



Post-Implementation Review of Jersey's High
Value Residents Regime Applicable since July
2011

A Report by the Tax Policy Unit for the Council
of Ministers and the States Assembly

December 2016

Foreword

Jersey has welcomed immigration by wealthy individuals for many years and I deeply appreciate the contribution they have made towards our island life. Their contribution extends far beyond the taxes they contribute annually to help fund our public services. Our most active wealthy immigrants have touched the lives of many of our Islanders - young and old; our charities, churches and various institutions, societies and sporting associations. Increasingly importantly, they have influenced the development of our economy.

This report summarises the review of the latest version of Jersey's "High Value Resident" Regime which came into force in July 2011. Changes at that time sought to encourage more applications for residency from entrepreneurs who could grow our economy, helping us to create jobs for our young people and improve living standards for everyone. We also adjusted the regime to make it easier for people to bring more of their personal wealth to Jersey.

I am delighted that the review has found that the High Value Resident Regime is achieving its policy intentions: we have seen a steady inflow of wealthy immigrants who have contributed a great deal to our society generally and specifically to the development of our economy through entrepreneurship. The Tax Policy Unit has identified areas where we can improve aspects of the regime for the future and the Council of Ministers warmly endorses the proposals for change recommended in this report.

The Council of Ministers is particularly pleased that the current review has concluded – following a review of the relevant legislation - that it should in future be able to create a legal obligation whereby new High Value Residents would pay a minimum annual amount regardless of the amount of income they generate. This would enable us to attract a broader spectrum of entrepreneurs - as well as safeguarding the position of wealthy retired people who are generating income from a fixed amount of capital.

In line with our 2013 review commitment - and based on the advice contained in this report - I propose (as part of the 2018 Budget) to revalorise the expected annual minimum income tax contribution, from the current £125,000 level set on 30 December 2010, to £145,000. The contribution will become a Minimum Annual Tax Charge at the same time and will take effect from 1 January 2018 for all new High Value Residents coming to Jersey.



Senator Alan Maclean

Minister for Treasury and Resources

Report by the Tax Policy Unit for the Council of Ministers and the States Assembly

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1. Executive Summary

- 1.1 The High-Value Residents (HVR) Regime introduced in July 2011 has been highly successful in meeting its four main policy objectives. Jersey is attracting a diverse range of High Value Residents including more economically-active entrepreneurs. Everyone who has come to Jersey under the current regime has met their expected annual minimum income tax contribution of £125,000 yearly. More HVRs are associated with new-business set-ups; and HVRs continue to give generously of their time, expertise (and money) to Island life.
- 1.2 This Post Implementation Review has focused principally on the taxation element of the HVR Regime. While concluding that the Regime is working very well, in line with previous Ministerial commitments, it recommends the revalorisation of the expected annual minimum income tax contribution to £145,000 from 2018 (taking into account inflation over the past six years and the Fiscal Policy Panel's RPI forecast for 2017).
- 1.3 Furthermore, the review has concluded that it is now legally feasible to establish in law a Minimum Annual Tax Charge for HVRs. This could be applied to new HVRs coming to Jersey in or after 2018. We will also explore the scope to allow existing HVRs to pay a Minimum Tax Charge where they can no longer regularly generate the levels of income needed to enable them to pay the expected annual minimum income tax contribution under the existing scheme.
- 1.4 Further consideration will be given how best to keep the real value of the Minimum Tax Charge over time. The review concludes that the best option may be a periodic Revalorisation Review by the Treasury, say every five years.



2. The Post-July 2011 Regime & its Policy Objectives – Explained Briefly

- 2.1 The High Value Residents (“HVR”) regime is a longstanding part of Jersey’s immigration and tax policy. The regime attracts HVRs to relocate to the Island with corresponding economic benefits which were previously externally estimated to be worth as a minimum between £50m and £70m in 2010.¹
- 2.2 Since 2005 the HVR regime has consisted of two distinct, but interrelating, elements: (i) granting of housing rights to an individual under the relevant Control-of-Housing legislation; and (ii) where those housing rights have been granted, access to preferential tax rates as specified in the Income Tax legislation.
- 2.3 Applicants seek Entitled Status under Regulation 2(1)(e) of the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013 (“Reg 2(1)(e)”) (Appendix 1). The Chief Minister grants Entitled Status under this provision where satisfied that such a grant is justified on social or economic grounds (or both) and is in the best interests of the community. Any grant of Entitled Status under this provision may be made subject to conditions.
- 2.4 If the Chief Minister grants Entitled Status under Regulation 2(1)(e) that HVR is entitled to be taxed in accordance with the preferential tax rates specified in the Income Tax legislation (Appendix 2 & Appendix 3).
- 2.5 When determining whether a grant is justified on economic grounds, due diligence procedures are undertaken to identify the likely amount of income tax that the applicant will pay in the future. Currently, in order for a grant to be justified solely on economic grounds, the applicant must be able to demonstrate that they are likely to have sufficient income² to pay an annual minimum income tax contribution of £125,000³ (Appendix 4) now and for the future.
- 2.6 In July 2011 the preferential tax rates applicable to HVRs relocating after that date were changed to the following:

2.6.1 The first £625,000 of the HVR’s income is subject to tax at 20%, with any income

¹ “Review of 1(1)(k) regime for the States of Jersey” Withers LLP and Panopticon Policy – October 2010.

² Based on the applicable preferential tax rates this means that the applicant must be able to demonstrate that they will have income of at least £625,000 per annum now and for the future.

³ The threshold of £125,000 is articulated in a Ministerial Decision of the then Housing Minister dated 30 December 2010 – see Appendix 4.



above £625,000 being subject to tax at 1%⁴.

2.6.2 The tax treatment of Jersey source and non-Jersey source income was aligned, with both sources of income being subject to the tax rates outlined in para 2.6.1 above.⁵

2.7 These particular preferential tax rates only apply to those HVRs relocating after 22 July 2011.

2.8 As outlined in the States Report accompanying the relevant legislative amendment (Appendix 5) the changes to the preferential tax rates in July 2011 were made with the aim of achieving the following policy objectives:

2.8.1 To encourage more individuals to relocate to Jersey under the HVR regime.

2.8.2 Consequentially to increase the tax revenue and economic benefit from the HVR regime.

2.8.3 To encourage those individuals who do relocate to bring their assets to the Island.

2.8.4 To encourage those individuals who do relocate to establish new businesses in the Island.

⁴ With the exception of income from property located in Jersey which is not subject to the preferential tax rates.

⁵ Under the regime applying prior to July 2011 only non-Jersey source income had been subject to preferential tax rates.



