

# STATES OF JERSEY

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## INCOME TAX: ALLOWANCE FOR CHILDREN OVER 17 IN FULL-TIME EDUCATION

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Lodged au Greffe on 3rd February 2004  
by the Deputy of St. Martin

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STATES GREFFE

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

- (a) to agree, in principle, that, with effect from the year of assessment 2004, any individual who has living with him or her within the year of assessment any child over the age of 17 years receiving full-time instruction at any school, university, college or other establishment for further education shall be entitled to a deduction from income for income tax purposes of £5,000 in respect of each child, or, if greater, to a deduction equal to double the allowance in respect of a child in full-time education under that age; and
- (b) to charge the Finance and Economics Committee to bring forward for approval during 2004 the necessary legislation to give effect to the proposal.

DEPUTY OF ST. MARTIN

## REPORT

At present Article 95 (1) of the Income Tax (Jersey) Law 1961 reads –

### 95 *Children*

*[(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 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.*

What is not easily apparent is that the Income Tax Law considers Highlands to be an establishment for further education and parents of students who attend Highlands are entitled to an allowance of £5,000. However, parents whose children attend Hautlieu and the Colleges are not entitled to the higher allowance because those establishments are not considered to be places of further education.

At present a child's formal education ends at the age of 16. Whilst a number leave school to take up employment, by far the greater number continue their education at Hautlieu, the Colleges, Highlands and other Educational Establishments to further their education.

It is apparent that there are an increasing number of young people registered as unemployed. As there is no legal requirement for anyone to register as unemployed the exact figure could be substantially increased. Whilst we should be encouraging more young people to continue with their education, the current Law is a deterrent and unfair.

I consider the present Law to be anomalous and divisive. Parents should not be disadvantaged by a Law which was introduced at a time when the school-leaving age was 15 and the majority of young people left school to take up full-time employment.

As parents will be entitled to claim the additional allowance, there will be financial implications, however in the interest of equality and good government I consider the additional cost to be fair and acceptable.

The Comptroller of Income Tax has estimated that the total loss of tax arising out of the change would be £250,000. There are no additional manpower implications.