

DRAFT FINANCE (JERSEY) LAW 200-

**Lodged au Greffe in Second Reading
on 30th November 1999 by the
Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

Explanatory Note

Part I of the draft Law provides for the continuation of certain expiring fiscal Laws. *Article 1* provides for the Laws, which are listed in the *First Schedule* to the draft Law, to be continued in force for a further twelve months.

Part II of the draft Law fixes the standard rate of income tax for the year 2000. *Article 2* provides that the standard rate will remain at 20 pence in the pound.

Part III of the draft Law amends the Income Tax (Jersey) Law 1961, as amended (“the Income Tax Law”) in relation to certain personal allowances and reliefs. *Article 3* increases the following: tax thresholds on small incomes, the amount of income disregarded for the purpose of calculating child care tax relief, the personal allowance for a wife’s earned income and the allowances relating to children. *Article 4* provides that the amendments in this Part have effect for 1999 and ensuing years.

Part IV of the draft Law amends the Income Tax Law regarding exemptions from tax. *Article 5* creates an exemption for child care benefits. *Article 6* provides that the amendment in this Part has effect for 1999 and ensuing years.

Part V of the draft Law amends the Income Tax Law regarding deductions on account of Social Security contributions. *Article 7* sets the percentage to be deducted for 1999, 2000, 2001, 2002 and ensuing years. *Article 8* provides that the amendments in this Part have effect for 1999 and ensuing years.

Part VI of the draft Law amends the Wines and Spirits (Revenue Duties) (Jersey) Law 1973, as amended. *Article 9* amends that Law by replacing the First and Second Schedules so as to increase rates of duty in respect of wines and spirits. *Article 10* provides for the amendments to have immediate effect.

Part VII of the draft Law amends the “Loi (1937) sur la perception d’un impôt sur la bière”, as amended. *Article 11* amends that Law so as to increase rates of duty on beer. *Article 12* provides for the amendments to have immediate effect.

Part VIII of the draft Law amends the “Loi (1937) sur la perception d’un impôt sur le tabac”, as amended. *Article 13* amends that Law so as to increase the rates of duty on tobacco products. *Article 14* provides for the amendments to have immediate effect.

Part IX of the draft Law amends the “Loi (1940) autorisant la perception d’un impôt sur certaines huiles et essences”, as amended. *Article 15* amends that Law so as to increase duty on petrol (both leaded and unleaded) and diesel oil. *Article 16* provides for the amendment to have immediate effect.

Part X of the draft Law contains a single Article (*Article 17*) which gives the Law its short title.

The *First Schedule* lists the expiring fiscal Laws which are to be continued in force by *Article 1* for a further twelve months.

The *Second Schedule* replaces the First and Second Schedules to the Wines and Spirits (Revenue Duties) (Jersey) Law 1973, as amended.

FINANCE (JERSEY) LAW 200-

A LAW to continue certain expiring fiscal Laws; to prescribe the standard rate of income tax for the year two thousand; to amend further the Law relating to income tax regarding certain personal allowances and reliefs, the exemption of certain payments from income tax and deductions on account of social security contributions; to amend the Laws relating to wines and spirits duty, beer duty, tobacco duty and oils and spirits duty; sanctioned by Order of Her Majesty in Council of the

(Registered on the day of 200-)

STATES OF JERSEY

The day of 200-

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law -

PART I

Continuation of certain expiring fiscal Laws

ARTICLE 1

The Laws mentioned in the First Schedule to this Law, as amended and as continued in force by any subsequent enactment, shall remain in force until the thirty-first day of December 2000.

*Draft Finance (Jersey) Law 200-**PART II***Standard rate of income tax for 2000**

ARTICLE 2

There shall be levied and charged in the Island for the year two thousand in accordance with the Income Tax (Jersey) Law 1961,¹ as amended² by any subsequent enactment, including this Law, income tax at the standard rate of twenty pence in the pound.

*PART III***Increase of personal allowances and reliefs under Income Tax Law**

ARTICLE 3

(1) In Article 92A of the Income Tax (Jersey) Law 1961,³ as amended⁴ (referred to in this Part as “the principal Law”), for paragraph (1) there shall be substituted the following paragraph -

“(1) If an individual, being a person entitled to the lower deduction under paragraph (1) of Article 94 of this Law, or being a person entitled to the higher deduction under paragraph (1) of the said Article 94, proves that his total income for the year of assessment does not exceed ten thousand seven hundred and fifty pounds or seventeen thousand two hundred

¹ Volume 1961-1962, page 197.

