

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 24TH FEBRUARY 2009**

Question

Will the Minister inform members what his position is on increasing taxes, such as GST and “20 means 20” in times of recession, and will he give his undertaking to the Assembly not to pursue approval for any such increases whilst recession persists?

Will he further undertake to bring a report to the States on the potential of reducing taxes, such as GST, to stimulate the economy through the recession?

Answer

The FPP have already given their advice on the best approach to tax and spending policy in the case of an economic downturn and I intend to follow that advice. That is, any policy changes should be timely, targeted and temporary. It is not my intention to increase the tax burden above and beyond that already announced and incorporated in the financial forecasts during any impending recession. But at the same time it would be unwise to make changes to taxation that are general and therefore untargeted or that pose a significant risk of permanently undermining our tax base.

As was made clear at the recent workshops for States members on the Strategic Plan, the Council of Ministers has already committed to bring an economic stimulus package to the States alongside the new Strategic Plan. The FPP will be invited to publicly comment on the package before the States debate to ensure that we are setting economic policy in the most effective manner and that we get the best advice available.

As far as the general policy of 20 means 20 is concerned, I have made it clear that it is my intention to review the implementation and will do so prior to lodging the 2010 budget later this year.