3. Key Findings

- 3.1 Following the changes made to the preferential tax rates in July 2011 more individuals have relocated to Jersey yearly under the HVR regime than in the immediately preceding years (Appendix 6).
- 3.2 A number of factors are likely to have contributed to this finding, in particular improved marketing of the HVR regime by Locate Jersey with clearer messaging and a clearer application process (Appendix 7).
- 3.3 The simpler tax regime available since July 2011 has also helped. HVRs who came in the period 2005 to 2011 report a degree of confusion and miscomprehension of Jersey's offering; and it is probable that the complexity of that earlier regime put off some potential applicants⁶.
- 3.4 The demographics of the HVRs relocating under the post-July 2011 regime indicate that they are likely to be more economically active and less likely to be (solely) living off accumulated capital.
- 3.5 The Chief Minister's Department and other bodies involved in granting Entitled Status under Regulation 2(1)(e) are increasingly taking more account of wider considerations in assessing the potential economic contribution of applicants but perhaps need to take greater account of the reality that ambitious (high risk-appetite) entrepreneurs may find it harder consistently to generate the income needed to meet the expected annual minimum income tax contribution. They take risks and their income, and capital, could fluctuate with their business success and – at least in some cases – certainty of income perhaps ought to take less precedence in the application when assessing potential economic contribution to Jersey.
- 3.6 Based on all years up to and including the 2014 year of assessment⁷ (Appendix 8) all HVRs relocating to Jersey post-July 2011 have met the expected annual minimum income tax contribution of £125,000.

⁶ The preferential tax rates applying to those HVRs who relocated prior to July 2011 are as follows:

- The standard rate of income tax on all income arising in Jersey
- 20% on the first £1 million of income arising outside Jersey
- 10% on the next £500,000 of income arising outside Jersey
- 1% on all remaining income arising outside Jersey

In particular it is unclear how these preferential tax rates relates to the expected annual minimum income tax contribution.

⁷ 2014 is the most recent year of assessment for which complete information is currently available. Information in respect of the 2015 year of assessment will become available in Q2 of 2017.



- 3.7 As identified in previous reports (Appendix 9), the HVR regime has so far depended upon HVRs committing to generate an annual minimum amount of income taxable at 20% (£625,000 resulting in an income tax payment of £125,000). The States Assembly has always recognised that this could give rise to circumstances where people might either not be able to generate that level of income or may even choose not to do so. As the law did not create a clear (enforceable) obligation to pay an annual minimum amount of income tax, this could make administration of the HVR Regime problematic in specific cases.
- 3.8 Economic and social value are the sole legal considerations for granting Entitled Status under Regulation 2(1)(e) and that status then gives access to the preferential tax rates. As the Taxes Office can only tax “real” income, any HVR who generates less than £625,000 of income can only be taxed on that lower income: the Taxes Office cannot “deem” income of £625,000 nor can the Taxes Office accept a greater sum in tax than is legally due.
- 3.9 Some (mainly longer-standing and non-economically-active) HVRs from earlier regimes (i.e. prior to the July 2011 regime) cannot now, with diminishing returns on their accumulated wealth, generate sufficient income to meet their expected annual minimum income tax contribution.
- 3.10 Invariably this is due to reduced circumstances (e.g. poor investments), changes in personal circumstances (e.g. retirement, redundancy, divorce) or, with changing market conditions, they simply cannot achieve the levels of return on their remaining wealth. Where this arises, the Taxes Office will investigate such cases to satisfy itself that HVRs are correctly returning their true levels of income.
- 3.11 Further consultation with the Law Officers’ Department and review of the tax law has confirmed that it is now feasible to construct a legal obligation to pay a Minimum Annual Tax Charge which would not be to be dependent upon the generation of a minimum level of income.
- 3.12 Based on KPMG’s Comparative Analysis of High Value Residency Regimes (produced for this Review – see Appendix 10), Jersey’s offering remains competitive internationally while expecting individuals to contribute more than they would do so in a number of key competitor jurisdictions.
- 3.13 Based on that same comparative analysis of the income tax treatment in key competitor jurisdictions, it is considered both feasible and reasonable to revalorise the expected minimum income tax commitment for the next cohort of HVRs (say those who relocate in



2018 onwards).

3.14 As a group, the 34 HVRs who have relocated under the post-July 2011 regime paid £3.8m⁸ of income tax in respect of the 2014 year of assessment; this represented more than 1% of the total personal income tax paid in the Island.

3.15 Across the review period an increasing number of HVRs who relocated under the post-July 2011 regime are paying income tax in excess of £125,000. In the 2014 year of assessment 15 such HVRs paid in excess of £125,000 and the “excess” income tax paid by those HRVs totalled almost £385,000.

3.16 A move to a pure fee arrangement (e.g. a HVR pays an annual fee of £125,000 for their Entitled Status and is exempt from income tax) or the introduction of a tax cap would have resulted in this tax revenue being lost to the States. The preferential tax rates model adopted in Jersey has therefore secured – and should continue to secure – greater revenues for the States.

3.17 HVR status is not usually shared with a HVR’s spouse or partner and this can add to a widow(er)’s distress during bereavement. Problems may also arise in cases of relationship breakdown.

⁸ In the year of arrival each HVR is expected to pay the £125,000 expected annual minimum income tax contribution appropriately time apportioned (e.g. if an HRV arrives on 1 December they would be expected to pay a minimum of 1/12th of £125,000 in that year of assessment).



4. Conclusion and Recommendations for Change

- 4.1 The Post-Implementation Review has concluded that the post-July 2011 regime is achieving all of its policy objectives. It is, of course, still early days fully to assess the impact based on just three complete years of tax data. In particular, we believe that Jersey has yet to feel the full impact of attracting more entrepreneurial individuals in terms of the impact they may have on economic growth. Nevertheless, tax data clearly indicates that the HVRs attracted under the latest version of the regime are meeting their expected annual minimum tax contribution and that the majority contribute significantly to Island life – and largely seek to avoid publicity or other attention in doing so.
- 4.2 While we conclude that the regime is working well and achieving its policy objectives, we also consider that some changes could be considered further to improve the regime for the future. **We recommend that the Minister for Treasury and Resources makes the following changes to the regime.**

Recommendation 1

- 4.3 **We recommend that the expected annual minimum income tax contribution increases, from £125,000 to £145,000, for the next cohort of HVRs (i.e. those who relocate in 2018 onwards).** We consider that this level of increase is feasible and remains competitive with regard to key competitor jurisdictions. This revalorisation takes account of inflation over the seven years that will have elapsed since it was set on 30 December 2010 (rounded up to the nearest £5,000 and taking account of the Fiscal Policy Panel's 2017 RPI forecast).

