

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY S.Y. MÉZEC OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 22nd SEPTEMBER 2015**

**Question**

“Following statements he made in the Assembly during question time on 8th September 2015, could the Chief Minister provide details about what, if any, government commissioned research has been carried out on the potential economic impact of a higher rate of income tax for high earners? Could he further provide details of who undertook this research, what their terms of reference were and what conclusions were reached?”

**Answer**

Government commissioned research has been carried out into this issue in the past. This research was not updated as the Medium Term Financial Plan focuses on making savings rather than increasing taxes. We have not looked at the impacts of any key income tax changes that might change the tax paid by different groups.

In 2010 the Fiscal Strategy Review investigated options for raising revenue. One of the options considered in the review was the introduction of a higher rate of personal income tax (30% on taxable income of more than £100,000). All the options considered were accompanied by detailed supporting research. This research was conducted by the Economics Unit for the Treasury and Resources Minister and the Fiscal Strategy Review Steering Group to help them consider the economic issues before a proposed consultation on the Fiscal Strategy Review. It set out the framework used for assessing the options for raising revenue and includes detailed analysis of the main tax options.

The report can be read at: -

<http://www.gov.je/SiteCollectionDocuments/Tax%20and%20your%20money/ID%20FSR%20Research%2020100621%20MM.pdf>

The findings of the research indicated that although a higher rate of personal income tax would improve the progressivity of the tax system, it would have a negative impact on efficiency and competitiveness when compared to the other options considered.

This analysis is consistent with the economic advice from bodies such as the OECD, the EU, the IMF and the Institute for Fiscal Studies.