provide protection against genuine hardship while continuing to prevent abuse of the system.

Safeguards

Anti Avoidance Measure

The £150,000 tax floor would operate through an irreducible statutory **“deemed income” assessment** of £750,000, taxed at 20%.

As a result, complex trust structures, capital drawdowns and other arrangements designed to recategorise monetary inflows as non-taxable income could not be used by an HNWRS participant to reduce the annual baseline tax liability below £150,000.

IMPORTANT CONCEPTS

The Finance Sector is NOT the Same as High-Net-Worth Individuals

Too often, these two very different groups are conflated.

- The finance sector, which accounts for nearly half of the island's GDP, generates its income largely from *international clients*.
- High-net-worth individuals (HNWIs) living in Guernsey, who may or may not contribute meaningfully to the local economy.

These are not the same thing, and in many cases they are not related at all.

High-Income Earners are NOT Necessarily High-Net-Worth Individuals

- The key difference between the two is the extent to which they can structure and optimise their financial affairs to legally minimise their income tax liability.

- High-income earners derive their income primarily from salaries, wages or professional fees. This earned income is assessed directly under the standard 20% income tax rules, meaning they cannot legally reduce their tax liability to zero. As a result, they have little choice but to contribute substantial and recurring amounts to the public purse, making them a clear net benefit to Guernsey.

Continue →

- By contrast, many high-net-worth individuals have the ability to fund their lifestyles primarily from accumulated capital and assets rather than earned income. Because Guernsey imposes 0% Capital Gains Tax and 0% Wealth Tax, an HNWI may be able to fund a lavish lifestyle through capital drawdowns, asset sales or other lawful tax-planning arrangements while legally reporting **£0 in assessable taxable income**.

High-Net-Worth Individuals are NOT All the Same

Their economic contribution, and tax arrangements can vary enormously.

- Some run genuinely productive businesses on the island and employ local people.
- Some are high-earning professionals.
- Some live primarily off capital, investments, or trust distributions.
- Some live in local market properties; others live in the open market.

Many structure their financial affairs to reduce their tax liability. *Some are able to appear so poor on paper that they pay little or no income tax or social security contributions*. Others rely on tax caps to limit the amount they contribute.

GST is NOT the Best Way to Ensure Fair Contribution from Wealthy Residents

A high-net-worth individual's day-to-day spending has little meaningful impact on the wider economy, let alone justify imposing GST on the rest of the island.

Billionaires and multi-millionaires are still people. There is a natural limit to how much any one person can spend or consume on a day-to-day basis.

And when they do spend, a significant share of that spending often takes place online or off-island rather than within the local economy.

While occasional large expenditures, such as luxury home renovations or high-end vehicle purchases, do occur, they are infrequent and inconsistent, making them an unreliable basis on which to justify a tax policy such as GST.

FREQUENTLY ASKED QUESTIONS

FAQS

Will rich people leave Guernsey if we make them pay taxes under PIT's *Fair Contribution Levy*?

The *Fair Contribution Levy* (FCL) is aimed at situations where there is a substantial gap between a household's apparent standard of living and its contribution to the island. Those who already contribute proportionately have little reason to be concerned; FCL is not designed to negatively impact them.

Many high-net-worth individuals already make significant contributions to Guernsey. Some operate productive businesses that create employment opportunities for islanders. Others are high earners who already pay substantial amounts of income tax and social security. FCL is designed to protect these productive contributors.

The concern addressed by FCL is different. Under current arrangements, some individuals are able to structure their affairs so that they contribute little or no income tax and social security despite enjoying a very high standard of living. In some cases, they may occupy some of the island's most valuable properties while contributing less than an ordinary working household.

FCL is designed to address these specific issues. Wealthy individuals who already contribute proportionately, whether through taxation, employment creation, or other genuine economic activity, will not be negatively affected.

Are similar PIT measures used in other jurisdictions?

PIT's measures are not novel in their underlying principles. While the specific design is tailored to Guernsey's fiscal and housing context, the core policy tools draw on well-established approaches already used in a range of advanced economies.

Across international jurisdictions, it is common for tax systems to include mechanisms that address asset underutilisation, ensure minimum levels of contribution, and reduce structural avoidance through legal but non-productive wealth storage.

For example, several cities and states have introduced targeted measures on underused or high-value property.

New York State applies a tax on luxury pied-à-terre properties to address high-value secondary residences that contribute little to local housing supply.

