STATES OF JERSEY

DRAFT FINANCE (2017 BUDGET) (JERSEY) LAW 201-

Lodged au Greffe on 1st November 2016
by the Minister for Treasury and Resources

STATES GREFFE

Jersey

DRAFT FINANCE (2017 BUDGET) (JERSEY) LAW 201-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000, the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources, the provisions of the Draft Finance (2017 Budget) (Jersey) Law 201- are compatible with the Convention Rights.

Signed: **Senator A.J.H. Maclean**

Minister for Treasury and Resources

Dated: 31st October 2016

REPORT

This draft Law gives effect to the proposals described in the Draft Budget Statement 2017 (P.109/2016 lodged *au Greffe* on 18th October 2016).

Financial and manpower implications

The financial and manpower implications associated with this draft Law are identified within the Draft Budget Statement 2017.

Human Rights

No human rights notes are annexed because the Law Officers' Department has indicated that the draft Law does not give rise to any human rights issues.

Explanatory Note

Except where expressly provided otherwise, the amendments made by this Law commence on 1st January 2017 and, if relevant to a year of assessment, have effect for 2017 onwards.

Part 1 of this Law concerns the Income Tax (Jersey) Law 1961 (the "Law").

Interpretation and standard rate

Article 1 provides for the interpretation of *Part 1*.

Article 2 sets the standard rate of income tax for 2017, at 20%.

Allowances and reliefs

Article 3 is concerned with the exemption thresholds in Article 92A and 92B of the Law. An increase of 1.5% (rounded appropriately) is made to the standard exemption thresholds (in Article 92A(2)(ii), (2A)(ii) and (6(b)) in line with cost of living increases measured by the Retail Prices Index as at June 2016. The thresholds where there are second earners, in Article 92A(4)(i) and (4A)(i), are also increased. The maximum increase in the exemption threshold for day care for children aged under 4, in Article 92B(1), is raised by £2,000. Consequential amendments are also made to the definition "qualifying income" in that Article.

Administration

The Oath of Office to be taken by the Comptroller under Article 11 of the Law, as set out in Schedule 1, prohibits the disclosure of information other than for the purposes, or in the course, of a prosecution under the Law, or as expressly authorized by law. *Article 4* would insert a new Article 13B into the Law, to confer power on the Comptroller to disclose information to the States of Jersey police force for the purposes of investigating whether any offence has been committed under Article 137 of the Law (fraudulently or negligently making incorrect statements, etc.) and of prosecuting any such offence, and also to disclose information to the police force and to the Joint Financial Crimes Unit for the purposes of anti-money laundering and counter-terrorist investigations and prosecutions.

In the context of Part 21A of the Law (which deals with special provision for persons granted 1(1)(k) housing consent (as it was formerly), or Entitled status (as it is now) under Regulation 2(1)(e) of the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013)), recent transfers of functions within the States also make it necessary for an extension of the Comptroller's powers to disclose information (and the powers of officers to disclose information to the Comptroller) to be made to Article 135B, which is amended by *Article 14.*

Returns

Articles 5 and 6 are concerned with another aspect of the Comptroller's powers. *Article 5* adds a new paragraph (2) to Article 15 of the Law, to enable the Comptroller to ascertain amounts of income even if tax on such income would be chargeable at the rate of 0%. A related amendment made by *Article 6* adds a new paragraph (8) to

Article 16 of the Law, to make it clear that "person chargeable to tax" in Articles 16 and 16A includes a person chargeable at the rate of 0%, with the effect that such persons may be required to deliver statements and furnish documents and information. A corresponding amendment to Article 20B of the Law is made by paragraph (2)(c) of *Article 7* which adds a requirement for companies trading in Jersey and chargeable to tax at the rate of 0% to provide returns of specified information (in this case, statements of profits or gains) when required to do so by notice by the Comptroller.

Article 7 makes other amendments relating to returns of information by companies: the principal change in paragraph (1) would extend by 5 months the time limit in Article 17A of the Law by which companies required to submit an information return under Article 20B should do so (in line with amendments giving a similar extension of time to other companies, made by the Finance (2016 Budget) (Jersey) Law 2016). Article 7(2)(a) makes a consequential amendment and sub-paragraph (b) makes a minor correction to remove otiose words.

Article 8 inserts a new Article 21A which enables the States to make Regulations to require financial institutions in Jersey which are required to report information under the Taxation (Implementation) (Common Reporting Standard) (Jersey) Regulations 2015 ("2015 Regulations") to be subject to equivalent requirements in respect of the accounts of any person, company or entity resident in Jersey or regarded as resident in Jersey. The 2015 Regulations require such institutions to report to the Comptroller specified information concerning certain accounts they maintain for persons, companies or entities resident outside Jersey.

Collection and repayment

Article 9 would amend Article 41H of the Law so as to ensure that certain persons who are not liable to pay income tax (i.e. those persons whose income is below the basic exemption threshold for the 2015 year of assessment, and who have not received a notice requiring delivery of a tax return nor been issued with a notice of assessment for that year) are treated on the same current year basis as 'new taxpayers'. This is achieved by providing that Part 7 of the Income Tax Law applies to such persons with the modifications set out in Article 41H(10). (The other arrangements for new taxpayers in Article 41H will not apply in the case of such persons.)

New unilateral relief

Article 10 would introduce into the Law a new Part 14A, consisting of Articles 114A to 114C and creating a new form of relief from taxation for foreign income of utility companies (as defined in Article 123C(3) of the Law) and of financial services companies to which Article 123D of the Law applies: 'qualifying companies' for the purpose of the new provisions, as defined in Article 114A which is the interpretation provision for the new Part.

