Guernsey Retail Group Response to the P&R Proposal for Tax Reform

June 2026

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1. Executive Summary

The Guernsey Retail Group (GRG) recognises the need for government to plan responsibly for the future in addressing Guernsey's structural fiscal position and to take credible action to protect essential public services and support long-term sustainability. We also welcome that the P&R paper acknowledges the vulnerability of the consumer economy, and in particular the local retail, hospitality, construction, and service sectors, to cumulative taxation and cost pressure. The recognition that reform must be sequenced carefully is both important and necessary.

However, our central concern remains that the June 2026 proposals are framed too narrowly through the lens of taxation and revenue extraction alone. Fiscal sustainability cannot be secured solely by broadening and deepening the tax base if the same policy package weakens consumer confidence, suppresses local spending, reduces business investment, and does nothing to address the substantial economic leakage off-Island. A durable fiscal solution requires not only revenue reform, but also a parallel strategy to stimulate the local economy, strengthen on-Island business activity, and protect the wider consumer ecosystem.

From the perspective of the local retail sector, the proposed introduction of 3% GST from 2028 is the single most significant and immediate issue. The P&R paper itself acknowledges the inflationary and compliance impacts of GST and recognises concerns around food, eCommerce, and pressure on consumer-facing sectors. The temporary freeze in Tax on Real Property for retail and hospitality, the £1.1 million business implementation support package, and the deferral of wider corporate taxation of retail are constructive mitigations. However, they are mitigations against harm rather than measures that actively strengthen the local economy or improve competitiveness.

The GRG's position is therefore twofold. First, any tax reform must be assessed not only by the revenue it raises, but by its cumulative impact on employment, local viability, consumer confidence, price competitiveness, and reinvestment. Secondly, if GST proceeds, government should simultaneously implement a structured package of local economic support measures that are transparent, legally robust, non-discriminatory, and designed to reward measurable economic contribution within Guernsey.

The GRG has consistently made the case that a strong and healthy retail sector is not merely desirable, but essential to Guernsey's economic and social wellbeing. Retail is the Island's third largest direct employer, employing more than 3,500 people, and over the last ten years it has consistently been the fifth highest direct contributor to the local economy. Retail also underpins wider vitality in St. Peter Port, The Bridge, and other commercial centres, supports hospitality and services through footfall and clustering effects, and delivers significant social, community and civic value. These wider contributions should be recognised in the design of tax and economic policy.

This paper sets out a balanced but robust response from the Guernsey Retail Group. It identifies the principal areas of the P&R proposal that directly affect retail and the wider consumer economy, highlights the measures that could provide partial support, and recommends a broader package of growth-enabling policies that would better align fiscal reform with economic resilience and long-term prosperity.

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2. Strategic Position of the Guernsey Retail Group

The GRG recognises the importance of maintaining a professional and constructive relationship with government. We have valued the open dialogue previously established with the Committee for Economic Development, and we continue to believe that effective policy is best achieved through practical engagement, trust, and evidence-led discussion.

That said, it is important to place on record that the retail sector is increasingly concerned about the cumulative direction of policy, and more broadly that insufficient emphasis is currently being placed on protecting, supporting, and growing the local economy alongside these changes. The June 2026 tax package arrives at a time when many local businesses are already navigating weak consumer confidence, rising operating costs, freight and logistics pressure, staffing challenges, online competition, and significant uncertainty about future household spending.

The retail industry should not be seen simply as a convenient future revenue source. It is a foundational part of Guernsey's domestic economy and social infrastructure. A strong and healthy retail sector:

- supports employment across a broad skills base;
- provides apprenticeship, training, and entry-level opportunities;
- acts as a major anchor for St. Peter Port Town Centre, The Bridge, and other parish shopping areas;
- helps retain spending within the Island;
- supports economic resilience and local supply chains;
- contributes to visitor experience and the Island's sense of place; and
- creates wider multiplier effects across logistics, property, hospitality, and services.

The GRG's *Manifesto for Guernsey Retail* made this case clearly ahead of the 2025 election. The same strategic point remains valid now. Tax policy should not be designed in isolation from this wider economic reality.

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3. Proposals in the P&R Paper that Directly Affect the Local Retail Sector

3.1 Introduction of 3% GST from 2028

The proposed 3% GST is the most significant direct intervention affecting retail and the wider consumer economy. It will apply broadly to goods and services and therefore has direct consequences for consumer pricing, retailer margins, administration, systems, reporting, and customer demand. The P&R document acknowledges that GST is likely to increase prices, add inflationary pressure, reduce disposable income, and change spending behaviour. It also notes sector concerns regarding food, eCommerce, and smaller-business compliance burdens.

