

STATES OF JERSEY



TAX LIABILITY OF ESSENTIALLY EMPLOYED PUBLIC SECTOR EMPLOYEES

**Lodged au Greffe on 4th March 2003
by the Deputy of St. John**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

- (a) to agree that no public funds should be utilised to meet the income tax liability arising as a result of the receipt of rental subsidies for those essentially employed public sector employees who have received such subsidies during the last 5 tax years; and
- (b) to request the Policy and Resources and Finance and Economics Committees to take the necessary steps to implement the decision.

DEPUTY OF ST. JOHN

REPORT

Deputy P.N. Troy of St. Brelade lodged a proposition “au Greffe” on 18th February 2003 regarding Tax liability of essentially employed public sector employees (P.20/2003) the effect of which would be to require the States and the essentially employed employees concerned to pay on a 50/50 basis towards the tax liability on rental subsidies paid.

My purpose in bringing this proposition after Deputy P.N. Troy’s report and proposition is to allow members the opportunity to decide whether or not the one hundred or so “(j)” category essentially employed public sector employees should be treated as a special case, or whether they should, like all taxpayers, be obliged to settle this tax demand in total.

As some essentially employed public sector employees have received rental subsidies and paid their tax liabilities, it is not appropriate to accept that others working on similar contracts should not have known that they should pay this tax. Equally, repaying the amount of tax paid by those who correctly declared their subsidies is not the answer either. Ignorance of the law is no excuse. The employees concerned are highly intelligent and should therefore be expected to understand the relatively simple Jersey income tax form. Currently a divide exists between the “(j)” category employees and persons recruited locally, and if this tax is allowed to be paid from out of public funds a much larger divide will be created. Furthermore, many taxpayers have spoken to me expressing their concerns at what the Finance and Economics Committee is proposing to do.

It can be argued that as some essential “(j)” category employees have paid the tax, the only outstanding issue is whether the remaining employees should be permitted time to pay, and I believe that the Comptroller of Income Tax can use his discretion on this and I ask members to support my proposition.

If adopted, this proposition would mean that the States would not be required to pay the tax liability relating to rental subsidies for essentially employed public sector employees, and would thus constitute a saving. I do not believe the implementation of the decision will have manpower consequences, but this would be a matter for the Policy and Resources Committee.