STATES OF JERSEY

PERSONAL TAX REFORMS

Lodged au Greffe on 22nd November 2019
by the Minister for Treasury and Resources

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion −

(a) to agree that reforms should be made to the Income Tax (Jersey) Law 1961 with regard to the taxation of married couples and couples in civil partnerships in order to –

(i) create joint and several responsibility of married couples and couples in civil partnerships to furnish a joint tax return from the 2021 tax year of assessment, while continuing to provide for the existing election for "separate assessment" under Article 121A;

(ii) give those couples described in sub-paragraph (i) equal rights of access to tax information, except where couples have opted for "separate assessment"; and

(iii) create joint and several liability for the payment of outstanding taxes, except where couples have opted for "separate assessment"; and

(b) to request the Minister for Treasury and Resources to bring forward the necessary draft legislation to give effect to the aforementioned reforms, for approval by the States Assembly during 2020.

MINISTER FOR TREASURY AND RESOURCES

REPORT

Extensive consultation has been carried out with Islanders, and the feedback is that Jersey needs to be on a journey towards reform of the Personal Income Tax regime. The preferred direction of travel is towards a form of independent taxation. This will be one of the most fundamental reforms ever undertaken. To help pave the way, this proposition seeks the Assembly's approval in the first instance to modernise Jersey's existing system of "married taxation".

Because the current system for taxing married couples has been embedded in tax law since 1928, any sudden switch to a system of independent taxation would have a significant impact on thousands of Islanders.

Detailed research on independent taxation has been carried out by officers in the Tax Policy Unit and is summarised at **Annex A**. This research indicates that moving immediately to independent taxation would impact approximately 8,300 married couples and civil partnerships in Jersey, who would have to pay up to £2,300 a year more in tax per couple, depending on their personal circumstances.

The end goal of independent taxation would give Jersey a personal income tax system that fundamentally treats married and unmarried taxpayers the same way. However, it would still be open to the States Assembly to use the tax system to incentivise the creation of particular family units if they wished.

There are a number of other very important policy areas that would be impacted by any fundamental reform of the taxation of married couples: the way Government supports children and the role of the tax system in that support; the interaction between the tax and social security systems; and the treatment of taxpayers who currently pay tax on a "prior-year basis".

The lodging of this proposition represents the first step in that journey. Taking the time that is needed to do this means that a married taxation system must remain with us throughout the transition period. Therefore, we cannot delay long overdue reforms to the most egregious aspects of our existing married tax regime. These are the reforms addressed in the current proposition.

For the first time, spouses and civil partners will share equal rights and responsibilities for the couple's tax affairs. From tax year of assessment 2021, either spouse or civil partner will be able to sign their joint tax return, and both will have joint and several responsibility for completing and lodging it accurately and on time. They will also have joint and several liability for the payment of all personal income tax due by the couple, and will have equal rights of access to one another's tax information.

Married couples and civil partners who prefer not to share these joint rights and responsibilities can elect for the "separate assessment" treatment that is currently available under Article 121A of the Income Tax Law.

These reforms to married taxation demonstrate the Council of Ministers' commitment to the overall goal of modernising personal income taxation. The Council of Ministers will be bringing forward a further proposition during 2020 which asks the States Assembly to authorise preparations to be made for the second and final stage in this process – moving forward in a phased manner starting from tax year of assessment 2022.

Annex B contains a summary of the results from the *ComRes* surveys that formed part of the Government's public consultation on the Personal Tax Review. This consultation received over 5,000 responses from Islanders.

Government of JERSEY

Reforming the personal tax system in Jersey

(Annex A)

Lodged 22 November 2019

1. EXECUTIVE SUMMARY

The Proposition and Report to which this research is annexed has been developed as a result of the ongoing 'Personal Tax Review'. At the core of the Personal Tax Review is the issue of how to reform the current system of Married Couples' taxation.

There are a number of ways in which the current system could be reformed. This report –

- identifies the options available; and
- examines the implications of each option for both Islanders and Government revenues.

The direction that reform should take depends on the answer to a fundamental values question –

> "Does Jersey want its tax law to provide a separate status for married couples and/or couples in other legally recognised arrangements?"

Extensive public consultation from October 2017 to March 2019 was carried out for this Review, which covered a range of issues and which is summarised at paragraph 2.2 below. When asked whether they favoured separate recognition for married couples in the tax system, the public response was broadly that they did not. A further round of Focus Group meetings held in October 2019 – where participants were given a deeper understanding of the potential financial impacts of various options – has supported this view.

