

DRAFT FINANCE (JERSEY) LAW 200-

**Lodged au Greffe in Second Reading
on 6th December 2001 by the
Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

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Explanatory Note

Article 1 is the interpretation provision.

Income tax

Article 2 sets the standard rate of income tax for 2002.

Article 3 increases the maximum amount of child care tax relief from £5,000 to £6,000. The change takes effect from 2002.

Article 4 abolishes Schedule C, under which profits from interest and dividends payable out of the Island's public revenues or by coupon are charged to tax. Such profits will, from 2002, be charged to tax under Schedule D Cases III and IV. The new Article 118A, inserted by this Article, is a re-enactment of the rule in Article 60A of the Income Tax (Jersey) Law 1961, which is repealed as part of the abolition of the Schedule C.

Excise duty

Article 5 amends the Customs and Excise (Jersey) Law 1999 so as to increase excise duty on spirits, wines, beer and other alcoholic beverages, tobacco and hydrocarbon oil, with effect from 1st January 2002.

Closing provision

Article 6 is the citation provision.

FINANCE (JERSEY) LAW 200-

ARRANGEMENT OF ARTICLES

1. Interpretation

Income tax

2. Standard rate of income tax for 2002

3. Increase in maximum child care tax relief

4. Abolition of Schedule C

Excise duty

5. Increase of duty on alcohol, tobacco and hydrocarbon oil

Closing provision

6. Citation

FINANCE (JERSEY) LAW 200-

A LAW to prescribe the standard rate of income tax for the year 2002; to amend further the Income Tax (Jersey) Law 1961 regarding relief for child care and to abolish Schedule C; and to amend further the Customs and Excise (Jersey) Law 1999 so as to increase excise duty on alcoholic beverages, tobacco and hydrocarbon oils; sanctioned by Order of Her Majesty in Council of the

(Registered on the _____ day of _____ 200-)

STATES OF JERSEY

The _____ day of _____ 200-

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

ARTICLE 1

Interpretation

In this Law, “1961 Law” means the Income Tax (Jersey) Law 1961,^[1] as amended.^[2]

Income tax

ARTICLE 2

Standard rate of income tax for 2002

There shall be levied and charged in the Island for the year 2002, in accordance with the 1961 Law, as amended by any subsequent enactment, including this Law, income tax at the standard rate of twenty pence in the pound.

ARTICLE 3

Increase in maximum child care tax relief

- (1) In Article 92B(2)(c) of the 1961 Law,^[3] for the amount “£5000” there shall be substituted the amount “£6000”.
- (2) This Article shall have effect for the year 2002 and ensuing years.

ARTICLE 4

Abolition of Schedule C

- (1) In Article 1 of the 1961 Law^[4] the words “Schedule C - Article 58;” shall be omitted.
- (2) Part IX of the 1961 Law^[5] shall be repealed.
- (3) In Article 61(b) of the 1961 Law,^[6] the words “or C” shall be omitted.
- (4) In Article 62 of the 1961 Law⁶ -

- (a) under Case III -
 - (i) after paragraph (d) there shall be added the following paragraph -
 - “(e) interest and dividends payable out of the public revenues of the Island or by coupon;”,
 - (ii) the words “except such income as is charged under Schedule C;” shall be omitted;
- (b) under Case IV, for the words “except such income as is charged under Schedule C” there shall be substituted the words “(whether or not payable by coupon)”;
- (c) under Case VI, the words “or C” shall be omitted.

(5) In Article 70 of the 1961 Law, ^[7] in paragraph (l), the words “, except in so far as such interest is chargeable under Schedule C” shall be omitted.

(6) In Article 83 of the 1961 Law, ^[8] the words “charged to tax under Schedule C,” shall be omitted.

(7) In Article 118(2) of the 1961 Law, ^[9] the words “Schedule C and” shall be omitted.

(8) After Article 118 of the 1961 Law, ^[10] there shall be inserted the following Article -

“ARTICLE 118A

Exemption in respect of States of Jersey securities held by non-residents

Where the Finance and Economics Committee issues any securities which it has power to issue for the purposes of raising any money or loan with a condition that the interest on the securities shall not be liable to income tax so long as it is shown that the securities are in the beneficial ownership of persons who are not ordinarily resident in the Island, the interest on securities issued with such a condition shall be exempt from tax.”.

(9) In the proviso to Article 142(1) of the 1961 Law, ^[11] the words “under Schedule C or” shall be omitted.

(10) This Article shall have effect for the year 2002 and ensuing years.

Excise duty

ARTICLE 5

Increase of duty on alcohol, tobacco and hydrocarbon oil

(1) For Part II of the First Schedule to the Customs and Excise (Jersey) Law 1999, ^[12] as amended, ^[13] there shall be substituted the following Part -

“PART II

(Article 38)

GOODS CHARGEABLE WITH EXCISE DUTY AND RATES OF DUTY

Spirits

1. There shall be charged on all spirits imported into or distilled or produced in the Bailiwick excise duty at the rate of £18.23 per litre of alcohol.

