

Guernsey Chamber of Commerce Welcomes Government Response to Social Security Concerns

The Guernsey Chamber of Commerce welcomes the Government's revised approach to the Social Security changes forming part of the GST+ package, following sustained engagement and advocacy on behalf of the island's business community. The proposals represent a meaningful response to the concerns Chamber members raised and reflect the value of constructive dialogue between business and government.

The Chamber has been an active participant in the GST+ planning workstream alongside government, working in partnership to ensure that the package is designed in a way that meets the needs of our community and is workable for Guernsey businesses. Throughout this process, Chamber representatives pressed government hard on three key asks: transparency on changes, a more gradual phasing of any increases, and a simplified and fair alignment between the treatment of employed and self-employed individuals.

The Chamber has always recognised that long-term funding pressures on public finances are real and that sustainable solutions are needed. However, businesses also needed certainty, fairness, simplicity and clarity on how the burden would be distributed particularly given that the Social Security changes sit alongside GST, secondary pensions, minimum wage changes and wider tax reform, all landing simultaneously. Chamber members consistently stressed the importance of a fair and capped employer cost, alongside practical implementation that would not create unnecessary payroll complexity or undermine Guernsey's competitiveness.

Diane de Garis, Chamber Treasurer and lead on this workstream, said:

"We have worked constructively and in good faith with government throughout this process, and it is genuinely pleasing to see that the concerns raised by our members have been heard and acted upon. Businesses were clear: they accept the need for change, but they needed phasing that was manageable, rates that were fair, certainty around the overall employer burden, and a system that treated employed and self-employed workers consistently. The revisions being discussed go a significant way towards delivering exactly that. This is what effective partnership between business and government looks like."

The key outcomes we expect to see in revised proposals are:

Government has proposed more gradual phasing of increases, with employer Social Security rates rising to 7.6% rather than the originally proposed 8%. Social Security for employees and self-employed individuals will now apply only on earned income, mitigating the wider impact on workers. The treatment of employed and self-employed individuals will be aligned, with an income tax deduction introduced for self-employed contributions to ensure fairness. To balance the overall package, adjustments will be made to the Social Security allowance and the threshold for the 20% income tax rate.

The Chamber had called on government to address key business needs:

Transparency - A clear breakdown of the £17m in employer Social Security changes, with full modelling of the impact on businesses of different sizes, and clarity on how income broadening measures interact with the headline figures.

Phasing - Predictable and managed implementation timelines that avoid cliff-edge increases and give businesses adequate time to plan, adapt payroll systems, and manage the cumulative cost of multiple simultaneous reforms.

Fairness - Alignment between the treatment of employed and self-employed workers, so that Social Security reform does not create perverse incentives or penalise one group relative to another. The Chamber provided worked examples demonstrating that costs had previously aligned, and this should remain the case.

Simplicity - Practical implementation that avoids unnecessary payroll and administrative complexity for employers. Chamber raised concerns that collecting Social Security on all forms of income through employment taxes would create significant operational burdens and risk making Guernsey less competitive as a place to do business.

The Chamber will continue to monitor the detail of the revised proposals as they are brought forward for States debate, and will keep members informed. Businesses are encouraged to engage with the Chamber to share their views, which will continue to shape ongoing representations to government.

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For further information and media inquiries, please contact:

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