Treasury and Exchequer

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Deputy Sam Mezec
Chair
Corporate Services Scrutiny Panel
By email

17th November 2022

Dear Deputy Mezec,

Corporate Services Scrutiny Panel
Government Plan 2023-26 Review - Written Questions

Thank you for your letter dated the 7th of November regarding the panel's written questions as part of the review of the Government Plan 2023-26. Please find attached my responses.

1.How do the proposed additional revenue programmes and capital projects under your remit align with the Common Strategic Policy and the aims and objectives of your Ministerial Plan?

Additional Bank Charges and Card Fees – I-T&E-GP23-001
This revenue item aims to contribute to the Common Strategy Policy priority of Economy and Skills and is in line with the Minister for Treasury and Resources Plan priority 1 'Upholding customer service standards by continuing to work on digital technologies to improve customer experience', as the increase in charges is principally arising from increased volumes of payments made digitally.

International Tax Team – I-T&E-GP23-002

This revenue item aims to contribute to the Common Strategy Policy priority of Economy and Skills and is in line with the Minister for Treasury and Resources Plan priority 9 'Overseeing work on Pillar 1 & 2 the Organisation for Economic Cooperation and Development (OECD) initiative to update international tax rules in light of the digitalising economy to ensure that Jersey aligns with international standards while supporting the Island's long-term prosperity'. This item also aligns with Priority 2 "Continuing to transform the Treasury and Exchequer Department by: continuing Revenue Jersey transformation, including ongoing enhancements to the revenue management system and the Future Digital Strategy"

Personal and business taxation customer service – I-T&E-GP23-003

This revenue item aims to contribute to the Common Strategy Policy priority of Economy and Skills and is in line with the Minister for Treasury and Resources Plan priority 1 'Upholding customer service standards by ensuring there are sufficient resources and effective processes in place within Revenue Jersey and the Finance Hub'.

Governance, Professional Standards and Commissioners of Appeal I-T&E-GP23-004

This revenue item aims to contribute to the Common Strategy Policy priority of Economy and Skills and is in line with the Minister for Treasury and Resources Plan priority 1 'Upholding customer service standards by supporting the modernisation of the tax appeal process so that it becomes more open and transparent'.

Insurance Cost Increases I-T&E-GP23-005

This revenue item aims to contribute to the Common Strategy Policy priority of Economy and Skills and is in line with the Minister for Treasury and Resources Plan priority 11 'Reviewing the Government's insurance strategy by: • investigating the options for insurance against risks whilst maximising value for money. • preparing a detailed action plan linked to government risk appetite.'

a. What actions have been taken during the development process of the Government Plan to ensure this?

As Ministerial Plans were developed in parallel to the Government Plan, Ministers were very aware of their priorities when discussing the Government Plan, most notably when discussing the allocation of any additional funding.

b. What is the rationale for the Delivery Plan being developed and published in 2023 as opposed to simultaneously with the Government Plan and Ministerial plans?

This allows the delivery plan to be finalised in response to the final approved Government Plan in December and in light of the extreme pressure to develop the Government Plan arising from the change to the election date in 2022.

<u>Allocated:</u>

<u>Additional Bank Charges and Card Fees - I-T&E-GP23-001</u>

2. Additional Bank Charges and Card Fees is identified as a new Revenue Expenditure Growth programme in the Government Plan 2023-26, does this programme align to the project identified and previously reviewed as Government of Jersey Bank Charges in the 2022-25 Government Plan?

a. If not, how do they differ and why?

The Additional Bank Charges and Card Fees growth item addressed the increase in card costs resulting from a channel shift to digital payments during the pandemic. The pandemic accelerated the digitisation of payments in all developed economies. The Government of Jersey has experienced a marked increase in the take-up of digital payment channels as customers have moved from cash and cheque payments to online payments. While this results in a better customer experience and, in some cases, quicker payments and improved debt recovery, Treasury incurs higher card fees. These fees are not offset by cashable savings elsewhere in government as cash management is typically a small part of a person's role. Though there is non-cashable benefit in terms of employee time. Investment is required to meet the costs associated with the increased take-up of digital and contactless payments across Government. The growth also addresses an industry-wide increase in card charges that has occurred since Brexit

The Government of Jersey Bank Charges project was initiated to ensure common charges across all Government bank accounts and rationalise various bank charges and card fees budgets from across Government into a central corporate budget. The project also aimed to improve understanding and future monitoring of bank charges and card fees across Government.

b. Can you provide a brief progress update on the 2022 project please?