Wines

2. There shall be charged on all wines imported into or produced or manufactured in the Bailiwick excise duty at the following rates -

<i>Strength of wines</i>	<i>Rate per hectolitre</i>
Wines exceeding 1.2 per cent volume but not exceeding 5.5 per cent volume	£36.57
Wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume	£109.53
Wines exceeding 15 per cent volume but not exceeding 22 per cent volume	£134.23
	<i>Rate per litre of alcohol</i>
Wines exceeding 22 per cent volume	£18.23.

Beer

3. There shall be charged -

- (a) on all beer produced by a small independent brewer which is imported into or manufactured in the Bailiwick excise duty at the rate of -
 - (i) £26.16 per hectolitre of beer not exceeding 4.9 per cent volume; and
 - (ii) £40.61 per hectolitre of beer exceeding 4.9 per cent volume; and
- (b) on all other beer imported into or manufactured in the Bailiwick excise duty at the rate of -
 - (i) £30.77 per hectolitre of beer not exceeding 4.9 per cent volume; and
 - (ii) £46.31 per hectolitre of beer exceeding 4.9 per cent volume.

Other alcoholic beverages

4. There shall be charged on the following alcoholic beverages imported into or produced in the Bailiwick the following rates of duty -

- (a) cider not exceeding 4.9 per cent volume £30.77 per hectolitre
- (b) any other cider £46.31 per hectolitre
- (c) any alcoholic beverage other than wines, beer or cider exceeding 1.2 per cent volume but not exceeding 5.5 per cent volume £36.57 per hectolitre.

Tobacco

5. There shall be charged on all tobacco imported into or grown, produced or manufactured in the Bailiwick excise duty at the following rate -

- (a) on unprocessed tobacco £89.96 per kilogramme

- (b) on cigars £97.34 per kilogramme
- (c) on cigarettes £121.74 per kilogramme
- (d) on hand-rolling tobacco £103.46 per kilogramme
- (e) on other types of processed tobacco not included in paragraphs (b) to (d) £94.21 per kilogramme.

Hydrocarbon oil

6.-(1) There shall be charged on hydrocarbon oil imported or delivered into or produced in the Bailiwick excise duty at the following rate -

- (a) on higher octane ultra low sulphur petrol £28.20 per hectolitre
- (b) on all other ultra low sulphur petrol £26.70 per hectolitre
- (c) on ultra low sulphur diesel £26.70 per hectolitre
- (d) on all other types of hydrocarbon oil £29.70 per hectolitre.

(2) For the purposes of this paragraph -

- (a) petrol is “higher octane” if its research octane number is not less than 96 and its motor octane number is not less than 86;
- (b) “ultra low sulphur petrol” means unleaded petrol the sulphur content of which does not exceed 0.005% by weight;
- (c) “ultra low sulphur diesel” means gas oil the sulphur content of which does not exceed 0.005% by weight.”.

(3) This Article shall be deemed to have come into force on the first day of January 2002.

Closing provision

ARTICLE 6

Citation

This Law may be cited as the Finance (Jersey) Law 200-.

[1] Volume 1961-1962, page 197.

[2] Volume 1961-1962, page 443, Volume 1963-1965, pages 97, 143, 178, 189, 423 and 454, Volume 1966-1967, page 523, Volume 1968-1969, pages 38 and 219, Volume 1970-1972, pages 209, 305 and 382, Volume 1973-1974, page 275, Volume 1975-1978, pages 47, 148 and 257, Volume 1979-1981, pages 16, 157, 297 and 383, Volume 1982-1983, page 46, Volume 1984-1985, page 76, Volume 1986-1987, pages 192 and 208, Volume 1988-1989, pages 222 and 380, Volume 1990-1991, pages 96, 432 and 1088, Volume 1992-1993, pages 36 and 121, Volume 1994-1995, pages 220 and 366, Volume 1996-1997, pages 264, 643 and 652, Volume 1998, pages 3 and 259, Volume 1999, pages 209, 390, 403 and 418, Volume 2000, page 290 and Volume 2001, pages 123 and 145.

[3] Volume 1961-1962, page 254, Volume 1999, page 407, Volume 2000, page 292 and Volume 2001, page 146.

[4] Volume 1961-1962, page 197.

[5] Volume 1961-1962, page 225 and Volume 1970-1972, page 382.

[6] Volume 1961-1962, page 227.

[7] Volume 1961-1962, page 234, Volume 1982-1983, page 272 and Volume 1986-1987, page 198.

[8] Volume 1961-1962, page 247.

[9] Volume 1961-1962, page 274 and Volume 1984-1985, page 76.

[10] Volume 1961-1962, page 275.

[11] Volume 1961-1962, page 299.

[12] Volume 1999, page 610.

[13] Volume 2001, pages 12 and 146.