

2.8 Deputy G.P. Southern of the Minister for Treasury and Resources regarding Income Tax revenues from 1(1)(k) residents:

Will the Minister explain to Members whether income tax revenues from 1(1)(k) residents have decreased in recent years and what measures, if any, he proposes to take to improve the returns made from this source?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

Yes, Sir, I am pleased to confirm that the total tax take from 1(1)(k) for the 2006 year of assessment was approximately £8 million which is an increase of some £1 million on the tax take from those people for the 2005 year of assessment which was £7 million. The figures for 2007 are not yet finalised but I will be considering measures to improve the tax take from new 1(1)(k)s in the next few months recognising that this is a competitive marketplace and that there are other territories offering far better deals than Jersey can do in terms of pure tax per contributor.

2.8.1 Deputy G.P. Southern:

A supplementary, Sir. Is it not the case that within recent years the figure was in fact £10.7 million given to me in 2004 I believe?

Senator T.A. Le Sueur:

The Deputy is quite correct. The figure was higher in times past but this figure is now the up-to-date figure and it is still a relatively useful contribution to overall States finances. Without the benefit of the 1(1)(k) contributors our tax revenues would be considerably lower. Furthermore, those people also contribute in terms of the purchasing power that they provide in other sections of the community.

2.8.2 Deputy G.P. Southern:

Is it not the case that the benchmark for taxation of these particular individuals is that they should pay 20 per cent on their first million declared for Jersey income tax, 1 per cent on the next million and 0.5 per cent on the subsequent million giving an average figure of around between £200,000 and £250,000 for each 1(1)(k) whereas in fact the average currently is £60,000?

Senator T.A. Le Sueur:

It is not a benchmark. It is a legal requirement that the new 1(1)(k) taxpayers pay according to the law but we have at the present time a mixture of existing 1(1)(k) people, many of whom have been here for many years and in the nature of averages some pay a lot more and some pay a lot less. Existing arrangements with existing longstanding 1(1)(k)s cannot be changed, Sir, and that accounts for the fact that the average, as the Deputy says, is rather lower than the current target.

2.8.3 Deputy R.G. Le Hérissier:

Apropos what the Minister has just said, would the Minister therefore confirm what percentage of 1(1)(k)s are on sums which were frozen on the day of their arrival and which cannot now be changed?

Senator T.A. Le Sueur:

No, Sir, I would need notice of that question.

2.8.4 Deputy G.P. Southern:

In the light of the refusal to publish any further details about these 135 cases which were known in 2006, will the Minister agree to publishing a banded set of results from nought tax paid to £250,000 in bands of £50,000 for these 135 1(1)(k) taxpayers such that we can know the numbers paying how much in particular bands without identifying these particular cases?

Senator T.A. Le Sueur:

I will discuss with the Comptroller of Income Tax the extent to which that information can be given without breaching the income tax law, but I do question the relevance of that information when our objective must surely be to encourage people of high net worth to reside in the Island and pay under the new law an appropriate, significant level of taxation.

2.8.5 Deputy G.P. Southern:

Could the Minister outline for the House the particular circumstances which mean it is impossible to charge the oldest 1(1)(k)s more?

Senator T.A. Le Sueur:

I do not think that is an appropriate verbal question, Sir. The arrangements for existing longstanding 1(1)(k)s were done on an individual basis with those taxpayers concerned. They are a matter of privacy between that taxpayer and the Comptroller of Income Tax and it is not appropriate to be discussed in this Chamber.