The Government of Jersey Bank Charges project is closed in 2022 and the financial monitoring process put in place through the project has identified the Additional Bank Charges and Card Fees growth for 2023 and beyond.

3 Within the Government Plan 2022-25, Government of Jersey bank Charges was allocated an estimate of £300,000 for 2023, this estimate has increased in the Government Plan 2023-26 to £557,000, can you briefly explain the reasoning for this increase (if the two projects are equivalent)?

The Government Plan 2022-25 included an estimate of £300,000 for Government of Jersey bank charges based on historic card transaction levels. During 2022, it became apparent that the step change in digital transaction volumes during the pandemic has continued and is permanent. This together with industry wide increases in card charges means an increase in base budget is required.

<u>International Tax Team - I-T&E-GP23-002</u>

4. Does this project directly align to the programme identified in the Government Plan 2022- 25 namely - Tax Policy and International Team Investment?

a. If not, what changes have been made and why?

This is the same but extended programme of work.

b. Can you provide a brief progress update on the 2022 project, please?

This investment continues to ensure that Revenue Jersey is appropriately funded to maintain Jersey's compliance with international tax standards. This includes compliance with an expanding range of international standards on Exchange of Information and Economic Substance. It also includes the investment required to deal with the significant OECD tax reform project for large multinational groups, known as Pillars 1 & 2, as the likelihood of implementation has increased considerably.

5. The previous review of the Government Plan 2022 -25 identified people retention as a challenge for the programme, what has been done to date to address this concern, if anything?

Revenue Jersey continues to develop its local stock of tax experts, for example through the creation of the Jersey Tax Professional Qualification and providing funding for higher levels of tax qualification.

It also employs specialised headhunters to engage in worldwide searches for the right talent for key roles, particularly in international tax. This has been successful.

Jersey has benefited from getting the right people into senior roles in its tax department. It enhances our reputation internationally when we can punch at (and above) our weight in international fora.

Civil service pay rates are not always helpful in this regard and market supplements can be problematic and unattractive when encouraging people to move to Jersey. Revenue Jersey is also working with HR colleagues to refine its existing Job Family (set of generic roles) and create a pay scale which better reflects the reality of pay for top-end tax professionals in the international market.

6. In respect of the Government Plan 2022-25 the Tax Policy and International Team Investment programme funding of £1,650 million was estimated for 2023. In the Government Plan 2023-26, this estimate has been increased to £1,746 million. Please can you explain the rationale for this increase?

This is a relatively modest 6% increase in the estimate for funding for 2023, relating mainly to the increasing salary inflation for scarce international tax expertise.

a. Are you confident that the increased estimate will be sufficient to meet the objectives of the new revenue expenditure growth identified in the Government Plan 2023-26 and, if so, how can you be certain?

My ministerial priorities include overseeing work on the Pillars 1 and 2 OECD initiative to update international tax rules in light of the digitalising economy and ensure that Jersey aligns with international standards while supporting the Island’s long-term prosperity.
This funding for the international tax team in Jersey and the Channel Islands Brussels Office, will provide the tax, legal and IT systems expertise necessary to prepare for global international corporate tax reform; it will support technical work with the OECD and stakeholder engagement with businesses & investors - supporting them through any global changes that may arise.

Personal and Business Taxation Customer Service - I-T&E-GP23-003

7. No funding has been allocated to this New Revenue Expenditure Growth for 2023 (allocations are made from 2024 - 2026), please can you explain the rationale for this?

Funding was provided in GP21 for a 3-year period ending in March 2024 and this new allocation extends funding for the remainder of the proposed Government Plan. This is expected to allow Revenue Jersey to maintain work to clear backlogs and to restore appropriate customer-service levels.