New Article 114B sets out the general principles of the new relief and the circumstances in which the new Part applies. Where foreign income, on which foreign tax is payable, arises or accrues to a qualifying company and income tax would otherwise be charged under Schedule D of the Law on the full amount of that income, the amount of the liability is to be reduced by a credit equal to the foreign tax or the amount of tax which would be payable if the foreign income were income taxable under the Law, whichever is less. The total credit may not exceed the total income tax payable by the qualifying company for a year of assessment. Claims for the credit must be made within 5 years of the end of the year of assessment, and no claim may be made where the qualifying company has made a claim for relief under the double taxation provisions of Article 112. (Consequential amendments, similarly preventing a claim for the new unilateral relief where a claim for double taxation relief has been made, are made to Articles 112 and 113.)

New Article 114C would limit credit under the new Part in the case of dividends payable to qualifying companies from subsidiaries based outside Jersey. In cases where the qualifying company controls 51% or more of the voting power in the subsidiary, the credit is allowed for both underlying tax (that is, foreign tax chargeable on the profits or gains out of which a dividend is paid) and withholding tax (that is, tax charged directly on the dividend by reason of its payment). Where however the qualifying company has a lesser share, but at least 10% of the voting power, the credit is allowed in respect of withholding tax only.

Special provisions as to pensions etc.

Articles 11 to 13 are concerned with different aspects of the Law relating to pensions.

Articles 11 and 12 would introduce a new “minimum retirement capital” test into Part 19 of the Law, with the aim of widening the possible availability of approved drawdown contracts (under Article 131D) as a means of providing retirement income. “Minimum retirement capital” is to be determined (in accordance with Article 131FA, which is inserted by *Article 12*) as capital of a prescribed amount and nature exceeding the prescribed threshold. (Matters prescribed under Part 19 are to be prescribed by Order of the Minister, by virtue of Article 130(1)). Paragraphs (1) to (3) of Article 131D of the Law would be substituted by *Article 11*, to integrate the new test into the provisions relating to approved drawdown contracts so that such a contract may be made where an individual is entitled to minimum retirement capital, as well as where an individual is entitled to minimum retirement income. Where an individual is entitled to neither, new Article 131FB (inserted by *Article 12*) would permit recalculation of the entitlement to minimum retirement income on a basis modified by application of a relevant capital factor (also to be determined by Order).

Article 13 inserts a new provision (Article 131OA of the Law) which allows lump sums paid from overseas schemes to be wholly or partly exempt from income tax where the recipient of the payment is resident in Jersey (or, in the case of a pension holder’s estate, the estate is situated in Jersey). “Overseas scheme” is defined to include (a) approved occupational pension schemes for overseas employees (that is, schemes approved under Article 131A); (b) approved retirement annuity contracts for overseas residents (that is, schemes approved under Article 131C), and (c) any scheme, arrangement, contract, trust or equivalent which makes provision for benefits similar to those provided under an approved Jersey scheme. A lump sum of an amount not exceeding 30% of the net fund value of an overseas scheme is exempt from income tax if it is paid on or after 27th March 2015 and the beneficiary is resident in Jersey at the time of payment (or, in the case of a pension holder’s death, if the pension holder’s estate is situated in Jersey). Alternatively, the beneficiary of such a sum may elect for 30% of the lump sum, instead of the net fund value of the scheme, to be exempt from income tax provided that the election applies to all lump sums paid to that person from that scheme. A different rule applies if, before the commencement of any benefits from an overseas scheme, the pension holder dies or is in serious ill health (that is, expected to live for less than one year: see Article 130(3)(b)). In either of those situations the whole fund value is exempt from income tax if it is paid to a recipient resident in Jersey (or, in the case of death, if the pension holder’s estate is situated in Jersey).

Part 2 of this Law would amend the Rates (Jersey) Law 2005 (the “Rates Law”), in two principal respects. First, by *Article 16*, Articles 1, 5 and 49 of the Rates Law would be amended to provide for the re-determination of rateable values, in accordance with Regulations to be made by the States under an enabling power inserted into Article 5. Second, amendments made by *Article 17* to Articles 17 to 19 of the Rates Law would have effect to remove the exemption from liability of a public authority (including the States) to pay foncier and occupier’s rates in respect of land which it owns and uses for public purposes. The amendments to Article 19 of the Rates Law would require parochial authorities (but not public authorities) to pay the Island-wide rates on land owned by them and used exclusively for parochial purposes. *Article 15* is an interpretation provision for the purposes of Part 2.

Part 3 of this Law is concerned with stamp duty and land transaction tax on sales of residential property. *Article 18* is an interpretation provision for the purposes of Part 3. *Article 19* would amend the table in the Schedule to the Stamp Duties and Fees (Jersey) Law 1998, to add a new band of stamp duty payable on transfers of a value exceeding £6,000,000, at £367,000 in respect of the first £6,000,000 and £9 per £100, or part of £100, in excess of that figure. The rate of duty on transfers of a value above £3,000,000 and up to £6,000,000 would also be increased, to £8 in each £100, or part of £100, above £3,000,000. Corresponding amendments would be made to the provisions in that table relating to wills devising immovable property, and (by *Article 20*) to the Schedule to the Taxation (Land Transactions) (Jersey) Law 2009, in respect of rates of land transaction tax.

Part 4 of this Law would amend the Customs and Excise (Jersey) Law 1999. *Article 21* is the interpretation provision for the purposes of this Part. *Article 22* increases duty on, separately: spirits, wines, beer and cider (including beer and cider produced by small independent brewers and cider-makers), and all other alcoholic beverages. *Article 23* increases duty on tobacco.

Article 24 increases duty on hydrocarbon oil. *Article 25* increases the rates for vehicle emissions duty (“VED”) payable in respect of motor vehicles, and *Article 26* the rates of VED payable in respect of restricted speed agricultural tractors.

Part 5 contains a general provision in *Article 27* which gives the title by which this Law may be cited and provides for it to come into force, apart from Articles 5, 6, 7(2) and 13, on 1st January 2017.