Vancouver operates an Empty Homes Tax specifically designed to discourage long-term residential vacancy in a constrained housing market.

In London and other parts of the UK, local authorities apply council tax premiums on long-term empty homes to incentivise productive use of housing stock.

These policies reflect a consistent principle: residential assets in high-demand environments are expected to contribute either through occupation or through fiscal contribution.

Continue →

Similarly, tax system safeguards exist to ensure that high-income individuals cannot fully eliminate their tax liability through structuring alone.

The United States Alternative Minimum Tax (AMT) is a long-standing example, designed to ensure that taxpayers who significantly reduce their liability through deductions or structuring still contribute a baseline amount to public revenues.

Comparable shifts can also be seen in residence-based taxation policy. The UK's reform of its non-domicile regime reflects an international trend towards ensuring that individuals who reside in a jurisdiction and benefit from its infrastructure make an appropriate and consistent contribution to the public finances.

Taken together, these examples demonstrate that PIT measures sit firmly within mainstream international practice. They are not radical constructs, but rather an adaptation of widely used fiscal tools to address specific local distortions in housing use, asset productivity, and effective tax contribution.

The central principle is consistent across jurisdictions: where high-value assets or significant economic activity are located within a jurisdiction, the tax system seeks to ensure that contribution aligns more closely with usage of infrastructure and participation in the local economy.

How much revenue will PIT generate?

Providing a precise revenue estimate at this stage would be speculative and would risk presenting figures that are not grounded in reliable data. The reason is simple: the States does not currently have the information needed to produce a credible estimate.

For example, it does not have full visibility over the extent of legal tax avoidance among certain high-net-worth individuals.

On an island the size of Guernsey, it also does not have a clear picture of how many high-value properties are being held as vacant wealth storage or used as secondary or holiday homes, nor how much land and housing stock this represents.

Regarding Underutilised Property:

We know there are at least 183 residential properties identified through zero or near-zero electricity usage, but this is only a partial indicator. Electricity consumption is an imperfect measure, as it can be easily masked by maintaining minimal usage through basic appliances such as refrigeration or heating systems. As a result, the true number of such properties may be higher.

Likewise, the States does not know how many properties are being used as holiday homes rather than primary residences. Nor does it have a complete picture of the amount of valuable Guernsey land tied up beneath these properties.

Continue →

The same lack of data applies to commercial properties. The States simply does not know whether vacant commercial premises are empty for legitimate reasons or are being used for landbanking, which is itself a form of wealth storage.

Regarding Proportionate Tax and Social Security Contribution:

We know that between 500 and 560 households living in the highest 10% of TRP properties currently pay less in income tax and social security than the median household. Of these, around 110 to 180 are working-age households, raising questions about the disparity between their tax contribution and that of a median household.

The remaining 380 to 390 households are of retirement age. However, the States does not have sufficient visibility to determine whether their lower recorded tax and social security contributions reflect genuine circumstances (for example, where a pension is their primary source of income), or whether additional financial inflows are being received through trusts, company arrangements, capital distributions, or other mechanisms that do not appear in standard income data.

Conclusion:

There are significant gaps in the underlying data required to model revenue outcomes with any accuracy.

This is precisely why PIT is presented as a first-step framework for fiscal due diligence. It is designed not only as a policy proposal, but as a *mechanism* to surface the missing information needed for proper decision-making.

Continue →

It is also important to note that PIT is not purely a revenue-raising tool. Its impact depends on behavioural response.

If little revenue is raised under the *Underutilised Property Levy*, it would indicate that vacant or underused properties are being brought back into productive use.

If the *Fair Contribution Levy* generates little revenue because Economic Contribution Credits are widely used, it would indicate increased investment in local jobs, wages, training, and economic activity.

In that sense, PIT is designed to improve outcomes whether or not it raises significant revenue. *Either the States captures contribution that is currently not visible, or behaviour changes in ways that strengthen the local economy.*

For this reason, the key question is not simply how much PIT will raise, but whether the States should first establish a clearer picture of existing capacity for contribution before introducing broad-based taxes on the everyday spending of ordinary islanders.

PIT's *Fair Contribution Levy* (FCL) uses the value and size of a person's property as an indicator of financial means. How accurate is that?

No measure is perfect, but it is arguably a more reliable indicator than taxable income alone.