² Volume 1961-1962, page 443, Volume 1963-1965, pages 97, 143, 178, 189, 423 and 454, Volume 1966-1967, page 523, Volume 1968-1969, pages 38 and 219, Volume 1970-1972, pages 209, 305 and 382, Volume 1973-1974, page 275, Volume 1975-1978, pages 47, 148 and 257, Volume 1979-1981, pages 16, 157, 297 and 383, Volume 1982-1983, page 46, Volume 1984-1985, page 76, Volume 1986-1987, pages 192 and 208, Volume 1988-1989, pages 222 and 380, Volume 1990-1991, pages 96, 432 and 1088, Volume 1992-1993, pages 36 and 121, Volume 1994-1995, pages 220 and 366, Volume 1996-1997, pages 264, 643 and 652, Volume 1998, pages 3 and 259, and Volume 1999, pages 209, 390 and 403.

³ Volume 1961-1962, page 254.

⁴ Volume 1970-1972, page 204, Volume 1982-1983, page 47, Volume 1988-1989, page 223, Volume 1994-1995, page 366, Volume 1996-1997, pages 264 and 652, and Volume 1999, pages 391 and 406.

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and fifty pounds respectively, he shall be entitled to exemption from income tax:

Provided that if the individual is entitled for the year of assessment to deductions under Article 95 of this Law in respect of children, the amount of ten thousand seven hundred and fifty pounds or seventeen thousand two hundred and fifty pounds shall be increased by an amount of two thousand five hundred pounds or five thousand pounds, as the case may be, for each child in respect of which he is entitled to a full deduction under the said Article 95 or by a proportionate part of two thousand five hundred pounds or five thousand pounds, as the case may be, for each child in respect of which he is entitled only to a part of the deduction under the said Article 95.

Provided further that if the individual is entitled for the year of assessment to the deduction, or part of the deduction, under Article 98A of this Law, the amount of ten thousand seven hundred and fifty pounds or seventeen thousand two hundred and fifty pounds shall be further increased by an amount equal to the amount of the said deduction or part of the said deduction, as the case may be.

Provided further that, if the individual is entitled for the year of assessment to the deduction under paragraph (2) of Article 94 of this Law, the amount of ten thousand seven hundred and fifty pounds or seventeen thousand two hundred and fifty pounds, as the case may be, shall be further increased by an amount equal to the said deduction.

Provided further that, if an individual proves, at the commencement of the year of assessment, that either he or, in the case of a married man, his wife living with him, was of the age of sixty-three years or upwards, the amount of ten thousand seven hundred and fifty pounds shall be increased by an amount of one thousand two hundred and fifty pounds and the amount of seventeen thousand two hundred and fifty pounds shall be increased by an amount of two thousand five hundred pounds.

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Provided further that, if the individual is entitled for the year of assessment to the supplement for child care in accordance with the provisions of Article 92B of this Law, the amount of ten thousand seven hundred and fifty pounds or seventeen thousand two hundred and fifty pounds, as the case may be, shall be increased by the amount of that supplement.”.

(2) In paragraph (1) of Article 92B of the principal Law,⁵ in the definition “qualifying income”, for the words “£4,100” there shall be substituted the words “four thousand five hundred pounds”.

(3) For paragraph (2) of Article 94 of the principal Law⁶ there shall be substituted the following paragraph -

“(2) If the total income of the individual includes any earned income of his wife, the deduction to be allowed under this Article shall be increased by an amount equal to the amount of that earned income, but not exceeding in any case four thousand five hundred pounds.”.

(4) In Article 95 of the principal Law⁷ -

(a) for paragraph (1) there shall be substituted the following paragraph -

“(1) If an individual proves -

(a) that he has living at any time within the year of assessment any child who is either under the age of sixteen years or who, if over the age of sixteen years at the commencement of that year was receiving full-time instruction at any school, he shall, subject to the provisions of this Article, be entitled in respect of each child to a

⁵ Volume 1961-1962, page 254, and Volume 1999, page 407.

⁶ Volume 1961-1962, page 254, Volume 1975-1978, page 149, and Volume 1996-1997, page 653.

⁷ Volume 1961-1962, page 255, Volume 1963-1965, page 454, Volume 1994-1995, page 367, and Volume 1996-1997, pages 265 and 653.

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deduction of two thousand five hundred pounds;
or

- (b) that he has living at any time within the year of assessment any child who is over the age of seventeen years and was receiving full-time instruction at any university, college or other establishment for further education he shall, subject to the provisions of this Article, be entitled in respect of each child to a deduction of five thousand pounds.