From the GRG's perspective, these are not theoretical risks. Survey evidence gathered from local retailers indicates the scale of concern already present. In that work, 60% of respondents reported being highly concerned about the future viability of their business in light of GST, with a further 28% moderately concerned. Nearly 32% stated they would most likely downsize or reduce staff, while 31.8% indicated they would most likely cease trading altogether if GST were introduced without sufficient offsetting support. The GRG's position has therefore been against the introduction of a GST.

The risk is especially acute in low-margin and price-sensitive sectors. Retailers faced with new compliance burdens and reduced customer expenditure capacity will be forced into difficult choices around margin, staffing, investment, stock range, and pricing. Businesses may not be able to absorb these additional costs. As a result, the burden is likely to be passed on through higher prices, reduced service levels, lower levels of reinvestment, or, in some cases, business contraction. This in turn risks undermining the competitiveness of local retailers, particularly when compared with off-island alternatives.

3.2 Temporary Freeze in Tax on Real Property for Retail and Hospitality

The commitment not to increase TRP for retail, hospitality, and specified freight haulers until at least 2029 is welcome. P&R presents this as a transitional support measure to help the sector absorb GST implementation costs. The decision reflects an important recognition that retail and hospitality are especially exposed to cumulative pressure and should not be subject to overlapping burdens during implementation.

This measure will provide some short-term relief to cashflow and cost planning. However, it does not create fresh growth, improve competitiveness, or address the structural imbalance between on-Island businesses and off-Island sellers. It is therefore best understood as a holding measure rather than a genuine economic enabler.

3.3 Employer Social Security and Wider Cost Pressure

The P&R paper identifies higher employer social security contributions as another significant cost pressure across the consumer economy, particularly for retail, hospitality, transport, construction, and local service sectors. The likely business responses are entirely predictable: higher prices, lower wage growth, delayed recruitment, postponed expansion, and in some cases restructuring or automation.

In a consumer economy already facing suppressed discretionary demand, this combination of higher indirect tax and higher employment cost creates a clear cumulative risk. If local business confidence weakens at the same time as household confidence weakens, the consequences can be self-reinforcing.

3.4 Potential Future Corporate Taxation of Retail

The paper also signals an intention to consider widening corporate taxation to retail and construction businesses in the future, potentially from 2030/31 onward. The document refers to possible 10% and 20% rates and recognises that large retailers with profits above £500,000 already pay 20%. It estimates annual revenue from a 10% rate on retail at around £0.9 million to £2.8 million, and from a 20% rate at around £2.6 million to £4.8 million, depending on behavioural response. P&R also states that these changes should not be introduced at the same time as GST because of the risk of economic disruption.

This acknowledgement is important. However, the GRG is concerned that the policy direction is already being signalled before sufficient growth policy has been established. Local retail remains capital-intensive, operationally exposed, and increasingly vulnerable to off-Island competition.

If retail is expected to bear additional taxation in the future, the sector must first see a credible framework that improves local competitiveness, supports reinvestment, and recognises the wider value retained in Guernsey through local trading activity.

3.5 The Competitive Imbalance with Off-Island Retail

The P&R paper recognises eCommerce pressures and online competition, but it does not yet provide a robust policy mechanism to level the playing field between on-Island and off-Island retailers. That is one of its most significant omissions.

The local retail sector operates with substantially higher direct economic obligations. They employ local people, pay payroll costs, occupy and maintain premises, support local supply chains, contribute to place-making, absorb freight and warehousing costs, are directly regulated within Guernsey, and support community activity far beyond their pure commercial footprint.

Furthermore, local retailers are required to pay substantial annual charges for the commercial disposal of packaging and other waste, creating a significant and unavoidable cost burden on their operations. In contrast, when customers shop online, the considerable volume of cardboard packaging generated by home deliveries is typically collected at no direct cost through household curb-side recycling services, effectively shifting the financial responsibility away from the point of sale and placing local retailers at a clear economic disadvantage. While it would neither be reasonable nor desirable to introduce charges for household recycling collections, this disparity clearly highlights an additional cost pressure borne disproportionately by local retailers.

