

2018.11.20

7 Deputy S.M. Ahier of St. Helier of the Minister for Treasury and Resources regarding the proposal to restore marginal relief retrospectively to certain non-residents: [OQ.206/2018]

Will the Minister advise the Assembly if she will consider applying the Budget proposal restoring marginal relief to certain non-residents retrospectively in view of the limited cost to the Treasury?

Deputy L.B.E. Ash of St. Clement (Assistant Minister for Treasury and Resources - rapporteur):

I stand here for the Minister, who is absent. As a member of the Corporate Services Scrutiny Panel, the Deputy is no doubt aware of the representations that have been made by a number of non-resident individuals regarding the Minister's proposals to introduce targeted income tax relief in her Budget. In the representations that the Minister has received directly, the proposals have been largely welcomed. However, concerns have been raised that because these individuals pay their tax liability in the year after the relevant tax assessment, the proposed reliefs will not reduce the amount of tax that they will need to pay in 2019, that tax being the tax related to the 2018 year of assessment. Therefore, after careful consideration and acknowledging that tax changes in Budgets are normally made only in respect of future years of assessment, the Minister has lodged an amendment to her own Budget, which will make the targeted income tax reliefs effective from the year 2018 and this will have the effect of reducing the amount of tax payable in 2019 by those able to benefit from the targeted income tax reliefs.

3.7.1 Deputy S.M. Ahier:

I thank the Assistant Minister for informing the Assembly that there will be some relief in the 2019 Budget, but for this small group of people who have worked hard for Jersey - some have been front line States workers - they depend on these pensions. Will the Treasury, as a goodwill gesture, refund the punitive tax impositions from the previous years?

Deputy L.B.E. Ash:

No, we will not be refunding those from the previous years. The tax was brought in as a tax by the previous ministerial team and it was not an erroneous tax, although some harm was caused to people from that tax. The Minister and I have assessed it and we have decided to amend that for coming years. You cannot have taxes merely pegged back. If in the unlikely event that we reduced income tax to 15 per cent - and I stress that is a highly unlikely event - we would not refund people their income tax payments for the last 50 years. That is why we cannot be setting a principle of regressive taxation.