DRAFT FINANCE (2017 BUDGET) (JERSEY) LAW 201-

Arrangement

Article

Jersey

DRAFT FINANCE (2017 BUDGET) (JERSEY) LAW 201-

A LAW to set the standard rate of income tax for 2017 and to amend further the Income Tax (Jersey) Law 1961, the Rates (Jersey) Law 2005, the Stamp Duties and Fees (Jersey) Law 1998, the Taxation (Land Transactions) (Jersey) Law 2009 and the Customs and Excise (Jersey) Law 1999

Adopted by the States	*[date to be inserted]*
Sanctioned by Order of Her Majesty in Council	*[date to be inserted]*
Registered by the Royal Court	*[date to be inserted]*

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

PART 1

STANDARD RATE OF INCOME TAX SET FOR 2017 AND INCOME TAX (JERSEY) LAW 1961 AMENDED

Interpretation and standard rate of income tax

1 Interpretation of Part 1

In this Part, except where the context otherwise requires, a reference to an Article or Schedule is to the Article or Schedule of that number in the Income Tax (Jersey) Law 1961[1].

2 Standard rate of income tax for 2017

There shall be levied and charged in Jersey for the year 2017, in accordance with and subject to the provisions of the Income Tax (Jersey) Law 1961, income tax at the standard rate of 20 pence in the pound.

Allowances and reliefs

3 Exemption thresholds – Articles 92A and 92B amended

(1) In Article 92A –

(a) in paragraph (2)(ii) for the amount "£23,000" there shall be substituted the amount "£23,350";

(b) in paragraph (2A) –

(i) in sub-paragraph (b) for the words "his income" there shall be substituted the words "his or her income", and

(ii) in sub-paragraph (ii) for the amount "£23,000" there shall be substituted the amount "£23,350";

(c) in paragraphs (4)(i) and (4A)(i), for the amount "£4,500" in each place there shall be substituted the amount "£5,000";

(d) in paragraph (6)(b) for the amount "£14,350" there shall be substituted the amount "£14,550".

(2) In Article 92B –

(a) in paragraph (1)(c) and (d) for the amount "£14,000" in each place there shall be substituted the amount "£16,000";

(b) in paragraph (5), in the definition "qualifying income" for sub-paragraphs (a) and (b) there shall be substituted the following sub-paragraphs –

"(a) for the purposes of sub-paragraph (a) of the definition "eligible claimant", the first £5,000 of such income for the year of assessment;

(b) in the case of an individual who is an eligible claimant by virtue of sub-paragraph (c) of the definition 'eligible claimant', the first £4,500 of such income for the year of assessment; and

(c) in the case of an individual who is married or in a civil partnership, earned income received or receivable by the individual from his or her spouse or civil partner.".

(3) This Article shall have effect for the year of assessment 2017 and subsequent years.

Administration

4 Power of Comptroller to disclose information for purposes of investigations – Article 13B inserted

After Article 13A there shall be inserted the following Article –

"13B Power of Comptroller to disclose information for purposes of certain investigations

Notwithstanding anything in this Law, the Comptroller may disclose information to the States of Jersey Police Force, or to any officer of the Joint Financial Crimes Unit designated under the Proceeds of Crime (Financial Intelligence) (Jersey) Regulations 2015[2], for the purposes of –

(a) facilitating the exercise by the Joint Financial Crimes Unit of its functions under those Regulations, and in particular of –

(i) investigating whether or not an offence has been committed under the Proceeds of Crime (Jersey) Law 1999[3] or under the Terrorism (Jersey) Law 2002[4], and

(ii) prosecuting any such offence; and

(b) investigating whether an offence has been committed under any of the provisions in Article 137(1), (2) or (4A).".

Returns

5 Amount of taxable income to be ascertained by Comptroller – Article 15 amended

(1) The existing text of Article 15 shall be numbered paragraph (1), and after it there shall be added the following paragraph –

"(2) Without prejudice to paragraph (1), the Comptroller may from time to time take such steps as may be necessary for ascertaining the amount of income in respect of which tax is chargeable at a rate of 0%.".

(2) This Article shall have effect for the year of assessment 2016 and subsequent years.

6 'Person chargeable' – Article 16 amended

(1) At the end of Article 16 there shall be added the following paragraph –

"(8) In this Article and in Article 16A, a reference to a person chargeable to tax includes reference to a person chargeable to tax at the rate of 0%.".

(2) This Article shall have effect for the year of assessment 2016 and subsequent years.

7 Returns of information by companies – Articles 17A and 20B amended

(1) In Article 17A –

(a) for the heading there shall be substituted the following heading –

"**Penalty for late delivery of statement or return**";

(b) in paragraph (2)(c) for the words "6 p.m. on the last Friday in July in the year in which the notice is served" there shall be substituted the words "midnight on 31st December in the year in which the notice is served".

(2) In Article 20B –

(a) in paragraph (1) for the words "(3) and (3A)" there shall be substituted the words "(3), (3A) and (3B)";

(b) in paragraph (3) the words "Subject to paragraph (5)," shall be deleted;

(c) after paragraph (3A) there shall be inserted the following paragraph –

"(3B) The specified information is, in respect of a company –

(a) to which Article 123C applies; and

(b) which is a trading company carrying on trading activities in Jersey,

the financial statements showing the profits or gains of the company arising or accruing from those activities.".

(3) This Article shall have effect –

(a) as to paragraph (1), for the year of assessment 2017 and subsequent years; and

(b) as to paragraph (2), for the year of assessment 2016 and subsequent years.

8 Returns of information by financial institutions – Article 21A inserted

(1) In Part 4 after Article 21 there shall be inserted the following Article –

"21A Returns equivalent to Common Reporting Standard returns

(1) The States may by Regulations make such provisions as they think necessary or expedient to require reporting financial institutions which are subject to the requirements of the Taxation (Implementation) (Common Reporting Standard) (Jersey) Regulations 2015[5] ("2015 Regulations") to be subject to equivalent requirements in respect of the accounts of any person, company or entity resident in Jersey or regarded as resident in Jersey.