Retail pricing remains ultimately a matter for individual businesses, with each retailer exercising discretion in setting prices based on their own cost base, commercial strategy, and market positioning. However, in doing so, they must remain acutely aware of the high degree of price transparency in the modern retail environment, particularly given the ease with which consumers can compare prices online. While local retailers must seek to achieve sustainable margins in light of their higher operating costs, their pricing decisions are necessarily constrained by prevailing market prices, including those offered by off-island competitors who do not face equivalent cost pressures. Setting prices above these benchmarks risks not only an immediate loss of sales, but also longer-term reputational damage and erosion of customer trust. As a result, local retailers are often required to absorb a disproportionate share of cost increases, further compounding the competitive imbalance identified above.

Off-Island operators can sell into Guernsey without sharing those same place-based costs. If tax reform increases local compliance and operating burdens without addressing this imbalance, policy risks accelerating spending leakage rather than strengthening the tax base.

3.6 Governance and Policy Safeguards

We are concerned by the proposed removal of the requirement for a two-thirds majority to approve future changes. While we acknowledge the reasoning in Section 15.3 that such a safeguard may lack durability, could be circumvented, introduce additional complexity, and potentially constrain timely fiscal responses, we nevertheless consider its removal would weaken an important protection. Given the economy-wide impact of such measures, a super-majority threshold helps ensure broad consensus, robust scrutiny, and policy stability. Retaining this requirement would therefore continue to support confidence, certainty, and trust in the long-term tax framework.

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4. Wider Effects on the Consumer Economy

4.1 Consumer Prices and Disposable Income

The wider consumer economy will feel the effect of these proposals most directly through prices and disposable income. GST will raise end prices across a broad range of goods and services. Employer cost increases and compliance costs are also likely to feed through into prices. The paper acknowledges that lower and middle-income households, pensioners, and families with high fixed costs will be particularly exposed.

This matters because consumer confidence is itself a key economic driver. When households become more cautious, discretionary shopping slows, hospitality visits reduce, planned purchases are postponed, and demand becomes more fragile. The impact is not confined to retail alone; it flows through to transport, leisure, services, tourism, and the broader local economy.

4.2 Pressure on Town Centres and Commercial Areas

The consumer economy is not simply a set of transactions. It is physically expressed through St. Peter Port Town Centre, The Bridge, and other parish shopping areas, and mixed-use commercial zones. All of the indications, including the GRG's previous consumer research, show that Islanders continue to value physical retail and vibrant shopping environments, but also that the built environment, access, public realm, retail mix, parking, and ease of use all materially affect where and how people spend.

The 2024 IGR consumer survey, which achieved more than 1,500 responses, found that only 29% of respondents rated the overall experience of St. Peter Port as good or very good, while 26% rated it poor or very poor and 45% rated it average. Importantly, 69% said they would be more likely to visit the town centre if the variety of shops improved, 33% said changes to parking would make them more likely to visit, and 25% said improvements to physical appearance would increase visits.

The findings for The Bridge were even more striking: 43% rated the overall experience poor or very poor, only 16% good or very good. Whilst The Bridge was seen as highly convenient, 90% of respondents said that changes to one or more aspects would encourage them to visit more often.

The same survey also indicated that nearly 70% of respondents enjoyed browsing in-store to see what is available, and less than 25% preferred to buy online. Furthermore, 46% of respondents recognised that buying locally supported the local economy.

These data points matter to fiscal policy because tax reform does not operate in a vacuum. If government is asking the consumer economy to absorb additional costs, there must also be visible action to improve the trading environment, customer offer, accessibility, and attractiveness of the Island's commercial centres.

4.3 Wider Economic Multiplier Effects: *Local versus Leakage*

The local consumer economy generates economic value that extends well beyond direct sales. The concept of a local economic multiplier is well-established and widely used, with models such as Local Multiplier 3 (LM3) providing a structured way to measure how initial expenditure is re-spent through wages, suppliers, and services within the local economy.

This is based on a simple concept: The more times money is re-spent locally, the greater its total economic impact.

There is broad recognition that money spent with on-island businesses generates a significantly greater return, with every £1 spent locally estimated to create around £1.40 of local economic value through re-spending across local businesses and supply chains – the "multiplier effect". In contrast, money spent off-island retains considerably less value within Guernsey, as a substantial proportion leaks out of the local economy, resulting in a significantly weaker multiplier of less than £1.

