

STATES OF JERSEY



DRAFT FINANCE (2014 BUDGET) (JERSEY) LAW 201-

Lodged au Greffe on 8th October 2013
by the Minister for Treasury and Resources

STATES GREFFE



Jersey

DRAFT FINANCE (2014 BUDGET) (JERSEY) LAW 201-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000 the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources the provisions of the Draft Finance (2014 Budget) (Jersey) Law 201- are compatible with the Convention Rights.

Signed: **Senator P.F.C. Ozouf**

Minister for Treasury and Resources

Dated: 7th October 2013

REPORT

This Draft Law gives effect to proposals described in the Draft Budget Statement 2014.

Financial and manpower implications

The financial and manpower implications are clearly identified in Part 7 of the Draft Budget Statement 2014.

Human Rights

The Law Officers' Department has indicated that the draft Law does not give rise to any human rights issues.

Explanatory Note

This Law makes various provisions relating to taxation, arising from the States budget for the year 2014.

Article 1 sets the standard rate of income tax for the year of assessment 2014 at 20%.

Article 2 amends Articles 92A and 92C of the Income Tax (Jersey) Law 1961. It increases the income tax exemption thresholds for spouses to £22,400 (or £25,700 for those of or over the relevant age), for civil partners to the same figures as spouses, and for single persons to £14,000 (or £15,600 for those of or over the relevant age). It also reduces the marginal rate of income tax from 27% to 26% (the rate at which excess income over the applicable threshold is taxed, if the result is less than applying the standard rate to the whole of the taxable income). Both amendments have effect for the year of assessment 2014 and ensuing years.

Articles 3 to 6 amend the Customs and Excise (Jersey) Law 1999 so as to increase duties on spirits (by 11%), wines (by 5%), weaker beers and ciders (by 5%), stronger beers and ciders (by 11%), tobacco (by 11%), hydrocarbon oil (by 2%), and motor vehicles (by 5%) (all percentages applied subject to rounding up or down as appropriate).

Article 7 amends the Stamp Duties and Fees (Jersey) Law 1998 and the Taxation (Land Transactions) (Jersey) Law 2009 to extend the existing reliefs from stamp duty for qualifying first-time buyers of properties valued at less than £450,000, for a further 12 month period.

Articles 8 to 11 make various amendments to the Goods and Services Tax (Jersey) Law 2007, and *Article 12* amends the Goods and Services Tax (Jersey) Regulations 2007. *Article 8* deals with goods, other than building materials, that are incorporated into land. It blocks input tax on the goods if they are involved in certain zero-rated supplies of interests or shares related to dwellings, and it excludes the goods from the zero-rating of certain grants of interests in land that is to be used for dwellings. *Article 9* makes further provision as to what counts as construction work on dwellings, for the purpose of refunds of GST in “DIY” cases and zero-rating in other cases, where there is an “existing building”. The amendment provides that, if any part of a building was still above ground level before the works, then those works do not count as “construction” unless that part is demolished to ground level. *Article 10* allows the Comptroller and a registered person to agree that cancellation of registration can take effect from any date, rather than just from a date on or before the application for deregistration or the cessation of liability to register. *Article 11* deals with cases where goods are imported under an arrangement with customs that allows for non-payment of GST on the basis that no credit will be claimed for the unpaid GST. It ensures that, where business assets are transferred or put to private use or a person ceases to be taxable, goods imported under such an arrangement are treated in the same way as those on which GST was paid when they were imported. *Article 12* amends the Goods and Services Tax (Jersey) Regulations 2007 to allow the Comptroller, to avoid injustice in exceptional circumstances, to extend the 3 years in which a claim must be made for GST in order to give entitlement to credit for that GST.

Article 13 provides for the citation of the Law and would bring it into force on 1st January 2014.



