

The end of Channel Islands' VAT abuse is nigh

Published: January 13, 2026, 6:56 am

As the [BBC reports in Guernsey this morning](#):

A reduction in VAT relief on parcels sent to the UK from outside the EU [introduced today] is unlikely to be the last change, according to the UK Treasury.

The tax is not paid on goods below the Low Value Consignment Relief (LVCR) threshold, which changed from £18 to £15 on 1 November 2011.

The Channel Islands are among locations that have been seen as bases for the exploitation of the "VAT loophole".

A Treasury spokesperson said further changes were being investigated.

The spokesperson said: "We are exploring options to further limit the relief so it can be longer be inappropriately exploited."

An email in my inbox says expect an announcement soon, possibly today.

And I know that at least one fulfilment company is now laying off staff in the Channel Islands in anticipation of the move.

It's game over for another Channel Islands' abuse and another win for tax campaigners.

Now when will the Channel Islands realise it is time to rebuild their economies on the basis of something more solid than tax abuse?