

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2019 (P.114/2018): FOURTH AMENDMENT

Lodged au Greffe on 20th November 2018
by the Minister for Treasury and Resources

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 during 2019 shall be reduced by £100,000 by commencing the targeted income tax reliefs for non-residents individuals (as outlined on pages 23–27 of the Draft Budget Statement 2019) from the 2018 year of assessment (rather than the 2019 year of assessment as originally proposed)”.

MINISTER FOR TREASURY AND RESOURCES

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

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

- (a) to approve, in accordance with the provisions of Article 10(3)(a) of the Public Finances (Jersey) Law 2005, the estimates of income from taxation and duties during 2019 of £757,812,000 as set out in Summary Table A of the Budget Statement, with the sum to be raised through existing taxation measures and the proposed changes to income tax, impôts duty, goods and services tax, stamp duty and land transactions tax, as set out in the Budget Statement, except that the estimate of income from taxation during 2019 shall be reduced by £100,000 by commencing the targeted income tax reliefs for non-residents individuals (as outlined on pages 23–27 of the Draft Budget Statement 2019) from the 2018 year of assessment (rather than the 2019 year of assessment as originally proposed);
- (b) to approve, in accordance with the provisions of Article 10(3)(c) of the Public Finances (Jersey) Law 2005, the appropriation of £20,533,000 in 2019 from the amount appropriated to growth in the Medium Term Financial Plan Addition for 2017 – 2019 (P.68/2016 as amended) to the revenue heads of expenditure of those States funded bodies as set out in Summary Table B, noting that these sums incorporate the £9,400,000 growth funding approved by the States in their Act dated 30th November 2017 (as detailed in paragraph (b) of P.90/2017 as amended);
- (c) to approve, in accordance with the provisions of Article 10(3)(d) of the Public Finances (Jersey) Law 2005, a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2019 (other than States trading operations), as set out in the proposed programme of capital projects in Summary Table D, with the net allocation from the Consolidated Fund totalling £32,975,000;

- (d) to approve, in accordance with the provisions of Article 10(3)(e) of the Public Finances (Jersey) Law 2005, each of the capital projects that are scheduled to start during 2019 in the recommended programme of capital projects for each States trading operation, as set out in Summary Table E, that require funds to be drawn from the trading funds in 2019;
- (e) to refer to their Act dated 8th October 2015¹ in which they agreed in accordance with Article 4(2) of the Public Finances (Jersey) Law 2005, that in 2019 a transfer of £50,000,000 would be made from the Consolidated Fund to the Strategic Reserve Fund; and to vary that decision and instead transfer that same amount from the Consolidated Fund to the Stabilisation Fund in 2019, in line with the requirements of Article 4A(1) of the aforementioned Law.

¹ The decision to transfer monies between the Consolidated Fund and the Strategic Reserve Fund was approved in paragraph (b)(iii) of P.76/2015 as amended (see <https://statesassembly.gov.je/assemblypropositions/2015/p.76-2015.pdf>).

REPORT

The Draft Budget Statement 2019 ([P.114/2018](#)) contained detailed proposals to introduce targeted income tax reliefs for non-resident individuals (see pages 23–27 of the Draft Budget Statement 2019).

The Minister for Treasury and Resources originally proposed that these targeted reliefs should take effect from year of assessment 2019 (i.e. the targeted reliefs would apply to the Jersey income of non-resident individuals arising from 1st January 2019 onwards).

Following the lodging of the Budget on 9th October 2018, representations have been made to the Minister requesting that she consider backdating the commencement of the proposed targeted reliefs to the year of assessment 2018 (i.e. so that the targeted reliefs would apply to the Jersey income of non-resident individuals arising from 1st January 2018 onwards).

Although the standard approach is for Budgets to make changes to the tax system in respect of future years of assessment; having carefully considered the impact of backdating these particular reliefs, the Minister proposes that the targeted reliefs be commenced from the year of assessment 2018.

This amendment, if adopted by the Assembly, will reduce the amount of Jersey tax *paid* in 2019 by those individuals able to benefit from the targeted reliefs (ordinarily individuals who are outside of the ITIS system pay their tax in the year after the relevant year of assessment – i.e. such individuals *pay* their 2018 tax liability in 2019).

Financial and manpower implications

If adopted, this amendment will reduce the States' income from taxation and duties for 2019 by £100,000. This amendment has no financial impact on later years – the financial impact on those years being already reflected in the Draft Budget Statement 2019 as originally lodged.

The Taxes Office will need to accelerate the implementation of the processes required to administer the targeted reliefs – subject to competing pressures on the Taxes Office's resources, these processes should be implemented early in 2019.