Under current arrangements, it is possible for substantial financial inflows to be structured in ways that fall outside the scope of ordinary income tax. As a result, some individuals with very significant financial means can appear to have relatively little taxable income on paper.

By contrast, occupying one of the island's largest and most valuable properties usually requires access to substantial financial resources. Such properties involve significant acquisition, maintenance, insurance, utility, and lifestyle costs that must be funded somehow. While genuine exceptions exist, such as certain pensioners or dependants, property occupation often provides a more consistent indication of financial means than declared taxable income alone.

The purpose of the FCL is therefore not to assume that everyone living in a high-value property is wealthy. Rather, it is to identify situations where there appears to be a significant mismatch between a household's standard of living and its reported contribution.

Where such a mismatch exists, the FCL simply asks a reasonable question: if a household has the means to occupy one of the island's most valuable properties, but reports very little taxable income, what is the source of the financial resources supporting that lifestyle?

It's easy to collect the Occupancy Status of a property owned by an individual by having them tick a box on their personal tax return. But what about properties owned through trusts or corporate structures?

The mechanism is tied directly to the property, not to the owner's personal identity.

Every property in Guernsey already has a unique identifier within the Property Cadastre. Whether a property is owned by an individual, a local company, an offshore corporate structure, or a trust, it has a permanent master record within that database.

Rather than creating an entirely new system, the property's Occupancy Status would simply become an additional data field attached to its existing Cadastre record.

Submission Process

For properties held through trusts, companies, or other corporate wrappers, the declaration would be submitted directly by the local fiduciary, trustee, company administrator, or appointed agent through the Revenue Service's online portal, using the property's unique Cadastre/TRP reference number.

Automated Reconciliation

At the end of each filing period, the Revenue Service would run a simple query against the Cadastre database to identify any property records that have not received a valid Occupancy Status declaration.

Continue →

This eliminates the need for tax officers to manually trace through complex layers of corporate ownership, nominee arrangements, or trust structures.

The declaration is linked entirely to the property itself.

If a premium property does not have a valid declaration recorded against its unique Cadastre reference by the filing deadline, the levy is triggered automatically, regardless of who ultimately owns the asset.

In short, the Occupancy Status is a field within the property's Cadastre record, not a field within an individual's tax record. The system therefore follows the property, not the ownership structure.

Under the *Underutilised Property Levy* (UPL), who is responsible for paying the levy when a property is held through a trust, company, or other non-individual structure?

Liability always attaches to the legal owner of the property as recorded in the Central Property Cadastre.

The framework applies established Guernsey corporate and trust law principles to determine responsibility for payment:

Corporate Structures: Where a property is legally owned by a company or other corporate body, the levy is payable from the company's funds. The company's directors, or any locally appointed resident agent or corporate service provider responsible for administration, are responsible for ensuring the levy is declared and paid.

Trust Arrangements: Where a property is held in trust, the trustees are liable for the levy in their fiduciary capacity. The levy is payable from the trust's assets, whether from income or capital. The licensed fiduciary or trustee responsible for administering the trust is responsible for ensuring compliance.

By attaching liability to the legal owner recorded in the existing Property Cadastre, the Revenue Service can administer, assess, and collect the levy using existing TRP and property records.

This removes the need to manually trace complex chains of corporate ownership, nominee arrangements, or layered trust structures. Regardless of how ownership is organised, the levy follows the property and its recorded legal owner.

Under the *Fair Contribution Levy* (FCL), who is responsible for paying the levy when a property is held through a trust, company, or rented by a tenant?

Responsibility for any FCL liability depends on the property's occupancy status.

Owner-Occupied Properties (Including Corporate and Trust Structures)

Where a property is occupied by its ultimate beneficial owner but held through a company, trust, or other legal structure, liability attaches to the legal owner recorded in the Central Property Cadastre (for example, the corporate entity or the trustees).

The framework relies on established principles of Guernsey company and trust law. Any levy due is payable from corporate or trust assets, and the directors or licensed fiduciaries responsible for administering those structures are responsible for ensuring compliance.

This approach avoids the need for the Revenue Service to unravel complex ownership chains or offshore arrangements. The levy simply follows the property's registered legal owner.

Genuine Arm's-Length Tenancies

Where a property is let under a bona fide arm's-length tenancy, liability transfers exclusively to the principal leaseholder named in the tenancy agreement.

