



The Government of Sark

**POLICY AND FINANCE COMMITTEE and  
TAXATION REVIEW (SPECIAL) COMMITTEE**

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**Sark Tax Reform – Initial Proposals: Information Sheet - January 2026**

The Policy & Finance and Special Tax Committees have been looking at various ways to overhaul the current tax system on Sark. Many options have been considered and expert advice sought. We are grateful to Tony Mancini (ex KPMG) and our excellent team in the Sark Treasury and Sark Tax Assessors offices for their considerable assistance.

Rather than a complete overhaul, the Committees have arrived at a proposal that suggests changes to the existing Personal Capital Tax (PCT) system. A large factor in this thinking is the need to maintain a system that the Island can administer largely by itself although some 'spot checks' are proposed every year on a small sample of tax returns by a suitable professional body.

We are beginning a consultation process by hosting public surgeries on Saturday 10<sup>th</sup> January 2026, Wednesday 28<sup>th</sup> January and Saturday 14<sup>th</sup> February 2026. This paper sets out the existing system and some of the committee's current thoughts on how it might change. Please come to the surgeries to begin discussing this with us.

## **Understanding Sark's Current Tax System**

Sark's direct taxation is governed by the Direct Taxes (Sark) Law, 2002. There are two principal forms of tax:

### **Property Tax**

- Based on the size and type of property, measured in Quarters as recorded by the Cadastre.
- Rates vary depending on use (domestic, commercial, agricultural).
- Paid annually, generally by the Possessor of the property.

### **Personal Capital Tax (PCT)**

Payable by all residents who spend 90 or more nights on Sark in the preceding year. Residents may currently elect from several options:

- Minimum Tax – available to non-Possessors or those whose worldwide assets fall below the Minimum Asset Rate.
- Asset Declaration – tax based on a percentage of worldwide net assets, not including your personal residence in Sark.
- Maximum Tax – a capped annual contribution which also means the payer does not need to declare their assets.
- Exemptions – for those medically unable to work or whose worldwide assets fall below the Minimum Asset Rate.

At present, there are several options to reduce tax liability or to avoid declaring assets; these include:

- Forfait – available to Possessors of a personal residence. This is a multiple of your property tax and also means that you do not have to declare your assets.
- Box 2 – electing to pay the Minimum Tax in a household where the Possessor has elected to pay the Forfait.
- Box 6 – with net assets falling below the Minimum Asset rate, aged under 69 and the possessor of a property that is the principal dwelling house, thereby exempt.
- Box 7 – As a Possessor living outside of Sark where their property was not available to them for 90 nights or more during the preceding 12 months, thereby exempt.

This structure allows residents to choose the option which minimises their liability, regardless of ability to pay. For example: a resident with £25 million in assets could currently pay the same Forfait amount as a resident with £250,000. Under the proposed system, a higher level of assets would attract a higher contribution in line with the ability to pay.

## Tax Data: 2023–2025 Overview

<u>Tax Box Analysis</u>	2025		2024		2023	
	Payers	Amount	Payers	Amount	Payers	Amount
<b>Total property tax</b>	<b>379</b>	<b>599,190.02</b>	<b>373</b>	<b>571,648.43</b>	<b>370</b>	<b>541,201.40</b>
<b>Personal capital tax</b>						
OPTION 1 - Forfait	154	424,352.37	157	354,973.65	151	322,700.00
OPTION 2 - Member of a forfait paying household	93	51,057.00	99	51,975.00	99	49,500.00
OPTION 3 - Declaration of assets	34	40,659.16	26	31,499.45	28	28,588.13
OPTION 4 - Minimum tax	169	92,781.00	148	77,700.00	138	69,000.00
OPTION 5 - Maximum tax	1	10,973.00	0	0.00	0	0.00
OPTION 6 - Posessor of property with assets less than £125k	108	0.00	114	0.00	108	0.00
OPTION 7 - Property not available	7	0.00	6	0.00	10	0.00
OPTION 8 - over 69/cant work, assets less than £150K	61	0.00	62	0.00	61	0.00
LESS 2.5% discount		(22,272.68)		(17,601.98)		(15,832.21)
ADD Formal Assessment penalties		2,820.62		2,068.35		2,073.80
	<b>627</b>	<b>600,370.47</b>	<b>612</b>	<b>500,614.47</b>	<b>595</b>	<b>456,029.72</b>
<b>Total Tax due</b>		<b>1,199,560.49</b>		<b>1,072,262.90</b>		<b>997,231.12</b>

