

STATES OF JERSEY



INCOME TAX: REPORT ON PERSONAL INCOME TAX ASSESSMENTS (P.106/2012) – COMMENTS

**Presented to the States on 30th November 2012
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Minister for Treasury and Resources has already, on more than one occasion, publicly committed to undertake a feasibility study into the possibility of introducing independent taxation, within a clearly defined timescale.

The Minister recognises the importance of modernisation of the tax laws, which is why he committed, in the 2012 Budget Statement (September 2011), to complete this within a 2 – 3 year time period.

The 2013 Budget Statement refers to the significant progress made in tax policy and tax administration over the past year. Further work is underway, including the second phase of the transformation programme. This involves implementing a range of major initiatives and recommendations and is likely to span a 2 – 3 year period. The work will be aimed at modernising and simplifying the tax system, the inter-relationships between relevant States Departments, improving the range and types of services available to all taxpayers and delivering CSR savings.

These initiatives are –

- Online filing for personal taxpayers, initially for those with agents (2013), but with the goal of rolling this out to all personal taxpayers (2014)
- Self-assessment for companies (2014)
- Self-assessment for personal taxpayers (2015)
- Introduction of a statutory interest regime (2015)
- Introduction of a risk-based approach to all tax types (started and ongoing)
- Data-sharing across relevant States Departments (review started).

Earlier in 2012 it was also agreed that the Taxes Office would administer the new Long-Term Care charge, acting as agents on behalf of the Social Security Department. This is a major States project with an implementation date of January 2014.

Financial and manpower implications

The proposition assumes there will be no financial or manpower costs arising from the proposition, on the basis that the feasibility report can be prepared by existing staff.

Introducing independent taxation would not just involve making amendments to the Income Tax legislation; the impact would be much wider than this. As such, the Minister would be looking to engage an external Economics Consultancy to contribute to the report.

There would in fact be financial implications arising from the external economics advice that would be required. This cost cannot be specified until the project has commenced and the detailed scope of the work is determined.

In view of the fact the Minister has already publicly committed to a review regarding the potential introduction of independent taxation within a specified timescale which is in line with the Deputy's proposition, the Minister politely requests that the Deputy withdraw this proposition.