

# STATES OF JERSEY



Jersey

## **DRAFT FINANCE (2022 BUDGET) (JERSEY) LAW 202-**

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**Lodged au Greffe on 2nd November 2021  
by the Minister for Treasury and Resources  
Earliest date for debate: 14th December 2021**

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**STATES GREFFE**





Jersey

## **DRAFT FINANCE (2022 BUDGET) (JERSEY) LAW 202-**

### **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 (2022 Budget) (Jersey) Law 202- are compatible with the Convention Rights.

Signed: **Deputy S.J. Pinel of St. Clement**  
*Minister for Treasury and Resources*

Dated: 1st November 2021



## REPORT

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The Draft Finance (2022 Budget) (Jersey) Law 202- (the “Finance Law”) gives effect to the revenue raising measures contained within the Budget proposals included in Part 5 of the [proposed Government Plan 2022-25 \(P.90/2021\)](#).

The Finance Law also makes a number of additions and technical changes to the various revenue laws that are outlined in Appendix 5 of the Government Plan (Administrative tax measures).

To assist States Members to understand further the nature of the 43 Articles in the Finance Law, brief (“plain English”) explanations of the provisions are given below.

### Changes to the [Income Tax \(Jersey\) Law 1961](#) (“1961 Law”)

1. Article 1 sets the standard rate of income tax for 2022 at 20%.

### *Remote meetings of the Commissioners of Appeal (Article 3)*

2. This Article allows the Commissioners of Appeal to meet remotely, assuming they decide it is appropriate to do so in the circumstances.

### *ITIS effective rate (Articles 4-7)*

3. In order to harmonise with the social security rules, Article 4 provides that employers are not required to deduct tax from employees who are under school leaving age (as defined in the [Education \(Jersey\) Law 1999](#)).
4. Articles 5 to 7 will result in more accurate ITIS effective rate calculations for many Islanders. The three separate changes are as follows:
  - Under the current formula, the employee’s income net of tax allowable expenses is used, which sometimes results in an effective rate that is too high. As a result, some taxpayers pay too much tax. Overpaid tax is offset against the next year’s liability unless a refund is requested. Article 5 seeks to address this issue by factoring back in the tax allowable expenses.
  - Article 6 will allow an ITIS effective rate to be calculated by reference to the employee’s expected *earnings* arising in what remains of the assessment year, rather than an employee’s expected *income* for the remainder of the year.
  - Article 7 ensures a taxpayer’s arrears of Long-Term Care (“LTC”) contributions are taken into account when an effective rate is calculated.

### *Tax relief for business interest costs (Articles 8 to 13)*

5. Articles 8 revises Article 70 of the 196 Law to clarify the rule that interest arising on disallowed expenditure – for example, where a loan is used to buy plant and machinery – is not an expense of the trade and therefore should be disallowed for tax purposes.
6. Several articles – including Article 9, propose the deletion of the term “yearly” when the expression “yearly interest” is used. Historically, “yearly interest” referred to interest that arises on longer term borrowings. This description is considered to be redundant.

7. Article 10 amends the law giving tax relief when interest arises on borrowings used to finance the purchase of land and buildings used in a commercial letting business. The rules are currently set out in Article 90AB of the 1961 Law and Interest Tax Relief: Concession 6.
8. The Article clarifies that borrowing costs for an assessment year include interest charges and the incidental costs of obtaining borrowings. Incidental costs include fees paid when a loan is obtained, for example, an arrangement fee, or the costs of securing a loan.
9. The Article introduces a test that requires the land and buildings to be let on open market terms during an assessment year. This change is intended to allow relief where land/buildings were originally acquired for a different purpose and subsequently become used in a commercial letting business.
10. The Article requires an apportionment of borrowing costs where the land and buildings are let to a connected person; only part of the property is let; or the property is let for only part of the year.
11. Article 12 sets out the rules for giving interest relief when borrowings are used to finance the purchase of significant shareholdings in companies with trading activities. The rules are currently set out in Article 90AD(4) of the 1961 Law and Interest Tax Relief: Concessions 5 and 9.
12. The Article will allow interest tax relief where the borrower is an individual and either (a) has a shareholding of at least 50% in a trading company or the holding company of a group of trading companies or (b) has a shareholding of at least 5% in a trading company/holding company of a group of trading companies and is engaged in the company's trading activities. Currently, Concession 9 allows tax relief under (b) where the borrowings are financing an initial shareholding of at least 10%.
13. The article separately sets out the requirements for persons that are not individuals – this is likely to be where the borrower is a company. In this situation, the threshold for qualifying for tax relief is a 20% shareholding in a trading company or the holding company of a group of trading companies.
14. Article 13 makes some consequential amendments to the part of Article 90(AE) which requires the apportionment of loan costs where the loan is not on a commercial basis.
15. If these Articles are adopted the relevant concessions will be withdrawn.

#### ***Personal income tax residency (Articles 14-18)***

16. The current legislative provisions governing tax residence for individuals are limited and published concessions and UK case law are heavily relied upon. It has long been acknowledged both by Revenue Jersey and external stakeholders that a review should be undertaken to ensure that Jersey has a clear, fair and robust residence regime set out within legislation.
17. Articles 14 to 18 legislate concessions R3, R4 and P2, P3 and P4 to apportion an individual's income, the income tax threshold, and any allowances due for the years of arrival and departure.
18. The new provisions begin to construct a legislative residence framework. They introduce apportionment by days of residence rather than complete weeks and provide that an individual present in Jersey at midnight is resident for that day.

19. Future work will continue to modernise the framework to ensure that Jersey's competitive international position is maintained.

#### ***Personal allowances and reliefs (Articles 19 and 20)***

20. Articles 19 and 20 increase the personal tax exemption thresholds. The increases are in line with the change in the average earnings of 3.3%, between June 2020 and June 2021, as published in the Index of Average Earnings report by Statistics Jersey.
21. The single persons' threshold increases from £16,000 to £16,550; the threshold for married couples and civil partners increases from £25,700 (or £26,100 if born pre-1952) to £26,550.
22. Consistent with the approach taken in previous years, the increase to the child day care "qualifying income" threshold is aligned to the second earner's allowance (for couples who are married or in a civil partnership). This increases from £6,300 to £6,550.
23. For an individual who is not married or in a civil partnership, the child day care "qualifying income" threshold is aligned to the additional child allowance. The additional child allowance was increased last year following a Corporate Services Scrutiny Panel amendment. Article 20 ensures these two figures are aligned at £4,590.

#### **Changes to the [Customs and Excise \(Jersey\) Law 1999](#) (Articles 21 to 27)**

24. In accordance with the proposed Government Plan, excise duties for tobacco, spirits and spirits-based drinks, wines, hydrocarbon oil and vehicle emission duties will increase.
25. The amendments to the rates of vehicle emission duties ("VED"), effective from 1st April 2022, will only apply to non-commercial vehicles as outlined in Article 26.
26. Article 26 also adopts the Worldwide Harmonised Light Vehicle Testing Procedure ("WLTP") under which vehicle emissions are recorded as the higher of two figures on the vehicle registration document.
27. A new definition of "commercial vehicle" is created by Article 27, along with a new definition for a "lower emissions vehicle". This allows lower VED rates to be applied to commercial vehicles that meet European emission standards to reflect their wider environmental benefits.

