

2021.09.14

11 The Connétable of St. Martin of the Minister for Treasury and Resources regarding the full independent taxation pilot (OQ.186/2021)

With reference to P 78/2021, will the Minister advise whether individuals from the small pilot study group will be subject to full independent taxation from 2022, will pay less tax or fewer long-term care contributions in 2022 than other taxpayers with identical circumstances who did not elect to join the pilot group?

Deputy S.J. Pinel (The Minister for Treasury and Resources):

The couples invited to join the pilot group will have a range of different financial circumstances and the financial impact on these couples of adopting independent taxation has not been identified. I am therefore unable to comment on the extent to which the pilot group will pay less income tax or long-term care contributions. However, it is known from work done by Revenue Jersey that there are specific circumstances where taxpayers will financially benefit from adopting independent taxation and approximately 16 per cent of couples were found to be in this position. For the 2022 assessment year it is therefore likely a number of couples in the pilot group will pay less income tax and long-term care contributions. It is true there will be higher income couples who do not have immediate access to independent taxation. It is not manageable to include every couple in the pilot. The legislation as drafted will allow Revenue Jersey to work with a definable, manageable pilot group for 2022.

8.11.1 The Connétable of St. Martin:

Does the Minister believe this could therefore create a potential tax incentive and what actions are being taken to minimise its impact?

Deputy S.J. Pinel:

I was not quite clear what the Connétable meant by tax incentive.

The Connétable of St. Martin:

I could change it round. Why do some married people pay more than people of identical incomes who are not married? It seems that now it incentivises people not to be married because you will pay more tax if you are married.

Deputy S.J. Pinel:

We have looked at all of this very intensely so that nobody at all would be disadvantaged. That is one of the reasons for having the 600 couples who have already elected for the separate assessment to be the pilot group in this because Revenue Jersey would not simply be able to do the whole switch in one year. The pilot group will identify where the concerns are, if there are any, and then the full changeover to independent taxation will be achieved by 2024 but in phases because of that very reason.