For many years, the GRG has made a clear and consistent case for government to act decisively in delivering reforms that would meaningfully reduce economic leakage. This is a crucial point for government. Supporting on-island economic activity is not merely a matter of protecting one sector; it is a means of sustaining a wider economic ecosystem, preserving employment, supporting public finances over time, and reducing the leakage of consumer expenditure to businesses with little or no local reinvestment.

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5. Measures within the P&R paper that could support the local economy

The GRG does not dismiss the positive elements of the P&R package. There are several features that, while limited, do provide partial support or reflect a constructive understanding of the pressures involved.

5.1 Recognition of Retail Vulnerability

The P&R paper itself reflects consultation evidence that certain sectors, including retail, are financially sensitive but also economically important. They largely face pressure from weak margins, capital intensity, off-island (online) competition and limited reinvestment capacity. It further acknowledges the risk that excessive cumulative taxation could lead to higher prices, reduced business resilience and, in some cases, the weakening of essential local retail services. This is reinforced by the paper's repeated emphasis that retail should not be overburdened through the simultaneous introduction of GST, higher employer contributions and wider corporate taxation.

5.2 Commitment to Sequencing and Avoiding Overburdening Business

The paper repeatedly states that reform should be sequenced carefully and that retail should not be overburdened with simultaneous GST, property tax, and company tax changes. This is a sound principle and one that must be retained.

5.3 Transitional Support and Mitigation

The £1.1 million business support package for GST implementation, the freeze on GST rate changes until a 2030 review, and the stated protection for lower-income households are sensible mitigations. They will not eliminate the impact, but they can reduce the immediate shock if designed well and implemented thoughtfully and clearly.

5.4 The Potential for GST Design to Improve Competitive Neutrality

If GST is designed so that it applies consistently to imports and domestic sales, and if overseas sellers are properly brought within scope, it may help reduce some of the current pricing distortion between local and off-Island transactions. However, this will depend entirely on the detail of implementation and enforcement. The principle of neutrality is welcome, but neutrality alone will not compensate for the wider cost disadvantages carried by locally rooted businesses.

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6. Where the Current Package Falls Short

Despite these positive elements, the GRG considers that the June 2026 proposal remains incomplete in four important respects.

6.1 It is Not Yet a Growth Strategy

The package is fundamentally a fiscal consolidation document rather than a local growth strategy. It aims to raise revenue while limiting damage, but it does not yet set out a sufficiently strong programme to actively stimulate the domestic economy, strengthen consumer confidence, encourage spending locally first, or support local business reinvestment.

6.2 It Does Not Adequately Address the On-Island / Off-Island Imbalance

The proposals recognise “online pressure” but do not yet articulate a complete policy response to the structural imbalance between local businesses and off-Island sellers. Without this, there is a risk that tax reform increases the relative burden on the businesses that create local jobs, occupy local space, and recycle spend within Guernsey.

6.3 It Provides Mitigation but not Incentive

The short-term protections in the paper are principally defensive. They lower the pace of impact but do not encourage expansion, investment, modernisation, recruitment, or improvement in local consumer offer.

6.4 It Does Not Sufficiently Connect Tax Policy with Place-Making and Consumer Behaviour

The future of the consumer economy is inseparable from the quality, accessibility and vitality of St. Peter Port, The Bridge, and other commercial hubs. Yet the paper contains limited direct linkage between tax reform and practical interventions that would improve the customer environment and increase on-Island spend retention.

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7. Measures that Would Better Support the Local Consumer Economy and Optimise Growth

The GRG recommends that, if the States wishes to proceed with tax reform on the scale proposed, it should do so only alongside a clearly defined domestic economic support package. This should include the following measures.

7.1 Introduce a Local Economic Contribution Rebate Scheme

The strongest and most practical growth-enabling measure already developed by the GRG is the proposed **Local Economic Contribution Rebate Scheme (LECRS)**. This model would sit alongside a neutral GST regime and provide targeted support to businesses that make measurable economic and socio-economic contributions within Guernsey. It is designed to be legally robust and non-discriminatory because it is not based on the origin of goods, nor structured as a GST refund.

Under the model, support would be determined through objective criteria such as:

- employment contribution in Guernsey;
- local payroll;
- occupation of commercial premises and retail footprint;
- capital investment within the Island;
- apprenticeships, training, and workforce development; and
- potentially wider community contribution.

The rebate could then combine employment, premises, and investment credits within a transparent capped formula. This would allow government to recognise the wider economic contribution of local businesses while preserving GST neutrality.