8. What analysis has been undertaken to determine the interest/appetite of the 13 temporary employees to accept permanent posts as suggested?

Operational managers in Revenue Jersey do, as would be expected, talk to their temporary staff about their future job aspirations. In our experience, most people who join Revenue Jersey on a temporary basis do enjoy the work and the opportunities available to develop and do want to secure a permanent role. It should be kept in mind that many Treasury roles are in direct competition with the private sector, it is a competitive market where we cannot always compete just on pay so need to ensure our total-employment package is attractive (flexibility, interest, development etc).

Governance, Professional Standards and Commissioners of Appeal - I-T&E-GP23-004

9. £353,000 has been allocated to I-T&E-GP23-004 in the Government Plan 2023-26 for 2023.

a. How will the investment be used to ensure compliance?

Additional funding is partly available to help Revenue Jersey become more transparent in respect of its internal governance following the publication of its Governance Statement which is a further step in the modernisation of our tax administration. As a statutory body subject to international peer reviews, this is important.

The investment also enables Treasury to support the reform of the tax appeals process which is perceived to be out-dated. The first part of this reform agenda is to look at the structure of the independent body dealing with tax appeals, the Appeals Commissioners. The Appeals Commissioners date back to 1928, being up to 12 individuals appointed by the Minister, supported by a Jersey advocate. The basic proposal is to move to a Tribunal model in line with other similar areas in Jersey, to be supported by the Judicial Greffe. This proposal is currently subject to public consultation.

b. Will the investment be funding staffing costs or further resourcing and if so, how many posts will be funded?

At least one post will be created in Revenue Jersey to manage transparent governance and – potentially (subject to public consultation and legislative change) - a post in the Judicial Greffe to support any new Tax Appeals Tribunal.

c. The Government Plan 2023-26 notes that the investment will provide funding to deliver professional service to Jersey's taxpayers, what will that service encompass, how will the service be delivered and how will the benefit to public of the service provisioned be monitored?

An independent appeals process is a prerequisite for maintaining confidence in the tax system. Its findings help ensure that practices and outcomes for taxpayers are consistent with the legislation.

The roll-out of the Jersey Taxation Professional Qualification is expected to increase the general capability of revenue officers so improving general service standards. The training will be delivered in Jersey and accredited by an external examination board. In the first instance, Revenue Jersey will monitor take-up and delivery of training, aiming to ensure all eligible officers take up training over a number of years subject to continued funding.

d. The Government Plan 2023-26 notes that the funds will be used to introduce a Jersey Taxation Professional Qualification, how will this training be administered and will this be accomplished on-Island?

See above. The training will be delivered on-island by a mixture of Revenue Jersey Officers and local tax professionals from the private sector.

e. How many Islanders will this qualification benefit and what research has been undertaken to determine its value to Islanders?

The need for this qualification was identified by the Revenue Jersey Management Board. This tax qualification has been specifically designed by Revenue Jersey for its officers to raise their tax-professional capability. It may, in future, be made available to private-sector employers with staff who might equally benefit.

Reserves:
Insurance Cost Increases

10. Does Insurance Cost Increases directly align to the Insurance Premium programme as identified in the Government Plan 2022-25 and, if not, how does it differ?

The ‘Insurance Cost Increases’ relate to the same matter as the ‘Insurance Premiums Increase and Inflation’ that is contained within Appendix 3 (page 199) of the approved Government Plan 2022-25. The figures have been adjusted to reflect our most up-to-date knowledge of market conditions and the actual premiums paid in 2022. This growth is in addition to growth in the 2022 Plan.

11. £1,8 million has been allocated in reserves to this New Revenue Expenditure Growth in the Government Plan 2023-26 for 2023, how has this estimate been identified? (In last year’s Plan, £2,612 million was estimated for 2023 in respect of the Insurance Premium Programme).

The £1,080,000 (not £1.8m) for 2023 is our best forecast of the anticipated increase in insurance premiums at the time of lodging the Government Plan. It is based on discussions with our insurance broker on the expected increase across all asset classes in combination with forecast increases in the value of the assets covered, e.g. property, machinery and salaries.

