

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 20th NOVEMBER 2012**

**Question**

Further to the joint answer from three Ministers given on 6th November 2012, will the Minister inform members what attention, if any, has been paid to recommendations 16 and 17 of SR.3/2011 "Review of Benefit levels" as part of his review of the tax system and, if none, state why?

*(For information –*

***Recommendation 16 (Page 101)***

*The Ministers for Social Security and Treasury and Resources must work together to reduce the overlap between Income Support levels and Income Tax thresholds at the lower end of the earnings distribution in order to correct inefficiencies and report their findings within 12 months.*

***Recommendation 17 (Page 101)***

*The Ministers for Social Security and Treasury and Resources should pursue the potential benefit from improved modelling of the tax and benefit system to produce profiles similar to that produced by the UK Government entitled "Tax Benefit Model Tables" and report their findings within 12 months.)*

**Answer**

**Recommendation 16 (Page 101)**

Since the Scrutiny Report was published in March 2011, lower earners have benefited from an increase in the earnings disregard within the income support calculation. This has increased from 16.5% (plus 6% for Social Security contributions) to 20% (plus 6% Social Security contributions). This increases the incentive for low income families to take up and stay in work, whether or not they pay income tax.

Inevitably there are differences between income support and income tax as the two systems are based on different principles. For example, both systems acknowledge the number of adults and children in the household, but the income tax system treats unmarried couples as individuals whereas the income support system treats unmarried partners as a single household.

More significantly, the income tax system makes no allowance for the cost of rental accommodation, compared to the income support system in which the cost of rented accommodation is a major factor. Likewise, the income tax system does not make any additional allowances for individuals with disabilities whereas these are taken into account within the income support system.

These differences between the tax and benefit systems at the margins, which are far from unique to Jersey, are bound to result in an overlap between the two systems in a minority of cases.

**Recommendation 17 (Page 101)**

The last publication of the UK government tax benefit tables was in November 2010. The UK government undertook a consultation exercise at that time to determine the public demand for these tables. There was a nil response to the exercise and the government took the decision to cease these publications. An Excel spreadsheet was published in 2010 providing details of UK benefits current at that time, but this has not been kept up-to-date.

The Social Security Department has issued an Excel spreadsheet in respect of income support calculations to interested States Members. This is kept up to date and is reissued following every change in benefit parameters. A web-based version of the calculator is currently undergoing testing and will be available shortly.

A full report on income support claims for 2011 was published on 19 October (R.126/2012). This report will now be published on an annual basis.