



ADDENDUM





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At the conclusion of the States debate of the 2013 Draft Budget on 5 December 2012, the States had approved two amendments to the original proposition from the Minister for Treasury and Resources.

Amendments Agreed

Amendment (as proposed by Deputy G.C.L. Baudains)

The effect of this amendment is to decrease the estimate of income from taxation during 2013 by £1,435,000 by not implementing the proposed 3 pence per litre increase in fuel duty.

Fifth Amendment (as proposed by the Minister for Treasury and Resources)

The effect of this amendment is to increase the estimate of income from taxation during 2013 by £395,000 by increasing the proposed increases on tobacco duty from 10% to 13.2%.

The States also approved two amendments to the Draft Income Tax (Amendment No. 41) (Jersey) Law.

Amendments Agreed

Amendment (as proposed by the Minister for Treasury and Resources)

The Draft Income Tax (Amendment No. 41) (Jersey) Law introduced a set of rules (“the distribution rules”) which seek to prevent Jersey resident individuals using Jersey companies to avoid and/or excessively defer a liability to Jersey income tax. Following the lodgement of the amendment, the Tax Policy Unit and Taxes Office held meetings with a large number of Jersey tax advisers and received a number of representations regarding the operation of the new rules. In response to these representations, a small number of changes to the distribution rules were proposed.

Second Amendment (as proposed by the Minister for Treasury and Resources)

The Draft Income Tax (Amendment No. 41) (Jersey) Law changed the tax exemption available to non-residents in receipt of distributions from Jersey companies. This further amendment ensured that this rule change applied for 2009 in order to protect tax revenues.

Summary

The approved amendments to the 2013 Budget will reduce the estimates of total taxation revenue to £613,789,000 and the total States income to £646,004,000.

The balance on the Consolidated Fund at the end of 2013 is estimated to be £18,677,000.

Note:

This Addendum includes minor textual changes and updated summary tables to reflect the above amendments.



Figure 5.5 A comparison of typical 2012 tax and duty levels for a range of commodities:

This table replaces Figure 5.5 as shown on page 34 of the Draft Budget Statement.

	Jersey Duty	Jersey GST @ 5%	Guernsey Duty	UK Duty	UK VAT @ 20%	France Duty	France TVA @ 19.6%
Litre of Whisky @ 40%	£10.45	£0.90	£10.31	£10.72	£2.67	£5.31	£2.89
Bottle of table wine	£1.25	£0.30	£1.43	£1.90	£1.13	£0.02	£1.12
Pint of beer/lager @ 4.5% abv	£0.31	£0.16	£0.36	£0.50	£0.57	£0.06	£0.74
Pint of beer/lager @ 5.5% abv	£0.47	£0.19	£0.36	£0.61	£0.60	£0.07	£0.83
20 King Size cigarettes	£3.79	£0.31	£3.29	£4.50	£1.22	£3.12	£0.74
Litre of Unleaded Petrol	£0.43	£0.06	£0.45	£0.58	£0.22	£0.49	£0.18
Litre of Diesel	£0.43	£0.06	£0.45	£0.58	£0.23	£0.34	£0.18

Figure 8.1 Financial implications of the 2013 Budget proposals:

This table replaces Figure 8.1 as shown on page 40 of the Draft Budget Statement.

Measure	Estimated 2013 Taxation Revenue
Impôts – alcohol	£19,000
Impôts – tobacco	£1,612,000
Impôts – fuel	£0
Vehicle Emission duty	£50,000
Budget measures, tightening tax compliance and reducing avoidance and reduction in bad debts	£4,965,000
Total	£6,646,000

Manpower implications

The proposals within the Budget Statement 2013 will be implemented without any increase to current approved staffing levels.



Summary Table A – States Income 2013

	Budget	MTFP Forecast	MTFP Proposal (Budget)
	2012 £'000	2012 £'000	2013 £'000
Income Tax			
Personal Income Tax	344,000	360,000	377,000
Companies	76,000	74,000	77,000
Provision for Bad Debt	(4,000)	(4,000)	(4,000)
	416,000	430,000	450,000
Budget Measures Tightening Compliance on Tax Collection and Reducing Avoidance			6,646
Goods and Services Tax (GST)	80,047	77,700	79,761
Impôts Duties			
Impôts Duties Spirits	4,162	4,066	4,157
Impôts Duties Wine	6,923	6,809	7,248
Impôts Duties Cider	914	948	1,039
Impôts Duties Beer	5,530	5,549	5,732
Impôts Duties Tobacco	13,609	12,642	12,392
Impôts Duties Fuel	21,952	20,014	20,799
Removal of Impôts Fuel Duty Rebate in Bus Contract	–	–	336
Impôts Duties Goods (Customs)	150	150	150
Vehicle Emissions Duty (VED)	1,260	939	1,000
	54,500	51,117	52,853
Stamp Duty			
Stamp Duty	22,429	21,435	22,978
Stamp Duty on Share Transfer (LTT)	1,600	1,434	1,551
	24,029	22,869	24,529
Total Taxation Revenue	574,576	581,686	613,789
Other States Income			
Net Investment Income	3,960	4,060	3,721
Dividends and Returns	13,417	19,075	8,319
Planned Addition to Shareholder Returns			
Jersey Financial Services Commission Fees	3,700	3,700	3,700
Returns from States Trading Operations	2,511	1,652	1,691
EUSD Retention Tax	1,500	1,500	1,500
Income Tax Penalties	1,000	1,071	1,071
Fines and Other Income	494	527	543
	26,582	31,585	20,545
Island Rate Income from Parishes	11,185	11,330	11,670
Total States Income	612,343	624,601	646,004



Summary Table E – Consolidated Fund Forecast for 2013

Actual		Original budget	MTFP Forecast	MTFP Forecast
2011 £'000	Consolidated fund	2012 £'000	2012 £'000	2013 £'000
40,625	Opening balance	24,770	47,166	32,738
–	Proposed Capital Expenditure Allocation – Housing Schemes	–	(27,000)	–
–	Other Fund Adjustments – Return of Housing Capital	–	–	–
–	Other Fund Adjustments – Allocation to to Capital Programme	–	–	–
–	Repayment of JT Preference Dividends	–	20,000	–
–	Other Fund Adjustments - Allocation to Capital Programme	–	–	(8,500)
–	Other Fund Adjustments - Allocation to Innovation Fund	–	(5,000)	–
–	Other Fund Adjustment - Earmarked Carry Forward from 2012 to Fund Capital	–	7,000	(7,000)
–	Other Fund Adjustment - Earmarked Carry Forward from 2013 to Fund Capital	–	–	3,300
–	Other Fund Adjustment - Jersey Post Special Dividend 2012 to Fund Capital	–	(2,274)	(1,528)
26,835	Other Fund Adjustments	2,032	–	–
(24,838)	Forecast Surplus/Deficit for the year	(19,412)	(7,154)	707
	Impact of Budget Amendment			(1,435)
	Impact of Treasury and Resources Budget Amendment	–	–	395
46,000	Transfer from/(to) the Stabilisation Fund	–	–	–
(41,456)	Carry forward expenditure to 2012	–	–	–
	Estimated Consolidated Fund Balance			
47,166	Central scenario	7,390	32,738	18,677