#### **Changes to the [Goods and Services Tax \(Jersey\) Law 2007](#)**

28. Articles 28 to 39 give effect to Government proposals to require large offshore retailers to register for GST where the annual aggregated customs value of their supplies to Jersey residents exceeds £300,000. The obligation commences on 1st January 2023, giving Customs, offshore retailers and other persons involved in the carriage of goods sufficient time to plan for the change.
29. This means that GST will be charged at the point of sale, and remitted directly to the Treasury, where goods exceed the prevailing GST de minimis level.<sup>1</sup>

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<sup>1</sup> As outlined in the proposed Government Plan 2022-25 (p.110), the import GST de minimis level is proposed to be reduced from £135 to £60 from 1st January 2023.

30. Offshore retailers can register voluntarily before January 2023 and some large offshore retailers are already registered for GST. The proprietors of online marketplaces are similarly obliged to register.
31. The Government's proposals are founded on a [review](#) which took place between January to June 2021. They mirror similar changes made in the EU from July 2021 and in the UK from January 2021.
32. The proposed changes are not expected to affect smaller retailers (below the £300,000 registration threshold), for which the existing system will continue to apply.
33. Jersey consumers (individuals) will continue to be liable for GST when the goods are imported into Jersey and required to make a declaration where the value of goods exceeds the de minimis level. The Minister for Treasury and Resources is providing Customs with resources to improve the customer portal for making such declarations.

### **Other enactments**

34. Minor amendments are made by Articles 40 and 42 to allow the Minister for Treasury and Resources to provide general directions to the Comptroller of Revenue; and to clarify that alternative investment fund services businesses cannot be registered as a trust company vehicle and are therefore liable to pay a different fee.
35. Modifications are made by Article 41 to the calculation of the LTC effective rate as set out in Schedule 1D of the [Social Security \(Jersey\) Law 1974](#). These amendments are required following the changes made by Article 5 to the ITIS effective rate calculation.

### **Citation and commencement**

Article 43 sets out the dates on which the changes come into force.

### **Financial and manpower implications**

The financial and manpower implications associated with this draft Law are identified within the draft Budget proposals in the proposed Government Plan 2022-25.

### **Human Rights**

The notes on the human rights aspects of the draft Law in the **Appendix** have been prepared by the Law Officers' Department and are included for the information of States Members. They are not, and should not be taken as, legal advice.



**APPENDIX TO REPORT****Human Rights Notes on the Draft Finance (Budget 2022) (Jersey) Law 202-**

These Notes have been prepared in respect of the Draft Finance (Budget 2022) (Jersey) Law 202- (the “draft Law”) by the Law Officers’ Department. They summarise the principal human rights issues arising from the contents of the draft Law and explain why, in the Law Officers’ opinion, the draft Law is compatible with the European Convention on Human Rights (“ECHR”).

**These notes are included for the information of States Members. They are not, and should not be taken as, legal advice.**

The draft Law sets the standard rate for income tax for 2022 and amends the Income Tax (Jersey) Law 1961 (the “ITL”), the Customs and Excise (Jersey) Law 1999 (“the CEL”), the Goods and Services Tax (Jersey) Law 2007 (“the GSTL”), the Revenue Administration (Jersey) Law 2019 and the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008.

The draft Law has the potential to engage Article 1 of the First Protocol to the ECHR (“A1P1”), which provides certain protections for the property of the individual and Article 6 which provides for the right to a fair trial. The particular amendments made by the draft Law where such engagement may be present are explored below.

The draft Law amends the ITL to allow for arrears of Long-Term Care Contributions to be used in the calculation of an employee’s effective tax rate as well as making specific provision for the taxation and apportionment of reliefs for individuals who are ordinarily resident in Jersey for a part of the year. The draft Law also amends the CEL to increase the rates of excise duty applicable in relation to various items and increases Vehicle Emissions Duty for non-commercial vehicles and the GSTL is amended to provide for sellers based off-island to register for GST so that it is applied at the point of sale.

Whilst these provisions may engage A1P1, the second paragraph to that Protocol provides that the right to property does not in any way impair the right of the State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions. It is noted that the draft Law also extends various reliefs and increases the threshold for tax exemptions. Overall, the provisions are considered to achieve a fair balance and are therefore considered to be compliant with the ECHR.

The draft Law amends the ITL to allow for the Commissioners of Appeal to conduct their functions remotely, including the hearing of an appeal. Whilst there are no specific appeal rights provided in respect of any such decision taken by the Commissioners of Appeal, for the purposes of Article 6 ECHR it is considered that the right to escalate an appeal to the Royal Court under the existing Article 36, along with the potential scope to bring a claim in judicial review, is sufficient.

The draft Law amends the GSTL to allow for online marketplaces and offshore suppliers to register for GST. Online marketplaces and offshore suppliers may also apply to the Comptroller to be registered as a group. Whilst there are no new appeal rights contained within these provisions, the appeal rights already contained under Article 84 GSTL will cover these amendments. The appeal rights contained under Article 84 are considered sufficient for the purposes of Article 6 ECHR.



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## EXPLANATORY NOTE

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The draft Finance (2022 Budget) (Jersey) Law 202- (the “draft Law”) would, if passed, set the standard rate of income tax for 2022 and amend tax legislation for the purpose of implementing parts of the Government Plan for 2022.

### PART 1

*Part 1 (Article 1)* provides that income tax is charged for 2022 at the standard rate of 20 pence in the pound.

### PART 2

*Part 2 (Articles 2 to 20)* amends the Income Tax (Jersey) Law 1961 (the “1961 Law”). *Article 2* provides that Part 2 amends the 1961 Law.

#### Appeals: remote hearings

*Article 3* inserts a new Article 35A into the 1961 Law. Article 35A allows the Commission of Appeal to perform their functions under Part 6 of the 1961 Law either in person or remotely.

#### Deductions from employees’ income

*Article 4* amends Article 41B of the 1961 Law to provide that an employer is not required to deduct tax from employees who are under the school leaving age.

*Article 5* amends Article 41C of the 1961 Law by replacing the formula that is used to calculate an employee’s effective rate. The new formula takes into account the employee’s allowable deductions in relation to the employee’s earnings and the employee’s approved pension contributions (regardless of whether those contributions relate to earnings).

*Article 6* amends Article 41CA of the 1961 Law. Article 41CA allows for an employee’s effective rate to be re-calculated if the employee’s circumstances change during a year of assessment. The amendment ensures that the new rate is calculated based on the estimated amount of the employee’s earnings for the remainder of the year, rather than the estimated amount of the employee’s income from all sources.

*Article 7* amends Schedule 1A of the 1961 Law to give effect to the changes made by Articles 4 and 6 and to ensure that an employee’s maximum combined effective rate is determined with regard to the employee’s arrears of LTC contributions, not just arrears of income tax.

#### Business interest relief

*Article 8* amends Article 70 of the 1961 Law, which lists deductions that are not allowable in computing profits or gains to be charged to tax. The amendment expressly links the reference to interest in paragraph (h) to sums disallowed under any provision of Article 70.

*Article 9* amends Article 90AA of the 1961 Law, to replace a reference to “yearly interest” with a reference to “interest”. This change is also made to the equivalent provisions, which also relate to relief in respect of interest payments, in Articles 90AB, 90AC and 90AD (see the notes below on Articles 10 to 12 of the draft Law).

*Article 10* amends Article 90AB of the 1961 Law, which makes provision about relief in respect of interest payments on debt incurred in connection with land or buildings

that are let. The amended Article 90AB would provide that a person is entitled to tax relief on interest and incidental costs on borrowing incurred for the purpose of acquiring land, acquiring or extending a building, acquiring shares in a company whose assets consist of land or buildings or paying off other equivalent borrowing, if in the year of assessment all or part of the land or building concerned is let or available to let on open market terms to a third party.