(2) Regulations under paragraph (1) may contain –

(a) such incidental, supplementary and consequential provisions as appear to the States to be necessary or expedient for the purposes of the Regulations; and

(b) offences and penalties for breach of the Regulations that are equivalent to those contained in the 2015 Regulations.

(3) In this Article "reporting financial institution" has the same meaning as it does in the 2015 Regulations.".

(2) This Article shall have effect for the year of assessment 2017 and subsequent years.

Collection and repayment

9 Treatment of certain persons not liable to pay income tax – Article 41H amended

(1) For the heading to Article 41H, there shall be substituted the following heading –

“Arrangements for new taxpayers and certain exempt persons”.

(2) In Article 41H(10), after the words “new taxpayer” there shall be inserted the words “, and to such a person as described in paragraph (12),”.

(3) At the end of Article 41H there shall be added the following paragraph –

“(12) For the year of assessment 2017 and ensuing years, paragraph (10) of this Article also applies to a person –

(a) whose income for the year of assessment 2015 was below the basic exemption threshold specified for that year, in relation to such a person, by Article 92A; and

(b) who has not, by 31st December 2016, been served by the Comptroller with either –

(i) a notice (other than a general notice) under Article 16, requiring a statement to be delivered by the person in respect of the year of assessment 2015, or

(ii) a notice under Article 25, of the amount of an assessment of income to be charged to tax in respect of that year,

and for the purposes of sub-paragraph (a), ‘basic exemption threshold’ means the amount specified in Article 92A(2), (2A) or (6) (as the case in relation to the particular person may be), without increase by any further or additional amount under any other provision of that Article or otherwise.”.

New unilateral relief introduced

10 Unilateral relief for certain bodies corporate – Part 14A inserted, and Articles 112, 113 amended

(1) After Article 114 there shall be inserted the following Part –

"PART 14A

UNILATERAL RELIEF FROM TAXATION FOR FOREIGN INCOME OF QUALIFYING COMPANIES

114A Interpretation of Part 14A

In this Part –

'foreign income' means annual profits or gains arising or accruing to a qualifying company from a trade carried on out of Jersey or from securities or possessions out of Jersey;

'foreign tax', except in Article 114B(6), means any tax on income or of a similar character to Jersey income tax, imposed by the law of the country or territory from which the foreign income arises or accrues;

'income tax' means tax chargeable under this Law;

'overseas territory' means the country or territory from which foreign income arises or accrues;

'qualifying company' means –

(a) a utility company; and

(b) a financial services company to which Article 123D applies;

'underlying tax' means, in relation to any dividend, foreign tax payable on the profits or gains out of which the dividend is paid;

'withholding tax' means foreign tax –

(a) which is charged directly on a dividend (whether by a charge to tax, or by deduction of tax at source, or otherwise); and

(b) which neither the company paying the dividend nor the qualifying company would have borne, if the dividend had not been paid.

114B General principles of unilateral relief

(1) This Part applies where, in respect of foreign income of a qualifying company –

(a) income tax would, apart from this Article and Article 114C, be charged under Case I, Case IV or Case V of Schedule D on the full amount of the foreign income; and

(b) foreign tax is payable in respect of the foreign income, under the law of an overseas territory.

(2) Where this Part applies, the amount of tax chargeable under Schedule D in respect of the foreign income shall be reduced (subject to and in accordance with paragraphs (3) to (10) and Article 114C) by the amount of a credit equal to whichever is the lesser of –

(a) the foreign tax; and

(b) the amount produced by –

(i) computing the amount of the foreign income in accordance with the provisions of this Law, and then

(ii) charging it to income tax at the rate applicable in the case of the qualifying company concerned.

(3) In computing the amount of foreign income in respect of which the credit is to be given no deduction shall be allowed in respect of foreign tax (whether in respect of the same or any other income).

(4) A credit to be given under this Part shall not exceed such credit as would be allowed if all reasonable steps had been taken under –

(a) the laws of the overseas territory; and

(b) any arrangements under Article 111 made in relation to that territory,

to minimise the amount of tax payable in that territory.

(5) For the purposes of paragraph (4), ‘reasonable steps’ include –

(a) claiming or otherwise securing the benefit of reliefs, deductions, reductions or allowances; and

(b) making elections for tax purposes,

and any question as to what would be reasonable steps is to be determined on the basis of what might reasonably be expected to have been done in the absence of relief under this Part.

(6) The total credit for foreign tax to be allowed to a qualifying company for any year of assessment shall not exceed the total income tax payable by the qualifying company for the year of assessment, less any tax which the qualifying company is entitled to charge against any other person or to deduct, retain or satisfy out of any payment which the qualifying company is liable to make to any other person.

(7) For the purposes of paragraph (6) –

‘total credit’ means the total of credit under this Part and any credit to be allowed to a person for the same year of assessment under arrangements having effect under Article 111; and

‘foreign tax’ includes both foreign tax for the purposes of this Part and foreign tax as defined in Article 112.

(8) A claim for an allowance by way of credit under this Part shall be made not later than 5 years after the end of the year of assessment, and in the event of any dispute as to the amount allowable the claim shall be subject to objection and appeal in the same manner as an assessment.

(9) Where the amount of any credit is rendered excessive or insufficient by reason of any adjustment of the amount of tax payable in Jersey or elsewhere, nothing in this Law limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than 5 years from the

time when all such assessments, adjustments and other determinations have been made, whether in Jersey or elsewhere, as are material in determining whether any, and if so what, credit falls to be given.

(10) No claim for an allowance by way of credit under this Part shall be made where a qualifying company has claimed, in respect of the same foreign tax, relief by way of a credit under Article 112.

114C Credit for foreign tax on dividends from subordinate companies

(1) In the case of a dividend paid to a qualifying company from a company out of Jersey, credit under this Part will not be allowed unless the qualifying company controls, directly or indirectly, 10% or more of the voting power in the company (the 'subordinate company') paying the dividend.

