

Proposition P.9/2021

DRAFT INCOME TAX (PAYMENT OF 2019 LIABILITY) (JERSEY) REGULATIONS 202-

Person liable for 2019 Income Tax.

A married couple have their return submitted by Spouse A and the demand for payment of the liability is issued in his/her name. The total due is based on the income of both spouses and they will agree between them the provision of funds for spouse A to settle the liability. This works satisfactorily when settlement is made within a short time of the liability arising. When the period is extended to nearly 20 years problems may arise.

If the relationship comes to an end and spouse B had the majority of income in 2019, this would put spouse A in a difficult position. It would be unfair if he/she had to continue paying the outstanding instalments in full. The advice given on the States' website is that from the date of a divorce the two parties will be assessed separately but in respect of earlier assessments *'you may still have tax to pay up to the date of separation.'*

It would be possible to apportion the liability between the parties but only if detailed records of the 2019 return were available.

If it has not already been covered by legislation there should be provision to ensure spouses are treated fairly in the context outlined, including full record keeping for a period extending well beyond 20 years.

Amounts to be Paid

Regulation 3 identifies the final dates for the payment of the first and last instalments of the liability with equal annual amounts. There are then Regulations concerning non-payment of amounts when due. There are no Regulations that cover early payments as it is assumed this is implied in Regulation 3.

It is explained in the Explanatory Note on page 7 in P.9/2021 that a tax payer may choose to pay a lump sum or instalments at more than the minimum rate. To ensure there are no misunderstandings or surprises the Comptroller should issue, at least annually, a statement showing the total paid, the total outstanding and the amount of equal annual payments needed to clear the liability by 31 December 2041. Appropriate computer facilities will be required. Should this be reflected in the Regulation?

26 February 2021