*Article 11* amends Article 90AC of the 1961 Law, to replace a reference to “yearly interest” with a reference to “interest” (see the notes above on Article 9 of the draft Law).

*Article 12* amends Article 90AD of the 1961 Law, which makes provision about relief in respect of interest payments on borrowing incurred for certain purposes. The amended Article 90AD would provide that a person is entitled to tax relief on interest on borrowing incurred for the purpose of acquiring a qualifying interest in a trading company (as defined in Schedule A1 to the 1961 Law) or in a relevant holding company (as defined in new paragraph (5)). New paragraph (4A) of Article 90AD provides that an individual has a qualifying interest in a company if the individual either (a) holds more than 50% of the ordinary share capital of the company, or (b) holds more than 5% of the share capital and is also engaged in the trading activities carried on by the company or (in relation to a relevant holding company) a company within the trading group. New paragraph (4B) of Article 90AD provides that a person, other than an individual, has a qualifying interest in a company if the person holds 20% or more of the ordinary share capital of the company.

*Article 13* makes consequential amendments to Article 90AE of the 1961 Law.

#### Personal income tax: residency

*Article 14* amends Article 80 of the 1961 Law so that paragraphs (2) and (4) of that provision refer to “individual” instead of “person” to better reflect the fact that those paragraphs are relevant only to individuals, not to all entities with legal personality. It also inserts a signpost to Article 80A, which modifies the application of Article 80 in certain circumstances.

*Article 15* inserts new Article 80A in the 1961 Law which modifies the application of Article 80 in the case of an individual who becomes, or ceases to be, ordinarily resident in Jersey. In those cases, tax under Case IV or V of Schedule D is computed only on the income arising during part of the year. The relevant part of the year is determined by reference to the day on which the individual’s circumstances change in such a way as to result in the individual being treated as ordinarily resident in Jersey for that year of assessment (for those becoming ordinarily resident) or being treated as not resident in Jersey for the following year of assessment.

*Article 16* amends the heading of Part 18 of the 1961 Law, to better reflect the content of the Part as amended.

*Article 17* inserts new Article 129AA in the 1961 Law, which makes provision about the apportionment of the exemption threshold under Article 92A of that Law, and of certain other reliefs and allowances, for individuals who become, or cease to be, ordinarily resident in Jersey. The relief to which the person would otherwise be entitled is reduced by reference to the part of the year before or after the individual’s circumstances change, determined in the same way as for Article 80A (inserted by *Article 15* of the draft Law).

*Article 18* amends Article 129A of the 1961 Law, which makes provision about apportionment of the exemption threshold under Article 92A of that Law, and of certain other reliefs and allowances, for certain individuals. The amended Article 129A applies to an individual, other than an individual who is ordinarily resident in Jersey, who is not

in Jersey for the whole of a year of assessment. At the moment, the apportionment is calculated by reference to the number of periods of 7 complete, consecutive days for which the individual is in Jersey. The amendment replaces this with a provision for apportionment by reference to the number of days that the individual spends in Jersey in the year. Paragraph (4) of the amended Article provides that if an individual is present in Jersey at midnight on a particular day, that day counts as a day spent in Jersey for the purposes of the apportionment provision.

#### Personal allowances and reliefs

*Article 19* amends Article 92A of the 1961 Law to increase the thresholds for exemption from income tax. The amendments also remove the distinction between the standard allowance for spouses/civil partners and the pre-1952 allowance (the threshold is now the same for both cases).

*Article 20* amends Article 92B of the 1961 Law to increase the threshold for qualifying income that applies to certain individuals for the purposes of calculating their exemption threshold for child day care.

### PART 3

*Part 3 (Articles 21 to 27)* amends the Customs and Excise (Jersey) Law 1999 (the “Customs Law”) to alter various rates of excise duty.

*Article 21* provides that Part 3 amends the Customs Law.

*Article 22* amends the rate of excise duty chargeable on spirits and spirits-based drinks.

*Article 23* amends the rate of excise duty chargeable on wines.

*Article 24* amends the rate of excise duty chargeable on tobacco.

*Article 25* amends the rate of excise duty chargeable on hydrocarbon oil.

*Article 26* amends the rate of excise duty on motor vehicles and introduces the concept of a “commercial vehicle”. Commercial vehicles will no longer be charged under the general motor vehicle provision (paragraph 8 of Part 2 of Schedule 1 of the Customs Law) but will instead be charged under a new provision (inserted by Article 27).

*Article 27* inserts a new paragraph 8A into Part 2 of Schedule 1 of the Customs Law to provide for charging excise duty on commercial vehicles. Commercial vehicles are vehicles that are designed to be used to transport goods or materials, rather than passengers. Commercial vehicles that comply with Euro 5 emission limits are charged at a lower rate than vehicles that do not comply with those limits.

### PART 4

*Part 4 (Articles 28 to 39)* amends the Goods and Services Tax (Jersey) Law 2007 (the “GST Law”).

*Article 28* provides that Part 4 amends the GST Law.

*Article 29* amends Article 1 of the GST Law to update the list of defined terms to include “online marketplace” and “operator”, both of which are defined in Article 21B, inserted by Article 32 of the draft Law.

*Article 30* amends Article 4 of the GST Law to provide that a person who supplies goods is treated as “belonging in a country” in the same circumstances as a person who supplies services is treated as “belonging”. This change is related to one of the conditions for treating goods as supplied in Jersey, where the supply of those goods

involves their removal to Jersey (see new Article 23(4) of the GST Law, inserted by Article 33 of the draft Law).

*Article 31* amends Article 6 of the GST Law, which provides for the charge to GST. The amendment inserts a new paragraph (1A) in Article 6, which deals with cases where goods are imported, but are treated as supplied in Jersey by reason of new Article 23(3)(a) (inserted by Article 33 of the draft Law) and the supply of the goods is a taxable supply by a taxable person. The new paragraph (1A) provides that, in those cases, the charge to GST on importation under Article 6(1)(b) is disapplied and GST will instead be charged on the supply of goods under Article 6(1)(a).

*Article 32* inserts new Articles 21A and 21B in the GST Law. Article 21A provides that where goods are supplied to an individual in Jersey, the supply is facilitated by an online marketplace and the supply involves the goods being imported, the operator of the online marketplace (and not the person who is supplying the goods) is treated as having supplied the goods to the individual. Article 21B defines “online marketplace” and “operator”, in relation to an online marketplace; and provides that the States may by Regulations alter those definitions.

*Article 33* amends Article 23 of the GST Law, to provide that where the supply of goods involves their removal to Jersey, the goods will be treated as supplied in Jersey in certain circumstances. This will be the case if goods are supplied, in the course of a business, directly to an individual in Jersey by a person who “belongs” (see the notes above on Article 30 of the draft Law) outside of Jersey. It will also be the case if the supply is treated, under new Article 21A (see the notes above on Article 32 of the draft Law) as being made by the operator of an online marketplace.

*Article 34* amends Article 26 of the GST Law to provide that, where goods are treated as supplied in Jersey (by reference to the new provisions inserted by the draft Law), the time of supply is the time at which the contract for sale of the goods is entered into.

*Article 35* makes a minor amendment to Article 31 of the GST Law, to reflect the fact that the value of goods treated as supplied in Jersey (by reference to the new provisions inserted by the draft Law) is determined under Article 32, instead of Article 31, of the GST Law.