### Key Observations:

- The majority of PCT revenue in 2025 came from Forfait payers (£424,352), with an additional £51,057 from members of their households.
- Only 34 residents declared assets in the same period (~£40,659).
- Maximum taxpayers contributed ~£10,973, with only one resident electing that option in 2025.
- Most residents elect the lowest-cost option available to them.

### **Proposal: Reforming the PCT system to remove the link to property**

- Sark currently allows residents to choose the lowest-cost Personal Capital Tax (PCT) option available to them, meaning their personal assets are not necessarily fully taxed.
- Sark faces growing infrastructure and service costs that cannot be met under the existing system.
- A proposal is being explored to transition away from the Forfait to an entirely asset-based system of Personal Capital Tax.
- This would not be an income tax. It would be an annual charge based on an assessment of worldwide net assets that is already an option under the current system.
- There would be an option where people could select not to declare their assets and opt to pay a fixed amount of PCT.
- The aim is a system that is fairer, sustainable and fit for Sark's future.

Under this model:

- All residents aged 18+ who meet the 90-night residency rule would pay PCT according to the asset band into which they fall; this could be based on fixed sums per asset band or a percentage (also in bands) of their overall asset declaration.
- There would still be no income tax. The charge would remain an annual asset-based PCT only.
- Residents would complete a confidential annual self-assessment.
- Self-assessment forms will be assessed by the Tax Assessor as normal, and each year a selection will be audited by a third-party professional body.

### **Why change?**

In the most recent public consultation, there was strong support to modernise the current system.

**Fairness** - The current system allows residents with a high level of assets to potentially pay the same as those with a modest number of assets: removing the Forfait might better align the level of contributions with ability to pay.

**Sustainability** - In 2025, the 154 Forfait payers and the 93 members of their households contributed £475,409 to the Treasury while 34 residents who declared assets raised just £40,659. This suggests that, for whatever reason, be it to select a lower tax amount or not wishing to declare assets, a very large percentage of taxpayers are opting for a PCT option which is not linked to their worldwide assets. This base cannot support Sark's growing infrastructure needs.

**Modernisation** - A banded asset-based model does not divert too much away from the current system while preserving Sark's distinctive tax identity.

## Why Sark needs a stronger tax base

Sark is entering a period of major capital investment. Much of the Island's infrastructure was built decades ago and now requires urgent renewal to remain safe, functional and compliant with modern standards.

Key infrastructure priorities:

Major Projects	Ongoing Services
La Coupée stabilisation	Healthcare: Medical staffing and emergency services
Harbour rockfall repairs	Education: Hybrid schooling model
Sewage treatment facilities	Public Works: Maintenance and essential services
Refuse disposal system	Connectivity: Strengthening existing transport links
Roads, cliff paths, public toilets, and Island properties	
Approved ports status investigation to allow direct ferry sailings from France	

Preliminary estimates indicate that the capital and service pressures will exceed current tax revenues by several hundreds of thousands of pounds each year; without reform, Sark will struggle to meet these obligations safely and sustainably.

## Your opportunity to shape Sark's future

Conseillers' surgeries will be held so residents can ask questions, raise concerns and suggest improvements to the proposals.

- 10.00 – 12.00, Saturday 10<sup>th</sup> January 2026 – Assembly Rooms
- 17.00 – 19.00, Wednesday 28<sup>th</sup> January 2026 – Mermaid Tavern
- 10.00 – 12.00, Saturday 14<sup>th</sup> February 2026 – Island Hall

**All residents are encouraged to attend. If you are unable to come in person, you can submit comments or questions by email: [policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk) and [taxation@sarkgov.co.uk](mailto:taxation@sarkgov.co.uk)**

**This reform will shape Sark's finances for decades to come. Your views will help create a fair system that protects our Island for future generations.**