In this paragraph, "child" includes a step-child and an illegitimate child whose parents have married each other after his birth.";

- (b) for paragraph (3) there shall be substituted the following paragraph -

"(3) In the case of a child who is entitled in his own right to an income exceeding two thousand five hundred pounds a year, the deduction under this Article in respect of the child shall be reduced, in the case of a deduction referred to in sub-paragraph (a) of paragraph (1) of this Article, by the amount of the excess and, in the case of a deduction referred to in sub-paragraph (b) of paragraph (1) of this Article, by three pounds for every two pounds of the excess."

- (5) In paragraph (1) of Article 98A of the principal Law,⁸ for the words "four thousand one hundred pounds" there shall be substituted the words "four thousand five hundred pounds".

⁸ Volume 1961-1962, page 259, Volume 1990-1991, page 99, and Volume 1996-1997, page 653.

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ARTICLE 4

This Part of this Law shall have effect for the year nineteen hundred and ninety-nine and ensuing years.

*PART IV***Amendment of Income Tax Law with regard to exemption for child care allowance**

ARTICLE 5

In Article 115 of the Income Tax (Jersey) Law 1961,⁹ as amended,¹⁰ for the full stop at the end of sub-paragraph (p) there shall be substituted a semi-colon and the following sub-paragraph added -

“(q) benefits provided under the Scheme to make child care more available for low income families established by an Act of the States on the 27th day of April 1999.”.

ARTICLE 6

This Part of this Law shall have effect for the year nineteen hundred and ninety-nine and ensuing years.

⁹ Volume 1961-1962, page 272.

¹⁰ Volume 1963-1965, pages 97, 144 and 190, Volume 1973-1974, page 276. Volume 1975-1978, page 47, Volume 1979-1981, pages 163 and 298, Volume 1990-1991, page 103, Volume 1994-1995, page 233, and Volume 1996-1997, page 270.

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PART V

Amendment of Income Tax Law with regard to deduction on account of Social Security contributions

ARTICLE 7

In Article 70A of the Income Tax (Jersey) Law 1961,¹¹ as amended¹² -

- (a) in paragraph (1), for the words “55.75 per cent” there shall be substituted the words “the relevant percentage”; and
- (b) after paragraph (1), there shall be inserted the following paragraph -

“(1A) In paragraph (1) of this Article, ‘the relevant percentage’ means -

- (a) in relation to the year nineteen hundred and ninety-nine, fifty-four and a half per cent;
- (b) in relation to the year two thousand, fifty-three and a half per cent;
- (c) in relation to the year two thousand and one, fifty-two and a half per cent; and
- (d) in relation to the year two thousand and two and ensuing years, fifty-two per cent.”.

ARTICLE 8

This Part of this Law shall have effect for the year nineteen hundred and ninety-nine and ensuing years.

¹¹ Volume 1961-1962, page 236.

¹² Volume 1979-1981, page 297, Volume 1994-1995, page 369, and Volume 1999, page 390.

*Draft Finance (Jersey) Law 200-**PART VI***Amendment of Wines and Spirits Duty Law**

ARTICLE 9

For the First and Second Schedules to the Wines and Spirits (Revenue Duties) (Jersey) Law 1973,¹³ as amended,¹⁴ there shall be substituted the Schedules so numbered set out in the Second Schedule to this Law.

ARTICLE 10

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the thirtieth day of November 1999.

*PART VII***Amendment of Beer Duty Law**

ARTICLE 11

In Article 1 of the “Loi (1937) sur la perception d’un impôt sur la bière”, as amended¹⁵ -

- (a) in the first paragraph -
 - (i) in sub-paragraph (a) for the amounts “£15.60” and “£21.25” there shall be substituted the amounts “£17.36” and “£23.01” respectively,
 - (ii) in sub-paragraph (b) for the amounts “£20.21” and “£26.95” there shall be substituted the amounts “£21.97” and “£28.71” respectively;

¹³ Volume 1973-1974, page 44.

¹⁴ Volume 1999, page 393.

¹⁵ Tome VII, page 216, Volume 1996-1997, page 274, and Volume 1999, page 394.

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- (b) in the second paragraph -
- (i) at the end of sub-paragraph (b) there shall be inserted the word “et”,
 - (ii) for the semi-colon and the word “et” at the end of sub-paragraph (c) there shall be substituted a full stop,
 - (iii) sub-paragraph (d) shall be deleted.

ARTICLE 12

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the thirtieth day of November 1999.