*Article 36* amends Article 32 of the GST Law, to provide that where goods are treated as supplied in Jersey (by reference to the new provisions inserted by the draft Law), the value of the goods is determined in the same way as the value of other imported goods is determined.

*Article 37* inserts a new provision in paragraph 1 of Schedule 1 to the GST Law, which makes provision about the circumstances in which a person making taxable supplies becomes liable to be registered. The new provision expressly provides that references in paragraph 1 to “taxable supplies” are references only to taxable supplies of goods or services in Jersey (which includes supplies of goods treated as made in Jersey by reference to the new provisions inserted by the draft Law) or to taxable supplies of services outside Jersey on which GST is charged under Article 6(1)(c) of the Law.

*Article 38* amends paragraph 5 of Schedule 1 to the GST Law, to expressly extend the provisions for voluntary registration to a person who carries out, or intends to carry out, activities that would, on or after 1st January 2023, be treated as making taxable supplies of goods in Jersey under Article 23(3)(a) (as inserted by the draft Law). It also allows for voluntary registration to take effect from a date later than the day on which the application is made (if agreed by the Comptroller). These amendments come into force on 1st January 2022, in advance of the other substantive amendments to the GST Law.

*Article 39* amends paragraph 13 of Schedule 1 to the GST Law, under which the Comptroller may register as a group 2 or more entities that meet the conditions in

paragraph 12 of Schedule 1. The amendment inserts a new paragraph (1A) which provides that, where 2 or more entities are liable to be registered by reference to supplies of goods that are treated as made in Jersey (by reference to the new provisions inserted by the draft Law), the Comptroller may register them as a group if two of the three conditions in paragraph 12 are met in relation to the entities (the condition in paragraph 12(2) of residence or establishment in Jersey will not be met in these cases). This Article also makes a minor drafting amendment to paragraph 13(2).

## PART 5

*Part 5 (Articles 40 to 43)* makes minor amendments to other enactments, and provision about citation and commencement.

*Article 40* amends Article 2(4) of the Revenue Administration (Jersey) Law 2019 to allow the Minister for Treasury and Resources to give the Comptroller of Revenue directions on how the Comptroller's functions under that Law should be exercised. Currently, only the Treasurer of the States can give such directions.

*Articles 41* amends the Social Security (Jersey) Law 1974 to reflect the changes made by Article 5 of the draft Law.

*Article 42* amends the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008 to designate AIF service businesses as international services entities for the purposes of the GST Law.

*Article 43* provides that the draft Law may be cited as the Finance (2022 Budget) (Jersey) Law 202- and that, subject to certain exceptions, it comes into force on 1st January 2022. Articles 26 and 27, relating to excise duties for motor vehicles, come into force on 1st April 2022. The provisions of Part 4 amending the GST Law come into force on 1st January 2023, apart from Article 38 (which amends the voluntary registration provision) and Article 28 (which is brought into force for the purposes of Article 38), both of which come into force on 1st January 2022.







Jersey

## DRAFT FINANCE (2022 BUDGET) (JERSEY) LAW 202-

### Contents

#### Article

<b>PART 1</b>		<b>21</b>
	STANDARD RATE OF INCOME TAX SET FOR 2022	21
1	Standard rate of income tax for 2022 .....	21
<b>PART 2</b>		<b>21</b>
	INCOME TAX (JERSEY) LAW 1961 AMENDED	21
	<i>Introductory</i>	
2	Amendment of Income Tax (Jersey) Law 1961 .....	21
	<i>Appeals: remote hearings</i>	
3	Article 35A (appeals may be conducted remotely) inserted .....	22
	<i>Deductions from employees' income</i>	
4	Article 41B (duty of employer to deduct and account for tax) amended ....	22
5	Article 41C (calculation of rate) amended .....	22
6	Article 41CA (revised rates: initiated by Comptroller) amended .....	23
7	Schedule 1A amended.....	23
	<i>Business interest relief</i>	
8	Article 70 (general rules as to deductions not allowable) amended .....	23
9	Article 90AA (marginal income deduction in respect of interest payments: only or main residence) amended .....	23
10	Article 90AB (relief in respect of interest payments: commercial letting) amended .....	23
11	Article 90AC (relief in respect of interest payments: machinery and plant) amended .....	25
12	Article 90AD (relief in respect of interest payments: acquisition of trade, partnership share or trading company) amended .....	25
13	Article 90AE (provisions supplementary to Articles 90AA to 90AD: general) amended .....	26
	<i>Personal income tax: residency</i>	

14	Article 80 (basis of computation under Cases IV and V) amended .....	26
15	Article 80A (application of Article 80: individuals who become, or cease to be, ordinarily resident) inserted .....	26
16	Part 18 heading (special provisions as to individuals temporarily abroad, and non-residents) amended.....	27
17	Article 129AA (apportionment of reliefs etc for individuals who become, or cease to be, ordinarily resident) inserted.....	27
18	Article 129A (apportionment for individual in Jersey for part of year) amended .....	29

*Personal allowances and reliefs*

19	Article 92A (threshold for exemption from income tax) amended .....	30
20	Article 92B (increase in exemption for child day care) amended.....	30

**PART 3** **30**

**CUSTOMS AND EXCISE (JERSEY) LAW 1999 AMENDED** **30**

21	Amendment of Customs and Excise (Jersey) Law 1999.....	30
22	Excise duty: spirits and spirits-based drinks .....	30
23	Excise duty: wines .....	30
24	Excise duty: tobacco .....	31
25	Excise duty: hydrocarbon oil.....	31
26	Excise duty: motor vehicles – general.....	31
27	Excise duty: motor vehicles – commercial vehicles.....	32

**PART 4** **34**

**GOODS AND SERVICES TAX (JERSEY) LAW 2007 AMENDED** **34**

28	Goods and Services Tax (Jersey) Law 2007 amended.....	34
29	Article 1 (interpretation) amended.....	34
30	Article 4 (services: where a supplier or recipient belongs) amended .....	34
31	Article 6 (charge to GST) amended .....	34
32	Articles 21A (supplies of goods facilitated by online marketplaces: deemed supply) and 21B (meaning of “online marketplace” and “operator”) inserted .....	34
33	Article 23 (where goods supplied) amended.....	35
34	Article 26 (when goods supplied) amended .....	36
35	Article 31 (value of supply of goods or services) amended .....	36
36	Article 32 (value of imported goods) amended.....	36
37	Paragraph 1 (liability to be registered) of Schedule 1 amended .....	36
38	Paragraph 5 (voluntary registration) of Schedule 1 amended .....	37
39	Paragraph 13 (groups of entities) of Schedule 1 amended .....	37

**PART 5** **37**

**AMENDMENTS TO OTHER ENACTMENTS AND CLOSING** **37**

40	Amendment of Revenue Administration (Jersey) Law 2019 .....	37
41	Amendment of Social Security (Jersey) Law 1974 .....	37
42	Amendment of Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008 .....	38

43 Citation and commencement..... 38





Jersey

## **DRAFT FINANCE (2022 BUDGET) (JERSEY) LAW 202-**

A **LAW** to set the standard rate of income tax for 2022 and to implement parts of the government plan 2022-2025 by amending the [Income Tax \(Jersey\) Law 1961](#), the [Customs and Excise \(Jersey\) Law 1999](#), the [Goods and Services Tax \(Jersey\) Law 2007](#) and other enactments.

