

Minister for
Treasury and Resources



19-21 Broad Street | St Helier
Jersey | JE2 4WE

Senator Kristina Moore
Chair
Corporate Services Scrutiny Panel
Via e-mail

1 March 2021

Dear Senator Moore,

Prior Year Basis Tax Reform and Review of Income Tax (Payment of 2019 Liability)
(P.9/2021) Regulations

Thank you for your letter of 16th February letting me know about your plans to undertake a review of the draft PYB Regulations. I hope that the briefing we gave you last Friday at the public hearing was helpful alongside my briefings to States Members and to the Panel (on 22nd and 25th January respectively) and my response to your earlier Report.

The report of the findings of the focus groups was placed on the Treasury website when the draft regulations were lodged, so you are quite free to refer to them. They can be found here:-

<https://www.gov.je/SiteCollectionDocuments/Tax%20and%20your%20money/R%20PYB%20Tax%20Reform%20Survey%20Findings%20Report%20-%20FINAL.pdf>

I don't think it is right to imply that either the Comptroller or I have "played down" the difficulties arising from Revenue Jersey's transformation which have been compounded over the last year by the Pandemic.

A number of very clear and unreserved apologies have been made in respect of customer service levels. Most recently, the Comptroller included a personal letter (attached) to taxpayers with 2020 tax returns apologising for service levels and setting out future improvements. A similar message is being e-mailed to taxpayers who now file online.

Many of the service problems being tackled by Revenue Jersey arise exactly because of the enormous programme of work under way to modernise both Jersey's archaic tax laws and its out-dated tax system. We are, undoubtedly, experiencing some "shorter-term pain for longer-term gain". The Revenue Transformation Programme is enormously challenging to deliver and I hope you do fundamentally support our direction of travel.

You have over the last year or so criticised the Treasury for "piecemeal" implementation (for example, with regard to the phased implementation of the Revenue Administration Law) or effectively "biting off more than we can chew" (the PYB changes). I remain confident that we do in fact achieve the right balance between ambition and pragmatism about what can be delivered.

The simple fact is that Revenue Jersey's workloads – including emergency assistance to islanders in financial distress – almost doubled in 2020 so, of course, additional resources are necessary notwithstanding the new ways of working which continue to be implemented. I hope you will be able to take up the Comptroller's offer to visit Revenue Jersey to meet front-line officers and see the good work they are doing.

Our Revenue Officers have done a fabulous job supporting islanders but there are currently too few of them for the volumes of work arising: and it does create issues of waiting times for customers and of staff wellbeing which we need to manage carefully. It must be remembered that, even where Ministers do authorise additional recruitment, the "learning curve" to become an effective Revenue Officer is steep and fairly long. I hope you do support this additional resourcing given our recent discussions both about employee wellbeing and improving customer service.

What I felt was "completely exaggerated" (you quote me from our 9 September 2020 session) is your claim made in public, in your own no-confidence Proposition P.149/2020 and repeated by the media, that Revenue Jersey's staff turnover was excessively high (you have stated 50%).

This misinterpretation and subsequent misrepresentation of data provided to CSSP can reduce public confidence in the tax administration while at the same time potentially increasing customer contact and exacerbating issues of staff wellbeing.

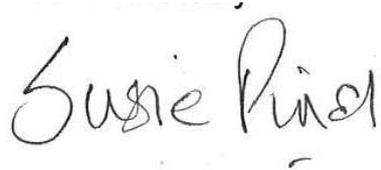
I believe you have received a detailed account from the Comptroller explaining why those claims about staff turnover were incorrect: in the first instance by a note dated 8 September 2020; and then, more fully, in a private letter dated 3 November. I note that the Comptroller advised you that staff turnover was in fact around around 5% in 2020.

You also ask me to "provide an explanation to the Panel of rationale behind the decision to provide additional resource..." and we did discuss this words the end of the public hearing. I should in the first instance have pointed you to Recommendation 19 of your Report on the PYB Tax Reform which I largely accepted and which commences "The Minister must ensure that Revenue Jersey is properly resourced to ensure that employee welfare is a priority". That certainly was a factor in my decision but I hope you found my further elaboration last Friday helpful.