12. The estimate reduces to £930,000 for 2024 and 2025 and no estimate is provided for 2026, what is the rationale for the reduction in subsequent years and no allocation for 2026?

The figure for 2023 includes a one-off cost of a Risk and Insurance Strategy Review being jointly undertaken by Treasury and Exchequer and the Cabinet Office which is expected to conclude at the end of Q1 2023. The main output of the review will be the creation of a Risk and Insurance

Strategy Roadmap with a 2-year time horizon. This will set out the path to the most appropriate and efficient insurance programme for the years ahead. It is anticipated that the benefits realised from the review alongside a return to less challenging market conditions will lead to more stable insurance premiums in the medium-term and less requirement for annual budgetary uplifts.

Capital Programme

13. It is noted within the Government Plan that in recent years Government has consistently spent less on Capital Projects than allocated in the Budget provided and that departments have been able to spend, why is this the case?

Budgets are approvals so they should generally not be overspent. Budget allocations will be a spend ceiling and a degree of underspend is inevitable. In recent years though, project underspends have been higher than expected.

At the simplest level, the previous Government committed to an ambitious programme of capital spending that substantially exceeded the level capital spending that had occurred historically. While this was affordable, Government's delivery capacity was not fully scalable in line with the increased financial resources. The following key constraints apply:

- Internal project delivery constraints – delivery of capital projects require public sector staff to a greater or lesser extent depending on the nature of the project. Small IT projects may have a smaller impact on government resources, but construction projects can have a large manpower overhead.
- External economic constraints – Delivery is therefore constrained by the availability of suppliers to take on new work. E.g. the construction sector has been experiencing high demand

Over optimism – optimism bias is a challenge for budget settings that is well-documented in the behavioural science literature. Project leads are the typically prone to make assumptions that are either a best case or central case assumption on how quickly projects can be delivered in order that resources are in place to deliver as quickly as possible should everything go to plan. This is not unreasonable at the level of each assumption that is made. However, where several assumptions intersect, it becomes increasingly unlikely that everything will go to plan despite each assumption looking reasonable in isolation.

Planning for a degree of delay itself has downsides as it is possible that a project needs to slow to fit the available financial resources if things progress more quickly than had been anticipated. Robust budget setting must therefore strike an appropriate balance. Previous Governments have generally tended towards maximising the opportunity for delivery by making funds available even where delivery timescales were ambitious. This has an obvious downside in the form of opportunity costs as funding tied up for this purpose could have been invested elsewhere to generate greater social value.

The current programme seeks to take a more balanced view of delivery expectations so as to reduce opportunity costs and allow for a greater level of investment than would otherwise be possible. In doing so, opportunities remain to revise project profiles through future Government Plans should initiatives prove able to progress at a faster rate than is anticipated in the financial profile.

14. What has been done differently when developing the Capital Programme of the Government Plan 2023-26, if anything, to ensure more accurate budgeting and that the Budget is appropriately prioritised to projects in order to ensure effective use of taxpayers funds (not being tied up unnecessarily)?

For this plan there was a more detailed analytical review of deliverability by Treasury to ensure that the programme is planned within the bounds of previous programme performance. Team worked with delivery leads to better reflect lead times on projects, in particular construction projects. The extent to which the public sector (including SoEs) was drawing on Jersey's construction capacity was also considered.

Increased use of Grouped Heads of Expenditure in the plan will allow for greater adaptability where projects are delayed due to unforeseen circumstances – helps to ensure funds are not tied up as other projects are able to be accelerated to ensure public funds are used to maximise social value. This supports the recommendations of the FPP.

15. How can you be certain that the Budget provided in the Government Plan 2023-26 will be sufficient to meet the Projects' designated aims and the Island's needs?

The allocations were informed by business cases and reflected the best estimates of spend available. However, these are estimates, for instance, where projects are in early stages and further updates may be required.

This is a normal process, the Plan also sets out the use of Project Gateways and the various stages of business cases, through which levels of uncertainty reduce.

