STATES OF JERSEY

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DRAFT INCOME TAX (AMENDMENT No. 26) (JERSEY) LAW 200-

Lodged au Greffe on 24th October 2006
by the Minister for Treasury and Resources

STATES GREFFE

Jersey

DRAFT INCOME TAX (AMENDMENT No. 26)(JERSEY) LAW 200-

European Convention on Human Rights

The Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources the provisions of the Draft Income Tax (Amendment No. 26) (Jersey) Law 200- are compatible with the Convention Rights.

(Signed) **Senator T.A. Le Sueur**

REPORT

This draft Law gives effect to proposals described in the Budget Statement 2007.

Financial and manpower implications

The financial and manpower implications are described in the Budget Statement.

European Convention on Human Rights

Article 16 of the Human Rights (Jersey) Law 2000 will, when brought into force by Act of the States, require the Minister in charge of a Projet de Loi to make a statement about the compatibility of the provisions of the Projet with the Convention rights (as defined by Article 1 of the Law). Although the Human Rights (Jersey) Law 2000 is not yet in force, on 18th October 2006 the Minister for Treasury and Resources made the following statement before Second Reading of this Projet in the States Assembly –

In the view of the Minister for Treasury and Resources the provisions of the Draft Income Tax (Amendment No. 26) (Jersey) Law 200- are compatible with the Convention Rights.

Explanatory Note

Part 1 - Opening

Article 1 is the interpretation provision.

Part 2 – Reduction and withdrawal of allowances and reliefs

This Part is in 2 chapters. *Chapter 1* contains amendments effective from 2007, which have the effect of reducing certain reliefs and allowances over the period 2007 to 2010 at the rate of 20% in each year. In the case of insurance premiums, the allowance so reduced will not fall below £1,000. *Chapter 2* contains amendments effective from 2011 which abolish those reliefs and allowances, with the exception of the allowance on insurance premiums, which is capped at £1,000.

In Part 11 of the principal Law, the reliefs affected are those for mortgage interest relief on a person's only or main residence and those for maintenance payments. Although the reliefs are being phased out, the amounts which would otherwise have qualified for the relief are still relevant to the calculation of a person's total income for the purposes of calculating the tax exemption threshold applicable in his or her case and of calculating the marginal rate. Hence, the reliefs are not abolished entirely in 2011 but restated so that they are still taken into consideration for the purposes of the tax exemption threshold and marginal rate.

In Part 12 of the principal Law, the earned income allowance and relief for medical insurance premiums are being phased out. Child relief and the increase in the exemption threshold for child day care are unaffected. Relief on life insurance and deferred annuity premiums is restricted to existing contracts and capped. Although the personal allowance is being phased out, the amount which would have qualified for relief remains relevant to the calculation of the tax exemption threshold and is therefore restated as part of that rule.

Chapter 1 – Allowances and reliefs reduced for 2007 to 2010

Articles 2, 3 and 4 amend, respectively, Articles 90AA (Relief in respect of interest payments: only or main residence), 90B (Deduction in respect of qualifying maintenance payments) and 90C (Maintenance payments under existing obligations) so as to make them subject to Article 90D, inserted by *Article 5* of this draft Law.

Article 5 inserts a new Article 90D in the principal Law which reduces the amounts that a person is entitled to deduct, in calculating his or her total income, by way of mortgage interest relief on a principal or main residence or relief on maintenance payments, by 20% for 2007, by 40% for 2008, by 60% for 2009 and by 80% for 2010.

Article 6 amends Article 92 of the principal Law. The opportunity is taken to substitute the heading to the Article so as to reflect its content. The Article is amended consequentially upon the amendment made by *Article 9*.

Article 7 substitutes a new Article 92A so as to restate the rule for exemption from income tax and substitutes Article 92B so as to restate the rule about child care as an element of the rule for exemption from income tax. It is necessary to restate the rule about the amount of the exemption thresholds because, currently, these are linked to the amount of personal allowance. As personal allowance is to be phased out, the link has to be severed. There is also new provision in the substituted Article 92A increasing the exemption threshold by 2.5% in 2007, 2008 and 2009. The rule regarding taxation at the marginal rate is moved to become a new Article 92C (see below).