Recommendation 2

- 4.4 **We recommend converting the expected annual minimum income tax contribution into a Minimum Annual Tax Charge payable by way of the Income Tax Return, with effect from Year of Assessment 2018.** The Council of Ministers has previously indicated its desire to achieve this statutory underpinning for the Regime and legal advice obtained for this review has indicated that that approach is now feasible. We consider that a minimum tax charge (initially of £145,000) will alleviate the potential problems facing entrepreneurs whose income (and capital) may fluctuate; and that it will also help less economically-active HVRs who may be experiencing lower returns on their investments (and hence are not generating sufficient income to meet the expected annual minimum income tax contribution).



- 4.5 In addition to the charge, future applicants may also need to meet additional qualifying tests, for example a “minimum capital” test. The Tax Policy Unit will develop a detailed proposal for the Minister for Treasury and Resources to consider in the run-up to Budget 2018.
- 4.6 **We further recommend that the proposed charge should be creditable against the HVR’s income tax liability, calculated in accordance with the preferential tax rates,** to continue to encourage wealth and income generation and to maximise the income tax revenue generated from the regime.
- 4.7 It should be stressed that we firmly recommend retaining the tax structure and preferential 1% rate created in 2011.

Recommendation 3

- 4.8 **We recommend that the proposed Minimum Annual Tax Charge should be uprated occasionally to maintain its real value.** The most feasible option is a five-yearly uprating in line with the preceding 5 years’ inflation (also suitably rounded) – subject to ensuring that the regime remains internationally competitive. This would enable Locate Jersey to sustain a stable marketing offer while ensuring that the real value of the tax contribution is preserved. HVRs who come to Jersey from 2018 onwards should be subjected to revalorisation of their Minimum Annual Tax Charge but Ministers should retain flexibility not to uprate the Charge when economic and other circumstances dictate.

Recommendation 4

- 4.9 **Consideration should be given to enabling spouses and civil partners to share Entitled Status granted under Reg 2(1)(e) jointly** and continue to benefit from the HVR tax regime when widowed – if they choose to do so.

APPENDICES



Appendix 1 – Regulation 2 of the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013

Regulation 2: Conditions for Entitled status and loss of status

(1) A person who satisfies any of the conditions set out in sub-paragraphs (a) to (f) of this paragraph shall have Entitled status –

(a) the person was born in Jersey and has been ordinarily resident in Jersey for a period, or aggregate periods, of at least 10 years;

(b) the person was not born in Jersey and has been ordinarily resident in Jersey for a continuous period of at least 10 years;

(c) the person –

(i) was not born in Jersey,

(ii) arrived in Jersey before attaining the age of 20,

(iii) has been ordinarily resident in Jersey for a period, or aggregate periods, of at least 10 years on or before attaining the age of 40, and

(iv) is the child of a parent who was Entitled on the date at which the person completed the period or aggregate periods of 10 years ordinary residence referred to in clause (iii);

(d) the person –

(i) was not born in Jersey, and

(ii) has been ordinarily resident in Jersey for a continuous period of at least 10 years commencing before the person attained the age of 16;

(e) the person –

(i) has been granted Entitled status by the Minister on the ground that the Minister is satisfied that such grant is justified –

(A) on social or economic grounds or both, and

(B) as being in the best interests of the community, and

(ii) the person satisfies any condition to which the grant of such status is subject under paragraph (2);

(f) the person –

(i) has been granted Entitled status by the Minister on the ground that the Minister is satisfied that the hardship (other than solely financial hardship) which would be caused to the person or to any individual ordinarily resident in Jersey if the person were not granted Entitled status outweighs the fact that the person does not meet any other condition in this paragraph, and

(ii) the person satisfies any condition to which the grant of such status is subject under paragraph (2).

(2) The Minister may grant Entitled status for the purpose of paragraph (1)(e) or (1)(f) subject to such conditions as he or she thinks fit, including, without prejudice to the generality of the foregoing, any conditions limiting the period for which consent is granted or specifying the unit of dwelling accommodation occupied or to be occupied.

(3) Any conditions subject to which a person is granted Entitled status under paragraph (2) may be amended by the Minister with the agreement of the person.

(4) A person has permanent Entitled status if –

(a) the person has had a continuous period of ordinary residence in Jersey of at least 30 years; or

(b) the person has Entitled status by virtue of paragraph (1)(a), (c) or (d).

(5) Where a person who has Entitled status by virtue of paragraph (1)(e) also qualifies for Entitled status by virtue of any other sub-paragraph of paragraph (1) –

(a) that person may, on giving notice in writing to the Minister, elect to have Entitled status by virtue of such other paragraph; and

(b) upon giving such notice the person's Entitled status by virtue of paragraph (1)(e) shall cease.

(6) Except in relation to a person who has Permanent Entitled status under paragraph (4), a person loses Entitled status if either of the following applies to that person –

(a) the person, since gaining Entitled status, has been absent from Jersey for a period or aggregate periods exceeding 5 years and was not ordinarily resident in Jersey during those periods of absence; or

(b) the person has Entitled status under paragraph (1)(e) or (f) and has breached any condition subject to which that status was granted.

(7) In this Regulation “child” includes a child adopted in pursuance of an adoption order made by a court of competent jurisdiction in the British Islands or elsewhere.

Appendix 2 – Article 135A, Income Tax (Jersey) Law 1961

135A Persons granted 1(1) (k) housing consent or Entitled status under Regulation 2(1) (e)

(1) This Article applies to any person who has, pursuant to a 1(1)(k) housing consent, acquired land or property conferring a right to occupy land (such consent not having been revoked) or has been granted Regulation 2(1)(e) status.

(2) This Article shall cease to apply to the person upon the loss of Regulation 2(1) (e) status.

(3) If –

(a) a person –

(i) pursuant to a 1(1)(k) housing consent granted following an application for such consent made on or after 22nd July 2011, has acquired land or property conferring a right to occupy land or has been granted Regulation 2(1)(e) status (other than being deemed to be granted such status under the Control of Housing and Work (Transitional and Consequential Provisions) (Jersey) Regulations 2013)), and

(ii) the person has not previously been granted a 1(1)(k) housing consent; or

(b) a person who acquired land or property conferring a right to occupy land pursuant to a 1(1)(k) housing consent granted following an application for such consent made before 22nd July 2011, has applied to the Minister for this paragraph to apply to him or her and the Minister has granted the application in accordance with paragraph (6),

notwithstanding the rate of tax required by Article 1 to be charged for a year of assessment, where, for a year of assessment, so much of the income of the person as is chargeable to tax under Schedule D exceeds the limit prescribed for the purposes of this paragraph for that year, the Income Tax (Jersey) Law 1961 Article 135A amount of the excess of that income chargeable to tax under Schedule D shall be charged to tax at the rate prescribed for the purposes of this paragraph.

