

**DRAFT FINANCE (JERSEY) LAW 199**

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**Lodged au Greffe in Second Reading  
on 2nd December 1998 by the  
Finance and Economics Committee**

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**STATES OF JERSEY**

**STATES GREFFE**

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## Explanatory Note

*Part I* of the draft Law provides for the continuation of certain expiring fiscal Laws. *Article 1* provides for the Laws, which are listed in the *First Schedule* to the draft Law, to be continued in force for a further twelve months.

*Part II* of the draft Law provides for the fixing of the standard rate of income tax for 1999. *Article 2* provides that the standard rate will remain at 20p in the pound.

*Part III* of the draft Law amends the Income Tax (Jersey) Law 1961, as amended ("the Income Tax Law") with regard to deductions on account of social security contributions. *Article 3* reduces the percentage of Class 2 contributions which may be deducted as expenses in respect of a trade or profession under Schedule D from 57% to 55.75%. *Article 4* provides that the amendments in Part III will have effect for 1998 and ensuing years.

*Part IV* of the draft Law amends the Income Tax Law in respect of reduction of tax on small incomes. *Article 5* provides that the "marginal rate" of income tax on small incomes will be reduced from 30% to 27%. *Article 6* provides that the amendments in Part IV will have effect for 1998 and ensuing years.

*Part V* of the draft Law amends the Income Tax Law in relation to annuity contracts. *Article 7* provides that in the case of an individual under the age of 40 years at the commencement of the year of assessment the maximum amount of premium which will attract tax relief will be increased from £12000 to £15000. In the case of an individual between the ages of 40 years and 49 years the figure is increased from £18000 to £25000, and for those individuals aged 50 years or more, from £18000 to £35000. The aggregate amount of premiums which may be deducted by an individual will, on the basis of the foregoing age bands, be 15%, 25% or 35% of relevant earnings. *Article 8* provides that the amendments in Part V will have effect for 1999 and ensuing years.

*Part VI* of the draft Law amends the Wines and Spirits (Revenue Duties) (Jersey) Law 1973, as amended. *Article 9* amends that Law by replacing

the First and Second Schedules so as to increase rates of duty in respect of wines and spirits. *Article 10* provides for the amendments to have immediate effect.

*Part VII* of the draft Law amends the “Loi (1937) sur la perception d’un impôt sur la bière”, as amended. *Article 11* amends that Law so as to increase rates of duty on beer. *Article 12* provides for the amendments to have immediate effect.

*Part VIII* of the draft Law amends the “Loi (1937) sur la perception d’un impôt sur le tabac”, as amended. *Article 13* amends that Law so as to increase the rates of duty on tobacco products. *Article 14* provides for the amendments to have immediate effect.

*Part IX* of the draft Law amends the “Loi (1940) autorisant la perception d’un impôt sur certaines huiles et essences”, as amended. *Article 15* amends that Law so as to increase duty on petrol (both leaded and unleaded) and diesel oil. *Article 16* provides for the amendments to have immediate effect.

*Part X* of the draft Law contains a single Article (*Article 17*) which gives the Law its short title.

The *First Schedule* lists the expiring fiscal Laws which are to be continued in force by *Article 1* for a further twelve months.

The *Second Schedule* replaces the First and Second Schedules to the Wines and Spirits (Revenue Duties) (Jersey) Law 1973, as amended.

**FINANCE (JERSEY) LAW 199**

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**A LAW** to continue certain expiring fiscal Laws; to prescribe the standard rate of income tax for the year nineteen hundred and ninety-nine; to amend further the Law relating to income tax with regard to the deduction on account of social security contributions, and in respect of reduction of tax on small incomes and in relation to annuity contracts; to amend the Laws relating to wines and spirits duty, beer duty, tobacco duty and oils and spirits duty; sanctioned by Order of Her Majesty in Council of the

(Registered on the      day of      199 )

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**STATES OF JERSEY**

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The      day of      199

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

*PART I*

**Continuation of certain expiring fiscal Laws**

ARTICLE 1

The Laws mentioned in the First Schedule to this Law, as amended and as continued in force by any subsequent enactment, shall remain in force until the thirty-first day of December 1999.

*PART II***Standard rate of income tax for 1999**

## ARTICLE 2

There shall be levied and charged in the Island for the year nineteen hundred and ninety-nine in accordance with the provisions of the Income Tax (Jersey) Law 1961,<sup>1</sup> as amended<sup>2</sup> by any subsequent enactment, including this Law, income tax at the standard rate of twenty pence in the pound.

*PART III***Amendment of Income Tax Law with regard to deduction on account of social security contributions**

## ARTICLE 3

In paragraph (1) of Article 70A of the Income Tax (Jersey) Law 1961,<sup>3</sup> as amended,<sup>4</sup> for the words “fifty-seven per cent” there shall be substituted the expression “55.75 per cent”.

## ARTICLE 4

This Part of this Law shall have effect for the year nineteen hundred and ninety-eight and ensuing years.

<sup>1</sup> Volume 1961-1962, page 197.