Jersey

DRAFT FINANCE (2014 BUDGET) (JERSEY) LAW 201-

Arrangement

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Jersey

DRAFT FINANCE (2014 BUDGET) (JERSEY) LAW 201-

A LAW to set the rate of income tax for 2013 and to amend the Customs and Excise (Jersey) Law 1999, the Goods and Services Tax (Jersey) Law 2007, the Taxation (Land Transactions) (Jersey) Law 2009 and the Stamp Duties and Fees (Jersey) Law 1998

Adopted by the States [date to be inserted]

Sanctioned by Order of Her Majesty in Council [date to be inserted]

Registered by the Royal Court [date to be inserted]

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

1 Standard rate of income tax for 2014

There shall be levied and charged in Jersey for the year 2014, in accordance with and subject to the provisions of the Income Tax (Jersey) Law 1961¹, income tax at the standard rate of 20 pence in the pound.

2 Income tax: exemption thresholds and marginal rate

(1) In Article 92A of the Income Tax (Jersey) Law 1961² –

- (a) in paragraph (2)(i), for the amount “£25,280” there shall be substituted the amount “£25,700”;
- (b) in paragraph (2)(ii), for the amount “£22,090” there shall be substituted the amount “£22,400”;
- (c) in paragraph (2A)(i), for the amount “£23,480” there shall be substituted the amount “£25,700”;
- (d) in paragraph (2A)(ii), for the amount “£20,510” there shall be substituted the amount “£22,400”;
- (e) in paragraph (6)(a), for the amount “£15,370” there shall be substituted the amount “£15,600”;
- (f) in paragraph (6)(b), for the amount “£13,780” there shall be substituted the amount “£14,000”.

- (2) In Article 92C(1) of the Income Tax (Jersey) Law 1961³, for the figure “27%” there shall be substituted the figure “26%”.
- (3) This Article shall have effect for the year of assessment 2014 and ensuing years.

3 Excise duty: alcohol

In each paragraph of Part 2 of Schedule 1 to the Customs and Excise (Jersey) Law 1999⁴ specified in column 1 of the following table, and in relation to each item listed in that column, for an existing amount listed in column 2 of the table there shall be substituted the amount listed in column 3 of the table –

<i>1</i>	<i>2</i>	<i>3</i>
<i>Paragraph of Part 2 of Schedule 1, and item</i>	<i>Existing amount</i>	<i>Substituted amount</i>
1 Spirits		
(a) small independent distiller	£14.38	£15.96
(b) all other	£28.73	£31.89
2 Wines		
exceeding 1.2% volume but not exceeding 5.5% volume	£69.99	£73.49
exceeding 5.5% volume but not exceeding 15% volume	£183.68	£192.86
exceeding 15% volume but not exceeding 22% volume	£225.09	£236.34
exceeding 22% volume	£28.73	£31.89
3 Beer		
(a) small independent brewer –		
(i) beer not exceeding 4.9% volume	£28.96	£30.41
(ii) beer exceeding 4.9% volume	£44.83	£49.76
(b) all other beer –		
(i) not exceeding 4.9% volume	£57.93	£60.83
(ii) exceeding 4.9% volume	£89.65	£99.51
4 Cider		
(a) small independent cider-maker –		
(i) cider not exceeding 4.9% volume	£27.11	£28.47
(ii) cider exceeding 4.9% volume	£41.95	£46.56

(b)	all other cider –		
(i)	not exceeding 4.9% volume	£54.22	£56.93
(ii)	exceeding 4.9% volume	£83.88	£93.11
5	Other alcoholic beverages	£28.73	£31.89

4 Excise duty: tobacco

In paragraph 6 of Part 2 of Schedule 1 to the Customs and Excise (Jersey) Law 1999⁵, for the table there shall be substituted the following table –

<i>“Type of tobacco</i>	<i>Rate of excise duty per kilogramme</i>
(a) unprocessed tobacco	£251.44
(b) cigars	£272.06
(c) cigarettes	£340.20
(d) hand-rolling tobacco	£289.17
(e) processed tobacco other than types (b) to (d)	£263.31”.

5 Excise duty: hydrocarbon oil

In paragraph 7(1) of Part 2 of Schedule 1 to the Customs and Excise (Jersey) Law 1999⁶, for clauses (a) to (d) there shall be substituted the following clauses –

“(a)	on higher octane ultra low sulphur petrol	£45.59 per hectolitre
(b)	on all other ultra low sulphur petrol	£43.79 per hectolitre
(c)	on ultra low sulphur diesel	£43.79 per hectolitre
(d)	on all other types of hydrocarbon oil	£47.37 per hectolitre.”.