*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]

*Coming into force* [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 2022

#### **1 Standard rate of income tax for 2022**

Income tax is levied and charged for the year 2022 at the standard rate of 20 pence in the pound, in accordance with and subject to the [Income Tax \(Jersey\) Law 1961](#).

### **PART 2**

#### [INCOME TAX \(JERSEY\) LAW 1961](#) AMENDED

##### *Introductory*

#### **2 Amendment of [Income Tax \(Jersey\) Law 1961](#)**

This Part amends the [Income Tax \(Jersey\) Law 1961](#).

*Appeals: remote hearings***3 Article 35A (appeals may be conducted remotely) inserted**

After Article 35 there is inserted –

**“35A Appeals may be conducted remotely**

- (1) The Commissioners may hear appeals and perform other functions under this Part either by meeting in person or remotely.
- (2) If the Commissioners choose to meet remotely, –
  - (a) references in this Part to a person appearing in person must be read as the person appearing remotely; and
  - (b) a provision in this Part that requires or entitles a person to take an action must be read as requiring or entitling the person to take that action remotely.”.

*Deductions from employees’ income***4 Article 41B (duty of employer to deduct and account for tax) amended**

For Article 41B(8) there is substituted –

- “(8) An employer is not required to deduct tax from an employee who is under the upper limit of compulsory school age as defined by Article 2 of the [Education \(Jersey\) Law 1999](#).”.

**5 Article 41C (calculation of rate) amended**

For Article 41C(2) there is substituted –

- “(2) The formula to calculate an employee’s rate is –

$$A = \frac{B + C - D}{E + F + G + H} \times 100$$

Where –

- A is the rate;
- B is the employee’s estimated liability to income tax for the year to which the rate applies;
- C is the employee’s total arrears of income tax (if any) for any earlier year of assessment (whether or not judgment has been obtained in respect of the arrears) and any costs recoverable in respect of those arrears;
- D is the amount of income tax already paid for the year to which the rate applies (not including any amount deducted during the year under Article 41B or 41E);
- E is the estimated amount of income for which the employee is liable to be assessed for the year to which the rate applies;

- F is the estimated amount of income from which the employee is liable to allow the deduction of tax for the year to which the rate applies;
- G is the estimated amount of the employee's allowable deductions under this Law (except for Article 131I) in relation to the employee's earnings for the year to which the rate applies; and
- H is the estimated amount of the employee's allowable deductions under Article 131I for the year to which the rate applies.”.

## 6 Article 41CA (revised rates: initiated by Comptroller) amended

In Article 41CA(3), for the definition of “E” there is substituted –

- “E is the estimated amount of the employee's earnings for the remainder of the year to which the rate applies.”.

## 7 Schedule 1A amended

- (1) In Schedule 1A, Part 1, paragraph 2(2), for “arrears of income tax” there is substituted “arrears of income tax or LTC contributions” in every place.
- (2) In Schedule 1A, Part 1, paragraph 2(5), for the definition of “H” there is substituted –
  - “H is the estimated amount of the employee's earnings for the remainder of the year to which the rate applies.”.
- (3) In Schedule 1A, Part 2, for Article 41B(8) there is substituted –
  - “(8) An employer is not required to deduct tax [or LTC contributions] from an employee who is under the upper limit of compulsory school age as defined by Article 2 of the [Education \(Jersey\) Law 1999](#).”.

### *Business interest relief*

## 8 Article 70 (general rules as to deductions not allowable) amended

For Article 70(h) there is substituted –

- “(h) any interest on sums disallowed under any provision of this Article;”.

## 9 Article 90AA (marginal income deduction in respect of interest payments: only or main residence) amended

In Article 90AA(1), “yearly” is deleted.

## 10 Article 90AB (relief in respect of interest payments: commercial letting) amended

- (1) Article 90AB is amended as follows.

- (2) For the heading, there is substituted “Deduction in respect of loan costs: commercial letting”.
- (3) In paragraph (1) –
- (a) “yearly” is deleted;
  - (b) after “person” there is inserted “(“P”)”.
- (4) For paragraphs (2) and (3) there is substituted –
- “(2) Where –
- (a) the interest is payable on a loan incurred for the purpose of –
    - (i) acquiring land,
    - (ii) acquiring or extending a building,
    - (iii) acquiring shares in a company whose assets consist of land or buildings, or
    - (iv) paying off another loan, interest on which would have been eligible for relief under this paragraph, by reference to land or a building, had the loan not been paid off; and
  - (b) in a year of assessment, all or part of the land or building (or, where paragraph (a)(iii) applies, all or part of any of the land or buildings) is let, or available to let, on open market terms to a third party,
- P is entitled to a deduction, equal to the loan cost amount for that year, from the income arising from the letting of the land or building.
- (2A) The “loan cost amount” for a year of assessment is the total of –
- (a) the amount of interest incurred on the loan in relation to that year; and
  - (b) the amount of incidental expenses, in relation to the loan, attributable to that year.
- (2B) “Incidental expenses”, in relation to a loan, means fees paid wholly and exclusively for the purposes of obtaining or securing the loan.
- (2C) For the purposes of paragraph (2) –
- (a) monies held on current account are to be disregarded for the purposes of determining whether the company’s assets consist of land or buildings; and
  - (b) “third party” means a person other than –
    - (i) P, or
    - (ii) a person connected with P.
- (2D) Paragraph (2) is subject to Article 90AE.”.
- (5) For paragraph (4)(a) and (b) there is substituted –
- “(a) part of the land or building is occupied by P or a person connected with P;
  - (b) part (but not the whole) of the land or building is let or available to let in the year of assessment; or
  - (c) the whole or any part of the land or building is let, or available to let, for only part of the year of assessment.”.



- (6) In paragraph (4), in the words after sub-paragraph (b), for “such part only of the interest shall be eligible for relief under the said paragraph (2)” there is substituted “P is entitled under paragraph (2) to a deduction equal to such part only of the loan cost amount”.
- (7) Paragraph (5) is deleted.

## **11 Article 90AC (relief in respect of interest payments: machinery and plant) amended**

In Article 90AC(1), “yearly” is deleted.

## **12 Article 90AD (relief in respect of interest payments: acquisition of trade, partnership share or trading company) amended**

- (1) Article 90AD is amended as follows.
- (2) In paragraph (1), “yearly” is deleted.
- (3) In paragraph (4) –
  - (a) in sub-paragraph (a), “who is an individual, a partnership, a holding company or a trading company,” is deleted;
  - (b) for sub-paragraph (a)(i) there is substituted –
    - “(i) acquiring a qualifying interest in a trading company or in a relevant holding company, or”;
  - (c) in the words after paragraph (b), for “controlling interest” there is substituted “qualifying interest”.
- (4) After paragraph (4) there is inserted –
  - “(4A) For the purposes of paragraph (4), an individual has a qualifying interest in a company if –
    - (a) the individual holds more than 50% of the ordinary share capital of the company; or
    - (b) the individual –
      - (i) holds more than 5% of the ordinary share capital of the company, and
      - (ii) is engaged in the trading activities carried on by the company or (in relation to a relevant holding company) by a company within the trading group.
  - (4B) For the purposes of paragraph (4), a person, other than an individual, has a qualifying interest in a company if the person holds 20% or more of the ordinary share capital of the company.”.
- (5) For paragraph (5) there is substituted –
  - “(5) For the purposes of this Article –
    - (a) a company is a “relevant holding company” if –
      - (i) it is a holding company of a trading group, and
      - (ii) it holds, directly or indirectly, 100% of the ordinary share capital of each of the trading companies in the trading group;

- (b) “holding company”, “trading company” and “trading group” have the same meanings as in Schedule A1.”.