Article 8 inserts a new Article 92C in which the rule about the marginal rate is restated.

Article 9 substitutes Article 94 of the principal Law, being the statement of a person's entitlement to the personal allowance. The entitlement is made subject to the new Article 101B (see below) which reduces the rate by 20% in each of the years 2007 to 2010.

Article 10 amends Article 98A consequentially upon the substitution of Article 94.

Article 11 amends Article 101 of the principal Law. Article 101 gives relief for life insurance or deferred annuity premiums. The first amendment restricts the relief so that it is only given for premiums for insurances or contracts entered into before 1st January 2007 or which a person otherwise became liable to pay before that date. The second amendment makes provision for relief to be reduced over the period 2007 to 2010, as a transition to it being capped at £1,000 in 2011. A person whose premiums are less than £1,000 is unaffected. A person whose premiums are more than £1,000 will have his or her allowance capped at whichever is the greater of £1,000 or so much of the payments as are allowed under Article 101, reduced by 20% for 2007, by 40% for 2008, by 60% for 2009 and by 80% for 2010.

Article 12 amends Article 101A of the principal Law (medical insurance premiums) with the effect that the deductions allowed under it in respect of premiums on medical insurance are subject to the reduction under the new Article 101B.

Article 13 inserts a new Article 101B in the principal Law which reduces a person's earned income allowance (Article 92 of the principal Law), personal allowance (Article 94 of the principal Law) and allowance in respect of medical insurance premiums (Article 101A of the principal Law) by 20% for 2007, by 40% for 2008, by 60% for 2009 and by 80% for 2010.

Articles 14 and 15 respectively amend Articles 121B and 130 of the principal Law, consequentially upon the additions and substitutions made in respect of exemptions and allowances.

Article 16 amends Schedule 5 to the principal Law. Schedule 5 contains a saving, in limited cases, for allowances which were repealed by the Income Tax (Amendment No. 23) (Jersey) Law 2004. The amendment has the effect of reducing the saved allowances by 20% for 2007, by 40% for 2008, by 60% for 2009 and by 80% for 2010.

Article 17 provides for the amendments in *Chapter 1* to have effect for 2007 and ensuing years.

Chapter 2 – Allowances and reliefs abolished or capped in 2011

Article 18 amends Article 3 of the principal Law consequentially upon the repeal of Article 92 and the introduction of the concept of a marginal income deduction.

Article 19 amends Article 4 of the principal Law, in which "total income" is defined, to reflect the effect of *Chapter 2* in further restricting or withdrawing reliefs.

Article 20 amends Articles 86, 89A and 90 of the principal Law consequentially upon the withdrawal of tax relief on mortgage interest payments on a person's principal residence (Article 90AA of the principal Law) to reflect that the person paying the interest is assessed and taxed on the whole of the interest payment, without deduction.

Article 21 amends Article 90AA so that, instead of conferring relief in respect of mortgage interest payments on a principal or main residence, the Article makes such payments a marginal income deduction. For the effect of a marginal income deduction, see the amendments made by *Articles 27 and 28* of this draft Law.

Article 22 amends Article 90AE of the principal Law consequentially upon mortgage interest payments no longer being eligible for relief under Article 90AA but instead being a marginal income deduction.

Articles 23 and 24 amend, respectively, Article 90B and 90C of the principal Law so that a person making maintenance payments to which either of those Articles applies no longer receives relief for the payments. Instead the payer is entitled to a marginal income deduction in respect of them.

Article 25 repeals Article 90D of the principal Law. Article 90D is the provision for reduction of mortgage interest and maintenance payment relief over 2007 to 2010, previously inserted by this draft Law. The Article is repealed upon the abolition of such relief from 2011.

Article 26 repeals Article 92 of the principal Law, upon the abolition of earned income allowance from 2011.

Article 27 amends Article 92A of the principal Law (as substituted from 2007 by this draft Law). Article 92A sets out the threshold for exemption from income tax. The rule is that an individual is exempt if his or her total income does not exceed the threshold applicable in his or her case. The amendment is consequential on the withdrawal of relief on mortgage interest payments and on maintenance payments. Although relief on such payments is not given from 2011, they are instead taken into account as a marginal income deduction. Marginal income deductions are applied to reduce an individual's total income before the rule in Article 92A is applied to determine whether or not the individual is exempt from income tax.

