

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 6th JULY 2010**

Question

“Will the Minister inform members why, in the Fiscal Strategy Review consultation documents on personal and business taxation, he has proposed a figure of £30 million for additional personal tax but has set no such figure for any additional contribution from the business sector to fund essential public services?”

Can he further explain why over the period 2004 to 2008 Income Tax receipts from salary and wage earners have increased by 66% (from £136m to £225m) whilst Company tax has only risen by 23% over the same period (from £189m to £233m)?

Will the Minister also give members his estimates of what the overall tax take (including GST, the 0/10 regime and Income Tax) between these two revenue generating sectors will be for the current tax year?”

Answer

The Fiscal Strategy Review looks at four different tax options that could be combined to raise the £50-60m that the States is likely to need to maintain recent investments in health care, education and children’s services, strengthen financial planning and close the expected deficit in States finances from 2012.

The Minister issued a Business Tax Consultation at the same time as the Personal Tax Consultation and at that time it was made clear that this review will aim to maximise the revenue from businesses but should not jeopardise competitiveness. The Minister is looking at whether it is possible to increase revenues from those companies with Jersey based business activities which effectively ceased to pay corporate tax in Jersey when 0/10 was introduced.

Tax receipts between 2004 and 2008 as both revenue streams are affected by a wide range of factors. For example, the period was one of strong economic growth in the Island which meant that between 2004 and 2008 average earnings increased by 20% and employment increased by 7%. In addition, over this period additional personal tax revenue was generated by the introduction of ITIS and 20 means 20.

The latest estimates are published on page 40 of the Budget 2010 report in Summary Table A.