

STATES OF JERSEY



Jersey

DRAFT INCOME TAX (PAYMENT OF 2019 LIABILITY) (JERSEY) AMENDMENT REGULATIONS 202-

**Lodged au Greffe on 19th March 2024
by the Minister for Treasury and Resources
Earliest date for debate: 30th April 2024**

STATES GREFFE

REPORT

The Draft Income Tax (Payment of 2019 Liability) (Jersey) Amendment Regulations 202- (the “Amending Regulations”) would, if adopted, extend by two years all the calendar dates included in the terms of payment of the deferred 2019 income tax liability of former prior year basis (PYB) taxpayers.

Background

1. In 2020, as part of a package of measures to help people financially during the Covid pandemic, the States Assembly adopted the [Income Tax \(Amendment No. 46\) \(Jersey\) Law 2021](#), which abolished the prior year basis (PYB) of paying income tax for approximately 31,300 taxpayers.
2. Around £330 million in 2019 tax liabilities were frozen for future payment. Under the [Income Tax \(Payment of 2019 Liability\) \(Jersey\) Regulations 2021](#) (the “2021 Regulations”), those affected were provided with two broad payment options:
 - Option 1: Annual payments starting in 2025 and finishing no later than 31 December 2041.
 - Option 2: Elect (by 30 September 2024) to pay the entire sum within 12 months of retiring.
3. Around 3,000 people have already chosen to settle their 2019 bill, rather than waiting to use one of the payment options. A further 2,200 people no longer have the amount frozen, either because they have died or left Jersey. The mean average liability is currently around £11,500 for the remaining 25,900 taxpayers; the median liability is £6,300.

The Amending Regulations

4. To help Islanders with the ongoing concerns around the cost of living, it is proposed that all the dates in the 2021 Regulations are extended by two years. The table below compares the deadlines in the 2021 Regulations with the dates that would be in place if the States adopts these Amending Regulations.

	Old deadline	New deadline
Elect to pay after retirement	30 September 2024	30 September 2026
First annual payment under Option 1	31 December 2025	31 December 2027
Last annual payment under Option 1	31 December 2041	31 December 2043

5. Anyone with a frozen 2019 liability is still welcome to pay all or part of the bill at any time, if it is affordable for them.
6. The Amending Regulations do not make any changes to other aspects of the 2021 Regulations, such as the ability to swap payment options, payment holidays, or the special provisions for certain pensioners who want their 2019 bill to be settled from their estate. Neither do they make any provision for discounts for early payment.

Commencement

7. The Amending Regulations would come into force 7 days after they are made.

Financial and resourcing implications

8. The financial implications of adopting these Amending Regulations would be that the collection of the frozen 2019 liability is deferred for two years. Nevertheless, given that there has been a steady flow of payments to-date, the Treasury view is that the proposition is manageable fiscally in cashflow terms.
9. The proposition will also provide more time for the successful implementation and resourcing of the payment scheme.

Children's Rights Impact Assessment

10. A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.

EXPLANATORY NOTE

The Income Tax (Amendment No. 46) (Jersey) Law 2021 (the “2021 Law”) moved all personal taxpayers from a prior year basis (PYB) of payment to a current year basis (CYB) with effect from the year of assessment 2020. As part of the transitional arrangements under the 2021 Law, the 2019 income tax liability of affected taxpayers was deferred. The Income Tax (Payment of 2019 Liability) (Jersey) Regulations 2021 (the “2021 Regulations”) set out the terms for payment of that liability by taxpayers.

These Regulations, if made, will amend the 2021 Regulations so that all the calendar dates included in the terms for payment of a deferred 2019 income tax liability are extended by 2 years.



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Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES make these Regulations under paragraph 23 of Schedule 5 to the [Income Tax \(Jersey\) Law 1961](#) –

1 [Income Tax \(Payment of 2019 Liability\) \(Jersey\) Regulations 2021](#) amended

These Regulations amend the [Income Tax \(Payment of 2019 Liability\) \(Jersey\) Regulations 2021](#).

2 Regulation 3 (due dates for payment of 2019 liability – general) amended

In Regulation 3 –

- (a) in sub-paragraph (a), for “2025” there is substituted “2027”;
- (b) in sub-paragraph (b), for “2041” there is substituted “2043”.

3 Regulation 4 (payment holidays) amended

In Regulation 4(3)(b)(ii), for “2041” there is substituted “2043”.

4 Regulation 5 (election for deferred payment (by 30th September 2024)) amended

In Regulation 5 –

- (a) in the heading, for “2024” there is substituted “2026”;
- (b) in paragraph (2)(b), for “2024” there is substituted “2026”.

5 Regulation 6 (application for deferred payment (after 30th September 2024)) amended

In Regulation 6 –

- (a) in the heading, for “2024” there is substituted “2026”;
- (b) in paragraph (1), for “2024” there is substituted “2026”;

(c) in paragraph (5)(a), for “2025” there is substituted “2027”.

6 Regulation 7 (deferred payment – change of circumstances) amended

In Regulation 7(5)(b)(ii), for “2041” there is substituted “2043”.

7 Regulation 8 (change of payment methods – deferred payment to annual instalments) amended

In Regulation 8(2)(b), for “2041” there is substituted “2043”.

8 Regulation 16 (review of these Regulations) amended

In the introductory text, for “2031” there is substituted “2033”.

9 Citation and commencement

These Regulations may be cited as the Income Tax (Payment of 2019 Liability) (Jersey) Amendment Regulations 202- and come into force 7 days after they are made.