

GST-plus Programme

Frequently Asked Questions (FAQ)

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gov.gg/taxreform



gstplus@gov.gg



States of
Guernsey

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GST-plus Frequently Asked Questions

This is a summary of questions and answers from the Initial Industry Engagement Event held on 8th September 2025. This includes responses to questions submitted in the registration form prior to the event. A dynamic version of this document will be made available at:

- [Tax reform - States of Guernsey](#)

How does GST work?

- A **Goods and Services Tax (GST)** is an input/output tax.
- That means registered businesses will collect GST from their customers, and pay that, less any GST they have paid on their own purchases to the States of Guernsey, in their quarterly return.
- The submissions will be online, and the forms should be short and simple.
- There are four different treatments within a simple GST as proposed:

Standard rating

- Where goods and services are taxed at a standard rate (5%) of their total value at the point of sale. Almost all goods and services will attract GST at the standard rate, such as goods you buy from a shop or services such as hair dressing.
- Each business in the supply chain charges the full rate of GST to their customers and can deduct any GST they themselves have paid in creating their goods or services from the amount they need to pay across to the States each quarter.
- In standard rating each business in the supply chain for goods and services remits a little bit of the total value of tax due on the final product and the total collected should equal the total GST paid by the final consumer (i.e., 5% of the final sale price)

Zero Rating

- Zero-rated goods and services are taxed but at 0%.
- This means that no GST is collected from the customer, but a business selling zero-rated goods and services will be able to reclaim any GST incurred on the things it buys.
- To benefit from zero-rating, a business selling zero-rated supplies will need to register for GST and submit quarterly returns unless they qualify for the International Services Entities scheme.

Exempt supplies

- These are not taxed for public policy reasons, or because they are difficult to tax accurately.

- A seller providing goods or services which are exempt from GST is treated like a final consumer. They will not charge GST to their customers, but they also cannot reclaim any GST they incur in creating it.
- A business supplying only exempt supplies will not need to register for GST or submit quarterly returns.

Out of scope

- Some things, like wages and income tax and social security payments are completely outside the scope of GST. No GST is collected on them.

Would there be GST on food?

- The direction given by the States in November 2024 included a requirement to come back to the States to discuss the advantages and disadvantages of standard rating or zero-rating food.
- The current intention is that this discussion will take place in Q1 2026.
- If there is a decision to zero-rate food, it is likely that the rate charged on other standard rated goods will need to be increased if the changes are to deliver the projected revenues.
- The Policy Letter will compare the options available and consider the relative impact that they might have on households, businesses and the cost and complexity of administering the GST.

Are alternatives being pursued or investigated?

- The Policy & Resources Committee has created a sub-committee to review alternative options such as corporate tax. This will run alongside the necessary work to enable the timely implementation of the GST-plus tax package (GST along with income tax and social security reform) if the States decide in due course to proceed with this package.
- The intention is that the States will be able to make a final decision before the end of Q2 2026 on the tax reform options it wants to implement.
- For more information, please visit [Tax reform - States of Guernsey](#).

What areas will be exempt, and will there be multiple rates?

- Overall, the intention is to keep the tax broad and simple so we will seek to avoid multiple rates.
- Whether or not food is standard, or zero-rated will form part of the Policy Letter, but if it is zero-rated, its application will need to be much simpler than the UK's.
- There are internationally standard exemptions and zero rating for things like rents and mortgages, exported services and international travel which are likely to be part of the final policy.

- There may be a small number of other zero-rated or exempt items. The provisional list has been developed but a final decision will be made on this alongside the discussion of the treatment of food.

Will online retailers have to register?

- Yes, we will be requiring the larger online retailers (who supply more than £300,000 of goods to Guernsey in a year) to register, and they supply most personal imports.
- This will mean GST is charged at checkout on these websites regardless of the value of the transaction. This means no de minimis will apply to purchases from registered retailers.

Will there be a de minimis and how much will it be?

- Yes, the role of the de minimis is to minimise the cases where the cost of collection exceeds the value collected, so it is needed.
- Online retailers will be legally required to register for GST if they cross the registration threshold. This means the vast majority of online purchases will be charged GST at source without the application of a de minimis.
- Only goods purchased from unregistered online retailers will be subject to the application of GST at the border with a de minimis applied to manage the administrative costs of collecting very small amounts.

What will the arrangement be for charities?

- There will be provision for the charity sector, and we will be engaging to discuss how we can manage this to minimise the impact and administration.
- The current intention is to mirror Jersey's approach. This established charitable activities as exempt but also allows them to access an online facility to reclaim any GST incurred. This minimises the financial impact while keeping the administration simpler than a formal zero-rating.

Will there be support for businesses to introduce GST including for those who are less technologically literate?

- Yes, business support, including for those less technologically literate, is being designed through engagement process.

Will a GST be charged on top of other duties like motor fuels, alcohol, and tobacco?

- Yes. Excise duties are applied in a separate way to GST and are based on the volume imported rather than the value of the item when sold.

- It is typical for jurisdictions to charge both GST or VAT on things like motor fuels, alcohol, and tobacco.

How do you intend to receive/process GST submissions?

- Registered businesses would be required to file quarterly GST returns online. The return will be similar to Jersey's asking for data such as:
 - o The basic identification details of the business
 - o The total value of standard-rated sales (excluding GST)
 - o The total value of zero-rated sales
 - o The total value of purchases on which the business was charged VAT.
 - o The total value of imports
- From this the system should calculate the GST the business should pay (or be able to reclaim).
- Design work is currently underway to capture the specifications and requirements for systems, processes and the resources required for the Revenue Service and the Guernsey Border Agency.

Do you have more questions? Let us know at: [GST-plus Questions](#)