(4) In calculating, for the purposes of paragraph (3), the amount of a person's income chargeable to tax under Schedule D there shall be disregarded any dividend declared out of profits or gains charged to tax at the standard rate on any body of persons.

(5) Except in the case of a person to whom paragraph (3) applies following an application granted under paragraph (6), in the case of a person who was granted housing consent on or after 1st January 2005 pursuant to an application for 1(1)(k) housing consent made before 22nd July 2011, notwithstanding the rate of tax required by Article 1 to be charged for a year of assessment, where, for that year of assessment, so much of the person's total income as is not Jersey income exceeds the limit prescribed for the purposes of this paragraph for that



year, the amount of the excess shall be chargeable to tax at the rate prescribed for the purposes of this paragraph.

(6) On receiving an application referred to in paragraph (3)(b), in such form as the Minister may determine, the Minister may grant the application if the Minister, after consultation with the Chief Minister, considers that the application of paragraph (3) to the person is justified –

(a) on social or economic grounds or both; and

(b) as being in the best interests of the community.

(7) In granting an application under paragraph (6) the Minister may determine that the application of paragraph (3) to the person is subject to the person complying with such conditions as the Minister may determine.

(8) Any conditions determined by the Minister under paragraph (7) may be amended subsequently by the Minister with the agreement of the person.

(9) The Minister shall not grant an application under paragraph (6) if –

(a) the application is made after 31st October in the first year of assessment in respect of which paragraph (3) is requested by the applicant to apply to him or her; or

(b) the Minister has previously granted an application by the applicant.

(10) Subject to paragraph (11), if the Minister grants a person an application under paragraph (6), paragraph (3) shall apply to that person for the year of assessment requested by the applicant and ensuing years.

(11) If a person breaches any conditions determined by the Minister under paragraph (7), paragraph (3) shall no longer apply to the person subject to any transitional arrangements that the Minister may determine.

(12) The States may, by Regulations, for the purposes of each of paragraphs (3) and (5), specify a prescribed limit and either a single prescribed rate or different prescribed rates to apply to different portions of so much of a person's income as is chargeable to tax in accordance with the paragraph. Article 135B Income Tax (Jersey) Law 1961

(13) In this Article –

“dividend” includes a distribution made by a company;

“1(1)(k) housing consent” means consent under the Housing (Jersey) Law 1949640 for the sale, transfer or lease of any land in the case described in Regulation 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations 1970641;

“Jersey income” means –

- (a) all annual profits or gains arising or accruing from –
 - (i) any rents or receipts described in Article 51,
 - (ii) any kind of property whatever, situated in Jersey,
 - (iii) any trade exercised in Jersey, whether or not through a fixed place of business in Jersey,
 - (iv) any profession, employment, vocation or office exercised within Jersey, or
 - (v) any pension arising in Jersey;
- (b) all interest of money and annuities arising in Jersey; and
- (c) all sums paid to an individual or an individual’s personal representative pursuant to Article 131D or 131E,

and includes any payment to be charged to tax by virtue of Article 86(2)(e);

“Regulation 2(1)(e) status” means the grant of Entitled status under Regulation 2(1)(e) of the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013.



Appendix 3 – Income Tax (Prescribed Limit and Rate) (Jersey) Regulations 2013

INCOME TAX (PRESCRIBED LIMIT AND RATE) (JERSEY) REGULATIONS 2013

THE STATES, in pursuance of Article 135A(12) of the Income Tax (Jersey) Law 1961, have made the following Regulations –

1 Interpretation

In these Regulations, “Law” means the Income Tax (Jersey) Law 1961

2 Prescribed Limit

(1) The prescribed limit referred to in Article 135A(3) of the Law is £625,000.

(2) The prescribed limit referred to in Article 135A(5) of the Law is £1 million.

3 Prescribed rate

(1) The prescribed rate referred to in Article 135A(3) of the Law shall be 1 pence in the pound.

(2) The prescribed rate referred to in Article 135A(5) of the Law is –

(a) on the first £500,000 of the income to be charged to tax in accordance with that paragraph, 10 pence in the pound;

(b) on the remainder of that income, 1 pence in the pound.

4 Citation

These Regulations may be cited as the Income Tax (Prescribed Limit and Rate) (Jersey) Regulations 2013.

Appendix 4 – Ministerial decision outlining minimum tax threshold for persons seeking consent under Article 1(1)(k) (precursor to Reg 2(1)(e))

Increase in Tax Threshold for 1(1)(k) Applications

A decision made 30 December 2010 regarding: Increase in the minimum tax threshold for persons seeking consent under Article 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations, 1970, on purely financial grounds.

Decision Reference: MD-H-2010-0103			
Decision Summary Title :	Increase in the minimum tax threshold for persons seeking consent under Article 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations, 1970, on purely financial grounds	Date of Decision Summary:	30th December, 2010
Decision Summary Author:	Director, Population Office	Decision Summary: Public or Exempt? (State clauses from Code of Practice booklet)	Public
Type of Report: Oral or Written?	N/A	Person Giving Oral Report:	N/A
Written Report Title :	N/A	Date of Written Report:	N/A
Written Report Author:	N/A	Written Report : Public or Exempt? (State clauses from Code of Practice booklet)	N/A
Subject: Increase in the minimum tax threshold for persons seeking consent under Article 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations, 1970, on purely financial grounds			
Decision(s): The Minister has agreed that the minimum tax threshold for persons seeking consent under Article 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations, 1970,			

on purely financial grounds shall be increased from £100,000 to £125,000 with immediate effect for new applicants.