16. What consideration has been given to any increasing pressures that will impact the delivery of Capital Projects such as costs associated with resourcing and materials, for example?

The Government Plan has provided a greater amount for Risk and Inflation than in previous years to recognise these pressures.

17. How might the pressures that you have identified impact the timely delivery of the Capital Projects and how might this risk be overcome?

a. At a time when resources will be limited, how will pressures on existing resources and supply chains be appropriately managed to ensure the best prioritisation of projects for their timely delivery?

We have developed a more deliverable plan, and provided more for risk and inflation. We have also increased the use of Grouped Heads of Expenditure that will allow Government to react to flex the programme to maximise the number of projects that can be delivered.

Capital and Other projects

18. Minister, in your opinion what proportion of Government Expenditure should be made on Capital Projects versus revenue expenditure?

We need to invest in our assets to ensure that we maintain our infrastructure to be able to deliver high quality government services. This must at least be at the level of depreciation – but at present it is clear further investment is needed in excess of this. However, it must also be affordable.

It is hard to comment on an appropriate "proportion" of expenditure, this over-simplifies a bigger question around what assets the government and the wider Island needs. The plan sets out the need for more work on Longer-term capital planning linked to initiatives such as Enterprise Asset Management and Estates Management.

19. Does running a large Capital Programme risk placing pressure upon funding for delivering public services?

Expenditure must be affordable, regardless of whether it is capital or revenue. This is considered by COM when creating the plan.

<u>Community Fund – Major Project</u>

An estimated £1 million has been allocated to the Community Fund (Major Project) within the Government Plan 2023-26 and £2 miilion in the subsequent years of the Plan (totalling £7 million for the total project approval). This is a new project for which no full Buisiness Case has been developed. The Government Plan notes that the terms of reference will be developed in 2023.

To establish a Fund, the requirements of the Public Finances Law must be adhered to including, the Fund must:
- **• Have a specific purpose**
- **• The State must specify the purpose of the Fund, the Fund's terms and the circumstances in which the fund may be would up**

20. Why is there no full Business Case available for this Major Project?

My Ministerial plan sets out work to investigate and create funding for community infrastructure. This work will develop the detail on this initiative, including a business case. However, we have chosen to use some of the planned special Dividend from JT to provide funding for this, and so it was appropriate to show this in the plan.

21. What is the purpose of the Community Fund, its Terms and the Fund's winding up process?

The funding to support small scale investment in charitable and voluntary sector infrastructure in furtherance of Government objectives. This will build in part on the success of the Fiscal Stimulus Fund in supporting local charities to improve their infrastructure – an area where there was clearly more demand.

Work in 2023 will include the development of guidance on management, oversight and governance (as part of a Terms of Reference)

22. Have the requirements for the Public Finances Law in respect of the establishment of the Community Fund been met and, if so, how? If not, why?

Depending on the outcome of development work in 2023, the Community Fund may be proposed as a States Fund, and the appropriate approvals would be sought. However, due to the relatively small level of spend, it may be more appropriate to remain a head of expenditure paying out directly from the Consolidated Fund.

As no States Fund is being proposed at present, the PFL requirements for States Funds are not relevant.

23. Considering that the Government Plan 2023-26 notes the Fund's terms will be developed in 2023, and that no supporting information has been made available regarding the establishment of the Fund, on what basis can the Assembly approve this Major Project and the budget of £1 million for 2023?

I would hope the States Assembly would support my Ministerial priority of supporting charitable and voluntary sector organisations who provide so much for Islanders, and agree to put the funding in place to ensure that this can happen.

24. How will appropriate governance and monitoring of the Community Fund be ensured?

Establishing this is part of the work set out in Ministerial Plan, and will include considering lessons learned from other similar schemes, e.g. Fiscal Stimulus.

<u>Reserve for Central Risk and Inflation</u>

This is a continuing Project from 2022 with no attached business case. £1,8 million was allocated in 2022 (in the 2022-25 plan) and an estimate of £2 million allocated for 2023 in the (2022-25 plan). This has increased significantly in this plan to £8,1 million.

