

19-21 Broad Street | St Helier
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Deputy Beatriz Poree
Chair
Work Permit Holder welfare Review panel

19th April 2023

Dear Deputy Poree,

Work Permit Holder Welfare Review Panel – Tax Matters

Thank you for your letter of the 13th of April 2023. I have answered your questions in the order in which you asked them.

First of all, I should say that it is highly unlikely that a temporary/seasonal worker in Jersey would not pay some income tax. Even on the assumption that, say, an individual (with no dependent children) worked for six months, 40 hours a week at the National-Minimum-Wage rate of £10.50 per hour, his/her income would amount to £10,920 against which we would give an allowance of £9,275 leaving £1,645 to be taxed at 26% (£427.70). Seasonal workers with dependent children would be entitled to receive allowances in respect of those children (pro-rated for the duration of temporary residence).

Where a worker has no previous tax history in Jersey, an Effective Rate for the Income Tax Instalment Scheme (ITIS) would be calculated on arrival (earlier in some cases where employers or prospective employees have engaged with Revenue Jersey sooner) based on information which the worker and/or his/her employer is invited to provide. This Effective Rate will determine (usually monthly) deductions from salary/wages. Some larger employers actively engage with their workers and with Revenue Jersey to help make this process as frictionless as possible. If the worker is a “regular” seasonal worker and has a tax debt (or credit) from an earlier year, that will be built into the new Effective Rate.

How the tax rate applied to work permit holders is calculated

Seasonal workers would, by definition since 2022, now normally be treated as “independently taxed” and as “resident but not ordinarily resident” (meaning that they would be taxed solely on income arising in Jersey). The ITIS Effective Rate is calculated in the same way as it would be for any worker – by estimating future income based on the employee’s and or employer’s best information. Tax allowances (the single person’s allowance and any other available allowances) are pro-rated according to the expected

duration of stay. So, for example, an individual working for 3 months would receive one quarter of the Single Person's allowance (around £4,638).

The information which is provided to work permit holders on arrival and to their employers about their tax liability and how to reclaim any tax overpaid

The Panel can find more information in our "Seasonal & Temporary Workers Guide" (the "Guide") which can be found [here](#).

[ID Seasonal workers leaflet 2023.pdf \(gov.je\)](#)

The Guide provides information about tax and social-security contributions in Jersey as they affect seasonal workers.

The above guide is available for all seasonal workers and their employers. Some larger employers have special arrangements in place to help facilitate the onboarding of seasonal workers.

It has been commonplace historically for seasonal workers to leave Jersey with a tax debt and, to avoid this, Revenue Jersey has been working closely with employers better to forecast the working hours of seasonal workers (which have tended to be understated by individual employees). Revenue Jersey encourages seasonal workers to keep their work hours (etc) information up to date and to make sure we have accurate overseas addresses. This allows Revenue Jersey to determine whether any overpayment or underpayment of tax has occurred once a tax return has been filed and a final tax assessment has been made.

The information provided to work permit holders prior to their arrival in relation to allowances and exemptions for which they may qualify

Employers and Government are pointing potential seasonal workers to the Guide. The current year's tax allowances and exemptions are available online [here](#):-

[2023 tax allowances and reliefs \(gov.je\)](#)

These should be read in conjunction with the Guide.

If exemptions are available from the Income Tax Instalment Scheme (ITIS) for the various work permits available to those working in Jersey for a limited time

At the current time, all employees are encompassed by ITIS. Revenue Jersey, at my behest, is looking at the case to introduce a special scheme for lower-income seasonal workers (particularly in the hospitality and agricultural sectors) which might be easier to operate. It is unlikely that any practical changes which we identify could be made very quickly – probably not before 2025.

The process for informing work permit holders who have paid ITIS but do not qualify to pay income tax that they have overpaid and for reimbursing them

If it is evident at the outset that a worker would not be liable to pay Income Tax then they would receive a 0% Effective-Rate Notice. That might conceivably occur in the case of a

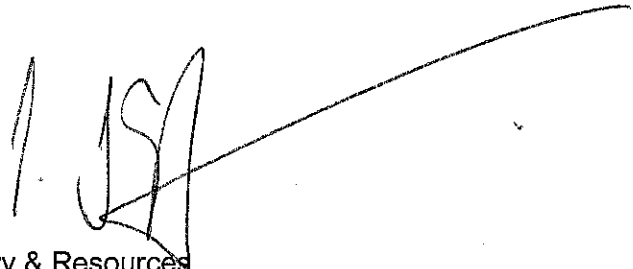
low-income worker with a number of dependent children but I understand that that would be quite a rare occurrence. As I say above, it would be unusual for a seasonal worker not to have a tax liability.

Like most employees, work permit holders are required to file a tax return. Once filed, Revenue Jersey will raise a Tax Assessment based on the information provided. If the Assessment is greater than the payments received through ITIS then a balancing payment would be requested. If the ITIS payments exceed the Tax Assessment then a repayment situation would arise. As mentioned above, it is more likely than not that there will be a debt of some order. It is often the case that this will be rolled forward to be collected in the next year's (ITIS) Effective Rate – provided the worker is a regular seasonal worker.

Whether long term care payments are included as a component of the payments made by work permit holders

Seasonal workers do make LTC contributions.

Yours sincerely

A handwritten signature in black ink, appearing to be 'I. Gorst', written over a long horizontal line that extends across the page.

Deputy Ian Gorst
Minister for Treasury & Resources

