

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY R.S. KOVACS OF ST. SAVIOUR
QUESTION SUBMITTED ON MONDAY 17th OCTOBER 2022
ANSWER TO BE TABLED ON MONDAY 24th OCTOBER 2022**

Question

“With reference to the States of Jersey 2021 Annual Report and Accounts, which indicate 2021 Income Tax receipts of £643 million, will the Minister provide further explanation of the £95 million increase in personal income tax, including specific details as to the categories, or income bands, from which this additional revenue was raised?”

Answer

The accounts for personal income tax are calculated on an accrual basis, meaning that tax is recognised in the year in which the income is earned or arises. As tax returns have not been submitted at the time the accounts are prepared, the accrual is calculated by reference to the most recent forecast prepared by the Income Forecasting Group.

The IFG forecast is calculated by applying the likely average effective tax rate to the forecast taxable income. Forecast taxable income is generated by applying economic variables, such as inflation and interest rates, to Revenue Jersey data.

During 2021, the IFG revised their forecasts to ensure they were updated with the latest information and economic assumptions provided by the Fiscal Policy Panel.

Forecast period	IFG forecast revenue
Spring 2021	£503m
Summer 2021	£511m
January 2022	£526m

The personal income tax figure in the accounts also includes prior year assessments and adjustments, which totalled £32m during 2021. This is combined with the IFG’s forecast to reach £558m, as stated in the 2021 Accounts.

The recognition of £32 million of income relating to 2020 assessments in 2021 inflates the change between the income of the two years to £95 million on an accounting basis. The movement in assessments is lower, with a change of £35 million from 2020 to 2021 in the latest IFG forecast, which equates to approximately 7%.

Further information on the forecasting method and the economic assumptions are available in the IFG’s papers.

[Spring & Summer, 2021](#)

[Spring & Summer, 2022](#)