

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY J.H. YOUNG OF ST. BRELADE
ANSWER TO BE TABLED ON TUESDAY 19th NOVEMBER 2013**

Question

In view of the Minister's stated intention in his Budget Statement for 2013 (page 14) to consider the current year basis as part of his plan for the modernisation and simplification of the personal tax regime, will he explain the processes used by the Income Tax Department to administer the ITIS rates applied to individual taxpayers whose tax is assessed on a current year basis; in particular –

- i) how the basis of the ITIS rate is set ;
- ii) whether this is always based on information supplied by the taxpayer;
- iii) whether the option of individual assessment of married persons is available to this group of taxpayers and whether personal and child allowances are fairly apportioned;
- iv) whether controls are in place in the department to ensure the ITIS rate is calculated fairly and accurately;
- v) the process for dealing with taxpayers' appeals;
- vi) whether refunds of tax are promptly made when mistakes are identified;
- vii) whether there is an independent taxpayer complaints system in place;
- viii) whether the complaints procedure includes power to report common procedural problems underlying taxpayer complaints; and,
- ix) whether there is any intention to move all previous year's taxpayers to current year?

Answer

i) how the basis of the ITIS rate is set;

A provisional ITIS effective rate notice is issued in November each year. The effective rate notices for 2014 are currently being issued. These are valid from 1st January 2014.

For the majority of current year basis taxpayers, the provisional ITIS effective rate is based on the latest provisional income tax assessment or the last ITIS effective rate issued.

The ITIS effective rate can be adjusted on receipt of a completed income tax return i.e. when a 2013 completed income tax return is received in 2014. It can also be adjusted at any time if a taxpayer advises of a change in circumstance or if other information which the Taxes Office receives indicates that the ITIS effective rate needs to be amended.

For new taxpayers registering, the ITIS effective rate is based on their completed registration form. If a taxpayer does not register, or hand in their ITIS effective rate notice, their employer is under a legal obligation to apply the default ITIS effective rate of 20%.

ii) whether this is always based on information supplied by the taxpayer;

The effective rate is not always based solely on information supplied by the taxpayer. If data received from the employer is more up to date or accurate, this information would be used to calculate the ITIS effective rate.

iii) whether the option of individual assessment of married persons is available to this group of taxpayers and whether personal and child allowances are fairly apportioned;

An election for separate assessments is available for married persons and civil partners, whether they are taxed on a current year basis or previous year basis. Any relevant allowances and reliefs are apportioned in accordance with their respective incomes unless the married couple or civil partnership requests that the allowances are apportioned differently.

iv) whether controls are in place in the department to ensure the ITIS rate is calculated fairly and accurately;

Internal controls are in place to ensure that the ITIS effective rates notices that are issued adhere to the relevant provisions in the Income Tax Law. These controls are subject to internal and external audit on an annual basis.

v) the process for dealing with taxpayers' appeals;

A taxpayer who is aggrieved by their ITIS effective rate notice, or a notice of assessment, issued by the Taxes Office, may appeal to the Commissioners of Appeal within 40 days from the date when the notice(s) was issued.

The majority of appeals, to date, have been settled between the Case Officer from the Taxes Office and the taxpayer. Where an appeal cannot be resolved, the case will be reviewed by a Senior Officer and if the appeal cannot be settled, the case will be listed for hearing by the Commissioners of Appeal.

vi) whether refunds of tax are promptly made when mistakes are identified

Where an error has arisen regarding the calculation or application of an ITIS effective rate, any overpayment of tax may be promptly repaid. Alternatively the overpayment may be used to reduce the taxpayer's current ITIS effective rate or it can be carried forward as a credit against the following year's income tax liability.

vii) whether there is an independent taxpayer complaints system in place

Yes. Any formal complaint made by a taxpayer is investigated and dealt with promptly by the Taxes Office. Such complaints can cover a very wide range of issues - the nature of which will determine how the complaints are investigated and resolved.

Any person may take a complaint to the States of Jersey Complaints Board regarding an administrative process or a decision made by the Taxes Office.

viii) whether the complaints procedure includes power to report common procedural problems underlying complaints

Should a common procedural problem come to light, the issues are investigated by a Director at the Taxes Office. Procedures will be reviewed to ensure those underlying problems are addressed appropriately.

ix) whether there is any intention to move all previous year's taxpayers to current year?

In the 2014 Budget Statement the Treasury & Resources Minister confirmed that a long term tax programme would be published alongside the 2015 Budget. The intention is to modernise and simplify Jersey's tax system and indeed a review of the previous year basis / current year basis of assessment is likely to be one of the areas of the current tax system which is considered as part of this longer term programme.