Continue →

This reflects the underlying purpose of the FCL. The levy is triggered when a household's apparent standard of living is inconsistent with its tax contribution. It would therefore be inappropriate to hold an independent landlord liable for a tenant's personal tax affairs or financial arrangements.

How the System Works

The FCL framework deliberately separates assessment from liability.

The assessment process examines the occupants of a property to determine whether an FCL liability may arise.

Where an FCL liability arises**:**

- If the property is owner-occupied through a corporate, trust, or similar structure, the registered legal owner is liable.
- If the property is occupied under a genuine arm's-length tenancy, the principal tenant is liable.

This ensures that liability is assigned clearly, consistently, and in accordance with the legal and economic reality of the occupancy arrangement.

Will the *Fair Contribution Levy* (FCL) cause wealthy individuals to leave their high-TRP properties and move into more affordable housing, increasing competition for homes on the rest of the market?

No.

High-net-worth individuals do not generally make major lifestyle decisions solely to minimise tax, particularly when doing so would significantly reduce their standard of living. People purchase top 10% TRP properties because they value the space, privacy, security, amenities, and prestige that such properties provide. It is highly unlikely that they would abandon those benefits and move into ordinary family housing simply to avoid the FCL.

It is also important to remember that the FCL is not a blanket tax on all high-value homes. *It applies only where an individual occupies a top 10% TRP property while using arrangements that result in little or no local income tax or social security contributions being paid*.

For those affected, the simplest way to avoid the FCL is not to move house. It is simply to regularise their local tax position and contribute through the existing tax system.

Even in the unlikely event that a wealthy individual chose to downsize, they would not typically enter the affordable housing market. They would be far more likely to purchase another premium property below the top 10% TRP threshold, a segment of the market that remains well beyond the reach of most first-time buyers and ordinary households.

Continue →

In addition, selling their top-tier property will trigger PIT's High-Value Document Duty, while leaving it vacant could trigger the *Underutilised Property Levy* (UPL). As a result, moving, selling, or leaving a property unused may be more disruptive and costly than simply using the FCL's Transparency Pathway and declaring monetary inflows in the normal manner.

In practice, the path of least resistance is straightforward: remain in the property, declare income and other relevant monetary inflows transparently, and make the same local tax and social security contributions expected of any other resident.

Why not raise personal income tax as an alternative to GST?

Raising personal income tax is not the lesser of two evils. It suffers from the same structural flaw: it primarily affects those whose income is already fully visible to the tax system.

Ordinary working islanders who receive their income through wages and salaries cannot avoid an income tax increase; any rise is reflected directly in their take-home pay. By contrast, some high-net-worth individuals are able to structure their affairs through corporate entities, trusts, capital distributions, or other arrangements that may generate substantial financial inflows without creating equivalent taxable personal income.

As a result, income tax increase risks placing a greater burden on working households while leaving some of the island's highest-wealth residents largely unaffected.

PIT takes a different approach. Rather than increasing taxes on those already contributing through the existing system, it seeks first to address areas where contribution and economic capacity may have become disconnected.

Before asking ordinary islanders to pay more through higher income taxes or broader consumption taxes, it is reasonable to ensure that existing sources of potential contribution are being fully captured. **PIT is designed to undertake that fiscal due diligence first.**

Is it true that a 3% GST would only increase shelf prices by 3%, plus a one-off inflationary impact of 1.9%, meaning prices would rise by only 4.9%?

No. That interpretation misunderstands both what the 1.9% figure represents and how prices are formed in the real economy.

In official modelling, the 1.9% figure is not an addition to the 3% GST rate. Rather, it is the estimated average increase in the overall cost of living across the economy following the introduction of GST.

However, that estimate is itself based on a theoretical model and should not be mistaken for a prediction of what individual prices will do in practice.

In reality, introducing GST would require businesses to invest time, labour, software, accounting systems, record-keeping, compliance procedures, and professional services. Those costs do not disappear. They become part of the cost of doing business.

At every stage of the supply chain, importers, wholesalers, distributors, retailers, and service providers would face additional administrative burdens. To maintain viability, many businesses would seek to recover at least some of those costs through higher prices.

While GST itself does not compound, thanks to the system of input tax credits, the administrative labour, software, accounting, and compliance costs associated with operating the system can accumulate at multiple stages of the supply chain.

Continue →

As each business recovers its own additional costs, those increases become embedded in the underlying price of goods and services before they reach the final consumer.

This issue is particularly relevant in a small jurisdiction such as Guernsey.

