STATES OF JERSEY

DRAFT INCOME TAX (PRESCRIBED LIMIT AND RATE) (AMENDMENT) (JERSEY) REGULATIONS 201-

Lodged au Greffe on 7th June 2011
by the Minister for Treasury and Resources

STATES GREFFE

DRAFT INCOME TAX (PRESCRIBED LIMIT AND RATE) (AMENDMENT) (JERSEY) REGULATIONS 201-

REPORT

The Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-, together with the Income Tax (Amendment No. 39) (Jersey) Law 201-, proposes to introduce a new tax regime for individuals granted a housing consent under Regulation 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations 1970.

These are to remove the distinction between Jersey and non-Jersey source income for the purposes of calculating the tax liability of a 1(1)(k) resident, and to tax their income at the rates of 20% on the first £625,000 of income and 1% on all income thereafter.

Financial and manpower implications

No additional manpower requirements will arise from the implementation of Amendment No. 39 and the Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-. It is anticipated that simplifying the tax regime for future 1(1)(k) residents, combined with a greater focus on marketing and improvements in the application process, may allow the Island to attract up to 15 applicants each year (which is in line with current limits), each of whom would pay a minimum level of tax of £125,000.

Explanatory Note

These draft Regulations would supplement the amendments to Article 135A of the Income Tax (Jersey) Law 1961 (the "Law") made by the Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011).

Regulation 1 defines the Income Tax (Prescribed Limit and Rate) (Jersey) Regulations 2004 as the "principal Regulations".

Regulation 2 amends Regulation 1 of the principal Regulations so as to specify a prescribed limit of £625,000 applicable in the case of a person described in Article 135A(3A) of the Law as amended by P.113/2011. The person's income chargeable under Schedule D (disregarding dividends paid out of profits taxed at the standard rate), and not exceeding the prescribed limit, is taxed at the standard rate.

Regulation 3 amends Regulation 2 of the principal Regulations so as to specify the rate at which so much of the Schedule D income of a person described in Article 135A(3A) of the Law as amended by P.113/2011 as exceeds the prescribed limit described above is to be taxed. The rate is set at 1%.

Regulation 4 provides for the citation of these Regulations and their commencement on the day they are made by the States.

DRAFT INCOME TAX (PRESCRIBED LIMIT AND RATE) (AMENDMENT) (JERSEY) REGULATIONS 201-

Made	*[date to be inserted]*
Coming into force	*[date to be inserted]*

THE STATES, in pursuance of Article 135A(4) of the Income Tax (Jersey) Law 1961[1], have made the following Regulations –

1   Interpretation

In these Regulations "principal Regulations" means the Income Tax (Prescribed Limit and Rate) (Jersey) Regulations 2004[2].

2   Regulation 1 amended

(1)   At the beginning of Regulation 1 of the principal Regulations there shall be inserted the paragraph number "(1)".

(2)   After paragraph (1) of Regulation 1 of the principal Regulations there shall be added the following paragraph –

"(2)   The prescribed limit referred to in Article 135A(3B) of the Income Tax (Jersey) Law 1961 shall be £625,000.".

3   Regulation 2 amended

(1)   At the beginning of Regulation 2 of the principal Regulations there shall be inserted the paragraph number "(1)".

(2)   After paragraph (1) of Regulation 2 of the principal Regulations there shall be added the following paragraph –

"(2)   The prescribed rate referred to in Article 135A(3B) of the Income Tax (Jersey) Law 1961 shall be one pence in the pound.".

4   Citation and commencement

These Regulations may be cited as the Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- and shall come into force on the day they are made.

chapter 24.750
chapter 24.750.38