

STATES OF JERSEY



BUDGET 2006: SIXTH AMENDMENT

**Presented to the States on 29th November 2005
by Deputy G.P. Southern of St. Helier**

STATES GREFFE

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PAGE 2 –

to increase the estimates of income from Indirect Taxation in order to fund the provision of free television licences for those aged 75 and over living in domestic accommodation whose income is less than £20,720 for a married couple and £12,770 for a single person, by adding the following amount to the estimates –

£300,000 to the estimates of income from Income Tax by levying an additional fixed charge of £200 on the income tax liability of all taxpayers whose total income is over £100,000 per annum.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

Having read Senator Michael Vibert's second amendment to the 2006 Budget, I was unhappy that he should seek to secure the revenue to fund free television licences for those over 75 years of age by increasing the impôts on beer. It is well known that all such indirect taxation is regressive and affects those who can least afford it most. When I then saw the amendment brought by the Deputy of St. John, I realised that someone must bring a little sanity to the debate of how are we to fund free television licences.

Who is to fund such a move? The answer must be that it should fall on those who can best afford it. Who are they? They must surely be those with high incomes. On examination of his records, the comptroller of Income Tax discovered that there are some 2093 individuals with annual gross incomes of over £100,000. It is almost a perfect match – just over 2,000 over-75s requiring free television licences and just over 2,000 individuals earning sufficient to produce the £300,000 required. In discussion with the Comptroller, I have discovered that the concept of gross income does not exist in the Income Tax Law, so I have to use the “total” income which produces a lower figure for the numbers earning over £100,000. At the time of writing this number is not known. Accordingly to err on the safe side, I proposed that a fixed charge, initially set at £200 for the 2006 Budget, be levied on the income tax bills of all those with an total income of over £100,000.

There are no additional financial or manpower implications from this amendment.