

BY EMAIL: liz.laine@gov.gg

Subject: Guernsey Chamber of Commerce Response to Consultation on the Application of GST to Food

Dear Liz,

I am writing on behalf of the Chamber of Commerce, we appreciate the opportunity to provide our input and suggestions on matters that are of vital importance to our local business community.

We understand that the two options under consideration are:

Option A: Standard rate all food and non-alcoholic drink at 5%.

Option B: Zero-rate all food and non-alcoholic drink, except those provided on a site under a catering or hospitality registration, with a standard rate of 6%.

Should the GST-plus package be implemented, the Guernsey Chamber of Commerce **would support Option A.**

Please note we have not surveyed our members specifically on this issue.

Option A avoids complicated product classifications, reduces compliance burdens, and provides a simple and consistent system for businesses of all sizes. Retailers in particular have strongly and consistently expressed that option B would introduce complexity and cost. For many businesses, this would be disproportionately onerous.

Option A ensures that GST is easy to administer, straightforward for consumers to understand, and fair for those tasked with collecting it. Option A is simple, and the most workable solution in Guernsey's economic context.

We acknowledge the policy intent behind Option B. However, even when approached pragmatically, Option B introduces unavoidable commercial and logistical challenges, and based on the data shared in the consultation does not protect those with lower incomes.

In addition, Different rates also create a new unfairness. Some establishments could be classified as zero-rated because they mainly sell food, even though they also sell items that would attract GST if sold elsewhere. This means their product rates are overridden simply because of the type of business they are, rather than what they actually sell.

Chamber remains committed to engaging constructively in this process and is ready to support further work to ensure any GST system is well-designed, efficient, and fit for Guernsey's unique circumstances.

Should you wish to discuss the content of this letter further, please do not hesitate to get in touch,

Yours sincerely,

Alice Gill

Executive Director, Chamber of Commerce