Article 28 amends Article 92C of the principal Law (inserted from 2007 by this draft Law). Article 92C sets out the rule for the application of the marginal rate, which is calculated by reference to an individual's total income. As with the amendment to Article 92A described above, the amendment to Article 92C has the effect that, although relief is no longer given for mortgage interest payments and maintenance payments, those amounts are taken into account, as marginal income deductions, to reduce an individual's total income to which the marginal rate rule is applied.

Article 29 repeals Article 94 of the principal Law, upon the abolition of the personal allowance from 2011.

Article 30 amends Article 101 of the principal Law so as to cap the allowance for premiums on life insurance and deferred annuities at £1,000.

Article 31 repeals Articles 101A and 101B of the principal Law. Article 101A is the entitlement to relief on medical insurance premiums. Article 101B is the provision for reduction of relief from 2007 to 2010 previously inserted by this draft Law.

Article 32 substitutes Article 103 of the principal Law consequentially upon the introduction of the marginal income deduction. No such deduction will be allowed unless the individual has delivered a full tax return.

Article 33 amends Article 121B of the principal Law consequentially upon the abolition of earned income and personal allowances (Articles 92 and 94 of the principal Law), for which rules as to apportionment between a separately assessed husband and wife are no longer required.

Article 34 amends Article 130 of the principal Law consequentially upon the repeal of Article 94.

Article 35 abolishes the reliefs which were repealed by the Income Tax (Amendment No. 23) (Jersey) Law 2004, as they were saved, in limited cases, by Schedule 5 to the principal Law.

Article 36 provides for *Chapter 2* to have effect from 2011 onwards.

Part 3 - Closing

Article 37 provides for the citation of the draft Law.

Jersey

DRAFT INCOME TAX (AMENDMENT No. 26)(JERSEY) LAW 200-

Arrangement

Article

Jersey

DRAFT INCOME TAX (AMENDMENT No. 26) (JERSEY) LAW 200-

A LAW to amend further the Income Tax (Jersey) Law 1961.

Adopted by the States	*[date to be inserted]*
Sanctioned by Order of Her Majesty in Council	*[date to be inserted]*
Registered by the Royal Court	*[date to be inserted]*

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

PART 1

OPENING

1 Interpretation

In this Law "principal Law" means the Income Tax (Jersey) Law 1961[1].

PART 2

REDUCTION AND WITHDRAWAL OF ALLOWANCES AND RELIEFS

CHAPTER 1

ALLOWANCES AND RELIEFS REDUCED FOR 2007 TO 2010

2 Article 90AA amended

At the end of Article 90AA of the principal Law there shall be added the following paragraph –

"(8) This Article is subject to Article 90D.".

3 Article 90B amended

At the end of Article 90B of the principal Law there shall be added the following paragraph –

"(5) This Article is subject to Article 90D.".

4 Article 90C amended

At the end of Article 90C of the principal Law there shall be added the following paragraph –

"(9) This Article is subject to Article 90D.".

5 Article 90D inserted

After Article 90C of the principal Law there shall be inserted the following Article–

"90D Reduction in relief of tax under Articles 90AA, 90B and 90C for 2007 to 2010

The amount of any relief that a person is allowed to deduct, by virtue of any of Articles 90AA, 90B and 90C, in calculating the person's total income shall be reduced –

(a) for the year of assessment 2007, by 20%;

(b) for the year of assessment 2008, by 40%;

(c) for the year of assessment 2009, by 60%;

(d) for the year of assessment 2010, by 80%.".

6 Article 92 amended

(1) For the heading to Article 92 of the principal Law there shall be substituted the heading "**Earned income allowance**".

(2) At the beginning of Article 92 of the principal Law there shall be inserted the words "Subject to Article 101B,".

7 Articles 92A and 92B substituted

For Articles 92A and 92B of the principal Law there shall be substituted the following Articles –

"92A Threshold for exemption from income tax

(1) An individual shall be entitled to exemption from income tax for a year of assessment if the individual's total income for that year does not exceed the threshold applicable in the individual's case by virtue of this Article.

