

23.05.02

6 Deputy L.V. Feltham of the Minister for Treasury and Resources regarding resources within Revenue Jersey (OQ.82/2023)

Will the Minister provide his assessment of whether Revenue Jersey is adequately resourced to undertake its functions relating to the administration and collection of taxes efficiently and effectively?

Deputy I.J. Gorst (The Minister for Treasury and Resources):

Investment in Revenue Jersey has been very significant over the past 10 years. In monetary terms investment stood at 4.7 in 2013 and has doubled to 10.6 in 2023. I recently told the C.S.S.P. (Corporate Services Scrutiny Panel) that I was satisfied that Revenue Jersey is, broadly speaking, adequately resourced and I continue to keep the resourcing of Revenue Jersey under review.

4.6.1 Deputy L.V. Feltham:

I noted in the Minister's answer he said "broadly speaking", which was not 100 per cent. I want to focus on compliance. I note that the 2021 annual report noted that a compliance programme had delivered over £20 million in taxes. Is he confident that the department is adequately resourced to ensure that that compliance continues and that the department is, in fact, collecting all of the revenue that is due to be collected?

Deputy I.J. Gorst:

The compliance role of the department obviously is one with which the Minister rightly should not be involved. The department has a compliance plan. It targets certain areas that it carries out compliance in. That should not be governed by Ministers or politicians for the reasons that we well understand. The overall resource in regard to the department is something that myself and the Ministerial team have fruitful conversation around, to ensure that resource is deployed at the right place at the right time when the department is suffering a strain of Islanders wanting to contact them, particularly when tax returns are due or their tax liability has been issued or a new I.T.I.S. (income tax instalment scheme) rate has been issued.

4.6.2 Deputy S.Y. Mézec:

Could the Minister explain how much of Revenue Jersey's resources are expended on correcting incorrect I.T.I.S. notices being issued in the first place?

Deputy I.J. Gorst:

As the Deputy would know, the departments do not budget in that regard. At any given time there might be an increased workload in any given area and staff are deployed appropriately to cover those pressures and those priorities. The I.T.I.S. system is, of course, something that is quite unique to Jersey and it arose out of the taxation system P.Y.B. (prior year basis) and current year basis. It is the best guesstimate, dependent on circumstances of individuals and families, and does fluctuate. That requires the department to do work. It also requires individuals to do work. I find it straightforward but I understand that many people find it quite complex and complicated. The only way ultimately to resolve it is to move to a pay-as-you-go basis, but I think that will be a great upheaval and be complex as well.

4.6.3 Deputy S.Y. Mézec:

Does the Minister accept that for many Islanders it is a recurring instant every year that they receive their I.T.I.S. notification, find that it looks strange to them, and have to go through a complicated process in getting it corrected? This does occur for Islanders who have relatively simple financial affairs. If the Minister does acknowledge that that is a recurring problem for many Islanders what is he doing to try to ensure that correct I.T.I.S. rates are being issued in the first instance so resources do not have to be expended on fixing them?

Deputy I.J. Gorst:

I have been quite clear since becoming Minister that one of my priorities was to support Revenue Jersey in improving their customer service, and this is just one of the areas where we are working together to support customer service. The department is aware of it. The department is working on this, along with other areas that perhaps have been difficult over the number of years where they have had a great deal of changes to the system. It is on their radar and I believe that they are making progress.

4.6.4 Deputy R.J. Ward:

Given that we have heard today that only 5 per cent have opted for individual taxation, can the Minister reassure that the Tax Department will be adequately resourced and staffed in order to deal with the move to independent taxation?

Deputy I.J. Gorst:

I was quite clear in answer to this question from Scrutiny last week - I am not sure if it was Friday or not - that if we follow the previous decision of the Assembly and move to independent taxation on a mandatory basis then I believe that we can use the resources that we have currently got to largely deliver that. There may be some requirements but they will be marginal. If we move to a 2-basis system where one is able to choose and volunteer then there will be added costs to that but we will have to address that if the proposal, when the legislation comes forward, is sought to be amended by members of Scrutiny or by Back-Bench Members.

4.6.5 Deputy R.J. Ward:

In that answer the Minister said "largely adequate". The devil with tax is in the detail, as we all know. Can he reassure that it will be wholly adequate to deal with the move to independent taxation?

Deputy I.J. Gorst:

My department is like everyone else's department. When we are following the Government Plan process there is always a desire right across the 10 or 11 departments that they would like a little bit more money to do this, that or the other. The job of the Minister for Treasury and Resources is to make sure that they are delivering value for money, and that is not just me challenging other Ministers, it is me challenging my own officials as well.

Deputy R.J. Ward:

Is that a yes or a no, just out of interest?

The Bailiff:

I would not like to have to rule on that particular point, Deputy.

4.6.6 Deputy G.P. Southern:

Many a taxation Minister has stood there and said how compliant and co-operative our tax base is. Has it changed and got worse over the years or not?

Deputy I.J. Gorst:

I do not believe it has. I believe what has changed largely is the international standard and the way that the department now has to comply with all sorts of requirements around exchange of information around individual's details. The Deputy knows we have had F.A.T.C.A. (Foreign Account Tax Compliance Act), we have had C.R.S. (Common Reporting Standard), we have had changes to our own domestic system. Now we have to show that we can comply and we are judged by the international standards.

4.6.7 Deputy L.V. Feltham:

I was interested to hear the Minister talk about delivering value for money and, indeed, in order to deliver value for money the Tax Department needs to ensure that it is collecting all revenues that are due in a time-efficient manner.

[10:30]

Can the Minister tell the Assembly that he is confident that his department is able to do that and if it is not able to do that will he support a business case going into the government planning process that is now, I believe, due to start?

Deputy I.J. Gorst:

As I indicated earlier, myself and the Ministerial team have worked carefully with Revenue Jersey to ensure that they are using their resources appropriately for the priority of Islanders and the priorities of this Assembly. That is why I use the words that I did, that I believe that they are, broadly speaking, adequately resourced. I cannot stand in this Assembly in advance of a Government Plan programme and say that I would support A, B, C, D and E proposals for growth money because if I did the issuing Government Plan would be well without the envelope of income coming into the States. It is about balance. It is about delivering efficiently and delivering value to Islanders.