Reason(s) for Decision: To support the maximisation of revenue from high net worth migrants, being aware of the issues and work undertaken, and to accord with the recommendation and overall approach of the Minister for Treasury and Resources (as outlined on the 6th December, 2010, during the budget debate, extract from Hansard):

“Last year I committed to look at ways of increasing the contribution from the 1(1)(k) regime. Since then the 1(1)(k) regime has been the subject of a lot of discussion in this Assembly, some of which has been negative. The very small population of around 130 taxpayers contributes in the region of £13.5 million every year to the Exchequer, which if we did not have it would mean that G.S.T. would be 1 per cent higher. I estimate that the indirect tax contribution that 1(1)(k) residents make through their spending and investment is conservatively between £50-70 million per annum. In the last 2 years new applicants have also paid on average more than £3 million on their house purchases, contributing over £5 million to stamp duty revenues. In addition millions have been spent by this group on refurbishing their properties, using local businesses, builders, architects and interior designers. Our 1(1)(k)s also attract high-spending visitors to the Island. I am told that that number alone is hundreds. Their contribution for charities runs into millions. I welcome our existing and prospective 1(1)(k) residents and their families to Jersey and I hope that a majority of members in this Assembly will believe, and continue to believe, that they make a substantial [Approbation] financial and economic contribution to the Island. More than that, we continue to need to create the right environment which attracts and maintains our high-value residents. Other countries, our competitors, are doing this and I think we can do more. I did say that I committed that I would be looking at ways of increasing the revenue from 1(1)(k)s and as a first step I believe that we can increase the minimum contribution for all future applicants without harming our competitive position. For that reason, I have asked the Minister for Housing to increase the minimum tax contribution for future 1(1)(k) category consents to £125,000 for all new entrants with immediate effect. I also intend to develop a new high-value residents regime for new residents. If we were to welcome 15 new 1(1)(k)s a year, this policy could bring around or in excess of £2 million of additional tax and significant other contributions to the economy. One issue which I have considered is that the current policy encourages current and prospective 1(1)(k)s to structure their investments outside Jersey, quite legitimately, before they move to the Island. Jersey loses investment business, even if they have been persuaded to come here. Other places do quite well out of this and that is something that I would like to change. We need a simple and competitive tax regime that encourages high net worth individuals to bring their investment and businesses to Jersey. Some of our competitors have a tax cap on liabilities but this actually limits the contributions to the Exchequer. In future, in addition to the change that I have already requested I plan to propose that all future high-value residents will be taxed on their worldwide income at 20 per cent on the first £625,000 and only 1 per cent thereafter. This is a different and innovative approach [Approbation] which does not limit the financial benefits to Jersey but is more beneficial and competitive and lucrative to Jersey. There also must be an increased focus on marketing. We need to send a message out throughout the world that Jersey is open for business.”

Resource Implications: None.

Action required:

To update the published policies and to properly communicate the decision.



Appendix 5 – Report accompanying Draft Income Tax (Amendment No. 39) (Jersey) Law 201-

The Draft Income Tax (Amendment No. 39) (Jersey) Law 201-, together with the Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-, proposes to introduce a new tax regime for individuals granted a housing consent under Regulation 1(1)(k) of the Housing (General Provisions) (Jersey) Regulations 1970. The new regime will apply to individuals whose application is made for the first time on or after the date on which the amendment comes into force.

The amendments to the tax regime were announced by the Minister for Treasury and Resources in December 2010. These are to remove the distinction between Jersey and non-Jersey source income for the purposes of calculating the tax liability of a 1(1)(k) resident, and to tax their income at the rates of 20% on the first £625,000 of income and 1% on all income thereafter.

Background

In order for an individual to purchase or lease residentially qualified property in Jersey it is necessary to obtain the consent of the Minister for Housing under the Housing (Jersey) Law 1949. The applicant must fulfil one of the criteria included in the Housing (General Provisions) (Jersey) Regulations 1970. Consent may be granted under Regulation 1(1)(k) if the Minister is satisfied that consent can be justified on social or economic grounds and is in the best interests of the Jersey community.

Since 2010, a review has been undertaken in order to identify ways to secure and increase tax revenues from 1(1)(k) residents. As a first step, the minimum annual tax contribution expected from new 1(1)(k) residents was increased from £100,000 to £125,000 with effect from 30th December 2010.

Research indicates that the best way to increase the revenue and economic benefit from the 1(1)(k) regime is to attract more of these individuals and their wealth to the Island. The changes to the tax regime proposed in this draft amendment are intended to achieve this.

The review of the 1(1)(k) regime continues to be undertaken by the Housing, Economic Development and Treasury and Resources Departments. Further legislation is expected to be brought forward at a later date to ensure that Jersey's tax revenues from the 1(1)(k) population are protected and continue to grow. In deciding whether to grant an application under Regulation 1(1)(k), consideration will continue to be given to the population policies determined by the States.



Removing the disincentive to invest in Jersey

The tax regime currently applied to those granted a housing consent under Regulation 1(1)(k) from 2005 onwards is set out in Article 135A of the Income Tax (Jersey) Law 1961. This currently provides that the first £1 million of income earned outside Jersey is taxed at 20%, the next £500,000 is taxed at 10% and a rate of 1% is payable on the balance. Income earned in Jersey is taxable at the standard rate of 20%.

These rules have some negative effects. Firstly, the current rules mean that 1(1)(k) residents are tacitly discouraged from investing in Jersey because of the higher tax liability charged. At a time when Island businesses are in need of capital flows, it is counter-intuitive to effectively encourage our wealthiest residents to invest their excess capital outside the Island.

Secondly, the current tax rules encourage 1(1)(k)s to hold their income-producing assets outside the Island, to the detriment of Jersey investment management and administration service providers. The tax regime should encourage new residents to bring their assets to the Island.

Thirdly, the current regime effectively discourages business people from bringing their businesses to Jersey. The profile of wealthy residents attracted to Jersey has changed in recent years. Where in the past, these individuals were typically retired or living off investment income, now the profile of individuals attracted is younger and more economically active. Our current regime either discourages these people from coming to the Island entirely, or encourages them to place their businesses elsewhere.

The tax regime should encourage new business, together with the increased employment and opportunities for economic growth it brings, to come to Jersey.

Making Jersey more competitive

Wealthy people have always had the option of relocating to jurisdictions which can offer them the most attractive package. Jersey has benefited from this in the past, but as more countries increasingly compete to attract the wealthiest to their shores, the Island risks becoming uncompetitive.

While other factors do influence the decision by a wealthy individual on where to relocate, it cannot be denied that the tax regime available is an important consideration. The wrong tax regime will be a barrier to attracting wealthy individuals, all other things being equal. Comparing the tax regime charged to high net worth individuals in Jersey with some of our closest competitors, it is clear that Jersey imposes one of the highest tax burdens.

Territory	Tax rate charged	Maximum liability
Jersey	Overseas – source income: 20% on first £1 million, 10% on next £500,000 and 1% on all income above £1.5 million	Uncapped
Guernsey	20%	£100,000 on non-Guernsey source income and Guernsey bank interest, or £200,000 on worldwide income if most income arises in Guernsey
Isle of Man	20%	£115,000
Switzerland	Taxed on “forfait” basis by reference to level of expenditure rather than by level of income. In practice, the level of expenditure is negotiated and agreed at a fixed level.	Can be as low as £35,000 – £45,000, depending on canton
Monaco	0%	Nil

It is true that Jersey has succeeded in continuing to attract wealthy individuals, and in particular, that numbers have improved since 2004/5 when the scheme was last reviewed and its provisions rationalized. However, the numbers attracted have continued to fall short of aspirations, with particular reference to the target of 15 1(1)(k)s per year that the Housing Committee established following the earlier review.