6 Excise duty: motor vehicles

In paragraph 8 of Part 2 of Schedule 1 to the Customs and Excise (Jersey) Law 1999⁷ –

- (a) after sub-paragraph (3), for Table 1 there shall be substituted the following table –

“TABLE 1 LPVs FIRST REGISTERED ON OR AFTER 1st MARCH 2001				
1 CO ₂ mass emission figure	2 LPV first registered in Jersey	3 LPV first registered outside Jersey 1 year or less ago	4 LPV first registered outside Jersey more than 1 but 2 years or less ago	5 LPV first registered outside Jersey more than 2 years ago
120g or less	£0	£0	£0	£0
More than 120g but not more than 150g	£46	£46	£28	£23
More than 150g but not more than 165g	£139	£139	£92	£69
More than 165g but not more than 185g	£208	£208	£133	£105
More than 185g but not more than 225g	£348	£348	£226	£174
More than 225g but not more than 250g	£695	£695	£453	£348
More than 250g but not more than 300g	£1,158	£1,158	£753	£579
More than 300g	£1,448	£1,448	£944	£723.”

(b) after sub-paragraph (4), for Table 2 there shall be substituted the following table –

“TABLE 2 ALL OTHER MOTOR VEHICLES				
1 Cylinder capacity of engine	2 Vehicle first registered in Jersey	3 Vehicle first registered outside Jersey 1 year or less ago	4 Vehicle first registered outside Jersey more than 1 but 2 years or less ago	5 Vehicle first registered outside Jersey more than 2 years ago
1000cc or less	£0	£0	£0	£0
More than 1000cc but not more than 1400cc	£174	£174	£116	£87

More than 1400cc but not more than 1800cc	£290	£290	£191	£145
More than 1800cc but not more than 2000cc	£440	£440	£284	£221
More than 2000cc but not more than 2500cc	£579	£579	£376	£290
More than 2500cc but not more than 3000cc	£868	£868	£568	£435
More than 3000cc but not more than 3500cc	£1,158	£1,158	£753	£579
More than 3500cc	£1,448	£1,448	£944	£723.”

7 Stamp duty and land transactions tax: first time buyers

- (1) In the table in Part 1 of the Schedule to the Stamp Duties and Fees (Jersey) Law 1998⁸ –
 - (a) in item 1, in paragraph (a)(iv) in the second column, for the words “1st January 2014” there shall be substituted the words “1st January 2015”;
 - (b) in item 13, in paragraphs (b)(ii), (d)(iii) and (m)(ii) in the second column, for the words “1st January 2014” there shall be substituted the words “1st January 2015”.
- (2) In the Schedule to the Taxation (Land Transactions) (Jersey) Law 2009⁹, in paragraphs 4(3)(c)(i) and 5(2)(c)(i), for the words “1st January 2014” there shall be substituted the words “1st January 2015”.

8 Goods and services tax: incorporation of goods in dwellings

In the Goods and Services Tax (Jersey) Law 2007¹⁰ –

- (a) after Article 39 there shall be inserted the following Article –

“39A Goods incorporated in dwellings

Input tax on the supply or importation of goods shall be excluded from credit under Article 34 if –

- (a) the goods are not building materials;
- (b) a taxable person, constructing a building or effecting any works to a building, incorporates the goods in any part of that building or its site; and
- (c) that person constructs the building or effects the works for the purpose of making a supply falling within any one more of the following clauses of paragraph 1(1) of Schedule 6 –

- (i) clause (a), but only where the supply is of a major interest (as defined in paragraph 1A of that Schedule),
 - (ii) clause (c), and
 - (iii) clause (d).”;
- (b) after paragraph 2(1A) of Schedule 6 there shall be inserted the following sub-paragraph –
- “(1B) Sub-paragraph (1) shall not apply to the grant of a major interest in a part of land to the extent that that part consists of goods, other than building materials, that were incorporated in that part for the purpose of making that grant.”.