Changing the status of married couples in tax law results in many taxpayers paying more tax than they do at present, and some paying less. On a full analysis of the options in this report, it becomes clear that the introduction of independent taxation[1] would result in more than 8,300 married couples paying more tax than they currently pay, with many of these couples being single-income households in the lower income brackets.

The Terms of Reference for the Personal Tax Review stress that the aim of any reform is to modernise the tax system and maintain personal tax yield – not raise additional revenue for the Government. Any additional tax revenue raised from reform should therefore be used partially/fully to compensate some/all of the taxpayers who are negatively affected. Similarly, any shortfall in revenue would need to be otherwise met.

As a "stepping-stone" towards further reform of the Personal Income Tax system, the Council of Ministers ("CoM") supports reform of the Income Tax Law to create "joint and several liability" for married couples, to ensure that married people have equal access to each other's income tax information and are jointly accountable for what is declared on the single tax return they would still complete, i.e. both spouses/civil partners are equally liable for their joint tax liability.

This stepping-stone will be put in place for the 2021 year of assessment, requiring the lodging of revised tax law in 2020.

The Council of Ministers recognises that if independent taxation is to be introduced, it must be done in a phased way that mitigates the significant impact on married couples

[1] Treat taxpayers as individuals regardless of marital status: each individual declares their own income on their own tax return form and is responsible for their own tax bill.

with single incomes or a relatively low second income. If that route is chosen, there are a number of options that could be explored, including grandfathering and transferability of allowances. Couples who marry or enter civil partnerships[2] after a fixed future date would automatically enter the independent taxation regime. Couples already married or in civil partnerships on this date would continue to retain married taxation status (in the reformed married tax regime), unless they both make an irrevocable election to be taxed independently.

Other related policy issues, such as possible changes to married allowances, the treatment of children, and interaction with the social security system, also require further thought. More work is needed to explore these issues and further public consultation is likely to take place.

2. THE CASE FOR REFORM OF THE PERSONAL TAX SYSTEM

2.1 The background

Over recent years there have been a number of discussions in the States Assembly about modernising the personal tax system. In 2018, Ministers agreed the following **Terms of Reference** for a personal tax review, to modernise the personal income tax system with the following 5 objectives –

1. Create a system which continues to raise a similar amount of personal income tax.
2. Create a system that better reflects modern society.
3. Create a system that is more equitable where similar households pay similar amounts of income tax.
4. Create a system that is simple (for taxpayers and the tax authority).
5. Create a system that is understandable for taxpayers.

Any reform needs to dovetail with both the **long-term tax policy principles** and the introduction of the Revenue Jersey online filing system, which is crucial to facilitate the administrative impact of any changes to the personal tax regime.

2.2. Consultation

A fundamental part of this project has been to engage with Islanders and listen to their views. To achieve this there has been a multi-layered approach to consultation, including both quantitative and qualitative methods to ensure objectivity and maximum engagement.

The methods used and a summary of the responses are set out below –

October 2017	*Apptivism* Facebook messenger chatbot on the current system of married taxation
February 2018	*4Insight* 1st series of focus groups discussing married and unmarried taxation

[2] Or married couples/civil partners who become resident in Jersey after this date.

June 2018	*Statistics Jersey* issued the Jersey Opinions and Lifestyle Survey, which included questions on married taxation
June 2018	*4Insight* 2nd series of focus groups, this time discussing different elements of the personal tax regime – including tax reliefs and allowances, and tax rates
January – March 2019	*ComRes* online and telephone survey covering married taxation, tax reliefs and allowances, and tax rates

Apptivism Consultation – chatbot (engaged over 1,200 people)

The 'chat' was aimed at gathering Islanders' opinions about perceptions of equality in the current tax system – to find out the broad direction that people would like the system for taxing married and unmarried households to take in the future. The majority of respondents wanted to change the current system of married taxation. In terms of the alternatives, the preference was for a move towards taxing people individually on their own income.

4Insight Consultation – focus groups – series 1 (32 participants + in-depth interviews with groups)

There was an overwhelming view that the current system is old-fashioned. The participants were given 4 possible alternatives to which they could award a number of "points". About 80% of participants' "points" were allocated to independent taxation. The main reasons given for this selection were to achieve fairness, simplicity, equality and transparency.

Consultation – Jersey Opinions & Lifestyle Survey 2018 (> 1,000 responses)

Opinion was split on whether the current system for taxing couples should change.