Jersey property income

Income derived from land and buildings in Jersey (i.e. income derived from renting or developing a Jersey property) will continue to be taxed at the standard rate of tax and the lower rate of tax does not apply to this income.

Financial and manpower implications

No additional manpower requirements will arise from the implementation of Amendment No. 39 and the Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-. It is anticipated that simplifying the tax regime for future 1(1)(k) residents, combined with a greater focus on marketing and improvements in the application process, may allow the Island to attract up to 15 applicants each year (which is in line with current limits), each of whom would pay a minimum level of tax of £125,000.

Appendix 6 – Applications and approvals

The number of individuals who have applied to be a HVR, who have had their application approved and who have relocated to Jersey since 2012 are as follows:

Table 1 : HVR Applications & Approvals (New Regime)

Year	Applications	Approvals
2012	14	12
2013	14	14
2014	20	20
2015	20	20
2016	8	7
Total	76	73

Source: FOI response, 6 July 2016

Notes:

- The total number of applications/approvals will not correlate with the number of relocations in any one year.

The applications made in the years immediately preceding were reported in the 2013 Tax Policy Report “Tax Regime for High Net Worth Individuals, review 2013” as follows:

Table 2 : HVR Applications (Old Regime)

Year/period	Applications
2008	9
2009	10
2010	8
2011 pre July	2
2011 post July	7

Source: 2013 Tax Policy Report “Tax Regime for High Net Worth Individuals, review 2013”



Appendix 7 – HVR Application process

The process of relocating to Jersey as an HVR is carried out through Locate Jersey⁹.

Locate Jersey employs a Director of High Value Residency to provide support and guidance through the application process – which is robust and comprehensive. There are a number of steps this process takes.

Contact Locate Jersey	This is done either directly or via an intermediary for a confidential, no-obligation discussion about relocating to Jersey as a HVR
Review Meeting	There is a one-to-one interview to discuss the applicant's circumstances, and assistance is tailored to their needs. Applicants can complete a 'profile document' to provide a better understanding of the applicant's specific circumstances
Submitting an application	The applicant prepares the necessary documentation and submits this to Locate Jersey - often by an intermediary
Approval process	Due diligence is carried out on the application by Locate Jersey. This is then reviewed by the Comptroller of Taxes, for an indication of the likely income tax contribution that the individual will make on the basis of the financial information provided, and then by the Population Office. If no further detail is required at either stage, the decision is communicated back to Locate Jersey. The application, if appropriate, is submitted to the Chief Minister's Department for final determination
Confirmation	If the application is approved, the Chief Minister's Department issue Locate Jersey with an approval letter granting an in principle permission. This letter will include various conditions and obligations that the HVR must fulfil. A letter of confirmation will be sent to the applicant by Locate Jersey.
Next steps	Locate Jersey provide aftercare and advice to the HVR as they relocate to Jersey

The sort of documentation relating to their economic and personal affairs is listed below:

- Personal letter of application
- Business profile of applicant
- Financial profile
- Two personal references
- Two business references

⁹ Locate Jersey is part of the department of Economic Development, Tourism, Sport and Culture

- Verified copy of valid passport
- A Disclosure Certificate from the Disclosure & Barring Service (DBS) formerly known as a CRB Certificate - a basic disclosure can be done by Disclosure Scotland for any UK resident, whether living in Scotland or otherwise
- Marriage certificate (only for those who wish to purchase a property in joint names)

Appendix 8 – Income tax statistics in respect of the 2012, 2013 and 2014 years of assessment

The table below outlines the total income tax paid by those HVRs relocating under the post-July 2011 regime, grouped by reference to the year in which they established tax residence, for the 2012, 2013 and 2014 years of assessment¹⁰.

Table 3 : Income Tax from HVRs Relocating Under the Post July 2011 Regime

HVRs establishing tax residence	Total income tax paid 2012 YOA	Total income tax paid 2013 YOA	Total income tax paid 2014 YOA
7 ¹¹ in 2012	£542,760	£909,397	£924,382
10 in 2013	N/A	£963,441	£1,321,442
17 in 2014	N/A	N/A	£1,521,220
34 in Total	£542,760	£1,872,838	£3,767,044

Source: Taxes Office

Notes:

- In the year of arrival each HVR is expected to pay the £125,000 expected annual minimum income tax contribution appropriately time apportioned (e.g. if an HVR arrives on 1 December they would be expected to pay a minimum of 1/12th of £125,000 in that year of assessment). Therefore in the year of arrival the average income tax payable per HVR is more likely than not to be less than £125,000.
- The threshold at which the preferential tax rate applies (i.e. the threshold of £625,000 of income) is also time apportioned, meaning that in the year that a HVR establishes tax residence the 1% tax rate may apply before a £125,000 tax liability has been generated.

¹⁰ 2014 is the most recent year of assessment for which complete information is currently available. Information in respect of the 2015 year of assessment will become available in Q2 of 2017.

¹¹ Ordinarily the Comptroller of Taxes does not disaggregate or analyse data on groups consisting of fewer than 12 persons – to avoid inadvertent exposure of – or intrusion into – the affairs of individual taxpayers. Following discussions with the Minister for Treasury and Resources it has been agreed that, to aid analysis of the value of the HVR regime, this policy will be relaxed in certain tables contained in this report.

The table below outlines the total income tax paid by HVR designated taxpayers arriving from 2005 onwards, grouped by reference to the version of the HVR regime that applies to the taxpayer, for the 2012, 2013 and 2014 years of assessment.

Table 4 : Income Tax from HVRs (2005 onwards)

HVR Regime	Total income tax paid 2012 YOA	Total income tax paid 2013 YOA	Total income tax paid 2014 YOA
2005-2011 regime	£4,510,238	£4,621,329	£4,766,075
Post-July 2011 regime	£542,760	£1,872,838	£3,767,044
Total	£5,052,998	£6,494,167	£8,533,119

Source: Taxes Office

The table below outlines the total income tax paid by all HVR designated taxpayers resident in the Island, grouped by reference to whether they established residence prior to 2005 or from 2005 onwards, for the 2012, 2013 and 2014 years of assessment.