<sup>2</sup> Volume 1961-1962, page 445, Volume 1963-1965, pages 97, 115, 144, 178, 190, 423 and 424, Volume 1966-1967, pages 420, 523, 524 and 526, Volume 1968-1969, page 220, Volume 1970-1972, pages 204, 209, 210 and 382, Volume 1973-1974, pages 275 and 276, Volume 1975-1978, pages 47, 48, 257 and 258, Volume 1979-1981, pages 17, 157, 158, 159, 163, 297, 298, 383 and 384, Volume 1982-1983, page 47, Volume 1984-1985, page 76, Volume 1986-1987, pages 192, 193, 198, 201, 211, 219 and 299, Volume 1988-1989, pages 222, 223, 224, 380, 381, 383 and 384, Volume 1990-1991, pages 97, 98, 99, 103, 104, 105, 431, 432, 434 and 435, Volume 1992-1993, pages 35, 36, 37 and 38, Volume 1994-1995, pages 222, 223, 224, 367, 369, 373 and 375, and Volume 1996-1997, pages 266 and 651.

<sup>3</sup> Volume 1961-1962, page 236, and Volume 1979-1981, page 297.

<sup>4</sup> Volume 1994-1995, page 369.

*PART IV*

**Amendment of Income Tax Law in respect of reduction of tax on small incomes**

ARTICLE 5

In paragraph (2) of Article 92A of the Income Tax (Jersey) Law 1961,<sup>5</sup> as amended,<sup>6</sup> for the words “three-tenths” there shall be substituted the words “twenty-seven per cent”.

ARTICLE 6

This Part of this Law shall have effect for the year nineteen hundred and ninety-eight and ensuing years.

*PART V*

**Amendment of Income Tax Law in relation to annuity contracts**

ARTICLE 7

In Article 131B of the Income Tax (Jersey) Law 1961,<sup>7</sup> as amended<sup>8</sup> -

- (a) in clause (vi) of sub-paragraph (b) of paragraph (3) for all the words after the words “shall exceed -” to the end of the clause there shall be substituted the following words -

“(A) in a case where at the beginning of the year of assessment the individual has not attained the age of forty years, the annual sum of fifteen thousand pounds;

<sup>5</sup> Volume 1961-1962, page 254, and Volume 1970-1972, page 204.

<sup>6</sup> Volume 1982-1983, page 47, Volume 1988-1989, pages 223 and 224, Volume 1994-1995, pages 366 and 367, and Volume 1996-1997, pages 264 and 651.

<sup>7</sup> Volume 1961-1962, page 286, and Volume 1986-1987, page 299.

<sup>8</sup> Volume 1988-1989, page 388, Volume 1990-1991, page 104, Volume 1994-1995, page 373, and Volume 1996-1997, pages 271 and 655.

- (B) in a case where at the beginning of the year of assessment the individual has attained the age of forty years but has not attained the age of fifty years, the annual sum of twenty-five thousand pounds; and
  - (C) in any other case, the annual sum of thirty-five thousand pounds;”;
- (b) for paragraph (9) there shall be substituted the following paragraph -
- “(9) Notwithstanding paragraph (2) of this Article -
- (a) no deduction shall be made in respect of any premiums to the extent that in the aggregate they exceed -
    - (i) in a case where at the beginning of the year of assessment the individual has not attained the age of forty years, an amount equal to fifteen per cent of his relevant earnings, as reduced by losses or capital allowances applicable to them,
    - (ii) in a case where at the beginning of the year of assessment the individual has attained the age of forty years but has not attained the age of fifty years, an amount equal to twenty-five per cent of his relevant earnings, as reduced by losses or capital allowances applicable to them, or
    - (iii) in any other case, an amount equal to thirty-five per cent of the individual’s relevant earnings, as reduced by losses or capital allowances applicable to them;
  - (b) if an individual has contributed to a superannuation fund or pension scheme

approved under Article 131 of this Law during the year of assessment and the aggregate of his contributions to that fund or scheme and any premiums to which this Article applies exceed the amount specified in clause (i), (ii) or (iii) (as the case may be) of sub-paragraph (a) of this paragraph, the deduction shall be reduced by the amount of that excess.”.

## ARTICLE 8

This Part of this Law shall have effect for the year nineteen hundred and ninety-nine and ensuing years.

## *PART VI*

### **Amendment of Wines and Spirits Duty Law**

## ARTICLE 9

For the First and Second Schedules to the Wines and Spirits (Revenue Duties) (Jersey) Law 1973,<sup>9</sup> as amended,<sup>10</sup> there shall be substituted the Schedules so numbered set out in the Second Schedule to this Law.

## ARTICLE 10

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the second day of December 1998.

<sup>9</sup> Volume 1973-1974, page 44.

<sup>10</sup> Volume 1996-1997, page 656.



