

Inform*

Guernsey's Budget Statement 2009

In this bulletin

- Tax on Real Property
- Expenditure
- Personal Taxation
- Dwellings Profit Tax
- Increased Duties

Guernsey's 2009 Budget Report was presented by the Treasury and Resources Minister to the States on Friday 7 November. The Treasury and Resources department state that "a period of measured consolidation is appropriate" and in this respect the Budget seeks to maintain the real value of State revenues. The Treasury Minister has acknowledged that this objective is to be achieved in an uncertain world market. This Budget has sought to raise further revenues mainly from the beneficiaries of the Zero/Ten tax regime, with significant increases to the tax on Real Property for regulated finance industries and approved development site land. Tax on Real Property is a non creditable tax in the territory of the parent company of these businesses and is therefore a cost to business. The increased tax on Real Property will increase the cost base of business and will impact on the ability to remain competitive. ETI remains the key revenue source. The increase in personal allowances will impact on ETI revenue growth as will recessionary pressures. The key points are as follows:



Tax on Real Property

Tax on Real Property (TRP) has seen the following unit rate increases proposed:

- Domestic, commercial, utilities and recreational and sporting buildings and land in line with RPI (5.5%).
- Regulated finance industry office and ancillary accommodation and land as well as approved development site land see a rate increase by 50%.
- Other office and ancillary accommodation increase by 25%.

The TRP unit rate has reduced for glasshouses from 8p to 5p, to bring it in line with other horticultural buildings.

Expenditure

A key element of the Zero/Ten strategy is the control of States Departmental expenditure. The Treasury has identified that there are departments with “unspent balances”; it is not clear whether these balances result from deferred expenditure or from budget excess. Treasury has identified this as a key area of focus for the Fundamental Spending Reviews, which we welcome.

Personal taxation

Personal income tax allowances will increase from current levels by RPI (5.5%) in 2009 and a further 4% in 2010. Supplementary allowances will increase by the same proportion. It is proposed that there will be no allowance for Life Assurance from 1 January 2010.

Dwellings Profit Tax

Treasury and Resources is to recommend in 2009 that Dwellings Profits Tax is suspended as it is not achieving its objectives. In conjunction with the suspension of Dwellings Profit Tax, there is also a proposal to withdraw relief from the congé element of document duty.

Increased duties

There are above inflation increases proposed in duty on petrol and tobacco, whilst an inflationary increase is proposed for alcohol.

[If you would like to know more about the tax changes in Guernsey, please do not hesitate to get in touch with us.](#)

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