

23.10.17

6 Deputy L.V. Feltham of the Minister for Treasury and Resources regarding tax policy principles (OQ.200/2023)

Will the Minister explain why the word “fair” is omitted in his foreword to the 2022 States of Jersey Annual Report and Accounts, when referring to how the Government must remain consistent with its approach to taxes, when “fair and sustainable” remains a tax policy principle included in the draft Government Plan 2024 - 2027?

Deputy S.M. Ahier (Assistant Minister for Treasury and Resources - rapporteur):

Once again, I will apologise to the Deputy for the absence of the Minister. Fair and sustainable remains a tax policy principle included in the draft Government Plan 2024 - 2027 as it has done in previous plans. In the 2022 Annual Report and Accounts foreword, the Minister said that we must remain consistent in supporting low, simple and competitive taxes. This, to my mind, seems fair. There are many words and sentiments not included in the foreword to that accounting document. The Government stands by its actions, which speak far louder than words. The proposed increase to personal tax allowances will see every individual in Jersey able to earn up to £20,000 without paying a penny in income tax. That to me seems fair.

4.6.1 Deputy L.V. Feltham:

As the Assistant Minister stated, where we would usually see the word “fair” we are seeing the word “competitive” in that particular paragraph. So could the Assistant Minister explain whether it is the position of the Minister and his team to prioritise competitiveness over fairness and, if so, who are we trying to be competitive with and for?

Deputy S.M. Ahier:

I am afraid I cannot answer for the Minister in this instance. I do not know what the Minister was thinking, what was in his mind when he wrote the foreword, so I am afraid I am unable to respond to that question.

4.6.2 Deputy M.B. Andrews of St. Helier North:

Does the Assistant Minister believe Jersey’s economic policies proposed within the Government Plan to be fair when a super tax deduction of 150 per cent on investment is being proposed?

Deputy S.M. Ahier:

Yes, I do believe that the government policy in the Government Plan is fair. I believe it remains low, broad, simple and fair. As for the ... I am sorry, I cannot remember what the other part of the question was.

Deputy M.B. Andrews:

The question was in relation to the super tax deduction of 150 per cent on investment that financial service companies who pay 10 per cent tax are making when they invest in technology.

Deputy S.M. Ahier:

Yes, and obviously this is one thing that we must encourage and that is the reason for it. We have to encourage investment and we have to encourage ... that is why we have so many 2(1)(e)s coming to Jersey as well to encourage investment into business and to encourage investment into our finance centre, and that is one way of supporting that industry.

4.6.3 Deputy M.B. Andrews:

Does the Minister believe creating a tax loophole for financial service companies who are only paying 10 per cent tax already is a very imprudent move?

Deputy S.M. Ahier:

No, I do not.

4.6.4 Deputy S.Y. Mézec:

The Assistant Minister referred to the low, simple, broad and fair tax policies that have been enshrined for some years now. In his capacity as Assistant Minister for Treasury and Resources, has he ever taken part in any discussions with the Ministerial team about the obvious contradictory nature of those principles being tied together in that arbitrary way?

Deputy S.M. Ahier:

No, I have not attended a C.O.M. (Council of Ministers) meeting where that has been brought up and, no, I have not engaged in any conversations around it, no.

4.6.5 Deputy S.Y. Mézec:

Therefore, would he endeavour to raise this issue with his Minister given that it is, in some respects, absurd to say that a tax that is low, broad and simple is always fair when in fact some taxes may inevitably need to deviate from those principles to be fair?

Deputy S.M. Ahier:

I will be happy to engage with a conversation with my Minister, as I often do, and have that debate with him, yes.

4.6.6 Deputy L.V. Feltham:

In what I got of an answer to Written Question 392, the Minister for Treasury and Resources appeared to confirm that the impact of tax allowances and reliefs are not assessed. So, given that, how can the Assistant Minister give the Assembly assurances that our tax system remains both fair and, as he wishes it to be, competitive?

Deputy S.M. Ahier:

Unfortunately, I have not seen Written Question 392, so I cannot directly respond to what was ... if the Deputy would remind me, what was in the response to question ...

The Bailiff:

Well I am not sure we can have an exchange. The question could either be put as a simple question or it cannot, so I think we will have to move on. If you are not able to answer it, you are not able to answer it.