(2) Where, in the case described in paragraph (1), the qualifying company controls, directly or indirectly, 51% or more of the voting power in the subordinate company –

(a) credit shall be allowed in respect of both underlying tax and withholding tax; and

(b) for the purpose of calculating the amount of such credit, there shall be added to the amount of the dividend such proportion of underlying tax borne by the subordinate company as is properly attributable in respect of the dividend.

(3) Where, in the case described in paragraph (1), the qualifying company controls, directly or indirectly, less than 51% (but no less than 10%) of the voting power in the subordinate company, credit shall be allowed in respect of withholding tax only.".

(2) In Article 112 –

(a) in paragraph (3), after the words "Article 111" and before the closing bracket following those words, there shall be inserted the words ", or under Part 14A in the case of a qualifying company as defined in that Part";

(b) in paragraph (5), after the words "Article 111" there shall be inserted the words ", or under Part 14A (in the case of a qualifying company as defined in that Part),"; and

(c) after paragraph (9) there shall be inserted the following paragraph –

"(9A) No claim for an allowance by way of credit under this Article shall be made where a qualifying company has claimed, in respect of the same foreign tax, relief by way of credit under Part 14A.".

(3) In Article 113 –

(a) at the end of the heading there shall be added the words "**and unilateral relief under Part 14A**";

(b) in paragraph (1)(a), for the words "after taking double taxation relief into account" there shall be substituted the words "after taking into account any double taxation relief or any relief by way of credit under Part 14A (in the case of a qualifying company as defined in that Part)";

(c) in paragraphs (1)(b) and (2), after the words "double taxation relief" in each place in which they occur there shall be inserted the words "or relief under Part 14A".

(4) This Article shall have effect for the year of assessment 2017 and subsequent years.

Special provisions as to pensions, etc.

11 Approved drawdown contracts – Article 131D amended

(1) For Article 131D(1) to (3) there shall be substituted the following paragraphs –

"(1) A contract shall be approved as a drawdown contract for the purposes of this Part if the conditions in paragraphs (1A) to (4) and (6) are fulfilled in relation to the contract.

(1A) The contract must be made between an individual and a person who is the drawdown contract manager for the purposes of this Article (the 'manager').

(2) The manager must certify to the Comptroller that on the day the contract is to be made, the individual is entitled –

(a) to minimum retirement income (whether as determined in accordance with Article 131F or with that Article as applied by Article 131FB, and whether by virtue of paragraph (3)(b) or otherwise); or

(b) to minimum retirement capital.

(3) The manager must further certify to the Comptroller that –

(a) the only funds which are permitted, by the terms of the contract, to be transferred in to the contract are –

(i) the individual's fund value in an approved Jersey scheme, and

(ii) funds which may be withdrawn for the purpose, under Article 131E(4)(e)(i), from an approved trust;

(b) where, on the day the contract is to be made, the individual would not otherwise be entitled to minimum retirement income (whether as determined in accordance with Article 131F or with that Article as applied by Article 131FB) or to minimum retirement capital, the contract requires the manager –

(i) to purchase, from an authorized insurance company unconnected with the individual, a lifetime annuity payable to the individual and sufficient to secure that, on that day, the individual is entitled to minimum retirement income (whether as determined in accordance with Article 131F or with that Article as applied by Article 131FB), or

(ii) subject to the requirements of Article 131E, to transfer sufficient funds to a trustee for the establishment of an approved trust;

(c) after any such purchase or transfer as described in sub-paragraph (b) has taken place, the contract requires the manager to invest any remaining funds in –

(i) cash deposits with any bank, building society or other institution carrying on deposit-taking business in the jurisdiction in which it is authorized to carry on such business,

(ii) securities or financial instruments traded on a recognized stock exchange,

(iii) units in collective investment funds within the meaning of the Collective Investment Funds (Jersey) Law 1988[6], or

(iv) investments falling within paragraph 9 of Schedule 1 to the Financial Services (Jersey) Law 1998[7] (long term insurance contracts);

(d) the contract prohibits any payments to any person other than the individual or his or her personal representative, apart from the payment of –

(i) sums applied in the purchase, from an authorized insurance company unconnected with the individual, of a lifetime annuity payable to the individual or, on the individual's death, to a dependant of the individual,

(ii) fees and commission properly incurred in the administration of the contract, and

(iii) tax accounted for to the Comptroller;

(e) the contract requires the manager to pay to the individual such income or other sums arising or accruing from the funds invested under the contract as the individual may require;

(f) where, on the individual's death, there remain any funds invested or sums accrued, the contract requires the manager within the period of 3 months beginning with the date of death to pay all such funds or sums to the individual's personal representative;

(g) the contract requires the manager to deliver to the Comptroller, within the period of 3 months immediately following the end of a year of assessment or (as the case may be) within the period of 6 months beginning with the date of the individual's death, a statement showing –

(i) the amount of the funds invested at the beginning of the preceding year of assessment or (where the contract has been in effect for less than a year) at the date of commencement of the contract,

(ii) monies received during that year of assessment or (as the case may be) during the period for which the contract has been in effect,

(iii) monies paid out during that year of assessment or (as the case may be) during the period for which the contract has been in effect, and to whom such payments were made, and

(iv) the amount of all funds invested at the end of that year of assessment and the persons or bodies in or with whom such investments are made.”.

(2) At the end of Article 131D there shall be added the following paragraph –

“(7) The manager must comply with any request from the Comptroller to deliver to the Comptroller, within such reasonable time as the Comptroller may specify, all such documents and information as the Comptroller may reasonably require for the purpose of verifying –

(a) any matter certified to the Comptroller by the manager under paragraph (2) or (3); or

(b) compliance with any requirement or condition under paragraph (6).”.

(3) This Article shall have effect for the year of assessment 2017 and subsequent years.

12 Definition of “minimum retirement capital” – Articles 130(1) and 131F amended, and Articles 131FA and 131FB inserted

(1) In Article 130(1) after the definition “ill health” there shall be inserted the following definition –

“ ‘minimum retirement capital’ has the meaning given in Article 131FA;”.