The value of this approach is that it moves beyond mere mitigation. It actively encourages employment, investment, physical presence, skills development, and long-term participation in the local economy. It also gives government a means of supporting those businesses that generate multiplier effects and place-based value.

7.2 Adopting a “Guernsey First” Policy

A key omission within the current package is the absence of a clear, Government-led commitment to a “Guernsey First” principle. The States should initiate and visibly champion this policy, embedding it within procurement frameworks, economic strategy, and public messaging to prioritise local retailers and suppliers - recognising that decisions should not be based solely on upfront price, but on overall economic and social value. Local spending recirculates within the island economy, sustaining employment, supporting public revenues, and enabling continued investment in community infrastructure and place-making.

By establishing this direction at a Government level, businesses can be encouraged - and expected - to adopt similar principles within their own purchasing decisions and supply chains. This coordinated approach would help shift behaviour across the economy, ensuring that value is assessed more holistically, including local employment, environmental stewardship, community contribution, and long-term economic resilience, rather than purely transactional cost.

7.3 Ensure Genuine GST Neutrality and Import Parity

If GST is introduced, it must be applied with genuine parity between local and imported consumption. That means:

- consistent GST treatment across domestic and imported goods;
- removal of any low-value import threshold;
- application of GST to all digital services (for example specific subscription services such as Sky TV, Starlink, ITVx (and other catch-up services), Microsoft Office, Netflix, apps on mobile devices, etc.)
- effective registration obligations for significant overseas sellers supplying Guernsey consumers;
- practical and visible enforcement; and
- simple guidance so that compliance does not disadvantage local firms while off-Island sellers operate loosely or inconsistently.

This is one of the most important steps government can take to reduce unfairness and protect the local tax base.

7.4 Use Policy to Encourage Consumer Price Benefit

The LECRS proposal also recognises that good policy should support visible consumer benefit. A voluntary **Guernsey Value Commitment** could be introduced under which participating businesses signal to customers that support received through economic contribution measures is being used, at least in part, to hold pricing, improve value, or maintain service. This would help build consumer confidence, increase trust, and make the policy tangible to the public.

7.5 Create Immediate Local Business Investment Incentives

Government should consider a package of direct reinvestment incentives for on-Island businesses. Examples include:

- accelerated capital allowances for shop fit-out, digitisation and productivity improvements;
- support for energy efficiency and operating-cost reduction;
- investment grants or matched funding for smaller retailers modernising systems or premises;
- support for warehousing, logistics efficiency and last-mile delivery solutions; and
- digital transition support that helps independent retailers remain competitive.

7.6 Support Town Centre and Bridge Regeneration as Economic Infrastructure

The future success of tax reform depends partly on whether Guernsey is also prepared to improve the places in which local commerce happens. The survey evidence is clear: Island residents want better retail variety, stronger hospitality offer, improved accessibility, better parking, improved physical appearance, and more attractive centres.

The States should therefore treat St. Peter Port Town-Centre and Bridge regeneration not as cosmetic projects, but as economic infrastructure. Priority actions should include:

- practical parking and access improvements;
- targeted public realm investment;
- maintenance, lighting, cleanliness, and appearance improvements;
- support for shopfront improvement and high-street presentation;
- place-making initiatives that increase dwell time and footfall; and
- improved coordination between retail, hospitality, events, tourism, and transport.

7.7 Explore greater parish-level autonomy and accountability for local commercial stewardship

The Guernsey Retail Group believes there is a credible opportunity for government to explore whether parish authorities should be given greater delegated autonomy, modest resources, and clearer accountability for supporting the commercial success of their local areas. The States / Douzaine Charter already recognises the Douzaines as the grass-roots level of government, capable of helping shape decisions affecting their parishes and of supporting sustainable social, economic and environmental outcomes. The legal framework also allows for appropriate functions to be transferred between the States and parish authorities, where justified.

This does not imply a uniform model across all ten parishes. There are clear differences in scale, commercial footprint, population density, and administrative capacity. However, a more flexible and devolved framework could give each parish stronger motivation and greater ownership in ensuring that its public realm, local commercial environment, and community infrastructure are maintained to the highest possible standard.

This could include:

- parish-level commercial improvement plans;
- stronger local business liaison and structured feedback;
- limited devolved or matched funding for small-scale place-making and accessibility improvements;
- clearer accountability for cleanliness, appearance, local convenience and commercial responsiveness; and
- pilot schemes in parishes with different characteristics to test models of local stewardship.