The Comptroller remains ready to brief you further if you wish and for you to meet Revenue Officers in Philip Le Feuvre House as soon as Covid restrictions allow. I understand that he is meeting your technical adviser – Rebecca Benneyworth, later this week.

I hope you find this helpful.

Best wishes

A handwritten signature in black ink that reads "Susie Pinel". The signature is written in a cursive, flowing style.

Deputy Susie Pinel
Minister for Treasury and Resources
D +44 (0)1534 440215
E s.pinel@gov.ie

Enc.

Revenue Jersey | PO Box 56
St Helier | Jersey | JE4 8PF

January 2021

Dear Taxpayer

2020 was a difficult year for Revenue Jersey and I want to take this opportunity to apologise for the delays which many of you have experienced.

I also want to thank everyone who has exercised patience and courtesy in their dealings with us. It really is appreciated and makes the world of difference to our revenue officers who have been dealing with thousands of telephone calls, emails, online forms, and letters every week.

I can assure you that everyone in Revenue Jersey is working very hard to clear the backlogs, which have arisen both from our ongoing modernisation projects but also, during 2020, from the extraordinarily high levels of customer enquiries we received in response to the Covid-related financial distress that many Islanders have experienced.

While these challenges have been difficult for all of us, I am pleased to report that we continue to make good progress in modernising Jersey's tax system. Our move to new computer systems enabled us to offer online filing to Islanders for the first time in 2020. Around 30% of personal taxpayers filed online and that has helped us to issue tax assessments more quickly than in recent years. The vast majority of the 2019 tax assessments were issued during the course of 2020 and the 2019 assessing cycle was largely completed by Christmas - some four months earlier than last year. Additionally, over 40% of people who filed online received their tax assessment (and revised ITIS rate if employed), within 2 weeks of submitting their tax return.

I am aware that our new computer-generated standard Notices of Assessment have proved confusing for many people, in part due to some of the additional information we now provide, for example, about tax still outstanding from earlier years. We are working to improve these standard notices and will be seeking feedback on our proposed changes. Between the Current-Year Basis tax changes; the proposed modernisation of so-called 'married-man's taxation' for the phased introduction of Independent Taxation from 2022, Jersey is facing the most significant reforms of its tax system since Income Tax was introduced in 1928. Once these proposed significant changes to tax law have been settled, Revenue Jersey expects to be able to offer even more services online which will greatly improve customer service.

I know that one of the most common problems which customers experience is an upward jump in their “effective rate” – which dictates the monthly tax deduction from employees’ salaries. This most commonly happens because tax returns are filed and assessed months after people have experienced changes in financial circumstance.

There are a couple of ways you can help with this.

1. File early and online if you can. The leaflet enclosed with this tax return tells you how to set up a OneGov account and file online. At the moment you need a smartphone to do this. Filing online, for many taxpayers with simpler financial affairs, can help to ensure that they receive their assessment much earlier in the year, potentially now within a couple of weeks of filing.
2. Let us know as quickly as possible if you have a change of circumstance such as change of income (up or down) so that we can adjust your ITIS rate at the time the change happens rather than possibly many months later, which compacts the extra tax you may owe for the year into fewer months.

This year, I strongly recommend early filing of your 2020 income tax return (online if you can) and especially if you have been a Prior-Year Basis taxpayer: this will help us to manage your move to Current-Year Basis as efficiently as possible and, for employees, ensure that you receive the right ITIS rate for your current circumstances.

Customer feedback tells us you appreciate timely, clear communications from Revenue Jersey about changes and we’re committed to delivering that for you during 2021. We are currently recruiting and training up additional revenue officers to help us manage the high levels of change now taking place. We are grateful for your continued patience and goodwill while we take this work forward.

Yours sincerely



Richard Summersgill
Comptroller of Revenue