

STATES OF JERSEY



Jersey

DRAFT INCOME TAX (PAYMENT OF 2019 LIABILITY) (JERSEY) REGULATIONS 202- (P.9/2021): SECOND AMENDMENT

**Lodged au Greffe on 15th March 2021
by the Corporate Services Scrutiny Panel
Earliest date for debate: 20th April 2021**

STATES GREFFE

DRAFT INCOME TAX (PAYMENT OF 2019 LIABILITY) (JERSEY)
REGULATIONS 202- (P.9/2021): SECOND AMENDMENT

PAGE 13, REGULATION 7 –

In Regulation 7(5)(b) for “the person’s 2019 liability” substitute “the amount of the person’s 2019 liability that has not yet become due”.

CORPORATE SERVICES SCRUTINY PANEL

REPORT

Introduction

On 4th November 2020 the States Assembly adopted [P.118/2020](#) which introduced a change to the taxation of individuals previously taxed on the Prior Year Basis. This change resulted in all taxpayers being taxed on a Current Year Basis for 2020 and future years. Consequently, all affected PYB taxpayers' 2019 liability was frozen, to be collected at a future date under arrangements which were, at the time of approval of the measure, to be provided for in Regulations to be made by 31st March 2021.

On 10th February 2021 the Draft Income Tax (Payment of 2019 Liability) (Jersey) Regulations 202- ([P.9/2021](#)) were lodged by the Minister for Treasury and Resources, ("the Draft Regulations") which sets out the process by which the 2019 liability would be collected.

The Corporate Services Scrutiny Panel ("the Panel") decided to review the Draft Regulations as a follow up to its report [S.R.7/2020](#). The Panel engaged the services of an expert adviser to help scrutinise the Draft Regulations.

The Draft Regulations require a person to pay their 2019 liability over the period to 2041 in annual instalments, with mandatory instalments of one-seventeenth of the 2019 liability due on 31st December each year from 2025 to 2041. Alternatively, taxpayers may elect to settle the full liability 12 months after reaching pensionable age (deferred payment). There are provisions to deal with hardship that may be experienced by current pensioners.

Regulation 7(4) allows the Comptroller to require a person to pay the 2019 liability as specified in *Regulation 7(5)* if the Comptroller considers that a person will not have sufficient means to pay the 2019 liability 12 months after the person reaches pensionable age. *Regulation 7(5)* specifies that the 2019 liability is to be paid in equal instalments annually from the next 31st December through to 31st December 2041.

Where a person has initially commenced paying the 2019 liability by instalments and later applies to move to deferred payment, the full 2019 liability would not be outstanding, as payments towards it may already have been made. The current wording would seek to collect the entire 2019 liability in instalments as described. The Panel therefore suggests that the wording of *Regulation 7(5)(b)* is amended to recognise any payments that have already been made against the liability.

Conclusion

The Panel asks the Minister for Treasury and Resources to accept this amendment which will support necessary activity by the Comptroller to protect public revenue and demonstrate fairness to those who decide to make payments on a regular basis to meet their 2019 liability.

Financial and manpower implications

Indication from Revenue Jersey is that it expects to be able to cover the amendment from within existing resources.