### **13 Article 90AE (provisions supplementary to Articles 90AA to 90AD: general) amended**

- (1) Article 90AE is amended as follows.
- (2) In the words following paragraph (2A)(b), after “to be eligible for relief” there is inserted “(or, where Article 90AB applies, the loan cost amount by reference to which the person is entitled to a deduction)”.
- (3) In paragraph (3) –
  - (a) for “under any of Articles 90AB to 90AD for interest on the loan to be eligible for relief of tax under any of those Articles,” there is substituted “under Article 90AB for entitlement to a deduction by reference to the loan cost amount, or under Article 90AC or 90AD for interest on the loan to be eligible for tax relief.”;
  - (b) after “such portion of” there is inserted “the loan cost amount or (as the case may be)”;
  - (c) after “treated as eligible for relief” there is inserted “or deduction”.

#### *Personal income tax: residency*

### **14 Article 80 (basis of computation under Cases IV and V) amended**

- (1) Article 80 is amended as follows.
- (2) In paragraph (2) –
  - (a) for “person” there is substituted “individual”; and
  - (b) at the end there is inserted “for the year of assessment (and applies as modified by Article 80A where an individual becomes, or ceases to be, ordinarily resident)”.
- (3) In paragraph (4), for “person”, in both places, there is substituted “individual”.

### **15 Article 80A (application of Article 80: individuals who become, or cease to be, ordinarily resident) inserted**

After Article 80 there is inserted –

#### **“80A Application of Article 80: individuals who become, or cease to be, ordinarily resident**

- (1) Article 80 applies with the modifications in paragraph (2) where –
  - (a) an individual who is not resident in Jersey becomes ordinarily resident in Jersey; or
  - (b) an individual who is ordinarily resident in Jersey ceases to be resident in Jersey.
- (2) Paragraph (1) of Article 80 –

- (a) applies in relation to the individual, for a relevant year of assessment, as if the reference in that paragraph to the income arising in the year of assessment were a reference to the income arising in Period A; and
- (b) does not apply in relation to the individual, for a relevant year of assessment, in relation to income arising otherwise than in Period A.

(3) In a case within paragraph (1)(a) –

- (a) a “relevant year of assessment” means a year of assessment –
  - (i) for which the individual is treated as being ordinarily resident in Jersey, and
  - (ii) which immediately follows a year of assessment for which the individual is treated as being not resident in Jersey;
- (b) “Period A”, in relation to a relevant year of assessment, means the period –
  - (i) beginning with the day on which the individual’s circumstances change in such a way as to result in the individual being treated as ordinarily resident in Jersey for the relevant year of assessment, and
  - (ii) ending with the last day of that year.

(4) In a case within paragraph (1)(b) –

- (a) a “relevant year of assessment” means a year of assessment –
  - (i) for which the individual is treated as being ordinarily resident in Jersey, and
  - (ii) which immediately precedes a year of assessment for which the individual is treated as being not resident in Jersey;
- (b) “Period A”, in relation to a relevant year of assessment, means the period –
  - (i) beginning with the first day of the relevant year of assessment, and
  - (ii) ending with the day on which the individual’s circumstances change in such a way as to result in the individual being treated as not resident in Jersey for the following year of assessment.”.

## **16 Part 18 heading (special provisions as to individuals temporarily abroad, and non-residents) amended**

In the heading of Part 18, after “abroad,” there is inserted “individuals becoming or ceasing to be ordinarily resident,”.

## **17 Article 129AA (apportionment of reliefs etc for individuals who become, or cease to be, ordinarily resident) inserted**

After Article 129 there is inserted –

**“129AA Apportionment of reliefs etc for individuals who become, or cease to be, ordinarily resident**

- (1) This Article applies where –
  - (a) an individual who is not resident in Jersey becomes ordinarily resident in Jersey; or
  - (b) an individual who is ordinarily resident in Jersey ceases to be resident in Jersey.
- (2) The exemption threshold applicable to the individual, for a relevant year of assessment, is the apportionment fraction of the threshold determined under Article 92A.
- (3) The amount of any relief, reduction, allowance or deduction to which the individual would (apart from this paragraph) be entitled, for a relevant year of assessment, under a provision listed in paragraph (4) is reduced to the apportionment fraction of that amount.
- (4) The provisions are –
  - (a) Article 65B(3) (emoluments: benefits in kind);
  - (b) any provision of Part 11 (principal provisions as to interest, dividends, distributions, annual payments etc); and
  - (c) any provision of Part 12 (personal allowances and reliefs).
- (5) The apportionment fraction in relation to an individual for a relevant year of assessment is determined in accordance with the following formula –

$$\frac{n}{d}$$

where –

n is the number of days constituting Period A; and –

d is the number of days in that year.”.

- (6) In a case within paragraph (1)(a) –
  - (a) a “relevant year of assessment” means a year of assessment –
    - (i) for which the individual is treated as being ordinarily resident in Jersey, and
    - (ii) which immediately follows a year of assessment for which the individual is treated as being not resident in Jersey;
  - (b) “Period A”, in relation to a relevant year of assessment, means the period –
    - (i) beginning with the day on which the individual’s circumstances change in such a way as to result in the individual being treated as ordinarily resident in Jersey for the relevant year of assessment, and
    - (ii) ending with the last day of that year.
- (7) In a case within paragraph (1)(b) –
  - (a) a “relevant year of assessment” means a year of assessment –

- (i) for which the individual is treated as being ordinarily resident in Jersey, and
- (ii) which immediately precedes a year of assessment for which the individual is treated as being not resident in Jersey;
- (b) “Period A”, in relation to a relevant year of assessment, means the period –
  - (i) beginning with the first day of the relevant year of assessment, and
  - (ii) ending with the day on which the individual’s circumstances change in such a way as to result in the individual being treated as not resident in Jersey for the following year of assessment.”.

### 18 Article 129A (apportionment for individual in Jersey for part of year) amended

- (1) Article 129A is amended as follows.
- (2) In the heading, for “individual” there is substituted “individuals (other than those who are ordinarily resident)”.
- (3) For paragraph (1) there is substituted –
  - “(1) This Article applies, for any year of assessment, to an individual who –
    - (a) is not ordinarily resident in Jersey for that year; and
    - (b) is not in Jersey for the whole of that year.”.
- (4) In paragraph (3), for “, for each period of 7 complete, consecutive days in that year for which the individual is in Jersey, 1/52nd” there is substituted “the relevant fraction”.
- (5) After paragraph (3) there is inserted –
  - “(3A) For the purposes of paragraph (3), “the relevant fraction”, in relation to a year of assessment, is determined in accordance with the following formula –
 
$$\frac{n}{d}$$
 where –
    - n is the number of days that the individual spends in Jersey in the year of assessment; and
    - d is the number of days in that year.”.
- (6) At the end there is inserted –
  - “(4) For the purposes of this Article –
    - (a) if an individual is present in Jersey at midnight on a particular day, that day counts as a day spent by the individual in Jersey;
    - (b) if an individual is not present in Jersey at midnight on a particular day, that day does not count as a day spent by the individual in Jersey.”.