(2) The threshold applicable in the case of an individual who proves, for the year of assessment –

(a) that he has his wife living with him; or

(b) that his wife is wholly maintained by him during the year of assessment and that he is not entitled, in computing the amount of his income for that year for the purposes of this Law, to make any deductions in respect of sums paid for the maintenance of his wife,

shall be, subject to paragraphs (3), (4), (5), (8) and (9) and Article 92B –

(i) for the year of assessment 2007, £18,130;

(ii) for the year of assessment 2008, £18,580;

(iii) for the year of assessment 2009 and ensuing years, £19,040.

(3) Where an individual to whom paragraph (2) applies proves, at the commencement of the

year of assessment, that either he or his wife living with him was of the age of 63 years or more, the threshold applicable in the individual’s case shall be increased –

(a) for the year of assessment 2007, by £2,630;

(b) for the year of assessment 2008, by £2,700;

(c) for the year of assessment 2009 and ensuing years, by £2,770.

(4) Where the total income for the year of assessment of an individual to whom paragraph (2) applies includes any earned income of his wife, the threshold applicable in his case shall be increased by an amount equal to the amount of that earned income, but not exceeding in any case £4,500.

(5) No exemption shall be allowed by virtue of paragraph (4) in respect of earned income received or receivable by the wife from the individual himself.

(6) The threshold applicable in the case of any individual to whom, for the year of assessment, paragraph (2) does not apply shall be, subject to paragraphs (7), (8) and (9) and Article 92B –

(a) for the year of assessment 2007, £11,300;

(b) for the year of assessment 2008, £11,580;

(c) for the year of assessment 2009 and ensuing years, £11,870.

(7) Where an individual to whom paragraph (6) applies proves that, at the commencement of the year of assessment, he or she was of the age of 63 years or more the threshold applicable in the individual’s case shall be increased –

(a) for the year of assessment 2007, by £1,310;

(b) for the year of assessment 2008, by £1,350;

(c) for the year of assessment 2009 and ensuing years, by £1,380.

(8) Where any individual is entitled, for the year of assessment, to any deduction under Article 95, the threshold applicable in the individual’s case shall be increased by an amount equal to the aggregate of the deductions to which the individual is entitled under that Article.

(9) Where any individual is entitled, for the year of assessment, to a deduction under Article 98A, the threshold applicable in the individual’s case shall be increased be an amount equal to the deduction to which the individual is entitled under that Article.

(10) In calculating an individual’s total income for the purposes of paragraph (1), the effect of Article 90D shall be disregarded.

92B Increase in exemption threshold for child day care

(1) The threshold applicable in the case of an eligible claimant shall be increased by –

(a) the amount paid by the claimant to a registered day carer for the care of a qualifying child;

(b) the claimant’s qualifying income; or

(c) £6,150,

whichever is the lowest, but no amount which qualifies for relief under any other provision of this Law shall be included.

(2) Where, for any year of assessment, 2 or more individuals are entitled to an increase under paragraph (1) in respect of the qualifying child, the amount of the increase shall be apportioned between them as they agree or, in default of agreement, by the Comptroller to the best of his or her judgment, in accordance with evidence supplied to the Comptroller by each claimant.

(3) No increase claimed under paragraph (1) shall be allowed unless the eligible claimant provides the Comptroller with a certificate from the registered day carer showing, in respect of the year of assessment –

(a) the name, address and registration number of the registered day carer;

(b) the full name and date of birth of the qualifying child; and

(c) the amount received for the care of that child.

(4) For the purposes of Article 137, a certificate provided under paragraph (3) shall be treated as a statement made in connection with a claim for relief.

(5) In this Article –

'eligible claimant' means –

(a) an individual in whose case the exemption threshold described in Article 92A(2) applies and –

(i) whose spouse has qualifying income, or

(ii) who is entitled to an additional allowance under Article 98A; or

(b) an individual in whose case the exemption threshold described in Article 92A(6) applies and who has qualifying income, apart from a man, if he and a woman live together as husband and wife for the whole or any part of the year of assessment;

'qualifying child' means a child in respect of whom an eligible claimant is entitled to a deduction under Article 95 and who has not attained the age of 13 years in the year of assessment;

'qualifying income' means income, other than any earned income received or receivable by a wife from her husband, arising from a trade, profession, office, employment or vocation chargeable to tax under Case I or II of Schedule D, other than the first £4,500 of that income for the year of assessment;

'registered day carer" means a day carer registered under the Day Care of Children (Jersey) Law 2002[2] or a person taken to have been so registered by virtue of Article 13 of that Law.".

