



The Government of Sark

## **POLICY AND FINANCE & TAXATION REVIEW (SPECIAL) COMMITTEES**

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#### **Tax Information Sheet – April 2026**

##### **Current Personal Capital Tax (PCT) System and Possible Small Changes for 2027**

Public consultation in 2024 showed strong support for modernising PCT and improving the robustness of the current system.

This information sheet sets out small, targeted changes that are being considered for 2027 to PCT. These ideas are not new taxes and not a full redesign of the system. They focus on tightening a small number of areas where the current rules allow people to reduce their tax in ways that were not originally intended.

The purpose of this paper is to explain the issues clearly and invite feedback. Nothing in this paper has been agreed and we welcome your opinion and feedback to help shape further discussion.

##### **The Current PCT Rules – A Simple Explanation**

Under Sark's Personal Capital Tax, every adult resident must pay PCT, and, depending on their circumstances, can choose from several ways to pay. These options are set out on the annual tax form as tick boxes. Each box is a different way of calculating tax.

In simple terms, options are:

- Box 1 - Forfait: a property linked option.
- Box 2 - Member of a Forfait household.
- Box 3 - Worldwide net capital assets.
- Box 4 - Fixed minimum amount.
- Box 5 - Fixed maximum amount.
- Boxes 6, 7 and 8 - Provides full exemption (zero PCT) to individuals where age/health or asset-level conditions are met and, for some options, property availability rules.

This paper focuses on three areas where household arrangements, rather than personal circumstances, can affect tax outcomes.

## Current Tax Box Options

In 2026, the average Personal Capital Tax due to be paid by residents who made a PCT contribution is approximately £1,674.58. In 2026, Personal Capital Tax payments ranged from £630 to £12,619. Fewer than five residents paid the maximum amount, and fewer than five paid the lowest amounts. The average masks a wide spread of outcomes, including some Forfait payments that fall below the minimum tax.

This average was calculated by taking the total Personal Capital Tax actually due to be paid in 2026 (£740,166.36) and dividing it by the number of residents who paid any amount of PCT (442), producing an average payment of approximately £1,674.58. An additional 194 residents paid no PCT for various reasons.

**Box 1:** Forfait (property-linked option). If you elect the Forfait, you pay PCT as a multiple of the property tax on your personal dwelling times the forfait factor set each year, rather than on declared assets. This option removes any need to disclose the value of your assets.

Current Forfait = Personal dwelling quarters × £19.40 × Forfait factor (3.3).

### 2026 Details:

- Total collected: £479,007.82
- Payers: 146
- Average paid: ≈ £3,280.88  
(arrived at by dividing £479,007.82 by 146)
- Forfait payments in 2026 varied widely; while the average payment was approximately £3,281, some residents paid under £1,000, including one Forfait payer who paid £630. At the other end, fewer than five residents paid more than £8,000, with the highest Forfait payments capped at the maximum tax of £12,619.

### **Box 2:** Member-of-Household Minimum (Forfait household)

A member of a household where the possessor has elected the Forfait may pay the standard minimum tax instead of declaring the value of their assets. This is regardless of the amount of the Forfait paid by the possessor or the size of the household.

Current minimum tax: £630.00.

### 2026 Details:

- Total collected: £53,550.00
- Payers: 85

The available data does not distinguish household size, but the option allows multiple adults in a household to pay the minimum regardless of individual assets.

### **Box 3:** Worldwide Net Capital Assets (if you choose the assets-declaration option):

When electing to declare assets, PCT is calculated on worldwide net capital assets (assets minus allowable liabilities). The annual Ordinances phrase the charge as a percentage of 'that individual's net capital assets', with the year's rate and minimum applying.

Declaring Worldwide Net Assets (assets minus allowable liabilities) - Net assets × 0.51%.

2026 Details:

- Total collected: £63,911.54
- Payers: 40
- Average paid: ≈ £1,597.79  
(arrived at by dividing £63,911.54 by 40)

**Box 4:** Minimum tax - a fixed minimum amount (set annually) can apply provided the value of your worldwide assets is below the minimum asset amount, currently set at £125,000.

Current minimum tax: £630.00.

2026 Details:

- Total collected: £105,840.00
- Payers: 168

**Box 5:** Maximum tax: PCT is capped at a maximum amount, set annually, which was £12,619.00 for 2026. This maximum can apply to Forfeit (Box 1) or Declaration of Assets (Box 3) or may simply be paid as an elected amount without declaring assets. The amount is set by Ordinance each year.

Current maximum tax: £12,619.00.

2026 Details:

- Total collected: £37,857.00
- Payer count: 3

**Box 6:** Provides a full exemption (zero PCT) to individuals who:

- are under 69, and
- are the Possessor of their principal residence, and
- have net assets below £125,000.

PCT liability = £0.

2026 Details:

- 117 residents selected Box 6 and paid no PCT.

**Box 7:** Provides full exemption (zero PCT) to possessors who live outside Sark and their property was not available to them for at least 90 nights during the previous 12 months (for instance, because it is rented out).

PCT liability = £0.

2026 Details:

- 12 residents selected Box 7 and paid no PCT.

**Box 8:** This option applies if either of the following is true:

- a) Your net capital assets are £150,000 or less *and* you were aged 69 or over on 31 December 2025, or
- b) You hold a medical certificate confirming you are permanently unfit for gainful employment.

PCT liability = £0.

2026 Details:

- 65 residents selected Box 8 and paid no PCT.

