

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY T.M. PITMAN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 7th JUNE 2011**

Question

What increase in tax take would result from 1(1)(k) residents being taxed at the rate of 25 per cent rather than 20 per cent, based on the current number of 1(1)(k) residents?

Answer

Based on advice received and as previously debated following the recent proposition on higher rates of tax, it is felt that increasing the tax rate for 1(1)k's to 25% would result in an overall reduction in tax revenues rather than an increase.

Many 1(1) k residents pay income tax not just through their personal tax assessments but through their companies and in some cases through trusts.

The Comptroller has previously advised that the average effective rate for all 1(1) k's in respect of their personal, corporate and trust income liable to Jersey income tax is in the range of 15% to 20%.

It is not possible to give an estimate of potential tax generated at a 25% rate of tax without each individual's tax file being interrogated to ascertain what their effective rate is across their personal, corporate and trust commitments. This would entail a substantial amount of work and resource cost at the Taxes Office as well as diverting Taxes Office staff from their busy workload. This is especially so at this time of year, when the Tax Returns deadline has just passed, so the Minister does not believe calculating such an estimated additional tax take is a sensible and productive use of Taxes Office staff resource.