9 Goods and services tax: construction and existing buildings

In the Goods and Services Tax (Jersey) Law 2007¹¹ –

- (a) at the end of Article 51 there shall be added the following paragraphs –
- “(3) For the purpose of paragraph (2) –
- (a) the references to an existing building include any part of a building that remains above ground level; and
 - (b) any works carried out on a site that includes such an existing building are to be treated as falling within paragraph (2)(a) or (b) unless the existing building is demolished completely to ground level.
- (4) Paragraph (3) does not apply if –
- (a) the person started constructing the dwelling before the date on which that paragraph came into force; and
 - (b) the supply or importation of the goods takes place within 2 years after that date.”;

(b) after paragraph 2(4A) of Schedule 6 there shall be inserted the following sub-paragraphs –

“(4B) For the purposes of sub-paragraph (4), but not for the purposes of sub-paragraph (4A) –

 - (a) the references to an existing building include any part of a building that remains above ground level; and
 - (b) any works carried out on a site that includes such an existing building are to be treated as falling within sub-paragraph (4)(a) or (b) unless the existing building is demolished completely to ground level.

(4C) For the purpose of sub-paragraph (2), sub-paragraph (4B) does not apply to sub-paragraph (4) if –

 - (a) the construction of the building was started before date on which sub-paragraph (4B) comes into force; and
 - (b) the supply of the services takes place within 2 years after that date.”.

10 Goods and services tax: date of cancellation of registration

In paragraphs 19(1) and (2) of Schedule 1 to the Goods and Services Tax (Jersey) Law 2007¹², for the words “an earlier date” there shall be substituted the words “an earlier or later date”.

11 Goods and services tax: effect of importation under approval arrangement

In Schedule 2 to the Goods and Services Tax (Jersey) Law 2007¹³ –

(a) in paragraph 8(7) the words “except if the person is entitled to credit for the whole or any part of the GST on the supply or importation of those goods or of anything comprised in them” shall be deleted;

(b) after paragraph 8(7) there shall be inserted the following sub-paragraphs –

“(7A) Sub-paragraph (7) does not apply if –

(a) the person is entitled to credit for the whole or any part of the GST on the supply or importation of the goods or of anything comprised in them;

(b) the person would be so entitled, in relation to an importation, but for the operation of an approval arrangement; or

(c) the person received the goods from another person falling within clause (a) or (b), by way of –

(i) a disposition that, by virtue of Article 6(4), was not chargeable to GST, or

(ii) a supply that is to be disregarded by virtue of paragraph 14(b) of Schedule 1.

(7B) In sub-paragraph (7A)(b) (and in paragraph 10(3)) “approval arrangement” means an administrative arrangement for approval of persons by or on behalf of the Comptroller, under which a person approved does not pay the GST that is to be charged on an importation of goods on the understanding that no claim will be made to entitlement to credit in respect of that GST.”;

(c) at the end of paragraph 10 there shall be added the following sub-paragraph –

“(3) This paragraph does apply, despite sub-paragraph (2), in relation to an importation of goods, if the sole or main reason why no credit for input tax was allowed as mentioned in sub-paragraph (2)(a) was the operation of an approval arrangement (within the meaning of paragraph 8(7B)).”.

12 Goods and services tax: extension of period for claim for credit

At the end of Regulation 14 of the Goods and Services Tax (Jersey) Regulations 2007¹⁴, before the full-stop, there shall be inserted the words “, or within such longer period as the Comptroller may consider necessary, in the exceptional circumstances of a particular case, in order to avoid an injustice”.

13 Citation and commencement

This Law may be cited as the Finance (2014 Budget) (Jersey) Law 201- and shall come into force on 1st January 2014.

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- 1* chapter 24.750
 - 2* chapter 24.750
 - 3* chapter 24.750
 - 4* chapter 24.660
 - 5* chapter 24.660
 - 6* chapter 24.660
 - 7* chapter 24.660
 - 8* chapter 24.960
 - 9* chapter 24.980
 - 10* chapter 24.700
 - 11* chapter 24.700
 - 12* chapter 24.700
 - 13* chapter 24.700
 - 14* chapter 24.700.30