## WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY T.M. PITMAN OF ST. HELIER ANSWER TO BE TABLED ON TUESDAY 23rd FEBRUARY 2010

## Question

"Given that $1(1)(\mathrm{k})$ classified residents fall into two categories; namely those who were granted residence before current regulations were put in place, and those who have been granted residency since, will the Minister list the number of individuals by year for the period 2005 to 2008 inclusive, who paid tax within the following brackets -
(a) less than $£ 20,000$;
(b) between $£ 20,000$ and $£ 50,000$;
(c) between $£ 50,000$ and $£ 70,000$; and,
(d) between $£ 70,000$ and $£ 99,000$ ?

If any $1(1)(\mathrm{k})$ classified residents do fall into these categories, would the Minister advise how this fits into the framework outlined within the relevant income tax legislation?"


#### Abstract

Answer The current regulations to which the Deputy refers are contained in Article 135A of the Income Tax (Jersey) Law, 1961. This Article applies from 1st January 2005 to any person who is given consent under $1(1)(\mathrm{k})$ housing rules to acquire and occupy property in the Island.


Under this Legislation, those individuals granted $1(1)(\mathrm{k})$ status are taxed at the following rates:

- The first $£ 1 \mathrm{~m}$ of foreign income at $20 \%$
- The next $£ 500,000$ of foreign income at $10 \%$
- The balance of foreign income at $1 \%$
- All Jersey source income at $20 \%$

Prior to 2005, no Legislation specifically existed to the tax payments by $1(1)(\mathrm{k})$ 's coming to live in the Island. So any individuals who came to Jersey prior to 1st January 2005 are not subject to the provisions of Article 135A but, instead, to a negotiated tax contribution that still exists in countries such as Switzerland.

1(1)(k)'s may pay all their tax liability personally, or it may be split between their personal liability and that of their companies and / or trusts. The figures below reflect this.

Although not requested by the Deputy, in order to show a true picture of the payment of tax by $1(1)(\mathrm{k})$ 's included in the statistics are the number of individuals' paying tax in excess of $£ 100,000$ annually.

The $£ 13$ million in tax paid by these $1(1)(\mathrm{k})$ 's is a significant sum of money which would need to be raised by other tax measures if not paid by them. It must also be remembered that these $1(1)(\mathrm{k})$ 's also pay GST, and help the Jersey economy in other ways, such as employing local people, as well as making, in some cases, very significant contributions to local charities.

|  | 2005 |  | 2006 |  | 2007 |  | 2008 |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ?ayment <br> of tax | No of <br> Taxpayers | Total tax <br> paid | No of <br> Taxpayers | Total tax <br> paid | No of <br> Taxpayers | Total tax <br> paid | No of <br> Taxpayers | Total tax <br> paid |
|  |  |  |  |  |  |  |  |  |


| Up to <br> $£ 20,000$ | 27 | 270,001 | 35 | 316,746 | 32 | 340,254 | 32 | 288,981 |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| £20,000 - <br> $£ 50,000$ | 22 | 733,804 | 24 | 811,407 | 29 | 959,764 | 29 | 948,589 |
| $50,000-$ <br> $£ 70000$ | 9 | 553,909 | 8 | 458,151 | 5 | 286,590 | 10 | 592,778 |
| $70,000-$ | 12 | $1,021,209$ | 12 | 985,595 | 13 | $1,097,470$ | 7 | 599,960 |
| 99,000 | 28 | $6,633,585$ | 31 | $6,563,658$ | 38 | $8,343,059$ | 45 | $11,041,049$ |
| $[00,000+$ | 28 |  |  |  |  |  |  |  |