(2) In Article 131F(1), for the word “An” there shall be substituted the words “Subject to Article 131FB, an”.

(3) After Article 131F there shall be inserted the following Articles –

“131FA Minimum retirement capital

(1) An individual’s minimum retirement capital shall be determined in accordance with this Article.

(2) An individual is entitled to minimum retirement capital if, on the day for which the entitlement is to be determined, the individual is entitled to relevant capital in excess of such threshold as may be prescribed.

(3) For the purposes of this Article and Article 131FB, 'relevant capital' means capital of such amount and nature, determined in such a manner, as may be prescribed.

131FB Application of relevant capital factor in calculation of minimum retirement income

(1) This Article applies where, on the day for which such entitlement is to be determined, the individual is entitled neither to minimum retirement income determined in accordance with Article 131F as unmodified by this Article, nor to minimum retirement capital.

(2) Where this Article applies –

(a) there shall be subtracted, from the amount of the old age pension specified in paragraph 3(1) of Part 1A of Schedule 1 to the Social Security (Jersey) Law 1974[8], the amount of the relevant capital factor in the individual's case; and

(b) the individual's entitlement to minimum retirement income shall be determined, and Article 131F shall apply, as though the reference in paragraph (2) of that Article to the amount of the old age pension so specified, were to that amount reduced as described in sub-paragraph (a).

(3) For the purposes of this Article the 'relevant capital factor' shall be such amount, determined in such a manner, as may be prescribed.".

(4) This Article shall have effect for the year of assessment 2017 and subsequent years.

13 Taxation of lump sums from overseas schemes paid to Jersey residents – Article 131OA inserted

(1) After Article 131O there shall be inserted the following Article –

"131OA Exemption from tax for lump sums paid from overseas schemes

(1) In this Article –

'approved occupational pension scheme for overseas employees' means a scheme approved under Article 131A;

'approved retirement annuity contract for overseas residents' means a contract approved under Article 131C;

'fund value' in relation to an overseas scheme has the meaning given by Article 130B –

(a) disregarding the references to Articles 131(9), 131B(7) and 131CA(6); and

(b) as if, in paragraph (1)(c) –

(i) the references to an individual or primary beneficiary were to a pension holder of an overseas scheme, such scheme not being included in paragraph (1)(a) or (b), and

(ii) the references to a retirement annuity contract or a retirement trust scheme were to an overseas scheme, such scheme not being included in paragraph (1)(a) or (b);

'net fund value' in relation to an overseas scheme, means the fund value on the day of payment less –

(a) for each relevant amount previously paid from the overseas scheme, the sum of A and B where –

(i) A is the amount previously paid, multiplied by 7 and then divided by 3, and

(ii) B is so much of the increase or decrease in the fund value since the day the previous payment was made as is attributable to A; and

(b) for each relevant amount previously transferred into the overseas scheme, the sum of C and D where –

(i) C is the amount transferred into the scheme, and

(ii) D is so much of the increase or decrease in the fund value, since the day the amount was previously transferred into the scheme, as is attributable to C;

'overseas scheme' means –

(a) an approved occupational pension scheme for overseas employees;

(b) an approved retirement annuity contract for overseas residents;

(c) any scheme, arrangement, contract, trust or equivalent established outside Jersey which, in the Comptroller's opinion, is for the provision of benefits the characteristics of which are similar to those provided under an approved Jersey scheme (disregarding any characteristics relating to the jurisdiction in which the scheme, arrangement, contract, trust or equivalent is established or the residency of any member or other beneficiary);

'pension holder' means –

(a) in relation to an approved occupational pension scheme for overseas employees, a member of the scheme who was such an overseas employee;

(b) in relation to an approved retirement annuity contract for overseas residents, the individual by whom the contract was made;

(c) in relation to any other overseas scheme, means any of the following –

(i) an individual who is classified by the scheme as a member of that scheme,

(ii) where the scheme does not classify any individuals benefitting from the scheme as members, an individual for whose benefit the scheme is primarily established;

'relevant amount previously paid' means a lump sum previously paid to any person from the overseas scheme if such lump sum has been, or was treated as being, wholly or partly exempt from tax under the jurisdiction in which it was paid and, if different, received;

'relevant amount previously transferred' means an amount previously transferred into the overseas scheme from any other scheme whether an approved Jersey scheme or an overseas scheme;

'serious ill health' is to be construed in accordance with Article 130(3)(b) as if 'pension holder' had the same meaning given by this paragraph.

(2) For the purposes of paragraphs (4), (5) and (6) –

(a) the reference to the commencement of benefits in relation to an overseas scheme is a reference to whichever is the earliest of –

(i) the receipt by the pension holder of a lump sum (whether or not by way of commutation) of part of the fund value of the overseas scheme,

(ii) the day from which income from the overseas scheme is paid to the pension holder, whether or not the pension holder actually receives a payment on that day, or

(iii) the pension holder attaining the age of 75; and

(b) where –

(i) a pension holder transfers the whole or part of his or her fund value from an overseas scheme or an approved Jersey scheme to an overseas scheme, and

(ii) benefits have commenced from the scheme from which the fund value is transferred,

benefits shall be taken to have commenced from the overseas scheme to which the fund value is transferred.

(3) Subject to paragraph (5), a lump sum paid from an overseas scheme on or after 27th March 2015 to any of the following –

(a) a pension holder who is resident in Jersey at the time of the payment;

(b) if paragraph (4) does not apply, the pension holder's estate if that estate is situated in Jersey;

(c) if paragraph (4) does not apply, any person who is resident in Jersey at the time of payment,

shall be exempt from income tax to the extent that the lump sum does not exceed 30% of the net fund value.

(4) Where, before the commencement of benefits from an overseas scheme, a pension holder dies or is in serious ill health, a lump sum representing the same amount as the whole fund value and paid –

(a) in the case of death –

(i) to the pension holder’s estate if that estate is situated in Jersey, or

(ii) to any other person who is resident in Jersey at the time of the payment; or

(b) in the case of serious ill health, to the pension holder who is resident in Jersey at the time of payment,

shall be exempt from income tax.

