

**WRITTEN QUESTION TO BE ASKED OF THE PRESIDENT OF THE FINANCE AND ECONOMICS
COMMITTEE BY DEPUTY G.P.S. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 27th SEPTEMBER 2005

Question

“Would the President inform members whether the Committee has made any provision under the proposed Income Tax Instalment System for those taxpayers on relatively modest incomes who have income tax arrears and, if so, what these are, what maximum rates of tax will be chargeable in these cases, and how the proposals protect such persons from going further into debt?”

Answer

“Those with tax arrears who are judged by Income Tax Office staff to be in genuine hardship or who have found themselves in difficult financial circumstances because of exceptional events beyond their control will be treated with due care and consideration and an acceptable solution found to ensure that, whilst the tax arrears are gradually paid off, no undue additional financial hardship is imposed by Income Tax on those already in genuine difficulty.

In all cases the Comptroller will ensure that unnecessary worry and concern is avoided amongst those who find themselves in such circumstances.

However, if any taxpayer claiming hardship tries to mislead Income Tax Office staff, pretending that they are in genuine hardship when in reality it is their own possibly extravagant lifestyle that is the reason they do not want to pay their tax arrears, they will receive no sympathy whatsoever and will be required to pay off their tax arrears as laid down at Article 41C(9).

Article 41C(9) outlines the maximum effective rate of tax that an individual with tax arrears can have imposed upon him to collect these tax arrears. They are as follows -

- (i) Where an employee has arrears of tax for one year of assessment – 25%
- (ii) Where an employee has arrears of tax for two years of assessment – 30%
- (iii) Where an employee has arrears of tax for three years of assessment or more – 35%.

The Finance and Economics Committee acknowledges that in this first year of the introduction of ITIS there may well be additional cases of hardship, and has confirmed to the Comptroller of Income Tax its desire that the Comptroller and his staff should recognise this and act sympathetically, but within the principles of the Law, in such cases. However, the Committee is also firmly of the view that in the long term the introduction of ITIS should reduce the incidence of hardship and ease the problems currently faced in making a large annual payment.”