

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY T. M. PITMAN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 1st MARCH 2011**

Question

“The Minister has previously advised the Assembly that it is not possible to increase the rate of tax charged to 1(1)(k) residents granted such status in previous decades when much lower rates were in place. Will the Minister subsequently clarify whether those 1(1)(k) residents being granted such status in the 1990s when the rate was as high as a £200,000 minimum were consequently able to pay smaller amounts as the rate later became reduced? If so, under which mechanism/Article of the Income Tax (Jersey) Law 1961 or other relevant law is this permitted?”

Answer

A commitment made by a 1(1)(k) to pay a certain level of tax is not affected by subsequent changes to the minimum requirements.

When 1(1)(k)s apply for their housing consent they need to demonstrate to the satisfaction of the Housing Minister that their forecast income is sufficient to ensure they pay a tax liability of at least the minimum amount set at the time. These amounts are a policy decision set by the Housing Minister at a level to attract a certain number of applicants. Failure to meet the minimum agreed tax contribution could lead to the housing consent being revoked.

The amount of tax individuals actually pay is based on the Income Tax Law. All 1(1)(k) residents who applied before 2005 pay tax at 20% on all of their taxable income. 1(1)(k) residents who applied from 2005 onwards pay 20% on all of their Jersey source income and differential rates up to 20% on foreign income. The amount of tax payable by an individual therefore changes on an annual basis to reflect fluctuations in his or her level of income. Any policy changes made by the Housing Minister to entry criteria do not have retrospective application to 1(1)(k)s who have already committed to paying a certain level of tax.