8 Article 92C inserted

After Article 92B of the principal Law there shall be inserted the following Article –

"92C Marginal rate of tax

(1) An individual whose total income exceeds the threshold applicable in the individual's case by virtue of Article 92A shall be entitled, for any year of assessment, to have the amount of income tax payable in respect of his or her total income reduced so that it does not exceed an amount equal to 27% of the amount by which the individual's total income exceeds that threshold.

(2) In calculating an individual's total income for the purposes of paragraph (1), the effect of Article 90D shall be disregarded.".

9 Article 94 substituted

For Article 94 of the principal Law there shall be substituted the following Article –

"94 Personal allowance

(1) If an individual proves that for the year of assessment he has his wife living with him, or that his wife is wholly maintained by him during the year of assessment and that he is not entitled in computing the amount of his income for that year for the purposes of this Law to make any deductions in respect of the sums paid for the maintenance of his wife, he shall be entitled to a deduction by way of personal allowance for married persons of £5,200.

(2) An individual who is not entitled to a deduction under paragraph (1) shall be entitled to a deduction by way of personal allowance of £2,600.

(3) If the total income of the individual includes any earned income of his wife, the deduction to be allowed under this Article shall be increased by an amount equal to the amount of that earned income, but not exceeding in any case £4,500.

(4) No deduction shall be allowed by virtue of paragraph (3) in respect of earned income received or receivable by the wife from the individual himself.

(5) This Article is subject to Article 101B.”.

10 Article 98A amended

In Article 98A(1)(a) of the principal Law for the words “the higher deduction” there shall be substituted the words “a deduction”.

11 Article 101 amended

In Article 101 of the principal Law –

(a) after paragraph (1) there shall be inserted the following paragraph –

“(1A) Paragraph (1) shall apply only where the insurance was made, the contract was entered into, or the liability arose, before 1st January 2007.”;

(b) after paragraph (4) there shall be added the following paragraph –

“(5) Where, apart from this paragraph, the amount of any deduction by way of allowance to which an individual would be entitled under this Article exceeds £1,000, the amount of the deduction shall instead be whichever is the greater of –

(a) £1,000;

(b) the amount to which, apart from this paragraph, the individual would be entitled under this Article, reduced –

(i) for the year of assessment 2007, by 20%,

(ii) for the year of assessment 2008, by 40%,

(iii) for the year of assessment 2009, by 60%.

(iv) for the year of assessment 2010, by 80%.”.

12 Article 101A amended

In Article 101A(1) of the principal Law after the words “Subject to” there shall be inserted the words “Article 101B and”.

13 Article 101B inserted

After Article 101A of the principal Law there shall be inserted the following Article–

“101B Reduction in allowances under Articles 92, 94 and 101A for 2007 to 2010

The amount of any deduction by way of allowance to which an individual is entitled under any of Articles 92, 94 and 101A shall be reduced –

(a) for the year of assessment 2007, by 20%;

(b) for the year of assessment 2008, by 40%;

(c) for the year of assessment 2009, by 60%;

(d) for the year of assessment 2010, by 80%.”.

14 Article 121B amended

In Article 121B(4) of the principal Law –

(a) in sub-paragraph (b), for the words “Article 94(2)” there shall be substituted the words “Article 94(3)”;

(b) in sub-paragraph (c) for the words “Articles 92B(3),” there shall be substituted the words “Articles 92B(2),”.

15 Article 130 amended

In Article 130 of the principal Law, in the proviso to paragraph (1), for the words “Article 94(2)” there shall be substituted the words “Article 92A(4) and Article 94(3)”.

