

STATES OF JERSEY

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DRAFT FOOD COSTS (OFFSET OF AVERAGE GST) BONUS (AMENDMENT) (JERSEY) REGULATIONS 200

**Lodged au Greffe on 21st October 2008
by the Minister for Social Security**

STATES GREFFE



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REPORT

Subject to States' agreement of P.163/2008, these Regulations give effect to the proposed changes to the GST Bonus.

Introduction

The current budget for the GST Bonus is £400,000, with households eligible to receive a fixed bonus of £75 per annum. The Treasury estimates that approximately 5,000 households will claim this bonus.

It is proposed to double the value of the Bonus so that the amount paid in 2009 is £150 per household. The additional cost is estimated at £400,000 per annum. The cost of administration will not increase significantly, but it is likely that there will be a slightly higher take-up under the amended scheme.

Increasing the GST Bonus by £75 per annum is equivalent to £1.44 extra per household per week.

It is proposed to alter the timing of the GST Bonus so that applications can be made throughout the year. At present, applications cannot be made until 1st October in a given year. Providing for applications throughout the year will enable applicants to claim the increased benefit of £150 from March 2009, rather than waiting until October to receive any assistance, so that they have the benefit of the Bonus ahead of facing spending pressures, instead of in arrears.

Allowing applications throughout the year is likely to result in a small increase in the number of eligible claims because it will allow people to choose between tax assessments in respect of one or 2 years previously. However other than in 2009, each tax assessment will only be able to be used to claim the Bonus once.

Comments on amendments to Regulations

As the Bonus is no longer linked specifically to an offset of average GST on food, the name of the Regulations will be amended by removing the reference to GST, and just referring to a bonus for food costs.

Regulations 3 and 4 – Applications will be allowed throughout the year. Claims made before 1st October will use the Income Tax assessment for 2 years previous and claims made between 1st October and 31st December will use the Income Tax assessment for the previous year.

The Income Tax assessment for a particular year can only be used to claim the Bonus in one subsequent year. This rule will not be applied to applications made in 2009, to allow applications to be made based on a 2007 tax assessment which has also been used in respect of the application for the 2008 Bonus.

Regulation 5 – the rate for 2009 is set at £150. For 2010 the rate will be increased by the annual increase in food costs as at September 2009. This will be the most up-to-date food index available on 1st January 2010.

Financial and manpower implications

There are no manpower implications. Implementation costs, including administration, are estimated at a maximum of £15,000. The cost of the increased Bonus can be met from the Departmental cash limit, subject to the approval of P.163/2008.

Explanatory Note

These Regulations amend the Food Costs (Offset of Average GST) Bonus (Jersey) Regulations 2008 (the “principal Regulations”).

Regulation 1 is the interpretation provision.

Regulation 2 amends Regulations 1, 2 and 8 of the principal Regulations with the effect that the bonus payable under the Regulations will, for the future, be known simply as the Food Costs Bonus.

Regulation 3 and 4 amend Regulations 3 and 4 of the principal Regulations so as to enable an application for Food Costs Bonus to be made at any time in a year. Currently, an application may only be made between 1st October and 15th December. Depending on when in the year an application is made, the applicant’s entitlement will be determined either by reference to the household’s liability to income tax for the preceding year or for the year before that. However, a household’s liability to tax for one year cannot be used twice to determine entitlement to the bonus. So, if entitlement to bonus in 2009 is determined by reference to a household’s tax liability for 2008, entitlement to bonus for 2010 must be determined by reference to the household’s tax liability for 2009.

Regulation 5 sets the rate of bonus for 2009 at £150. The rate of bonus for 2010 is set at £150 plus the percentage increase in the food costs figure for the period October 2008 to September 2009 inclusive.

Regulation 6 provides for the citation of these Regulations and for their commencement on 1st March 2009.



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Arrangement

Regulation

<u>1</u>	<u>Interpretation</u>
<u>2</u>	<u>Regulations 1, 2 and 8 amended</u>
<u>3</u>	<u>Regulation 3 amended</u>
<u>4</u>	<u>Regulation 4 amended</u>
<u>5</u>	<u>Regulation 5 amended</u>
<u>6</u>	<u>Citation and commencement</u>



Jersey

DRAFT FOOD COSTS (OFFSET OF AVERAGE GST) BONUS (AMENDMENT) (JERSEY) REGULATIONS 2008

Made

[date to be inserted]

Coming into force

[date to be inserted]

THE STATES, in pursuance of the Order in Council dated 28th March 1771^[1], have made the following Regulations –

1 Interpretation

In these Regulations, “principal Regulations” means the Food Costs (Offset of Average GST) Bonus (Jersey) Regulations 2008^[2].

2 Regulations 1, 2 and 8 amended

In Regulations 1(1), 2 and 8(1) of the principal Regulations the words “(Offset of Average GST)” shall be deleted.

3 Regulation 3 amended

For paragraph (3) of Regulation 3 of the principal Regulations there shall be substituted the following paragraphs –

“(3) The second condition is that, subject to paragraph (3A) –

- (a) where an application for a bonus is made on behalf of the household before 1st October in the year to which it relates, no member of the household was served with a notice of assessment under Article 25 of the Income Tax (Jersey) Law 1961 showing a liability to income tax for the year of assessment falling 2 years before the year to which the application relates;
- (b) where an application for a bonus is made on behalf of the household on or after 1st October in the year to which it relates, no member of the household was served with a notice of assessment under Article 25 of the Income Tax (Jersey) Law 1961 showing a liability to income tax for the year of assessment preceding the year to which the application relates.

(3A) Subject to paragraph (3B), where a household has qualified for a bonus in a year by meeting the second condition in the case described in paragraph (3)(b), the household cannot qualify for a bonus in the following year by meeting the second condition in the case described in paragraph (3)(a) and, accordingly, any application made on behalf of the household for the following year, if made before 1st October, shall be deemed to have been made on or after that date.

(3B) Paragraph (3A) shall not prevent an application for a bonus in 2009 being determined

by reference to the members of the household's liability to income tax for the year of assessment 2007.”.

4 Regulation 4 amended

In Regulation 4(1)(a) of the principal Regulations the words “between 1st October and 15th December (inclusive)” shall be deleted.

5 Regulation 5 amended

In Regulation 5 of the principal Regulations for paragraphs (2) and (3) there shall be substituted the following paragraphs –

“(2) For 2009 the amount of bonus is £150.

(3) For 2010, the amount of the bonus is £150, plus a percentage increase of that sum that is the same percentage as that of the rise, if any, in the food costs figure during the 12 months starting on 1st October 2008”.

6 Citation and commencement

These Regulations may be cited as the Food Costs (Offset of Average GST) Bonus (Amendment) (Jersey) Regulations 200- and shall come into force on 1st March 2009.

[1]

chapter 15.120

[2]

R&O.83/2008