

APPROVED

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 18TH APRIL 2017**

Question

With reference to figure 6.9 of R.30/2017, 'Review of Personal Tax (Stage 1) – Data Analysis', what has been the scale of increase in post-tax income since 2006 for the majority of middle-earning couples, other than those couples with a child at university whose annual tax bill is reduced to assist with higher education costs?

With reference to paragraph 31 of work stream 3 in R.30/2017, what measures does the Minister have under consideration for "*raising the required amount of revenue to fund the provision of public services in the Jurisdiction*" in the light of the ongoing structural deficit and other than continued austerity, and in particular, how much revenue, if any, does he expect the measures in work stream 4, "*Tax Compliance Framework*", to raise?

Answer

The Review of Personal Tax was commissioned by the Minister and overseen by a political oversight group made up of Ministers and other States Members.

With reference to the Review of Personal Tax, illustrative households 3 and 4 broadly represent working couples without children in higher education. The review was not tasked with establishing changes in income levels - rather the impact of fiscal measures introduced by the States Assembly.

As the Chief Economist explained during the Minister's presentation of the Review to States Members on 24th April, there is no single definition of "middle earner".

The Statistics Unit advises that an empirical definition of middle-earning households may be derived from the income distributions of the 2014/15 Household Spending and Income Survey. The Unit suggests that the middle three quintiles of such an income distribution represent an appropriate definition of middle earners in Jersey.

For the purposes of this question, from the perspective of the post-tax income of "middle earning couples", the relevant income distributions from the survey are those of *unequivalised household income before housing costs* of working age couples without children and of couples with at least one dependent child aged under 16 years. The ranges of post-tax income of "middle-earning couples" in 2014/15 were:

Working age couple, no dependent children:	£31,000 to £71,000
Couple with at least one dependent child aged under 16 years:	£33,000 to £84,000

The Statistics Unit does not hold survey information of sufficient granularity to enable calculation of the change in the above income ranges since 2006, in either nominal or real terms.

The Minister outlined the principal revenue-raising measures he has under consideration during his presentation (Slides 5, 67 & 68) of the Review to States Members on 24th April – as well as in his last Budget speech.

Briefly, the principal measures the Minister is consulting on for Budget 2018 are the case for a so-called “Tesco Tax”; and the case for extending the range of finance-sector companies taxed at rates other than the Standard Rate of zero per cent.

Insufficient data exists to estimate the revenue benefit arising from improved compliance with Jersey’s tax law arising from the possible range of measures upon which the Taxes Office is currently consulting. As was also discussed during the presentation to States Members on 24 April, the Taxes Office aims to undertake “tax gap” analysis work over the coming two years which will assist with such estimations in future.