16 Schedule 5 amended

In paragraph 1 of Schedule 5 to the principal Law –

(a) after sub-paragraph (3) there shall be inserted the following sub-paragraphs –

“(3A) In a case to which sub-paragraph (3) applies, Article 96 shall continue to have effect –

(a) for the year of assessment 2007, with the substitution in paragraph (1) of that Article of the amount ‘one thousand five hundred pounds’ by the amount ‘£1,200’;

(b) for the year of assessment 2008, with the substitution in paragraph (1) of that Article of the amount ‘£1,200’ by the amount ‘£900’;

(c) for the year of assessment 2009, with the substitution in paragraph (1) of that Article of the amount ‘£900’ by the amount ‘£600’;

(d) for the year of assessment 2010, with the substitution in paragraph (1) of that Article of the amount ‘£600’ by the amount ‘£300’.

(3B) In a case to which sub-paragraph (3) applies, Article 96 shall continue to have effect with the deletion of the word ‘higher’ in sub-paragraph (b) of the proviso.”;

(b) after sub-paragraph (4) there shall be inserted the following sub-paragraph –

“(4A) In a case to which sub-paragraph (4) applies, Article 99 shall continue to have effect –

(a) for the year of assessment 2007, with the substitution in paragraph (1) of that Article of the amount ‘one thousand five hundred pounds’ by the amount ‘£1,200’;

(b) for the year of assessment 2008, with the substitution in paragraph (1) of that Article of the amount ‘£1,200’ by the amount ‘£900’;

(c) for the year of assessment 2009, with the substitution in paragraph (1) of that Article of the amount '£900' by the amount '£600';

(d) for the year of assessment 2010, with the substitution in paragraph (1) of that Article of the amount '£600' by the amount '£300'.";

(c) after sub-paragraph (5) there shall be inserted the following sub-paragraph –

"(5A) In a case to which sub-paragraph (5) applies, Article 100 shall continue to have effect –

(a) for the year of assessment 2007, with the substitution in paragraph (1) of that Article of the amount 'one thousand five hundred pounds' by the amount '£1,200';

(b) for the year of assessment 2008, with the substitution in paragraph (1) of tha Article of the amount '£1,200' by the amount '£900';

(c) for the year of assessment 2009, with the substitution in paragraph (1) of that Article of the amount '£900' by the amount '£600';

(d) for the year of assessment 2010, with the substitution in paragraph (1) of that Article of the amount '£600' by the amount '£300'.".

17 Commencement of Chapter 1

This Chapter of this Part shall have effect for the year of assessment 2007 and ensuing years.

CHAPTER 2

ALLOWANCES AND RELIEFS ABOLISHED OR CAPPED IN 2011

18 Article 3 amended

In Article 3(1) of the principal Law –

(a) in the definition "assessable income", the words ", and, in the case of earned income, as ascertained in accordance with the provisions of Article 92" shall be deleted;

(b) after the definition "lifetime annuity" there shall be inserted the following definition –

"'marginal income deduction' means a reduction of total income allowed only for the purposes of and in accordance with Articles 92A and 92C;".

19 Article 4 amended

In Article 4(1) of the principal Law for the words "less the amounts of so much of any interest of money allowed under this Law" there shall be substituted the words "less so much as are allowed under this Law of the amounts of any interest of money".

20 Articles 86, 89A and 90 amended

In Articles 86(2)(e), 89A(2) and 90 of the principal Law for the words "Articles 90AA" there shall be substituted the words "Articles 90AB".

21 Article 90AA amended

(1) In the heading to Article 90AA of the principal Law for the word "**Relief**" there shall be substituted

the words “**Marginal income deduction**”.

(2) In Article 90AA of the principal Law –

(a) in paragraph (2)–

(i) in sub-paragraph (c), for the word “relief” there shall be substituted the words “a deduction”,

(ii) for the words “relief of tax on” there shall be substituted the words “a marginal income deduction in respect of”;

(b) in paragraphs (5) and (6) for the words “eligible for relief” there shall be substituted the words “eligible for a marginal income deduction”;

(c) in paragraph (6) for the words“the relief” there shall be substituted the words “the deduction”;

(d) paragraph (8) shall be deleted.