25. Of the amount allocated to 2022, can you provide an update in that regard please?

26. How was the amount of £8,1 million decided upon for 2023, considering the previous estimate of £2 million for 2023 within the Government Plan 2022-2025?

27. How confident are you that it will be sufficient to meet the project's objectives, considering the rising inflation and continued volatility/risk in the area?

To clarify, this is not a project, it is a Reserve (for risk and inflation). It is a provision against the impact of inflation on Projects. The increase in provision in 2023 is due to the increased inflation we are facing on capital projects, and any unused amounts in 2022 would likely be rolled forward to provide additional support.

It is a reasonable allocation, but the ongoing uncertainty means it is hard to say with confidence it will be sufficient. If inflationary pressures are higher, we would be required to manage pressures across the Government, within the approvals agree by the States. For example, there is £140 million allocated to capital, and so there is the opportunity to manage across the programme in extremis.

Revenue Transformation Programme (Phase 3) – Major Project

The Panel notes that the previous Panel's review of the Government plan 2022-25 identified that the previous 'Building Revenue Jersey Team' was reclassified as Revenue Transformation Programme (Phase - 3) – Capital Project. In the Government Plan 2023-26, Revenue Transformation Programme (Phase 3) is classified as a Major project under the Information Technolgy Programme.

28. Minister, do the same components as identified in the Business Case for the 2022-25 Government Plan Capital Project, continue to conform to the Major project within the Government Plan 2023-26 and, if not, what changes have been made and why? The Government Plan 2022-25 allocated investment for the following:

- **Independent Taxation**
- **Prior Year Basis (PYB) 2019 Debt & Collection**
- **Economic Substance Rules (compliance with OECD transparency to combat international tax base erosion and profit shifting)**
- **RMS Online**
- **Risk & Compliance Model**

PYB 2019 was a response to Covid-19, thus not in the original planned scope and the full consequences (and effort) was not known until the legislation followed. It was accommodated as a new workstream in the programme's Debt and Income Collection Project, which was put on hold to accommodate it. The initial measures to suspend the 2019 liabilities, and transfer 2019 payments to 2020, thus converting all taxpayers to Current Year Basis Taxpayers is complete and the remaining project to collect the frozen liabilities is a requirement of the new ITS/SAP system. That remaining project is not within the scope of the programme. We intend to reinstate the Debt and Income Collection Project (which includes the revenue raising Statutory Interest workstream) in 2023, subject to prioritisation of remaining scope in response to funding pressures.

Revenue Jersey will continue to include new tax-policy measures in its Revenue Transformation Programme as and when they are sanctioned by the Council of Ministers and the States Assembly. This usually occurs through the agreement of new tax measures in the annual Finance Law accompanying the annual Budget in the annual Government Plan. To this extent, the Revenue Transformation programme is a very long-term and enduring programme of activity containing a number of projects of differing lengths and complexity.

The replanning of the move of Social Security Contributions from the Social Security System (Nessie) to the Revenue Management System from 2022 to 2023 has affected the profile of projects in flight. The start of the RMS Online projects has moved from Q4 2022 into 2023 to accommodate this as those projects may also be subject to the outcome of a proposed wider Digital Strategy looking at longer term online service considerations and outcomes.

29. £3,385 million was allocated to the Capital Project in 2022, please can you provide a progress update for the work that has been conducted to date for this project and what remains outstanding?

The online Combined Employment Return has been implemented, allowing employer customers to complete four different government statutory filing requirements in one much easier step whilst significantly improving data quality and compliance.

Independent Taxation, Phases 1 and 2 have been completed.

The online Tax Calculator has been a very popular customer self-service tool with over 40k customer uses this year.

Economic Substance for Partnerships Phase 1 is completed, which is the implementation of all the legislative and structural changes required from, and to be recorded about, our customers to pave the way for Phase 2, (filing and reporting) to happen next year.

Infrastructure for RMS Online systems and design of online systems required for contributions has been designed and is being tested.

Two major RMS upgrades to improve existing operations have been implemented with a third in progress to complete before year-end. This is a pre-requisite to next year's upgrade to RMS Version 2 to facilitate the move of Social Security contributions into the Revenue system.