*Personal allowances and reliefs***19 Article 92A (threshold for exemption from income tax) amended**

- (1) Article 92A is amended as follows.
- (2) In paragraph (2), for sub-paragraphs (i) and (ii) there is substituted “£26,550.”.
- (3) In paragraph (2A), for sub-paragraphs (i) and (ii) there is substituted “26,550.”.
- (4) In paragraph (4)(i), for “£6,300” there is substituted “£6,550”.
- (5) In paragraph (4A)(i), for “£6,300” there is substituted “£6,550”.
- (6) In paragraph (6), for “£16,000” there is substituted “£16,550”.

**20 Article 92B (increase in exemption for child day care) amended**

In Article 92B(5), in the definition “qualifying income” –

- (a) in sub-paragraph (a), for “£6,300” there is substituted “£6,550”;
- (b) in sub-paragraph (b), for “£4,500” there is substituted “£4,590”.

**PART 3****CUSTOMS AND EXCISE (JERSEY) LAW 1999 AMENDED****21 Amendment of Customs and Excise (Jersey) Law 1999**

This Part amends the Customs and Excise (Jersey) Law 1999.

**22 Excise duty: spirits and spirits-based drinks**

- (1) Paragraph 1 of Part 2 of Schedule 1 is amended as follows.
- (2) In sub-paragraph (a) (spirits produced by a small independent distiller of spirits), for “£21.24” there is substituted “£22.30”.
- (3) In sub-paragraph (b) (other spirits), for “£42.44” there is substituted “£44.56”.
- (4) In sub-paragraph (c) (spirits-based products which are ready to drink), for “£42.44” there is substituted “£44.56”.

**23 Excise duty: wines**

For the table in paragraph 2 of Part 2 of Schedule 1 there is substituted –

<i>“Strength of wines</i>	<i>Rate per hectolitre of wine</i>
Wines exceeding 1.2% volume but not exceeding 5.5% volume	£86.90

Wines exceeding 5.5% volume but not exceeding 15% volume	£230.28
Wines exceeding 15% volume but not exceeding 22% volume	£303.60
	<i>Rate per litre of alcohol</i>
Wines exceeding 22% volume	£44.56”.

**24 Excise duty: tobacco**

For the table in paragraph 6 of Part 2 of Schedule 1 there is substituted –

<b>“Type of tobacco</b>	<b>Rate of excise duty per kilogramme</b>
(a) unprocessed tobacco	£460.79
(b) cigars	£514.56
(c) cigarettes	£603.59
(d) hand-rolling tobacco	£596.18
(e) processed tobacco other than types (b) to (d)	£480.17”.

**25 Excise duty: hydrocarbon oil**

For the table in paragraph 7(1) of Part 2 of Schedule 1 there is substituted –

<b>“Type of hydrocarbon oil</b>	<b>Rate of excise duty per hectolitre</b>
(a) higher octane ultra low sulphur petrol	£65.83
(b) all other ultra low sulphur petrol	£63.89
(c) ultra low sulphur diesel	£63.89
(d) all other types of hydrocarbon oil	£67.97”.

**26 Excise duty: motor vehicles – general**

- (1) Paragraph 8 of Part 2 of Schedule 1 is amended as follows.
- (2) In the heading, after “motor vehicles” there is inserted “– general”.
- (3) In sub-paragraph (1), before the definition “established CO<sub>2</sub> mass emission figure” there is inserted –
  - ““commercial vehicle” has the meaning given in paragraph 8A(1);”.
- (4) In sub-paragraph (3)(a) and (b), for “lowest” there is substituted “highest”.

(5) For sub-paragraph (4) and tables 1 and 2 there is substituted –

“(4) For motor vehicles (other than commercial vehicles) that have an established CO<sub>2</sub> mass emission figure, vehicle emissions duty is charged at the following rates –

Established CO <sub>2</sub> mass emission figure (g)	Vehicle emissions duty (£)
0-50	0
51-75	55
76-100	165
101-125	290
126-150	470
151-175	900
176-200	2,000
201 or more	3,300

(5) For motor vehicles (other than commercial vehicles) that do not have an established CO<sub>2</sub> mass emission figure, vehicle emissions duty is charged at the following rates –

Cylinder capacity of engine (cm <sup>3</sup> )	Vehicle emissions duty (£)
500 or less	0
501 - 1400	220
1401 - 1800	390
1801 - 2000	560
2001 - 2500	850
2501 - 3000	1400
3001 - 3500	2000
3501 or more	3,300”.

## 27 Excise duty: motor vehicles – commercial vehicles

After paragraph 8 of Part 2 of Schedule 1 there is inserted –

### “8A Motor vehicles – commercial vehicles

(1) In this paragraph –

“commercial vehicle” means a vehicle of a type that is designed to be used to transport goods or materials (rather than passengers);



“established CO<sub>2</sub> mass emission figure” has the meaning given in paragraph 8(1);

“lower emission vehicle” means a vehicle that complies with the Euro 5 emission limits set out in Annex I, Table 1 of Regulation No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information (OJ L 171, 29.6.2007, p. 1);

“vehicle emissions duty” has the meaning given in paragraph 8(1).

- (2) For commercial vehicles that have an established CO<sub>2</sub> mass emission figure, vehicle emissions duty is charged at the following rates –

<b>Established CO<sub>2</sub> mass emission figure (g)</b>	<b>Vehicle emissions duty for lower emission vehicle (£)</b>	<b>Vehicle emissions duty for vehicle that is not lower emission vehicle (£)</b>
0-50	0	0
51-75	0	53.66
76-100	0	160.97
101-125	53.66	268.28
126-150	160.97	429.24
151-175	268.28	804.83
176-200	429.24	1,341.38
201 or more	804.83	1,931.58

- (3) For commercial vehicles that do not have an established CO<sub>2</sub> mass emission figure, vehicle emissions duty is charged at the following rates –

<b>Cylinder capacity of engine (cm<sup>3</sup>)</b>	<b>Vehicle emissions duty for lower emission vehicle (£)</b>	<b>Vehicle emissions duty for vehicle that is not lower emission vehicle (£)</b>
500 or less	0	0
501 - 1400	0	214.62
1401 - 1800	0	375.59
1801 - 2000	214.62	536.55
2001 - 2500	375.59	751.17
2501 - 3000	536.55	1,073.10
3001 - 3500	751.17	1,395.03

Cylinder capacity of engine (cm <sup>3</sup> )	Vehicle emissions duty for lower emission vehicle (£)	Vehicle emissions duty for vehicle that is not lower emission vehicle (£)
3501 or more	1,073.10	1,931.58”.

## PART 4

### GOODS AND SERVICES TAX (JERSEY) LAW 2007 AMENDED

#### 28 Goods and Services Tax (Jersey) Law 2007 amended

This Part amends the Goods and Services Tax (Jersey) Law 2007.

#### 29 **Article 1 (interpretation) amended**

- (1) Article 1 is amended as follows.
- (2) After the definition “money” there is inserted –
  - “ “online marketplace” has the meaning given by Article 21B;”.
- (3) After the definition “open-market value” there is inserted –
  - “ “operator”, in relation to an online marketplace, has the meaning given by Article 21B;”.

#### 30 **Article 4 (services: where a supplier or recipient belongs) amended**

- (1) Article 4 is amended as follows.
- (2) In the heading, “Services:” is deleted.
- (3) In paragraph (1), in the words before sub-paragraph (a) and in sub-paragraph (c), for “services” there is substituted “goods or services”.

