

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2016 (P.127/2015): THIRD AMENDMENT

Lodged au Greffe on 1st December 2015
by the Deputy of St. Mary

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement” insert the words –

“except that the estimate of income from taxation in 2016 shall be reduced by £30,800 by maintaining the Vehicle Emissions Duty (VED) at present levels on any agricultural tractor whose speeds are governed not to exceed 26 mph and not imposing increased VED on these vehicles as proposed on pages 26 and 27 of the draft Budget Statement”.

DEPUTY OF ST. MARY

REPORT

This amendment seeks to exempt certain agricultural tractors from the proposed increase in Vehicle Exemptions Duty (VED) by freezing VED at current levels.

Jersey presently makes no distinction between various types of vehicle (and the use to which they are put) in applying VED. In consequence, agricultural tractors are subject to the same level of VED as all other vehicles whereas, in the United Kingdom and many other European jurisdictions, tractors and other vehicles utilised for agricultural purposes are fully exempt. Apart from other considerations, such exemption by these other jurisdictions recognises that the level of emissions is not a material factor when deciding the type of agricultural tractor required, the choice being determined solely by reference to the particular tasks to be undertaken.

Just as VED has no influence on the choice of tractor, so the cylinder capacity of engine (being the basis on which VED is charged) has no relevance in the capable speed of such vehicle. The vast majority of tractors in the Island (whether of 75 horsepower or higher) are fitted with a gearbox (known as “the 40k Box”) which govern their speed to a maximum of 26 miles per hour. It is only in respect of these vehicles to which the proposed amendment is to apply and it follows that tractors governed by the 50k box (which are capable of speeds in excess of that permitted on Island roads) would not enjoy the freeze proposed by the amendment; in consequence, this distinction between the 2 types of tractor could be regarded as an inducement to the agricultural industry to invest only in tractors with the 40k box, a result which would be of general environmental and social benefit to the Island.

Finally, this amendment recognises the importance and value of the agricultural industry not only to the Jersey economy but to the environment as a whole. The original proposals contained in the Budget statement would result in farmers paying VED of £1,800 on a tractor having a cubic capacity in excess of 3,500cc, this representing an additional £327, equivalent to a 22% increase. The amendment endorses recent Ministerial declarations of support for the industry by introducing a practical yet responsible measure, seeking as it does a freeze of VED at current levels (as opposed to a total exemption) at this challenging time. In addition, the limitation of the amendment to only certain tractors should discourage the importation into the Island of those capable of exceeding certain speeds and, as such, should be welcomed by the general public who are keen to see the speed of tractors reduced on Island roads.

Financial and manpower implications

The Taxes Office has indicated that the cost of exempting agricultural tractors from the VED scheme will be a loss of revenue of £30,800 in 2016. There are no manpower implications.