

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY T.M. PITMAN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 28th SEPTEMBER 2010**

Question

"Further to suggestions within the public consultation document regarding possible taxation initiatives to increase taxation rates on those earning more than £100,000 to 30%, will the Minister outline how much additional taxation revenue could be brought in by –

- (a) taxing individuals earning £100,000 or above at 25%.
- (b) taxing households (couples) earning £100,000 or above at 25%.

What evidence, if any, exists to suggest that such an initiative would cause individuals to leave the Island?

What evidence, if any, existed to justify the suggestion that individuals might leave if taxed at 30% as included in the consultation document on possible taxation alternatives?"

Answer

The amount of extra tax from 25% over £100k income would be around £15 million based on Jersey's database of individuals and married couples. It was not possible to calculate what the extra revenue would be for everyone on an individual basis in the time available.

Increasing our standard rate of income tax to 25% or 30% would be a significant change to our tax regime which would put us above that of our main competitors such as Guernsey, Isle of Man and Singapore, and end our reputation of long term stability.

The consultation report^[1] which analyses the responses by individuals and businesses stated:

"However, many thought the option would be detrimental to business, and to the island as a whole... some were concerned that businesses and high earning residents would relocate or that Jersey would be less attractive to new businesses."

Jersey Finance, based on their own survey which saw input from over 1,200 individuals and firms, responded to the consultation. They discussed the possible impacts on job quality and numbers, entrepreneurship and the loss of international competitiveness and reputation for stability. They ended by saying "In summary it is our opinion that a 30% tax rate would be disastrous for the Island economy."

[1] "Fiscal Strategy Review Consultation Report", Involve, 2010. Can be found at:
<http://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=452>