



States Greffe: Scrutiny

Corporate Services Scrutiny Panel

Prior Year Basis Tax Reform Review - Written Submissions

Background

The Government Plan 2020-23 (the Government Plan) was debated and approved by the States Assembly on 12th November 2020. The Government Plan committed treasury to look for options to bring all non-corporate taxpayers onto a “Current Year Basis” (CYB) for paying income tax – essentially paying taxes as money is earned.

It had been envisaged within the Government Plan that a review of Prior Year Basis (PYB) taxation would be combined with awaiting changes to the existing taxation system such as independent taxation and would be rolled out during the life of the Government Plan 2020–23.

As part of Government thinking on post-pandemic fiscal stimulus measures (July 2020), the Minister for Treasury and Resources (the Minister) has proposed that the taxation review should be accelerated with a view to abolishing Prior Year Basis payment retrospectively for the 2020 year of assessment.

The Ministers’ proposals confirm that the Prior Year Basis taxpayers’ 2019 liability would be “suspended” and would be repayable by PYB taxpayers over a period of years (earliest 2023) and a range of repayment options would be offered. All taxpayers’ 2020 tax liabilities would be paid on a current-year basis, calculated in 2021 following receipt of the 2020 tax return.

On 22nd September 2020 Deputy Susie Pinel as Minister of Treasury and Resources lodged P118/2020. This proposal sets out the areas within the Prior Year Basis Tax Reform to be approved by the States Assembly and which will be debated on 3rd November 2020.

The Corporate Services Scrutiny Panel (the Panel) recently launched a review into the proposed PYB tax reform. The Panel are examining the proposition lodged by the Minister of Treasury and Resources and will consider the implications on public finances and resources. The Panel will also examine the repayment terms of 2019 PYB Income tax and if these are fair and transparent. Further information on the review and our terms of reference can be found [at our website](#). The Panel intends to make recommendations to Government.

As part of their review the Panel are contacting key individuals and organisations, who may be affected by the proposals, to share their views. The Panel would request that submissions are received by 5.00pm on Friday 9th October 2020.

The following questions are provided as a guide for those writing submissions:

Questions

1. Are the proposals likely to simplify the current system?
2. How do the proposals compare with tax reforms in other jurisdictions?
3. Are the proposed changes fair and transparent?



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4. Has enough consultation been carried out in relation to the Prior Year Basis proposals?
5. Is there anything not included in the proposals which should have been, if so what?
6. How will the proposals affect the taxpayer in 2023 when the tax has to be repaid?
7. Does the implementation and delivery of the tax reform cause any concerns from a management perspective?
8. What will be the implications for Jersey's economy due to the deficit of no tax collection for 2019?

Further Information

You can submit your responses to the Panel either by letter to the Scrutiny Office, by email at scrutiny@gov.je or via our website [contact page](#).

Kindly note that all submissions are uploaded to the Scrutiny website, with the exception being any submissions received under a confidential or private agreement, in accordance with the Jersey Data Protection legislation, which will not be released into the public domain. Further the Panel may cite submissions uploaded to the Scrutiny website in their final report to the States Assembly.

Should you have either any queries or concerns about submitting evidence to the Panel please contact the Lead Committee and Panel Officer Katie Griffiths either by telephone on 441038 or email at k.griffiths@gov.je for assistance.