

2016.03.08

3.12 Deputy A.D. Lewis of the Minister for Treasury and Resources regarding the definition of “middle” and “high” earners:

Can the Minister define a “middle-earner” and state with what earnings bracket a taxpayer then becomes a “high-earner?”

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

There is no universally-adopted definition of “middle-earner”; it is a relative term. A number of approaches are demonstrated in the Statistics Unit report on Household Income Distribution for 2014 and 2015. Statistics show that individual earned income per full-time equivalent from employment is £680 per week at the mean average; that is the Index of Average Earnings Report June 2015. The term “high earner” is sometimes equated with paying tax at the standard rate of 20 per cent. About 15 per cent of taxpayers, that is individuals or couples who do pay tax, pay at the standard rate, but the point at which they pay varies according to their personal circumstances and the availability of marginal relief.

3.12.1 Deputy A.D. Lewis:

Following on from a question I put to the Minister on 23rd February, does he think then it is acceptable that, as he clearly stated in a recent Treasury presentation, someone can pay less than 20 per cent in income tax yet still have an income of over £130,000? Does the Minister accept that £130,000 would constitute a high earner in our society?

Senator A.J.H. Maclean:

All circumstances vary, as I pointed out. For example, we can have a single individual with no mortgage, no children, who starts to pay at the standard rate of £65,000, or thereabouts. We can have individuals, perhaps who have children at university, children at school, where one partner works, a mortgage at the full rate - and of course, Members will be aware that mortgage interest tax relief is being phased-out slowly through to 2026 - who indeed can have higher earnings.

[11:45]

That is the benefit of the marginal rate system which is a gradated system that takes consideration of people’s individual circumstances.

The Bailiff:

That brings that part of question time to an end. We now come to 2 urgent oral questions which I have permitted: the first is from Deputy Mézec of the Chief Minister.