With appropriate island-wide standards and safeguards, a parish-based enabling model should improve responsiveness, strengthen local pride, and help ensure that commercial businesses have the best possible opportunity to succeed in each area. Most importantly, it would ensure that the people most local to an area would have the responsibility for its upkeep, and appeal to parishioners. Crucially for St Peter Port it would allow the parish office to influence and control the Town Centre (the commercial hub of the island) in the same way that Guernsey Ports can influence and control the harbours and the port areas.

7.8 Introduce Measures to Strengthen Consumer Confidence

Any major fiscal reform should be accompanied by measures that help preserve confidence in household spending. These may include:

- carefully targeted mitigation for lower and middle-income households;
- action on housing affordability and cost pressure where possible;
- public communication that is clear, realistic and confidence-building;
- support for employment participation and flexible work opportunities;
- initiatives that encourage local spending and keep expenditure on-Island.

7.9 Protect Retail from Premature Future Corporate Taxation

If government wishes to keep open the option of applying future corporate taxation to retail, it should establish explicit economic tests before any implementation. These should include demonstrated:

- post-GST stability in the sector;
- acceptable business viability indicators;
- stable or improving consumer confidence;
- evidence that local competitiveness against off-Island sellers has improved; and
- proper consultation with the industry.

Without such tests, the policy signal risks undermining confidence and discouraging long-term investment.

8. Recommended Position for Government Consideration

The GRG therefore recommends that the States adopt the following approach:

1. **Recognise the domestic consumer economy as a strategic economic asset** and not merely a source of future tax yield.
2. **Retain the principle of careful sequencing** so that retail, hospitality, and other consumer-facing sectors are not overburdened by simultaneous tax and cost reforms.
3. **If GST proceeds, pair it with a Local Economic Contribution Rebate Scheme** based on objective, non-discriminatory measures of employment, premises, investment, and skills.
4. **Ensure full import parity in GST design and enforcement**, including overseas seller obligations and low-value threshold reform.
5. **Develop a wider local business growth package** focused on reinvestment, productivity, digitisation, and high-street resilience.
6. **Treat town centre and Bridge regeneration as integral to economic policy**, not separate from it.
7. **Explore greater parish-level autonomy and accountability for local commercial stewardship** to recognise that the condition, accessibility, appearance, and commercial responsiveness of local places are often best understood at parish level, where issues can be identified quickly and practical solutions can be developed close to the communities and businesses affected.
8. **Defer any future retail corporate taxation** unless and until sector conditions, competitiveness and consumer confidence demonstrably improve.
9. **Maintain an ongoing structured dialogue with the GRG and related sectors** so that policy can be refined using real-time evidence.

9. Conclusion

The June 2026 P&R tax proposals are serious, substantial, and consequential. The GRG accepts the need for government to act on the Island's long-term fiscal position and welcomes the fact that the paper recognises the vulnerability of the local consumer economy and the need for careful sequencing. There are constructive elements in the package, including transitional protections and an explicit acknowledgement that retail and hospitality should not be overburdened.

Nevertheless, the package remains too weighted towards revenue generation and not sufficiently developed as a programme for economic growth, confidence, and competitiveness. It reduces harm in some places, but it does not yet do enough to support the businesses that keep money circulating on-Island, sustain employment, maintain commercial centres, and create wider community value, all while operating within a pricing environment that is increasingly shaped by off-island competition and limits the ability to fully reflect higher local cost bases.

The importance of this issue extends beyond the retail sector itself. The long-term health of Town Centre and The Bridge is intrinsically linked to the strength and viability of the local retail industry. These areas are not only commercial locations, but central to the Island's economic activity, identity, and community life, driving footfall, supporting adjacent services, and contributing to overall place-making. Any erosion of the retail sector therefore has broader implications for the vitality and sustainability of these key centres.

A sustainable fiscal future for Guernsey will not be achieved simply by applying more taxes to a constrained domestic economy. It will be achieved by building a stronger economy alongside a fairer tax system. That means designing policy that not only raises revenue, but actively supports local participation, local spending retention, productive reinvestment, better place-making, and more balanced treatment between on-Island and off-Island commerce.

The Guernsey Retail Group therefore urges government to use this moment not only to reform taxation, but to adopt a broader approach to economic enablement. If the States wishes local businesses and local households to carry more of the fiscal burden, then it must also create the policy conditions in which they can continue to trade, invest, employ, and contribute positively to Guernsey's long-term prosperity.