(5) A person who is described in paragraph (3)(a) or (c), or in the case of (3)(b) a representative of the pension holder’s estate, may elect for 30% of the lump sum from the overseas scheme to be exempt from income tax instead of it being exempt from income tax in accordance with paragraph (3), if –

(a) benefits from the overseas scheme commenced on or after 27th March 2015;

(b) except where paragraph (6) applies, the election is made by the last Friday in July in the year following the year of assessment in which benefits from the overseas scheme commenced;

(c) the election is in such form as the Comptroller determines; and

(d) the election applies to all lump sums paid to that person from the scheme.

(6) Where benefits from the overseas scheme commenced in the year of assessment 2015, the election under paragraph (5) must be made on or before 28th July 2017.

(7) An election under paragraph (5) is not allowed if –

(a) an amount has been transferred to the overseas scheme from an approved Jersey scheme or another overseas scheme; and

(b) benefits have commenced from that Jersey approved scheme or other overseas scheme.

(8) An election under paragraph (5) shall be irrevocable.”.

(2) This Article shall have effect for the year of assessment 2015 and subsequent years.

14 Disclosure of information relating to housing status – Article 135B amended

(1) In Article 135B(1), for sub-paragraphs (a) and (b) there shall be substituted the following sub-paragraphs –

“(a) the Comptroller or the Minister may disclose information, for any purpose connected with the grant and loss of Regulation 2(1)(e) status, to –

(i) the Chief Minister, including an officer in an administration of the States for which the Chief Minister is assigned responsibility, or

(ii) an officer discharging the functions of a housing control manager, and responsible for those functions to the Minister for Social Security; and

(b) an officer mentioned in sub-paragraph (a)(i) or (ii) may disclose information to the Comptroller or Minister for Treasury and Resources for the purposes of the exercise of any function under Article 135A.”.

(2) This Article shall have effect for the year of assessment 2017 and subsequent years.

PART 2

RATES (JERSEY) LAW 2005 AMENDED

15 Interpretation of Part 2

In this Part, except where the context otherwise requires, a reference to an Article by number and without more is to the Article of that number in the Rates (Jersey) Law 2005[9].

16 Determination of rateable values – Articles 1, 5 and 49 amended

(1) In Article 1(1), in the definition “rateable value” for the words “shown on a Rates List in rateable quarters” there shall be substituted the words “determined under and for the purposes of this Law and in accordance with any Regulations under Articles 5(3) and 6(3)”.

(2) In Article 5, after paragraph (2) there shall be added the following paragraph –

“(3) Notwithstanding paragraphs (1) and (2), the Assessment Committee may for the purposes of this Law revalue any land in accordance with Regulations which may be made by the States for this purpose and which may in particular –

(a) make provision for a method by which revaluation of land is to be carried out; and

(b) apply any provision of this Law in its application to such land in a manner modified by the Regulations.”.

(3) In Article 49(1) after sub-paragraph (a) there shall be inserted the following sub-paragraph –

“(aa) making provision for and in relation to revaluation of land under Article 5(3);”.

17 Parishes' and States' liability for rates – Articles 17 to 19 amended

(1) In Articles 17(2)(f) and Article 18(2)(c), the words "public or" shall be deleted in each place in which they occur.

(2) For Article 17(2)(g) there shall be substituted the following sub-paragraph –

"(g) land (other than land owned by any public authority) used by the Minister for Education predominantly for the purposes of his or her undertaking;".

(3) In Article 19 –

(a) the existing text shall be renumbered as paragraph (1);

(b) after that paragraph there shall be added the following paragraphs –

"(2) Notwithstanding paragraph (1) and the liability of a public authority to pay a foncier or occupier's rate under Article 17 or 18, a public authority is not liable to pay the domestic or non-domestic rate on any part of land owned or occupied by the authority and used exclusively for public purposes.

(3) Notwithstanding paragraph (1) and the exemptions in Articles 17(2)(f) and (g) and 18(2)(c), a parochial authority is liable to pay the domestic or non-domestic rate on any part of land owned or occupied by the authority and used exclusively either for parochial purposes or by the Minister for Education as described in Article 17(2)(g).".

PART 3

STAMP DUTIES AND FEES (JERSEY) LAW 1998 AND TAXATION (LAND TRANSACTIONS) (JERSEY) LAW 2009 AMENDED

18 Interpretation

In this Part –

"1998 Law" means the Stamp Duties and Fees (Jersey) Law 1998[10]; and

"2009 Law" means the Taxation (Land Transactions) (Jersey) Law 2009[11].

19 Judicial fees – Schedule to the 1998 Law amended

In the table in Part 1 of the Schedule to the 1998 Law –

(a) in paragraphs (a), (c), (h), (j), (k), (l)(2) and (n) of item 13 (Contracts), for sub-paragraph (ix) and the corresponding entries in each place there shall be substituted the following sub-paragraphs and entries –

"(ix)	exceeds £3,000,000 but does not exceed £6,000,000	£127,000 in respect of the first £3,000,000 plus £8 for each £100 or part of £100 in excess thereof	Contract	Greffier
(x)	exceeds £6,000,000	£367,000 in respect of the first £6,000,000 plus £9 for each £100 or part of £100 in excess thereof	Contract	Greffier".

(b) in paragraph (b) of item 13 (Contracts), for clause (B) there shall be substituted the following clause –

"(B) the purchaser is a person who has Entitled status in accordance with the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013[12], other than by virtue of Regulation 2(1)(e) of those Regulations, or is the spouse or a civil partner of such a person and is joint transferee with that person.";

(c) in item 46 (Wills Devising Immovable Property), for sub-paragraph (1)(i) and the corresponding entry there shall be substituted the following sub-paragraphs and entries –

"(i)	exceeds £3,000,000 but does not exceed £6,000,000 –	£127,000 in respect of the first £3,000,000 plus £8 for each £100 or part of £100 in excess thereof	Application	Greffier
(j)	exceeds £6,000,000 –	£367,000 in respect of the first £6,000,000 plus £9 for each £100 or part of £100 in excess thereof	Application	Greffier".

