

### **2.3 Deputy J.A. Martin of St. Helier of the Minister for Treasury and Resources regarding reclaim of I.T.I.S. overpayments:**

Following the issue to the majority of the working population of assessment notices showing the total income tax payable for 2005, would the Minister inform Members of the methods that are in place to allow taxpayers to claim back any overpayment made through I.T.I.S. (Income Tax Instalment System)?

#### **Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

I.T.I.S. overpayments are already being processed and repaid by the Income Tax Department to, for example, seasonal workers who leave the Island, so methods are already in place to handle such repayments on request. These requests may be made either by letter or by personal application. For the majority of new taxpayers, it would not be possible to make a repayment claim for 2006 until the 2006 return of income has been received. Thereafter, repayments are made if requested by the taxpayer and are processed as soon as possible. They normally take some 2 weeks to process, but that time period is dependent on the volume of requests made, which are anticipated to be very high towards the end of January next year, when the final December I.T.I.S. figures would have been received from the employers. However, some employees will not ask for any overpayments to be repaid and they will have that overpayment factored into their subsequent year's I.T.I.S. deductions.

#### **2.3.1 Deputy J.A. Martin:**

I understand the Minister to be saying - and people who are approaching me who have had their assessments have already completely paid their income tax either weekly or monthly - I.T.I.S. or the Treasury will be now collecting money that they could well do with for the end of the year. So, the Minister is telling me they cannot claim the money back until January. Is that what I am led to understand, even if their tax is fully paid up to date of assessment?

#### **Senator T.A. Le Sueur:**

I think it would depend on the individual's personal circumstances, and I would be surprised if there were that many people who had had serious overpayments by this stage, but I am sure that if there are particular reasons like that, then they could certainly address the Income Tax Department and make such a submission. As I said, that can be done either by letter or by personal application.

#### **2.3.2 Deputy P.V.F. Le Claire:**

It is in a related issue, Sir, inasmuch as the Minister has said that overpayments will be factored into future I.T.I.S. deductions, and I wondered if the Minister has reviewed the Law that carries a penalty surcharge in respect of people who have not paid their contributions by the set date, which I believe is 8th December, in respect of the fact that they would be paying perhaps by I.T.I.S., and therefore, is there not a need to just look at that penalty clause and where people are paying by I.T.I.S., perhaps give them the opt-out in that circumstance?

#### **Senator T.A. Le Sueur:**

The Deputy is quite right. We have been looking at the penalty clause in relation to I.T.I.S. and the majority of people paying tax under deduction of I.T.I.S. That penalty clause will no longer be applicable, so I do not expect, for example, to get the same degree of revenue this year as I have in previous years.

### **2.3.3 Deputy C.J. Scott Warren of St. Saviour:**

Would the Minister consider scrapping the situation we have at present of collecting the previous year's tax, as I believe was scrapped in Guernsey, so that every year I.T.I.S. is paid on that current year's earnings?

### **Senator T.A. Le Sueur:**

I think I mentioned this, Sir, at the time that I.T.I.S. was being brought in. There were already significant difficulties and changes of culture in bringing in an I.T.I.S. system, and I was anxious to make sure that those changes were manageable. I believe that in a couple of years' time, once the I.T.I.S. system has settled down, we can review the process and see whether it is possible to do what the Deputy suggests, but I can make no firm commitment at this stage.

### **2.3.4 Deputy G.P. Southern:**

Given that everyone on I.T.I.S. system paying by monthly instalments has their percentage figure rounded-up, each and every one of those people will receive a surcharge; they will be paying too much tax. Is the Minister aware of what steps are in place for what could be a very large avalanche of claims in January?

### **Senator T.A. Le Sueur:**

I think the Deputy may exaggerate the position. I understand that for the majority of taxpayers, the overpayment will be rather than less than £250 a year. Now, that may be a significant sum of money, I agree, to some people, but there may be other people to whom this will be factored into their following year's assessments. I think I.T.I.S. has always been accepted as a simple, broad-brush approach and does not, for example, take account of things like bank interest and other sources of income of that nature. So, there are inevitably going to be cases where there are overpayments and other cases where there are underpayments, and the department has to accept the fact that where repayment claims are to be made, they will be processed and they will be handled as swiftly as possible.