

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. SCOTT OF ST. BRELADE
QUESTION SUBMITTED ON MONDAY 18th SEPTEMBER 2023
ANSWER TO BE TABLED ON MONDAY 25th SEPTEMBER 2023**

Question

“Will the Minister explain the basis on which the ceiling for income tax thresholds is set, or calculated, and how this is regarded in the context of policy concerns of the Comptroller that ‘cliff edges’ in the imposition of taxation should be avoided, notwithstanding marginal relief?”

Answer

It has been the standing policy of successive governments to uprate the main income tax exemption thresholds annually by the lower of June RPI and average earnings (reported in August). The Single Person’s exemption threshold – the principal tax allowance (proposed to be £20,000 for 2024) which will exist within Independent Taxation – has been maintained at a level which exceeds a full States “old age pension” (currently around £13,180). It, along with other allowances, was uprated significantly to compensate for the introduction of GST on food at the same time as the introduction of the Food Cost Bonus and Income Supplement.

Marginal Relief ensures that no cliff edge arises in the application of Jersey income tax. For example, in 2024 a person who has income of £20,001 would have a tax liability of 26 pence; income of £20,100 would generate a tax bill of £26 and so on.