A new online customer enquiry function with a 5-day Service Level Agreement to (eventually) replace email.

Data cleansing and matching across major Government systems to ensure consistent and accurate customer information is on record.

"Tell Us Once" process automation for births and deaths.

All necessary integrations to ITS / SAP have been designed and developed and are in testing

Interfaces to the CEASAR customs system have had to be developed to facilitate good operation of the new overseas retailer GST withholding scheme.

Personal Income Tax Return Form was delivered again for year of assessment 2021 (the third consecutive year) and has continued to perform well given the constraints of the Digital ID in use. A significant number of staff hours has been freed up as a result of this automation and reused in customer service and compliance work.

We now have nine tactical online services performing well whilst the full suite of RMS Online taxpayer services for all revenue types awaits development. Scoping of the integrated RMS Online systems was deferred from with year to focus our resources on the completion of the move of social security contributions into RMS, and the online services that that will depend on. We expect to replan this for early next year to stay on schedule to have all delivered by the end of 2024.

30. The estimated funding allocated for 2023 in the 2022-25 Government Plan was £2,738 million, the Government Plan 2023-26 estimates an amount of £3,105 million – which is an increase on the previous estimate for 2023 – what is the rationale for this increase?

Mostly inflationary pressures. The majority of programme costs are from our single supplier of the RMS software system, who were contractually restricted to low costs until 2021 but now operate at market rates. The second largest expenditure is with the Professional Services Framework, which also came off of a long-term fixed rate agreement in 2022 and, as with our software supplier, is now subject not just to this year's inflation, but the compounded inflation in the market since the previous rates were fixed.

We also have a number of workstreams in the RMS Online Project that have been moved from 2022 to 2023 as a result of starting after the delayed Social Security Contributions project and the original scope of the Debt & Income Collection Project was also put on hold until 2023 due to the prioritisation of the Frozen 2019 Previous Year Basis measures.

31. What work will be completed in 2023 and will this estimated allocation be sufficient to meet the project's aims, please can you substantiate your response?

Lodging the final stage of independent taxation is one of my Ministerial Priorities, Assistant Treasury Minister, Deputy Millar, will lead.

The proposed Government Plan (page 35) gives background, progress made to-date, and outlines plans to lodge final piece of law in spring 2023.

Final stage will include the mandatory move to independent taxation for all couples and the introduction of a compensatory allowance for those future marginal rate taxpayers who would be financially worse-off under independent taxation.

Couples who are already taxed jointly were able to elect to be taxed independently for the year of assessment 2023, and this year's Finance Law enables couples to elect to be taxed independently for the year of assessment 2024. Current plan is for mandatory independent taxation for the year of assessment 2025.

32. No funding is allocated for 2026, will the project be completed in 2025?

Yes. Scope is intended to be delivered by the end of 2024 and programme closed / benefit realisation plan in place by the end of 2025.

33. What tangible benefit will Islanders receive at the end of 2023 as a result of this funding?

Many incremental improvements to the efficient administration of the tax system will continue to enable Revenue Jersey to redeploy resources into more value-adding work including, for example, customer service, taxpayer education, and compliance work.

- Customer service will improve as a result, making life easier for the majority who want to comply.
- Customer education will improve as a result, increasing the number of compliant taxpayers.

The amount of officer time devoted to investigating non-compliance, according to risk, will increase. This has shown continued sustainable increases in tax revenues and also ensures that the compliant majority are getting a fair deal. The Island will continue to enjoy a white-listing status within the OECD and EU as a transparent and co-operative member of the international economic communities.

Online Services will begin to be rolled out, and once the foundations are in place, we will begin with the services most wanted by the public, with the benefit of relieving our officers of providing those services. We anticipate online statements of account will be high on the list.

We will align our Online Strategy to the wider Government Digital Strategy. This will align technology and access methods with the Government Online Service Hub and align Tax and Revenue administration services with the global standards of the OECD.

