

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY S.Y. MÉZEC OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 19th JANUARY 2016**

Question

How much potential tax income is lost by landlords offsetting the payments of Parish Rates against rental income?

How many taxpayers currently benefit from this? Could these numbers be broken down into amounts of marginal rate taxpayers, '20 means 20' payers and High Net Worth individuals?

How many of these people benefit from this for more than one property?

Answer

Taking each part of the question separately.

1. The amount of parochial rates paid by a landlord is an allowable deduction against Jersey rental income under the provisions of Article 52(2)(b) of the Income Tax (Jersey) Law 1961. Whilst details of deductions claimed are included on tax returns, only the net rental income declared (after all allowable expenditure) is recorded on the Taxes Office IT systems. Additionally, the deductions for rates and insurance are aggregated on returns. Accordingly it is not possible to answer this question accurately. Treasury and Resources are investing in a new Taxes computer system over the next three years with a view to introducing online filing and assessment of personal income tax as a priority. The Taxes Office will consider the scope to improve the provision of statistical data as part of that work, as well as the compliance costs for individual taxpayers in providing different levels of data.
2. The total number of personal taxpayers who were assessed to tax on Jersey rental income less allowable expenses for the year of assessment 2014 was 4,945¹. These landlords can be broken down as follows:-

Taxpayers with no tax liability payable	409
Marginal rate taxpayers	2,921
20% taxpayers	1,596
High Net Worth taxpayers (licenced under 2(1)(e) and previous 1(1)(k) regulations)	<u>19</u>
Total	<u>4,945</u>

In addition there were 1,533 limited companies assessed to tax on Jersey rental income less allowable expenses for the year of assessment 2014². Jersey rental income less allowable expenses arising to limited companies is chargeable to tax at the rate of 20%.

NB Taxpayers whose Jersey rental income less allowable expenses result in nil income or a loss are not included in the above.

3. The Taxes Office IT systems do not record the number of properties each landlord owns therefore it is not possible to provide this data without examining around 6,500 tax returns.

¹ Information extracted from the Taxes Office system on 7th December 2015.

² Information extracted from the Taxes Office system on 5th January 2016.