

STATES OF JERSEY



Jersey

DRAFT INCOME TAX (PAYMENT OF 2019 LIABILITY) (JERSEY) REGULATIONS 202- (P.9/2021): AMENDMENT

**Lodged au Greffe on 15th March 2021
by the Corporate Services Scrutiny Panel
Earliest date for debate: 20th April 2021**

STATES GREFFE

DRAFT INCOME TAX (PAYMENT OF 2019 LIABILITY) (JERSEY)
REGULATIONS 202- (P.9/2021): AMENDMENT

PAGE 15, INSERT NEW REGULATION 16 –

After Regulation 15 insert –

“16 Review of these Regulations

No later than 30th June 2031, –

- (a) the Comptroller must review the operation of these Regulations to –
 - (i) establish the number of taxpayers who have elected to pay by deferred payment,
 - (ii) establish the total amount of 2019 liability that is still outstanding, and
 - (iii) consider whether these Regulations should be amended for the purpose of ensuring that the outstanding amount can be collected; and
- (b) the Minister must present a report to the States Assembly that summarises the review’s findings.”.

and renumber the subsequent Regulations accordingly.

CORPORATE SERVICES SCRUTINY PANEL

REPORT

Introduction

On 4th November 2020 the States Assembly adopted [P.118/2020](#) which introduced a change to the taxation of individuals previously taxed on the Prior Year Basis. This change resulted in all taxpayers being taxed on a Current Year Basis for 2020 and future years. Consequently, all affected PYB taxpayers' 2019 liability was frozen, to be collected at a future date under arrangements which were, at the time of approval of the measure, to be provided for in Regulations to be made by 31st March 2021.

On 10th February 2021 the Draft Income Tax (Payment of 2019 Liability) (Jersey) Regulations 202- ([P.9/2021](#)) were lodged by the Minister for Treasury and Resources ("the Draft Regulations") which sets out the process by which the 2019 liability would be collected.

The Corporate Services Scrutiny Panel ("the Panel") decided to review the Draft Regulations as a follow up to its report [S.R.7/2020](#). The Panel engaged the services of an expert adviser to help scrutinise the Draft Regulations.

The Issue

The Draft Regulations require a person to pay their 2019 liability over the period to 2041 in annual instalments, with mandatory instalments of one-seventeenth of the 2019 liability due on 31st December each year from 2025 to 2041. Alternatively, persons may elect to settle the full liability 12 months after reaching pensionable age (deferred payment). There are provisions to deal with hardship that may be experienced by current pensioners.

Regulation 7 deals with the payment of the 2019 liability where a person who has elected for deferred payment under *Regulation 5* or has been permitted to change to deferred payment under *Regulation 6* may subsequently be unable to pay the 2019 liability 12 months after reaching pensionable age. Under *Regulations 7(4) and (5)* the Comptroller may require the person to pay the 2019 liability as follows –

- “(b) the person’s 2019 liability is due and payable in equal instalments on 31st December each year, –*
- (i) starting on 31st December of the year that the notice is issued, and*
 - (ii) ending on 31st December 2041.”.*

However, where a person has deferred their liability as permitted by the Regulations and the due date for payment falls after 31st December 2041, there is no opportunity to collect all or part of the liability if it is subsequently discovered that the person will not have the means to pay the liability as it falls due. This means that the liability is unlikely to be collected in full at that later date.

The Panel considers that to make a detailed amendment to the Regulations at this stage to provide for this eventuality is not appropriate and that providing for the position to be reviewed after a period, and in the context of how many taxpayers this is likely to be an issue for, is a more appropriate step. The Panel therefore proposes the amendment attached.

Conclusion

The Panel asks the States to accept this amendment which will provide for timely collection of the 2019 liability should the circumstances described above apply.

Financial and manpower implications

Indication from Revenue Jersey is that it expects to be able to cover the amendment from within existing resources.