Many overseas retailers (such as Amazon) will withhold GST at the point of sale and remit it directly to us. This alleviates the Customs Service having to impound goods at the Ports and means that customers will no longer have to clear goods through Customs by paying GST on arrival.

Progressive penalties (such as Statutory Interest) on recalcitrant Tax accounts will be developed to further increase the fairness of the tax system.

Any married person who wishes to be taxed independently will be taxed independently.

Progress of Tax Reforms and Reviews – Future Additional Taxation Measures

34. How has Independent Taxation measures featured in this Government Plan, if at all?

Lodging the final stage of independent taxation is one of my Ministerial Priorities. Assistant Treasury Minister, Deputy Millar, will lead.

Government Plan (page 35) gives background, progress made to-date, and outlines plans to lodge final piece of law in spring 2023.

Final stage will include the mandatory move to independent taxation for all couples and the introduction of a compensatory allowance for those future marginal rate taxpayers who would be financially worse-off under independent taxation.

Couples who are already taxed jointly were able to elect to be taxed independently for the year of assessment 2023 – and this year's Finance Law enables couples to elect to be taxed independently for the year of assessment 2024. Current plan is for mandatory independent taxation for the year of assessment 2025.

Existing funding provides for all delivery to the end of phase 2 however delivery of the final mandatory phase will require funding which is under discussion in the Treasury

35. With regard to Reporting Information by Partnerships, please can you outline the progress of streamlining administration rules for establishing economic substance of partnerships?

Following the introduction of new economic substance rules for partnerships in 2021, partnership filing requirements are being amended in the Finance Law 2023.

Partnerships will file one combined notification each year, which will be used to capture all relevant information relating to the partnership's economic substance and income tax.

The opportunity will also be taken to bring the general partnership assessing rules into line with that for other Jersey partnership vehicles, giving their partners full responsibility over their tax position.

The changes to the law and filing processes have been subject to a public consultation.

36. With regard to Company Tax Return Filing Deadline, please can you outline whether this proposal was well received when consulted upon and the feedback received?

A full response paper has been published on the consultation pages. This sets out a summary of the responses to each question and a Revenue Jersey response to the consultation feedback.

Almost half the respondents to the consultation agreed that the current deadline of 31st of December presented difficulties.

The proposal to bring forward the company filing deadline to 30th of November drew a mixed response. Of the 13 respondents who provided a clear view on the proposal to change the deadline to the 30th of November, six respondents were in favour, while seven respondents expressed a negative response.

I was presented with all feedback before determining that the 30th of November was the most appropriate date. There are structural administrative advantages for both taxpayers and Revenue Jersey in moving away from a 31st of December filing date (over the Christmas holiday period). However, it is recognised that adapting to the change may present challenges for taxpayers and the tax profession in Jersey, particularly in the first year of the move.

The consultation ran from 16th of Feb 2022 to the 14th of April 2022.

37. Please can you outline the impact of providing free menstrual sanitary products as approved through the cost of living Mini – Budget on the budgetary finances

Page 98 of the Government Plan indicates I-CLS-GP23-004 “100 Day Plan - Period Products” to cost £500k in 2023 and £400k in each of 2024, 2025 and 2026.

Further verbal questions raised by the Panel during the Public Hearing on 11 November

During the Panel meeting on the 11th of November, I said I would follow up in writing, with some further numerical information that was not to hand.

Personal Tax deciles for Year Of Assessment 2020

Where decile 1 is the highest-income 10% of taxpayers

Decile	Net Tax Payable £m	% of Net Tax payable
1	202.5	44%
2	80.5	17%
3	53.0	11%

4	38.5	8%
5	28.5	6%
6	21.5	5%
7	16.5	4%
8	12.0	3%
9	7.0	2%
10	4.0	1%
Total	464.0	

Note: Excludes HVRs; Tax rounded to nearest £0.5m.

The monetary effect of deferring GST registration for large offshore retailers to 1 July 2023
P.80/2022 Cost Of Living Mini-Budget identified an upper estimate impact of £750k (out of an estimated £1.1m impact for a full year), for the associated change in de minimis.

Yours sincerely

Deputy Ian Gorst
Minister for Treasury and Resources