Large multinational firms can spread compliance costs across millions of transactions. Smaller local businesses do not enjoy the same economies of scale. Fixed compliance costs must be spread across a much smaller customer base, increasing the likelihood that those costs are reflected in prices.

As a result, the ultimate impact on consumers is not determined solely by the GST rate itself. It is also influenced by how businesses respond to the additional costs and complexity associated with operating the system.

The key point is that this figure should not be interpreted as a guarantee that prices will rise by only 4.9%. It is a modelled estimate, not a prediction. Nor does it capture every source of upward price pressure associated with introducing a new indirect tax system. The real-world impact will depend on how businesses, consumers, and markets respond in practice.

This is precisely why PIT starts from a different premise: fiscal policy should begin by examining whether existing capacity for contribution is being fully captured, rather than assuming the only option is to raise broad-based taxes.

END OF CURRENT VERSION

Feedback, questions, and suggestions are welcome at:
david.goy@deputies.gov.gg

For the latest version of the PIT framework, visit:
davidgoy.gg/pit.php

CHANGE LOG

From v1.0.0 to v1.0.1

- Added new FAQ items

From v1.0.1 to v1.0.2

- Added new FAQ items

From v1.0.2 to v1.1.0

- Closed a structural avoidance loophole for the Private Aviation Levy and Luxury Marine Levy in the Exemptions section
- Updated the FCL Liable Entity definition
- Updated the UPL Occupancy Declaration
- Added Levy Payment Liability page for UPL
- Added the Connected Persons Exclusion page to FCL
- Updated the FCL Economic Contribution Credits section
- Split the FAQ on the liable entity for UPL and FCL into two separate FAQs

From v1.1.0 to v1.2.0

- Completely revamped the Premium Road Levy

From v1.2.0 to v1.3.0

- Added a new exemption to the Premium Road Levy

From v1.3.0 to v1.4.0

- Clarified the definition of the "top 10% TRP" in the FCL assessment process

From v1.4.0 to v1.5.0

- Added the K variable to the FCL Target Contribution calculation
- Removed the requirement for a two-thirds majority approval by the States of Deliberation to adjust the FCL top 10% TRP value assessment threshold

Continue →

CHANGE LOG

From v1.5.0 to v1.6.0

- Removed the Social Housing Fund ringfence from FCL
- Made the Transparency Pathway and Economic Contribution Credits Pathway optional elements of FCL
- Added Change Log

From v1.6.0 to v1.7.0

- Premium Road Levy:
  - Changed the marginal rate bands of the First Registration Premium Surcharge
  - Changed the power bands definition of the Annual Luxury Vehicle Registration Surcharge
  - Updated all example calculations accordingly

From v1.7.0 to v1.8.0

- Added Anti-Avoidance Safeguards section to FCL.

From v1.8.0 to v2.0.0

- Four levies (Underutilised Property Levy, Fair Contribution Levy, Premium Road Levy and High-Value Document Duty) submitted as amendments to the Tax Reform 2026 proposal.
- Two levies (Luxury Marine Levy and Private Aviation Levy) not submitted as amendments to the Tax Reform 2026 proposal.
- Added pages with links to the formal amendments, for levies which have been submitted as amendments to the Tax Reform 2026 proposal.
- Added pages to notify readers of the levies that have not been submitted as amendments to the Tax Reform 2026 proposal.

From v2.0.0 to v3.0.0

- Added the High-Net-Worth Residency Scheme (HNWRS).

From v3.0.0 to v3.0.1

- Changed Premium Road Levy's Annual Luxury Vehicle Registration Surcharge to Annual Luxury Vehicle Registration Fee.

CHANGE LOG

From v3.0.1 to v3.0.2

- Added a page under the HNWRS to clarify that residency and immigration are separate matters.

From v3.0.2 to v3.1.0

- Changed the HVDD formula from a cliff-edge model to a progressive, cumulative marginal band system.

From v3.1.0 to v3.1.1

- Removed links to the July 2026 amendments and replaced them with placeholder texts.

From v3.1.1 to v3.2.0

- Updated the Exemptions section of FCL.
- Updated the Anti-Avoidance Safeguards section of FCL.
- Updated the HNWRS to more accurately reflect the fact that the scheme targets HNWIs who use Open Market properties as the basis for taking up their own residency in Guernsey.

From v3.2.0 to v3.3.0

- Added links to the official amendment documents.