*PART VII***Amendment of Beer Duty Law**

## ARTICLE 11

In the first paragraph of Article 1 of the “Loi (1937) sur la perception d’un impôt sur la bière”, as amended<sup>11</sup> -

- (a) in sub-paragraph (a) -
  - (i) for the amounts “£12.08” and “£15.70” there shall be substituted the amounts “£15.60” and “£21.25” respectively;
  - (ii) for the expression “4.4% ABV” (in both places where it occurs) there shall be substituted the expression “4.9% ABV”;
- (b) in sub-paragraph (b) -
  - (i) for the amounts “£15.65” and “£19.91” there shall be substituted the amounts “£20.21” and “£26.95” respectively;
  - (ii) for the expression “4.4% ABV” (in both places where it occurs) there shall be substituted the expression “4.9% ABV”.

## ARTICLE 12

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the second day of December 1998.

<sup>11</sup> Tome VII, page 216, and Volume 1996-1997, pages 274 and 657.

*PART VIII***Amendment of Tobacco Duty Law**

## ARTICLE 13

In Article 1 of the “Loi (1937) sur la perception d’un impôt sur le tabac”, as amended<sup>12</sup> -

- (a) in sub-paragraphs (a), (b) and (c) of the first paragraph for the amounts “£48.64”, “£50.93”, “£52.63”, “£65.81” and “£55.93” there shall be substituted the amounts “£55.93”, “£58.57”, “£60.52”, “£75.68” and “£64.32” respectively;
- (b) in the second paragraph for the amount “£48.64” there shall be substituted the amount “£55.93”.

## ARTICLE 14

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the second day of December 1998.

*PART IX***Amendment of Oils and Spirits Duty Law**

## ARTICLE 15

In Article 2 of the “Loi (1940) autorisant la perception d’un impôt sur certaines huiles et essences”, as amended,<sup>13</sup> for the amounts “£16.20”, “£14.70” (in both places where it occurs) and “£16.70” there shall be substituted the amounts “£21.20”, “£19.70” and “£21.70” respectively.

<sup>12</sup> Tome VII, page 213, Volume 1979-1981, page 394, Volume 1990-1991, pages 107 and 108, Volume 1992-1993, page 44, and Volume 1996-1997, page 657.

<sup>13</sup> Tome VII, page 321, and Volume 1996-1997, page 658.

ARTICLE 16

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the second day of December 1998.

*PART X*

**Short title**

ARTICLE 17

This Law may be cited as the Finance (Jersey) Law 199 .

*FIRST SCHEDULE***(Article 1)****Fiscal Laws continued in force**

Import Duties (Jersey) Law 1932.<sup>14</sup>

“Loi (1937) sur la perception d’un impôt sur le tabac<sup>15</sup>”.

“Loi (1937) sur la perception d’un impôt sur la bière<sup>16</sup>”.

“Loi (1940) autorisant la perception d’un impôt sur certaines huiles et essences<sup>17</sup>”.

Revenue Duty on Oils and Spirits (Administration) (Jersey) Law 1940.<sup>18</sup>

<sup>14</sup> Tome VII, page 42.

<sup>15</sup> Tome VII, page 213, Volume 1979-1981, page 394, Volume 1990-1991, pages 107 and 108, Volume 1992-1993, page 44, and Volume 1996-1997, page 657.

<sup>16</sup> Tome VII, page 216, Volume 1979-1981, page 394, and Volume 1996-1997, pages 274 and 657.

<sup>17</sup> Tome VII, page 321, Volume 1979-1981, pages 185 and 186, and Volume 1996-1997, page 658.

<sup>18</sup> Tome VII, page 323, and Volume 1994-1995, page 244.

*SECOND SCHEDULE*

(Article 9)

**Amendment of Wines and Spirits Duty Law***"FIRST SCHEDULE*

(Article 3)

**Impôt on spirits**

<i>Strength of spirits</i>	<i>Rate per hectolitre</i>
Not exceeding 5.5 per cent volume	£26.95
	<i>per litre of alcohol in the spirits</i>
Exceeding 5.5 per cent volume	£14.79

For the purposes of this Schedule -

- (a) the expression 'per cent volume' means the percentage of alcohol in the spirits determined in accordance with Article 2 of this Law; and
- (b) the expression 'per litre of alcohol in the spirits' means the quantity of alcohol in the spirits as determined in accordance with the provisions of Article 2 of this Law."

*"SECOND SCHEDULE***(Article 4)****Impôt on wines**

<i>Strength of wines</i>	<i>Rate per hectolitre</i>
Cider or perry not exceeding 8.6 per cent volume	£26.95
Wine exceeding 1.2 per cent volume but not exceeding 5.5 per cent volume	£26.95
Wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume	£90.81
Wines exceeding 15 per cent volume but not exceeding 22 per cent volume	£111.28
	<i>per litre of alcohol in the wine</i>
Wines exceeding 22 per cent volume	£14.79

For the purposes of this Schedule -

- (a) the expression 'per cent volume' means the percentage of alcohol in the wine determined in accordance with the provisions of Article 2 of this Law; and
- (b) the expression 'per litre of alcohol in the wine' means the quantity of alcohol in the wine as determined in accordance with the provisions of Article 2 of this Law."