

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P.
SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 17th JUNE 2008

Question

Will the Minister clarify for members whether the '20 means 20' tax measures include or exclude mortgage interest tax relief?

Answer

For those chargeable at the standard rate of tax of 20%, they will gradually lose mortgage interest tax relief, just as they will lose other allowances and reliefs under '20 means 20'. For those who are not subject to the '20 means 20' provisions, and who therefore benefit from the marginal rate of tax of 27%, they will still be entitled to receive their full mortgage interest tax relief up to the £300,000 cap.

This is in accordance with the intention of '20 means 20', which was to make the tax system more progressive by increasing the effective rate of tax for higher earners by reducing their allowances, thereby ensuring that the better-off shoulder a higher proportion of the overall tax burden.