#### 31 **Article 6 (charge to GST) amended**

In Article 6, after paragraph (1) there is inserted –

- “(1A) Paragraph (1)(b) does not apply in relation to the importation into Jersey of goods from outside Jersey if –
  - (a) the goods are treated as supplied in Jersey by reason of Article 23(3)(a); and
  - (b) the supply of the goods is a taxable supply made by a taxable person,
 (and accordingly paragraph (1)(a) applies instead).”.

#### 32 **Articles 21A (supplies of goods facilitated by online marketplaces: deemed supply) and 21B (meaning of “online marketplace” and “operator”) inserted**

After Article 21 there is inserted –

**“21A Supplies of goods facilitated by online marketplaces: deemed supply**

- (1) This Article applies where –
  - (a) a person (“P”) supplies goods in the course or furtherance of a business to an individual (“R”) at an address in Jersey;
  - (b) that supply is facilitated by an online marketplace; and
  - (c) the supply of goods to R involves those goods being imported.
- (2) For the purposes of this Law, the operator of the online marketplace (and not P) is to be treated as having supplied the goods to R in the course or furtherance of a business carried on by the operator.

**21B Meaning of “online marketplace” and “operator”**

- (1) In this Law, “online marketplace” means a website, or any other means by which information is made available over the internet, which facilitates the sale of goods through the website or other means by persons other than the operator (whether or not the operator also sells goods through the marketplace).
- (2) For the purposes of paragraph (1), an online marketplace facilitates the sale of goods if it allows a person to –
  - (a) offer goods for sale; and
  - (b) enter into a contract for the sale of goods.
- (3) In this Law, “operator”, in relation to an online marketplace, means the person who controls access to, and the contents of, the online marketplace provided that the person is involved in –
  - (a) determining any terms or conditions applicable to the sale of goods;
  - (b) processing, or facilitating the processing, of payment for the goods; and
  - (c) the ordering or delivery, or facilitating the ordering or delivery, of the goods.
- (4) The States may by Regulations amend this Article so as to alter the meaning of “online marketplace” or “operator”.

**33 Article 23 (where goods supplied) amended**

For Article 23(3) there is substituted –

- “(3) If the supply of goods involves their removal to Jersey –
  - (a) the goods are treated as supplied in Jersey if either Condition A or Condition B is met; and
  - (b) in any other case, the goods are treated as supplied outside Jersey.
- (3A) Condition A is met if –
  - (a) the goods are supplied by a person (“P”) in the course or furtherance of a business;

- (b) P belongs in a country other than Jersey; and
- (c) the goods are supplied directly to an individual at an address in Jersey.

(3B) Condition B is met if the supply is treated, under Article 21A, as being made by the operator of an online marketplace.”.

### **34 Article 26 (when goods supplied) amended**

- (1) Article 26 is amended as follows.
- (2) In paragraph (1), before sub-paragraph (a) there is inserted –
  - “(aa) if the goods are treated as supplied in Jersey under Article 23(3)(a), at the time the sale contract is entered into;”.
- (3) In paragraph (1)(a), for “if the supply involves” there is substituted “in any other case where the supply involves”.
- (4) After paragraph (2), there is inserted –
  - “(3) In paragraph (1)(aa), the reference to the “sale contract” is a reference to the contract for the sale of the goods, entered into between –
    - (a) the person supplying the goods (where Condition A in Article 23(3A) is met) or the operator of the online marketplace (where Condition B in Article 23(3B) is met); and
    - (b) the individual to whom the goods are supplied.”.

### **35 Article 31 (value of supply of goods or services) amended**

In Article 31(1), after “by or under” there is inserted “Article 32 or any other provision of”.

### **36 Article 32 (value of imported goods) amended**

- (1) Article 32 is amended as follows.
- (2) For the heading there is substituted “Value of goods imported or treated as supplied in Jersey under Article 23(3)(a)”.
- (3) In paragraph (1), after “imported goods” there is inserted “, or goods treated as supplied in Jersey under Article 23(3)(a),”.

### **37 Paragraph 1 (liability to be registered) of Schedule 1 amended**

In paragraph 1, after sub-paragraph (4) there is inserted –

- “(5) In this paragraph, and in the other provisions of this Schedule, references to taxable supplies are references to taxable supplies of goods or services in Jersey (including taxable supplies of goods that are treated as supplied in Jersey under Article 23(3)(a)) or of services on which GST is charged under Article 6(1)(c).”.

**38 Paragraph 5 (voluntary registration) of Schedule 1 amended**

- (1) Paragraph 5 is amended as follows.
- (2) In sub-paragraph (2), after “earlier” there is inserted “or later”.
- (3) After sub-paragraph (5) there is inserted –
  - “(6) In sub-paragraph (1), references to a person who makes, or intends to make, taxable supplies include references to a person who carries out, or intends to carry out, activities that would, on or after 1st January 2023, be treated as making taxable supplies of goods in Jersey under Article 23(3)(a) (as inserted by the Finance (2022 Budget) (Jersey) Law 202-).”.

**39 Paragraph 13 (groups of entities) of Schedule 1 amended**

- (1) After paragraph 13(1), there is inserted –
  - “(1A) The Comptroller may, on application, register as a group 2 or more entities if –
    - (a) each entity is liable to be registered by reference to taxable supplies of goods that are treated under Article 23(3)(a) as supplies made in Jersey; and
    - (b) the second and third conditions in paragraph 12(3) and (4) are satisfied in relation to the entities.”.
- (2) In paragraph 13(2), for “The Comptroller shall do so by notice in writing” there is substituted “Where the Comptroller grants an application for registration under this paragraph, the Comptroller must give written notice of the registration”.

**PART 5****AMENDMENTS TO OTHER ENACTMENTS AND CLOSING****40 Amendment of [Revenue Administration \(Jersey\) Law 2019](#)**

In Article 2(4) of the [Revenue Administration \(Jersey\) Law 2019](#), for “Treasurer of the States may” there is inserted “Treasurer of the States and the Minister for Treasury and Resources may, either together or separately,”.

**41 Amendment of [Social Security \(Jersey\) Law 1974](#)**

In paragraph 4(2) of Schedule 1D of the [Social Security \(Jersey\) Law 1974](#), for the definition of I there is substituted –

- “I is the sum of –
- (a) the estimated amount of income for which the employee is liable to be assessed under the 1961 Law for the year to which the rate applies;
  - (b) the estimated amount of income from which the employee is liable to allow the deduction of tax under the 1961 Law for the year to which the rate applies;

- (c) the estimated amount of the employee's allowable deductions under the 1961 Law (except for Article 131I of that Law) in relation to the employee's earnings for the year to which the rate applies; and
- (d) the estimated amount of the employee's allowable deductions under Article 131I of the 1961 Law for the year to which the rate applies.”.

#### **42 Amendment of [Goods and Services Tax \(International Services Entities\) \(Jersey\) Regulations 2008](#)**

After Regulation 7(c) of the [Goods and Services Tax \(International Services Entities\) \(Jersey\) Regulations 2008](#) there is inserted –

- “(d) an AIF services business.”.

#### **43 Citation and commencement**

- (1) This Law may be cited as the Finance (2022 Budget) (Jersey) Law 202-
- (2) This Law comes into force on 1st January 2022, except for –
  - (a) Articles 26 and 27 (excise duty: motor vehicles – general and commercial vehicles), which come into force on 1st April 2022; and
  - (b) Articles 29 to 37 and 39 in Part 4 ([Goods and Services Tax \(Jersey\) Law 2007](#) amended), which come into force on 1st January 2023.