

STATES OF JERSEY



MINI-BUDGET 2022 (P.80/2022): THIRD AMENDMENT (P.80/2022 AMD.(3)) – AMENDMENT

**Lodged au Greffe on 6th September 2022
by the Council of Ministers
Earliest date for debate: 13th September 2022**

STATES GREFFE

MINI-BUDGET 2022 (P.80/2022): THIRD AMENDMENT
(P.80/2022 AMD.(3)) – AMENDMENT

PAGE 2, PART 1 –

For the words “where no household member had a”, substitute the words “that did not have a combined”.

COUNCIL OF MINISTERS

Note: After this amendment, the 3rd amendment would read as follows –

1. PAGE 2, PARAGRAPH (c) –

After paragraph (c), insert the following new paragraph and re-designate the remaining paragraphs accordingly –

“(d) increasing the current income threshold for access to the Community Cost Bonus to include all those households **that did not have a combined** tax liability of more than £2,735 for the previous year;”

2. PAGE 2, PARAGRAPH (c) –

After paragraph (c), insert the following new paragraph and re-designate the remaining paragraphs accordingly –

“(d) extending the deadline by which applicants must apply for the Community Cost Bonus to no later than six months after the year end to which the application relates, and correspondingly reducing the maximum late application extension to 1 month;”

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to agree that the following actions should be taken to address cost of living concerns –

- (a) increasing the personal income tax thresholds and allowances by 12% above the 2022 thresholds and allowances, in accordance with the Table in Appendix 2 of the report accompanying the proposition, to take effect for the year of assessment 2023;
- (b) temporarily reducing by 2 percentage points Class 1 and 2 social security contributions for the period 1st October 2022 to 31st December 2022, comprising a reduction, in respect of earnings below the standard earnings limit (SEL), from 6% to 4% for the

Class 1 employee contribution rate, and from 12.5% to 10.5% for the Class 2 contribution rate;

- (c) doubling the value of the Community Costs Bonus for 2022 by increasing the value of the bonus from £258.25 to £516.50.
- (d) increasing the current income threshold for access to the Community Cost Bonus to include all those households that did not have a combined tax liability of more than £2,735 for the previous year;
- (e) extending the deadline by which applicants must apply for the Community Cost Bonus to no later than six months after the year end to which the application relates, and correspondingly reducing the maximum late application extension to 1 month;
- (f) setting a fixed value at £70 per month for the Cold Weather Bonus and Cold Weather Payments, regardless of temperature, for the winter months (October 2022 to March 2023 inclusive); and
- (g) postponing the commencement of the obligation for offshore retailers to register under the Goods and Services Tax (Jersey) Law 2007 from 1st January 2023 to 1st July 2023.”

REPORT

Currently, the Community Costs Bonus (CCB) is targeted at households in which no member has an income tax liability.

The wording of Deputy Feltham's amendment refers to individual household members having a tax liability under £2,735.

This would exacerbate a distinction in the current system, which would result in the benefit being accessible to unmarried couples at higher income levels when compared to married couples.

As a result, unmarried couples could receive c.£10,500 extra income and remain eligible for the CCB, when compared to married couples in otherwise equivalent circumstances. Under the original proposal, an unmarried couple with 2 children would be able to earn over £60,000 p/a and still claim the CCB.

The Minister for Social Security is proposing an amendment to Deputy Feltham's amendment, to extend eligibility for the CCB to all households with a combined tax liability of less than £2,735 for the year of assessment 2021.

This would ensure consistency with other social security benefits, which are payable on the basis of household income rather than individual income, and help minimise the distortions between different household types (e.g. married and unmarried couples).

The proposed measure is operationally feasible to implement within existing systems but would require some additional effort to reconfigure controls between Customer and Local Services and Revenue Jersey.

Financial and manpower implications

Deputy Feltham has suggested that the original amendment would cost an additional £3.1m, based on the number of taxpayers with an income tax liability below **£2,330**.

The number of taxpayers with income tax liability below £2,735 has now been estimated at 14,100. This would produce an estimated cost of £3.6M.

This amendment to the amendment would reduce the number of eligible households, and therefore the cost of this measure. There is insufficient data to determine the value of that reduction.

There are no manpower implications.