Table 5 : Income Tax from All Designated HVRs

HVR Grouping	Total income tax paid 2012 YOA	Total income tax paid 2013 YOA	Total income tax paid 2014 YOA
Pre 2005 arrivals	£4.5m	£4.1m	£3.4m
Post 2005 arrivals	£5.1m	£6.5m	£8.6m
Total	£9.6m	£10.6m	£12.0m

Source: Taxes Office

The table below outlines the number of HVR designated taxpayers resident in the Island, grouped by reference to whether they established residence (prior to 2005 or from 2005 onwards), for the 2012, 2013 and 2014 years of assessment.

Table 6 : Number of Designated HVRs

HVR Grouping	Number of HVRs 2012 YOA	Number of HVRs 2013 YOA	Number of HVRs 2014 YOA
Pre 2005 arrivals	92	88	83
Post 2005 arrivals	50	59	76

Source: Taxes Office

The table below outlines the number of HVRs relocating under the post-July 2011 regime who have paid income tax in excess of £125,000 for the 2012, 2013 or 2014 year of assessment and the total “excess” income tax paid by those HRVs as a group.

Table 7 : New-Regime HVRs Paying in Excess of the Expected Annual Minimum Income Tax Contribution of £125,000

	2012 YOA	2013 YOA	2014 YOA
Number of HVRs paying in excess of £125,000	Nil	8	15
Total “excess” income tax paid	NIL	£52,971	£384,457

Source: Taxes Office

The expected annual minimum income tax contribution (new regime)

There is an expectation that each HVR relocating under the post-July 2011 regime will generate an income tax liability of at least £125,000 yearly. This expectation is articulated in a Ministerial Decision of the then Housing Minister dated 30 December 2010¹².

Those HVRs who established tax residence in 2012 and 2013 have met their expected annual minimum income tax contribution for all years of assessment up to and including the 2014 year of assessment (the most recent year for which the Taxes Office holds complete data).¹³

¹² See Appendix 4.

¹³ In the year of arrival each HVR is expected to pay the £125,000 expected annual minimum income tax contribution appropriately time apportioned (e.g. if an HRV arrives on 1 December they would be expected to pay a minimum of 1/12th of £125,000 in that year of assessment).

The table below identifies (for the 2012, 2013 and 2014 years of assessment) those HVR designated taxpayers who: (i) arrived in 2005 onwards; and (ii) were in Jersey for the complete year of assessment (i.e. it excludes those HVRs who arrive/leave or die part way through a year of assessment). It then identifies the number of those HVRs who fully satisfied their expected annual minimum income tax contribution.

To aid analysis the table distinguishes between those HVRs who relocated under the regime that applied from 2005 to July 2011 and those HVRs who relocated under the post-July 2011 regime.

In some of cases, where the HVR has fluctuating income and as a result does not have sufficient income to generate the expected minimum income tax contribution in one year, they may 'over pay' in another year so as to meet the expected contribution when averaged over a number of years.

Table 8 : HVRs Meeting the Expected Annual Minimum Income Tax Contribution of £125,000 (New Regime)

Regime	2012 YOA	2013 YOA	2014 YOA
Post-July 2011 regime	N/A	7 out of 7	17 out of 17
2005 – 2011 regime	34 out of 42	34 out of 42	33 out of 42

Source: Taxes Office

Notes:

- HVRs that have obtained HVR status on social grounds have been excluded on the basis that they are not expected to make an annual minimum income tax contribution – they pay income tax normally.
- The reasons for HVRs not meeting the expected annual minimum tax contribution are diverse and include the following:
 - Redundancy
 - Reduction in investment income due to decreasing returns
 - Economic factors impacting business income such as property income losses or inability to proceed with business transactions
 - Change of income sources



Appendix 9 – Previous reports on the HVR regime

“History of the 1(1)(k) policy”

<http://www.gov.je/sitecollectiondocuments/tax%20and%20your%20money/r%20history%20of%20the%2011k%20policy%2020101005%20tandr.pdf>

“Review of the 1(1)k regime for the States of Jersey”

[http://www.gov.je/SiteCollectionDocuments/Tax%20and%20your%20money/R%20Review%20of%201\(1\)\(k\)%20regime%20for%20the%20States%20of%20Jersey%2020111011.pdf](http://www.gov.je/SiteCollectionDocuments/Tax%20and%20your%20money/R%20Review%20of%201(1)(k)%20regime%20for%20the%20States%20of%20Jersey%2020111011.pdf)

“Tax Regime for High Net Worth Individuals”

<http://www.gov.je/SiteCollectionDocuments/Tax%20and%20your%20money/R%20HNWI%2020131007%20JMB.pdf>

Appendix 10 – Extract from KPMG’s “Comparative analysis of High Value Residency regimes” November 2016

Conclusion

Based on our findings, out of all the selected jurisdictions, only Gibraltar, Guernsey, IOM, Malta, Switzerland and the United Kingdom have in place operational HVR regimes.

The workings below provide an indicative illustration of the estimated tax liability of a HNWI participating in a HVR regime in these jurisdictions in comparison to Jersey and the other jurisdictions under analysis in this report that do not operate a specific HVR regime.

Illustration 1:

Assumptions

- Resident sourced income in Y/A 2016: 200,000 currency units;
- Non-resident sourced income in Y/A 2016: 800,000 currency units;
- No deductions and allowances are available;
- The individual became resident in the respective jurisdiction on 1 January 2016.

	Jersey	Bermuda, BVI, Cayman Islands and Monaco	Hong Kong	Gibraltar	Guernsey ²	Isle of Man	Malta ³	Switzerland	United Kingdom ³
Non-Resident sourced income	800,000	800,000	800,000	800,000	800,000	800,000	800,000	N/A	800,000
Tax rate	1%-20%	0.00%	2%-17%	14%-39%	20%	N/A	0%	N/A	0%
Tax charge ¹	126,750	0.00	0.00	27,560	110,000	125,000	0.00	TBA ⁴	0.00
Resident sourced income	200,000	200,000	200,000	200,000	200,000	200,000	200,000	N/A	200,000
Tax rate	1%	0.00%	2%-7%	14%-39%	20%	N/A	35%	N/A	0%-45%
Tax charge ¹	2,000	0.00	22,000	0.00	40,000	0.00	70,000	TBA ⁴	76,100
Total tax charge	128,750	0.00	22,000	27,560	150,000	125,000	70,000	N/A	76,100

¹ Where applicable, this is the maximum tax charge cap, rather than the calculation based on the applicable tax rate.

² For purposes of this illustration, we assume that the individual is solely or principally resident in Guernsey.

³ For purposes of these jurisdictions, we assume that non-Resident sourced income was **not** remitted therein.

⁴ To Be Agreed – Tax charge is negotiated on a case-by-case basis.

