



Consultation on proposal to introduce a Government Levy issued 14 November 2023

(the Consultation Paper)

1. Introduction and background to our comments

- 1.1 This response is submitted on behalf of both the Guernsey Association of Trustees (**GAT**) and the Society of Trust and Estate Practitioners Guernsey Branch (**STEP**).
- 1.2 We have reviewed the Consultation Paper and discussed the same via email to members of a joint GAT/STEP Technical Committee.
- 1.3 GAT is an industry association representing the regulated fiduciary sector in Guernsey, and represents the views of the above-mentioned joint GAT/STEP Technical Committee. As these are the views of that committee, they do not represent the views of any single individual.
- 1.4 STEP is the Society of Trust and Estate Practitioners (STEP Guernsey), an industry association representing the regulated fiduciary sector in Guernsey and represents the views of the above-mentioned joint GAT/STEP Technical Committee. As these are the views of that committee, and do not represent the views of any single individual.

2. General comments

- 2.1 GAT understands the need to raise additional revenue to invest in Guernsey's infrastructure and in particular the need to invest in education.
- 2.2 However, we do not agree that seeking additional funding from the corporate sector is the answer, nor do we agree that the introduction of a corporate levy is an appropriate solution for the reasons given below.
- 2.3 We are also of the view that a thorough analysis of potential funding options and their impact on Guernsey's economy and affected industries, including research and full and proper consultation with stakeholders, should be carried out before such significant plans are approved by the States of Guernsey or implemented.
- 2.4 We note that GAT only received the Consultation Paper on 15 November 2023 - a deadline for responses of less than a week is not enough time for us, as a member association, to properly consider the consultation, canvass views from our members or Technical Committee, or prepare a full response. This response is necessarily brief in view of the short timeframe.

3. Specific comments

Guernsey's competitiveness

- 3.1 The proposed Government Levy will add a significant additional cost to the cost of doing business in Guernsey, particularly when added to the Annual Validation fees already payable by Guernsey companies and foundations.
- 3.2 By way of comparison with Jersey, one of Guernsey's main competitors in the provision of financial services, the Annual Validation fee payable to the Guernsey Registry is already significantly higher than the annual fee payable to the Jersey Registry for both the Jersey AV equivalent and the government levy (total annual fees payable to the Jersey Registry are £270, including the Government levy, for a company administered by a CSP).
- 3.3 With the additional government levy, the total annual fees payable in Guernsey for a company administered by a CSP will be £750 (to raise an additional £5m) or £1,000 (to raise an additional £10m), which will result in fees 3 or 4 times the level of equivalent fees in Jersey.
- 3.4 In addition, we are concerned that an additional cost increase on industry on top of a period of the highest inflation in about 20 years and the Guernsey Financial Service Commission's own fee increases in recent years (the 2022 and 2023 actual increases are below and also the proposal for 2024) will further hurt Guernsey's competitiveness as an international financial services centre.
- 2022 increase of 7.6%
 - 2023 increase of 8%
 - 2024 proposal to increase by 7.3%

Loss of business

- 3.5 We consider that a new Government Levy is unlikely to lead to the raising of funds predicted in the Consultation Paper. It should not be assumed that all entities currently registered with the Guernsey Registry will remain and pay the new levy once introduced – we anticipate that some of these entities will move to competitor jurisdictions (such as Jersey) where costs are lower.
- 3.6 Further, the additional cost of doing business in Guernsey, which will put Guernsey at a serious competitive disadvantage, will lead to a loss of new business for Guernsey's finance sector as clients will look to other jurisdictions.
- 3.7 Further research and investigation should be undertaken to assess the impact of such an additional charge on both new and existing business.



4. Conclusion

We hope the above feedback is helpful. Please do not hesitate to contact us should you have any questions or wish to discuss any aspect of our feedback further.

Submitted on behalf of the Guernsey Association of Trustees and Society of Trust and Estate Practitioners (Guernsey Branch) via email to economicdevelopment@gov.gg