

JATCO

THE JERSEY ASSOCIATION OF TRUST COMPANIES



For the attention of Peter Lamy

States Greffe
Scrutiny
Morier House
St Helier
Jersey
JE1 1DD

By email only: p.lamy@gov.je

10th November 2023

Dear Peter

Comments of Jersey Association of Trust Companies in respect of the Proposed Government Plan 2024 - 2027

I write in my capacity as President of the Jersey Association of Trust Companies and set out below our response to the Proposed Government Plan 2024 - 2027 following receipt of your letter inviting our members' views.

The Jersey Association of Trust Companies (JATCo) is an organisation that represents the majority of trust companies in the island of Jersey, Channel Islands. It has over 50 member firms (“TCB’s”), which employ an estimated 4,000 people locally. Its members, and those employed by them, contribute a significant percentage of the Island’s annual tax revenues.

For ease, our comments follow the same order as they are shown in the Proposed Government Plan 2024 – 2027 as they relate specifically either to our industry, as well as more generic observations that affect our members.

Increase in personal tax allowances and independent taxation

We are in agreement with the proposals to increase personal tax allowances, in particular to firstly to children allowances, as we know that the costs of childcare affects our ability to recruit and retain our employees, who are starting their careers or on the lower end of the salary scale. We are also in agreement with the increase in second earners allowance to ensure equality and leading to independent taxation.

Helping children and families

As mentioned above, we are supportive of the increase in childcare allowances, as well as the assisted homebuy and changes in stamp duty to allow first time buyers get their foot on the property ladder. We are concerned as an industry, that otherwise the younger generation and new talent will dry up; either by not returning from higher education or decide to leave the island due to the current cost of living or not being able to buy their first home here.

We would like the government to revisit the introduction of States loans in the next budget, these having being available in the past, so that those on lower salaries where the traditional mortgage is not an option, have an alternative if they meet set criteria and in light of the extended pension age.

We also noted the continued extension of cooked lunches in primary schools, which we again welcome.

Developing our economy and skills

The new initiative of the 150% super deduction relief on Regtech is most welcome and we ask that there is clear guidelines around the finite detail as what will qualify, giving the proposed spend by TCB’s. Looking at the figure shown of £450,000, this figure appears to be on the low side and we believe this should be revisited. Recruitment, particularly regarding regulatory, risk and compliance is a tight market and therefore, this is an area where the adoption of technology will assist in efficiencies and relieve some pressure in this particular recruitment market. We also ask as part of future Government Plans highlight that consideration should be giving for a similar allowance to digital solutions in respect of sustainable (climate and nature) disclosure reporting, that will be implemented more globally in due course to ensure our finance industry remains future proof.

Similarly, we are in agreement with the proposals for the 60-day exemption period for short-term business visitors and credit bank relief for foreign taxed employees.

Corporate Performance

We are supportive of the further investment into the Cyber Security Centre and programme. This brings a much wider benefit of not only protecting Government, but industry and islanders too.

Financial Strategy

On review of the principals, we emphasise the importance of 6.4, which says that Government should not plan any action that would undermine the islands credit rating (and comply with the Maintenance of Jersey's credit rating). This is of critical importance of stability within our financial services industry.

Sustainable Public Finances

As a general observation, we note that the deficit for 2024 due to funding for Health and Community Services should become a positive figure in the following years due to efficiencies that will be identified by the Health and Social Services Minister as part of their review and it is imperative that the deficit does not continue beyond 2024. Please see our additional comments further below under the heading of Health Insurance Fund.

Revenue Growth Funding

We agree that a strategic workforce review is undertaken, as roles change particularly with the development of technology, which will allow for redeployment and cost savings.

Strategic Reserve Fund and Stabilisation Fund

We agree that these funds must be invested into, to help the island budget in times of need and to have resources to repay the existing Government lending.

Health Insurance Fund

We note that reference is made to the aging demographic that is increasing the cost of the health service in the island in the costs to be met by the fund. Further, it is noted that the pressures will continue to increase in the coming years that changes will be needed to pay for future healthcare costs in a sustainable way. As the population cannot continue to grow, a thought we think could be investigated is, whether anything identified in Blue Zone research can be replicated here in Jersey, particularly if the dependency ratio increases.

Carbon Neutral Roadmap Long-Term Financing Strategy

We note that that there is no mention here about investment into further cycle and walking paths which will help achieve this objective and will help encourage use, reduce parking pressure and will be more safer to use than existing roads whilst also providing health benefits to islanders; as well as reduce pollution.

Appendix 4 – New Rules for Pensions

We would like this to go out for wider consultation since both pension provider and administrators along with the individual themselves will see this as being costly and an administrative burden to retain. There may be other alternative solutions, depending on the age demographic and portability requirements, such as if an individual has moved to Jersey and then returns or moves to another jurisdiction.

Appendix 4 – Other proposed Technical

The amendment proposed to Article 80 in regard to distributions to companies that are on commercial basis are exempt from income tax, but it is not clear in sufficient details how this will affect private wealth structures (if any) and this needs further clarification.

We trust that the above response is of assistance, and we would welcome the opportunity to discuss this further or to provide any further clarification required.

Yours faithfully



President

**For and on behalf of Jersey
Association of Trust Companies**
www.jatco.org