Illustration 2:

Assumptions

- Resident sourced income in Y/A 2016: 800,000 currency units;
- Non-resident sourced income in Y/A 2016: 200,000 currency units;
- No deductions and allowances are available;
- The individual became resident in the respective jurisdiction on 1 January 2016.

	Jersey	Bermuda, BVI, Cayman Islands and Monaco	Hong Kong	Gibraltar	Guernsey ²	Isle of Man	Malta ³	Switzerland	United Kingdom ³
Non-Resident sourced income	200,000	200,000	200,000	200,000	200,000	200,000	200,000	N/A	200,000
Tax rate	1%-20%	0.00%	2%-17%	14%-39%	20%	N/A	0%	N/A	0%
Tax charge ¹	40,000	0.00	0.00	27,560	40,000	125,000	0.00	TBA ⁴	0.00
Resident sourced income	800,000	800,000	800,000	800,000	800,000	800,000	800,000	N/A	800,000
Tax rate	1%	0.00%	2%-7%	14%-39%	20%	N/A	35%	N/A	0%-45%
Tax charge ¹	88,750	0.00	120,000	0.00	160,000	0.00	280,000	TBA ⁴	346,100
Total tax charge	128,750	0.00	120,000	27,560	200,000	125,000	280,000	N/A	346,100

¹ Where applicable, this is the maximum tax charge cap, rather than the calculation based on the applicable tax rate.

² For purposes of this illustration, we assume that the individual is solely or principally resident in Guernsey.

³ For purposes of these jurisdictions, we assume that non-Resident sourced income was **not** remitted therein.

⁴ To Be Agreed – Tax charge is negotiated on a case-by-case basis.



Appendix 11 – Other financial charges on HVRs and the wider economic contribution

Annual Charges

Social-Security Contributions are paid on top of the expected annual minimum income tax contribution. These amount to at least £8,400 yearly for HVRs not counted as an employee. For an HVR counted as an employee, the HVR would pay around £2,950; and the employer around £5,460.

Long-Term Care Contributions are paid on top of the expected annual minimum income tax contribution. This amounts to around £1,625 yearly.

One-Off Charges on Relocation

Registration Card: £5,000

HVRs are obliged to purchase properties valued in excess of £1.75 million and are subject to Stamp Duty or Land Transaction Tax (“LTT”). The table below outlines the Stamp Duty and LTT paid by all persons designated as HVRs in the years 2012 to 2016 (up to October 2016). Over that period the total amount paid exceeds £11m.

Table 9 : Stamp Duty paid by HVR Designated Taxpayers

Year	Stamp Duty/LTT
2012	£1,111,650
2013	£718,650
2014	£3,727,911
2015	£4,248,622
2016	£1,480,500
Total	£11,287,333

Source: Locate Jersey, Judicial Greffe, Taxes Office

Businesses established by HVRs who have relocated to Jersey under the post-July 2011 regime:

Table 10 : Businesses Established by HVRs (New Regime); Other Employment Created; and Additional Tax Contribution

	2012 YOA	2013 YOA	2014 YOA	2015 YOA	2016 YOA
No. of Businesses	Nil	<6	<6	6	6
No of Employees	Nil	<12	<12	32	42
ITIS payments	Nil	<£10,000	£82,000	£564,000	£397,000
Household Staff & ITIS payments	Nil	<12 £2,200	13 £19,700	14 £28,600	13 £23,200

Source: Locate Jersey and the Taxes Office

Notes:

- All tax figures rounded.

Appendix 12 – Draft letter from the Population Office

Dear [Applicant Name]

I refer further to the recent submission to the Department in connection with [Applicant's] in principle application under Regulation 2 (1) (e) of the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013.

I am pleased to be able to confirm that, having extensively considered this application and the submissions made by, and on behalf of [Applicant], and in light of the correspondence from the Comptroller's Office, the Chief Minister accepts, in principle, that he is eligible to be granted entitlement under this Regulation.

As is usual, this in principle permission will initially be valid for a period of six months. Following the introduction of the Control of Housing and Work (Jersey) Law 2012, [Applicant] will need a registration card before he can transact in property, whether that is a lease or purchase. Once a suitable property has been identified, early contact should be made with the Population Office in order that we can facilitate the issue of a card, or a letter of authority for the legal representative or agent if [Applicant] has not taken up residence in the Island prior to the lease being entered into, or purchase taking place. As you are aware, there is a one off £5,000 fee attached to this, payable at the time of issue.

The registration card will reflect his name and Social Security number, in addition to the residential and employment status of Entitled. This should be presented by the individual to their prospective employer, landlord or lawyer, together with photographic identification, as verification of their status. The card will also state "Conditions Apply". This relates to the fact that [Applicant's] Entitled status under Regulation 2 (1) (e) is conditional upon;

1. The agreed level of tax contribution of £125,000 minimum per annum being met on an ongoing basis, and
2. That [Applicant] can only lease or purchase one single unit of dwelling accommodation for occupation as his sole or principal place of residence in Jersey, unless otherwise agreed by the Minister, and permission to retain ownership of, and occupy 'Qualified' property will be dependent in future upon him retaining Entitled status;
3. That given the structures required to generate the required level of income tax are not presently in place, and in order to mitigate any risk, [Applicant's] residence in the Island will be subject to a three year review period from date of arrival, to confirm that sufficient income is generated such that our expectations in terms of tax are arising. I would, however, comment at this juncture that in stipulating this condition, if the £125,000 tax liability continues to fall due on average, [Applicant] can be assured that his permission will be extended;



4. That any property purchased by [Applicant] either in his individual name, or via a body corporate, must be subject to Land Transaction Tax or Stamp Duty.

It should be highlighted that “Conditions Apply” on the card means that each time that the card is presented, i.e. when the individual is moving home or employment (e.g. setting up a new business/ seeking licence for commencement of new undertaking), the legal representative or agent should contact the Population Office for formal verification that the Entitled status remains valid. In this regard, we will seek to liaise with the Income Tax Department to confirm that the tax contribution is being satisfied, as well as any other conditions that have been attached to the Entitled permission.

In relation to residential property, any property identified to be leased or purchased by [Applicant] as his sole and principal place of residence in Jersey should be limited to properties of a high value, generally in excess of £1,750,000 and with some prestige element, e.g. set in its own extensive private grounds, or otherwise property that has previously been classed as Regulation 1 under the former Housing Regulations.

Finally, it is expected that with effect from the date that contract has been passed, or a lease entered into in relation to a specific property, [Applicant] will become physically resident in the Island within a period of 12 months from that date.

I trust that this sets out the position clearly, but in the meantime should there remain any queries, please do not hesitate to contact me.

Yours sincerely