ComRes Consultation – online and telephone survey (almost 3,000 responses)

Islanders' views of current system of married taxation –

About 50%	Islanders are dissatisfied with the current system of distinguishing between married and unmarried couples
Almost two-thirds	Think it is unreasonable to treat married/unmarried couples differently
Over 50%	Say it does not reflect modern society

Islanders' attitudes towards alternatives; preferred options –

Over half	Independent taxation
About ¼	Household taxation
Around $^{1}/_{5}$	Married taxation – tax married couple as one unit with both spouses being jointly and severally liable

3. OPTIONS FOR REFORM

There are 3 main options for reform.

1. Retain a "married taxation" regime, but modernise it.

2. Introduce independent taxation, where every taxpayer is treated as a separate unit. There are various sub-options.

3. Introduce "household taxation" – in this context, meaning that all households of married and unmarried couples are treated the same way. There are options to include other (dependent) adults within the household unit.

Note: for ease of reference throughout this document, the term "married" includes all legal relationships as may (in future) be extended under the Government's Marriage Law proposals. Similarly, the term "spouse" includes legal partner.

The table at **Appendix 1** sets out the features of the existing tax regime for couples in Jersey and the features of each principal reform option.

3.1. Three types of reform possible

Retain a separate tax regime for married couples but modernise the administration of the regime. The couple would be treated as one married unit, rather than the current system where the husband is the taxpayer. A single tax return would be filed for the couple and they would have joint and several liability for the combined tax bill. In this scenario, it may be possible to allow the option of separate assessment of each spouse/partner.

The tax return would be modernised to reflect this change, and there would be extensive technical changes required to the tax administration law. However, fundamentally the overall tax liability of the married couple would be unaltered by this administrative reform. There would be no change at all for the unmarried couple. Nobody pays more or less tax as a result of this option, and the Government revenue position is unchanged. It involves purely changing the tax administration regime (albeit that this would require significant law reform).

Introduce Independent Taxation. In an independent personal tax regime, each individual is treated as a separate tax unit with their own personal allowance. If married couples in Jersey move from a system where the husband is taxed on the combined income of the couple to independent taxation in its purest form, this will inevitably lead to some Islanders paying more tax and some taxing less.

The main instances in which more tax would be paid by a married couple in an independent tax regime than under the existing regime, is where –

- only one spouse is an income-earner and the second spouse has no income to utilise their personal allowance; or

- there are 2 income-earners, but the second earner does not earn sufficient income to fully utilise their personal allowance.

At the moment, a married couple is entitled to a married allowance and, if there is a second income-earner, to an additional second income-earner's allowance. The second income-earner's allowance provides a "top-up" for couples where both are working, to equalise their allowances with 2 single income-earners. They can effectively pool the married and second income-earner's allowance against their combined income, for maximum utilisation.

With independent taxation, a spouse on no or low income would not be able to pool any unutilised allowance against the income of a higher-paid spouse. Therefore, some of their combined allowances would be unutilised and their tax bill would increase.

To mitigate the effects of unutilised allowances, consideration was given to introducing a variation of independent taxation, where each individual would be taxed as a separate tax unit, but either full or partial transferability of allowances is permitted between spouses. Allowing full transferability means that the 2 single personal allowances could effectively be shared between spouses in a married couple. Such a route would recognise a different tax treatment between married and unmarried couples. It would also add a level of complexity to the legislation and the administration – for example, each spouse may need to submit their own tax returns before either of their tax assessments could be finalised.

Consideration was also given to allowing transferability of allowances, but only up to a capped income level. However, this would add a lot of complexity as well as creating a 'cliff edge' impact for taxpayers around the income cap, with consequent unintended consequences.

For these reasons, the options for transferability of allowances between a married couple were rejected.

An alternative way of mitigating the impact of independent taxation on those taxpayers who would lose out financially is to "grandfather" married taxation for existing married couples/ civil partners, i.e. allow couples who are already married or in civil partnerships when independent taxation is introduced, to continue to be taxed as a married couple/ civil partnership for a period of time.

Introduce Household Taxation – this type of reform would potentially treat Islanders living together as a couple in a household as one tax unit which would be able to fully share tax allowances. In effect, it provides the benefits of married taxation to unmarried couples.

A regime like this is very unusual by international standards, although a form of household taxation is applied in France. No Islanders would pay more tax under this regime and a great many would pay less, However, for this reason it would be expensive for the Government. Tax data on cohabiting couples is not available, and therefore it is not possible to estimate the cost of this proposal.

