

STATES OF JERSEY

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DRAFT INCOME TAX (AMENDMENT No. 24) (JERSEY) LAW 200- (P.205/2004): AMENDMENTS (P.205/2004 AMD.)– COMMENTS

**Presented to the States on 7th December 2004
by the Finance and Economics Committee**

STATES GREFFE

COMMENTS

The Finance and Economics Committee opposes this amendment and regards it as quite irresponsible that such a far-reaching proposal should come forward with so little notice.

The States and the Committee in particular have spent three years developing a Fiscal Strategy that was agreed in principle by the house in July of this year. This amendment is in direct conflict with that States decision and in particular the “20% means 20%” proposal, which was approved by the States in principle. The details of that proposal were published at that time and have remained unaltered since then.

Unlike that lengthy period of consultation which the Committee undertook with States Members, the business community and the Public generally, Deputy Southern proposes a fundamental change to the Income Tax structure with a matter of days notice.

Furthermore the accompanying report of the Deputy is of little or no relevance to the proposition and does nothing to explain what his amendment means, nor what its consequences are or the rationale for the proposal.

It appears that perhaps the implications of this amendment are not known to the Deputy, and given the time available to the Finance and Economics Committee it is not feasible to inform Members of the full consequences of the amendment.

However what is undeniably true is that compared to the “20% means 20%” proposal of the Committee, **this amendment would reduce the tax bills of those with higher incomes and increase the tax bills of those taxpayers on lesser incomes.** This seems perverse in trying to maintain a progressive tax structure.

Members are advised in the strongest possible terms to oppose this amendment.