

4.12 Deputy J.A. Martin of the Minister for Treasury and Resources regarding advice given by the department on redundancy payments under £50,000:

Will the Minister advise whether redundancy payments of under £50,000 are subject to I.T.I.S. (Income Tax Instalment Scheme) and, if so, outline what advice, if any, is provided to local companies and employees by his department to ensure that all those who receive redundancy payments are aware that I.T.I.S. is not paid on earnings under this amount?

Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources - rapporteur):

All payments which an individual receives from their employer in connection with the termination of their employment are technically taxable and must be notified to the Tax Office. This is regardless of whether such payments are contractual, statutory or voluntary. However, the first £50,000 of redundancy payments and certain other payments for loss of office are exempt from income tax and hence tax on these should not be collected through I.T.I.S. Further details on the income tax treatments of termination and redundancy payments, together with examples, are published on the Tax Office's section of the States website. Naturally if an individual feels that they have had I.T.I.S. deducted in error from their redundancy payments they can approach the Tax Office and a repayment of the I.T.I.S. can be made.

4.12.1 Deputy J.A. Martin:

I am not so concerned with the Tax Office and I.T.I.S. It may be taken but it is because people - some people have lost their jobs at the company that took social security - are paying last year's tax. My problem, from looking at the wage slips that I have seen, is that the individual's redundancy payments have been added to their earnings and it looks like that they feel that that is what they have earned and that is what they will be taxed on. So is the Assistant Minister saying that each individual should present themselves at the Tax Office for individual advice?

Deputy E.J. Noel:

I have been quite clear. The amounts paid do have to be notified to the Tax Office but I.T.I.S. on those payments should not be deducted by the employer. If an individual feels they may have had I.T.I.S. deducted in error then they should contact the Tax Office.

4.12.2 Deputy T.A. Vallois:

Could the Assistant Minister advise how £50,000 was determined as the appropriate cap?

Deputy E.J. Noel:

I do not recall how this was determined. I have some vague recollection that it was a States decision.

Deputy J.A. Martin:

I would just like to thank the Assistant Minister for Treasury and Resources for being much more helpful than the Minister for Social Security. **[Members: Oh!]**