22 Article 90AE amended

In Article 90AE of the principal Law –

(a) in paragraph (3) for the words“Articles 90AA” there shall be substituted the words “Articles 90AB”;

(b) after paragraph (3) there shall be inserted the following paragraph–

“(3A) Where only a portion of a loan fulfils the conditions required under Article 90AA for interest on the loan to be eligible for a marginal income deduction, such portion of the total interest payable on the whole of the loan shall be treated as eligible for a marginal income deduction under that Article as equates to the portion of the loan fulfilling those conditions.”;

(c) in paragraph (4) for the words“paragraph (3)” there shall be substituted the words “paragraph (3A)”;

(d) in paragraph (5)(b) after the words“is eligible for” there shall be inserted the words “, as the case may be, the marginal income deduction or”.

23 Article 90B amended

(1) In the heading to Article 90B of the principal Law for the word “**Deduction**” there shall be substituted the words “**Marginal income deduction**”.

(2) In Article 90B of the principal Law–

(a) in paragraph (2), for the words “, in computing the individual’s total income for a year of assessment, to deduct an amount” there shall be substituted the words “to a marginal income deduction in an amount”;

(b) paragraph (5) shall be deleted.

24 Article 90C amended

(1) At the beginning of the heading to Article 90C of the principal Law there shall be inserted the words “**Marginal income deduction in respect of**”.

(2) In Article 90C of the principal Law –

(a) for paragraph (3) there shall be substituted the following paragraph –

“(3) An individual making a payment to which this Article applies shall be entitled, for the year of assessment in which the payment falls due, to a marginal income deduction of an amount determined in accordance with paragraph (4).”;

(b) in paragraph (4) for the words “The amount which an individual may deduct under paragraph (3) of this Article in computing the individual’s total income for a year of assessment” there shall be substituted the words “The amount to be determined in an individual’s case”;

(c) in paragraph (5) for the words “to make a deduction in respect of a payment in computing the individual’s total income for a year of assessment,” there shall be substituted the words “to a marginal income deduction in respect of a payment,”;

(d) paragraph (9) shall be deleted.

25 Article 90D repealed

Article 90D of the principal Law shall be repealed.

26 Article 92 repealed

Article 92 of the principal Law shall be repealed.

27 Article 92A amended

For paragraph (10) of Article 92A of the principal Law there shall be substituted the following paragraph –

“(10) In calculating an individual’s total income for the purposes of paragraph (1), that total shall be reduced by any marginal income deduction to which the individual is entitled under Article 90AA, 90B or 90C.”.

28 Article 92C amended

For paragraph (2) of Article 92C of the principal Law there shall be substituted the following paragraph –

“(2) In calculating an individual’s total income for the purposes of paragraph (1), that total shall be reduced by any marginal income deduction to which the individual is entitled under Article 90AA, 90B or 90C.”.

29 Article 94 repealed

Article 94 of the principal Law shall be repealed.

30 Article 101 amended

For paragraph (5) of Article 101 of the principal Law there shall be substituted the following paragraph –

“(5) The amount of any deduction by way of allowance to which an individual is entitled under this Article shall not exceed £1,000.”.

31 Articles 101A and 101B repealed

Articles 101A and 101B of the principal Law shall be repealed.

32 Article 103 substituted

For Article 103 of the principal Law there shall be substituted the following Article –

“103 No exemption or relief unless statement delivered

An individual shall not be entitled to any exemption or the application of the marginal rate, or to any allowances or relief under the preceding provisions of this Part, unless the individual has delivered to the Comptroller a statement of the individual's income from all sources.".

33 Article 121B amended

For paragraph (4) of Article 121B of the principal Law there shall be substituted the following paragraph–

"(4) Subject to paragraph (5), any allowances, exemptions or reliefs (notwithstanding Articles 92B(2), 95(4) and 98A(4)) shall be apportioned between the husband and wife in proportion to the amounts or their respective incomes.".

34 Article 130 amended

In the proviso to Article 130(1) of the principal Law the words "and Article 94(3)" shall be deleted.

35 Schedule 5 amended

In paragraph 1 of Schedule 5 to the principal Law, sub-paragraphs (3) to (5A) shall be deleted.

36 Commencement of Chapter 2

This Chapter of this Part shall have effect for the year of assessment 2011 and ensuing years.

PART 3

CLOSING

37 Citation

This Law may be cited as the Income Tax (Amendment No. 26) (Jersey) Law 200-.

[1] *chapter 24.750*

[2] *chapter 10.700*