*PART VIII***Amendment of Tobacco Duty Law**

ARTICLE 13

In Article 1 of the “Loi (1937) sur la perception d’un impôt sur le tabac”, as amended¹⁶ -

- (a) in sub-paragraphs (a), (b) and (c) of the first paragraph for the amounts “£55.93”, “£58.57”, “£60.52”, “£75.68” and “£64.32” there shall be substituted the amounts “£68.09”, “£71.30”, “£73.67”, “£92.13” and “£78.30” respectively;
- (b) in the second paragraph for the amount “£55.93” there shall be substituted the amount “£68.09”.

¹⁶ Tome VII, page 213, Volume 1979-1981, page 394, Volume 1990-1991, page 107, and Volume 1999, page 395.

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ARTICLE 14

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the thirtieth day of November 1999.

PART IX

Amendment of Oils and Spirits Duty Law

ARTICLE 15

In Article 2 of the “Loi (1940) autorisant la perception d’un impôt sur certaines huiles et essences”, as amended,¹⁷ for the amounts “£21.20”, “£19.70” (in both places where it occurs) and “£21.70” there shall be substituted the amounts “£23.20”, “£21.70” and “£23.70” respectively.

ARTICLE 16

This Part of this Law shall be deemed to have come into force at 11.59 p.m. on the thirtieth day of November 1999.

PART X

Short title

ARTICLE 17

This Law may be cited as the Finance (Jersey) Law 200-.

¹⁷ Tome VII, page 321, Volume 1996-1997, page 658, and Volume 1999, page 395.

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FIRST SCHEDULE

(Article 1)

Fiscal Laws continued in force

Import Duties (Jersey) Law 1932.¹⁸

“Loi (1937) sur la perception d’un impôt sur le tabac”.¹⁹

“Loi (1937) sur la perception d’un impôt sur la bière”.²⁰

“Loi (1940) autorisant la perception d’un impôt sur certaines huiles et essences”.²¹

Revenue Duty on Oils and Spirits (Administration) (Jersey) Law 1940.²²

¹⁸ Tome VII, page 42.

¹⁹ Tome VII, page 213, Volume 1979-1981, page 394, Volume 1990-1991, pages 107 and 108, Volume 1992-1993, page 44, Volume 1996-1997, page 657, and Volume 1999, page 395.

²⁰ Tome VII, page 216, Volume 1979-1981, page 394, Volume 1996-1997, pages 274 and 657, and Volume 1999, page 394.

²¹ Tome VII, page 321, Volume 1979-1981, pages 185 and 186, Volume 1996-1997, page 658, and Volume 1999, page 395.

²² Tome VII, page 323, Volume 1994-1995, page 244, and Volume 1999, page 417.

*Draft Finance (Jersey) Law 200-**SECOND SCHEDULE*

(Article 9)

Amendment of Wines and Spirits Duty Law*"FIRST SCHEDULE*

(Article 3)

Impôt on spirits

| <i>Strength of spirits</i> | <i>Rate per hectolitre</i> |
|-----------------------------------|--|
| Not exceeding 5.5 per cent volume | £27.76 |
| | <i>per litre of alcohol in the spirits</i> |
| Exceeding 5.5 per cent volume | £15.23 |

For the purposes of this Schedule -

- (a) the expression 'per cent volume' means the percentage of alcohol in the spirits determined in accordance with Article 2 of this Law; and
- (b) the expression 'per litre of alcohol in the spirits' means the quantity of alcohol in the spirits as determined in accordance with the provisions of Article 2 of this Law."

*Draft Finance (Jersey) Law 200-**“SECOND SCHEDULE***(Article 4)****Impôt on wines**

| <i>Strength of wines</i> | <i>Rate per hectolitre</i> |
|--|---|
| Cider or perry not exceeding 4.9 per cent volume | £21.97 |
| Cider or perry exceeding 4.9 per cent volume but not exceeding 8.6 per cent volume | £28.71 |
| Wine exceeding 1.2 per cent volume but not exceeding 5.5 per cent volume | £27.76 |
| Wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume | £93.53 |
| Wines exceeding 15 per cent volume but not exceeding 22 per cent volume | £114.62 |
| | <i>per litre of alcohol in the wine</i> |
| Wines exceeding 22 per cent volume | £15.23 |

For the purposes of this Schedule -

- (a) the expression ‘per cent volume’ means the percentage of alcohol in the wine determined in accordance with the provisions of Article 2 of this Law; and
- (b) the expression ‘per litre of alcohol in the wine’ means the quantity of alcohol in the wine as determined in accordance with the provisions of Article 2 of this Law.”.