20 Amounts charged on the value of transfers of residential property – Schedule to the 2009 Law amended

In the table in paragraph 2(1) of the Schedule to the 2009 Law, for item (i) and the corresponding entry there shall be substituted the following items and entries –

"(i)	exceeds £3,000,000 but does not exceed £6,000,000 –	£127,000 in respect of the first £3,000,000 plus £8 for each £100 or part of £100 in excess thereof;

(j)	exceeds £6,000,000 –	£367,000 in respect of the first £6,000,000 plus £9 for each £100 or part of £100 in excess thereof.”.

PART 4

CUSTOMS AND EXCISE (JERSEY) LAW 1999 AMENDED

21 Interpretation of Part 4

In this Part, the “Law” means the Customs and Excise (Jersey) Law 1999[13], and a reference to a paragraph by number and without more is to the paragraph of that number in Part 2 of Schedule 1 to the Law.

22 Excise duty: alcohol

(1) In paragraph 1 (spirits) –

(a) in sub-paragraph (a) for the amount “£17.30” there shall be substituted the amount “£18.16”;

(b) in sub-paragraph (b) for the amount “£34.57” there shall be substituted the amount “£36.28”.

(2) In paragraph 2 (wines) for the table there shall be substituted the following table –

“Strength of wines	*Rate per hectolitre*
Wines exceeding 1.2% volume but not exceeding 5.5% volume	£78.57
Wines exceeding 5.5% volume but not exceeding 15% volume	£206.19
Wines exceeding 15% volume but not exceeding 22% volume	£252.67
	Rate per litre
Wines exceeding 22% volume	£36.28”.

(3) In each of paragraphs 3 (beer) and paragraph 4 (cider) –

(a) in sub-paragraph (a)(i) to (iii) for the amounts “£14.92”, “£30.67” and “£53.14” there shall be substituted respectively the amounts “£15.76”, “£32.34” and “£55.67”;

(b) in sub-paragraph (b)(i) to (iii) for the amounts “£29.83”, “£61.34” and “£106.26” there shall be substituted respectively the amounts “£31.50”, “£64.68” and “£111.32”.

(4) In paragraph 5 (other alcoholic beverages) for the amount “£34.57” there shall be substituted the amount “£36.28”.

23 Excise duty: tobacco

For the table in paragraph 6 there shall be substituted the following table –

"Type of tobacco		*Rate of excise duty per kilogramme*
(a)	unprocessed tobacco	£305.00
(b)	cigars	£328.37
(c)	cigarettes	£410.61
(d)	hand-rolling tobacco	£355.28
(e)	processed tobacco other than types (b) to (d)	£317.82".

24 Excise duty: hydrocarbon oil

In paragraph 7, in sub-paragraphs (1)(a) to (d) for the amounts "£47.29", "£45.47", "£45.47" and "£49.14" respectively there shall be substituted the amounts "£49.19", "£47.37", "£47.37" and "£51.04".

25 Excise duty: motor vehicles

In paragraph 8(4), for Tables 1 and 2 there shall be substituted the following Tables –

"Table 1 Vehicles with established CO_2 mass emission figure	
1 Established CO_2 mass emission figure in grams	2 Rate of vehicle emissions duty £
100 or less	0
101-125	51.10
126-150	153.30
151-175	255.50
176-200	408.80
201-225	766.50
226-250	1,277.50
251 or more	1,839.60

Table 2 Vehicles without an established CO_2 mass emission figure	
1 Cylinder capacity of engine in cubic centimetres	2 Rate of vehicle emissions duty £
1,000 or less	0
1,001-1,400	204.40
1,401-1,800	357.70
1,801-2,000	511.00
2,001-2,500	715.40
2,501-3,000	1,022.00
3,001-3,500	1,328.60
3,501 or more	1,839.60”.

26 Excise duty: restricted speed agricultural tractors

For the Table in paragraph 9 there shall be substituted the following Table –

“TABLE RESTRICTED SPEED AGRICULTURAL TRACTORS				
1 Cylinder capacity of engine	2 Tractor first registered in Jersey	3 Tractor first registered outside Jersey 1 year or less ago	4 Tractor first registered outside Jersey more than 1 but 2 years or less ago	5 Tractor first registered outside Jersey more than 2 years ago
1000cc or less	£0	£0	£0	£0
More than 1000cc but not more than 1400cc	£180.90	£180.90	£120.60	£89.94
More than 1400cc but not more than 1800cc	£301.49	£301.49	£198.27	£150.24
More than 1800cc but not more than 2000cc	£456.84	£456.84	£295.36	£229.95
More than 2000cc but not more than 2500cc	£601.96	£601.96	£390.41	£301.49

More than 2500cc but not more than 3000cc	£902.43	£902.43	£590.72	£451.73
More than 3000cc but not more than 3500cc	£1,203.92	£1,203.92	£782.86	£601.96
More than 3500cc	£1,505.41	£1,505.41	£981.12	£751.17”.

PART 5

GENERAL

27 Citation and commencement

(1) This Law may be cited as the Finance (2017 Budget) (Jersey) Law 201-.

(2) Except as otherwise provided in Articles 5, 6, 7(2) and 13, this Law shall come into force on 1st January 2017.

[1] *chapter 24.750*
[2] *chapter 08.780.65*
[3] *chapter 08.780*
[4] *chapter 17.860*
[5] *chapter 17.850*
[6] *chapter 13.100*
[7] *chapter 13.225*
[8] *chapter 26.900*
[9] *chapter 24.950*
[10] *chapter 24.960*
[11] *chapter 24.980*
[12] *chapter 18.150.70*
[13] *chapter 24.660*