Therefore, while some aspects of the current PCT system are based on your assets, and therefore your ability to pay, others are not and depend on circumstances, such as where you live or who you live with.

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## Possible Targeted Changes to the Personal Capital Tax (PCT)

### 1. Box 2 – Household-Based Minimum Tax

#### How Box 2 Works Now

A *possessor* is the person who has the legal right to live in or use a property in Sark - whether they own it, rent it, have other legal rights to it or are allowed to live there through some agreement. It does not include people who are only staying there temporarily, such as employees, lodgers or guests.

At present, if the Possessor of a house pays the Forfait (Box 1 - the housing-based tax), then any other adult living in that house can choose to pay the Minimum Tax, currently £630, regardless of their own personal assets. This means that multiple adults in the same household can all pay the minimum, even if some have significant assets in their own name.

In 2026, 85 residents elected Box 2. The available data does not distinguish household size, but the option allows multiple adults in a household to pay the minimum regardless of individual assets.

Put simply: Your tax outcome can depend on who you live with, not on your actual ability to contribute.

#### Proposed Change: Remove Box 2 Entirely (For 2027)

If Box 2 is removed:

- Living with someone who pays the Forfait (Box 1) would no longer give access to the Minimum Tax.

- Every adult would choose a tax box based on their own situation, not their household, and they could choose to also pay the Forfait or to use one of the other boxes.

### **Why This Change Is Being Considered**

- When the law was drafted, property size was considered to be a good substitute for wealth more generally and therefore, people in bigger houses were likely to have more assets. This is not necessarily true, and in any case, where Forfait (Box 1) is chosen as an option, it is likely to be less than the percentage of worldwide assets (Box 3) that the Possessor might otherwise pay.
- The original intention of this box (Box 2) was to reflect marital assets, where one person, usually the husband, had the main assets and so paid the Forfait, while their partner, usually the wife, paid a minimum tax. Adult children living at home might also be considered dependents and so would also pay the minimum.
- Box 2 therefore allows tax to be reduced through household structuring rather than personal ability to contribute.

### **What Someone Would Do Instead**

Without Box 2, people would choose from the standard options including:

- Box 1 – also chose to pay the Forfait applicable to their house
- Box 3 – Declare worldwide assets (currently taxed at 0.51% of net assets) and pay that amount
- Box 4 – Pay the Minimum Tax (currently £630) *if their personal assets are below the threshold (currently £125,000)*
- Box 5 – Pay the Maximum Tax

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## **2. Box 6 - Zero Tax for Possessors with Low-Assets**

### **How Box 6 Works Now**

Box 6 provides a full exemption (zero PCT) to individuals who:

- are under 69, and
- are the Possessor of their principal residence, and
- have net assets below £125,000.

In 2026, 117 residents used Box 6.

### **Proposed Change: Remove Box 6 Entirely (For 2027)**

If Box 6 is removed:

- Residents who previously qualified for zero PCT might be most likely to elect Box 4, the Minimum Tax, currently £630; assuming assets remain below the Minimum Asset Rate.
  - Removing Box 6 ensures that low-asset support is still available via Option 4 but eliminates the zero-tax exemption.
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### 3. Policy Addition at the Easter meeting of Chief Pleas 2026: Introduction of a Minimum Number of Quarters for the Forfait

Quarter Size	No. of Payers 2026	Raised	No. of Payers 2025	Variance 2026 to 2025
1 to 10	1	£630.00	5	(4)
11 to 20	24	£24,455.28	21	3
21 to 30	28	£45,389.98	26	2
31 to 40	13	£29,257.14	16	(3)
41 to 50	19	£56,231.80	17	1
51 to 60	15	£52,432.38	16	(1)
61 to 70	15	£62,163.42	16	(1)
71 to 80	5	£24,391.62	7	(2)
81 to 90	5	£27,144.48	8	(3)
91 to 100	5	£29,897.34	6	(1)
101 to 110	5	£34,186.68	5	0
111 to 120	4	£29,191.82	5	(1)
121 & over	7	£63,635.88	6	1
	<b>146</b>	<b>£479,007.82</b>	<b>154</b>	<b>(9)</b>

The 2026 Forfait calculation is: Personal Dwelling Quarters × £19.40 × 3.3

At present, there is no minimum number of quarters applied to this calculation; as a result, very small, registered dwellings can generate unusually low Forfait liabilities which are actually below the Minimum Tax amount of £630, which is the equivalent to a little under 10 quarters.

We would welcome your views on where you think the Forfait quarters threshold should be set.

#### Why introduce a minimum number of quarters?

In 2026, the lowest Forfait payment was £630, equivalent to just under 10 quarters, while a small number of residents paid the maximum tax of £12,619.

The introduction of a minimum threshold would:

- Prevent extremely small properties from producing disproportionately low Forfait payments.
- Enhance fairness and consistency by ensuring the Forfait more accurately reflects the scale of accommodation typically used as a principal residence on Sark.
- Address structuring practices whereby some individuals have declared large parts of their homes as tourist or commercial quarters, leaving only a very small number of quarters classified as personal dwelling.

#### Share Your Views

Residents are invited to attend a drop-in surgery to discuss these potential updates to the current tax system for 2027. The discussion will focus on targeted changes and making small, practical improvements for next year. Come along and meet members of the Policy & Finance and Tax Review Special Committees. Alternatively, if you are unable to attend, please email your questions through to [policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk) or [taxation@sarkgov.co.uk](mailto:taxation@sarkgov.co.uk).