3.2. The financial impact of reform options

As noted above, Option 1 (modernised married taxation) does not impact the financial position of either taxpayers or Government revenues. However, independent taxation and household taxation regimes would have a significant impact on taxpayers and Government revenues. Based on the tax data available, the Tax Policy Unit has estimated the extent of this impact in Table 2 below. It is not possible to quantify the costs of introducing household taxation from available data.

Table 2: The financial impacts of reform for taxpayers and on Government revenues

	Full independent taxation with no transferability of allowances	**Household taxation where allowances are shared**
Those who would pay less	2 income married couple currently paying at standard rate benefit from a move to independent taxation if either or both become marginal or exempt 3,150 married couples	Broadly speaking, unmarried couples where one partner has low or no income Unquantifiable numbers, but considerably more than 3,150 married couples
Those who would pay more	Marginal rate couples with a single income or insufficient second income to absorb allowances 8,350 tax units	None
Impact on Government revenues	**+£10M Gain (£13M from those who pay more and £3M from those who pay less)**	**Government revenues expected to be significantly less**

3.3 The financial impact of household taxation

The cost of introducing household taxation is unquantifiable, but would be expensive for the Government. It would be very difficult to introduce a cost-neutral form of household taxation because all unmarried couples in Jersey are likely to gain, and nobody would pay any additional tax. It would also be difficult to monitor whether adults living in the same household are actually living as a “couple”, in line with the policy intent of this reform.

3.4 The financial impact of independent taxation

Independent taxation with no transferability of allowances would have a significant impact on the Island’s married couples.

Tax Policy Unit data shows that 8,300 married couples would pay total additional tax of approximately £13 million; and 3,150 couples would pay less tax totalling £3 million. The net impact on Government revenues is predicted to be an annual gain of approximately £10 million.

The taxpayers who gain under this proposal are mainly higher-earning couples who are taxed at the standard rate and currently cannot avail themselves of personal allowances.

The main concern however, is the 8,300 cohort of married couples who would pay more. These couples would pay more for 3 main reasons –

1. The loss of married allowance/second earner allowance and the inability to fully utilise 2 individual personal allowances.

2. The Tax Policy Unit modelling assumes that child allowances are split 50:50 between each spouse, and therefore there will also be an element of child allowances that cannot be fully utilised for some couples. A policy decision to allow the child allowance to be allocated in any ratio (as currently happens with unmarried couples) could reduce this cost to taxpayers.

   The role of the tax system in supporting children is clearly and inexorably linked with any decision taken on the future tax treatment of couples, and needs to be considered more fully in 2020, in conjunction with the Early Years Policy Development Board.

3. The Tax Policy Unit modelling currently assumes that mortgage interest relief is split 50:50 between each spouse. Again, it is possible to allow married couples to continue claiming their existing level of mortgage interest relief in full in an independent taxation scenario. However, this would re-introduce differences between married and unmarried couples. This issue is a transitional issue, since tax relief for mortgage interest will be phased out by year of assessment 2026.

   It should be noted that, although about 8,300 couples would pay more, and about 3,150 would pay less, the majority of Islanders would not see a change in their tax bill as a result of a move to full independent taxation.

The tables below provide further analysis of the married couples who would be impacted by an immediate move to independent taxation.

The 8,300 married couples who would pay more tax are spread across the age spectrum, mainly from 35 years to 65 years and above. More than 50% of them are aged over 55 years.

Table 4 – The age profile of those who would pay more in a fully independent tax system

Age range	Married couples without children	Married couples with Children	Total number of married couples who would pay more
18 - 24 years	15	15	30
25 - 34 years	225	615	840
35 - 44 years	235	1,380	1,615
45 - 54 years	535	945	1,480
55 - 64 years	1,210	210	1,420
65 + years	2,920	30	2,950
Unknown	10	5	15
Total	5,150	3,200	8,350

They are also primarily marginal rate taxpayers, with two-thirds of these married couples having a combined income of less than £50,000.

Table 4a – The income profile of those who would pay more in a fully independent tax system

Income range	No. of married couples without children	No. of married couples with children	Total number of married couples who would pay more
£25,000 or less	**1055**	**390**	**1445**
£25,001 - £50,000	**2795**	**1333**	**4128**
£50,001 - £75,000	**915**	**785**	**1700**
£75,001 - £100,000	**325**	**415**	**740**
£100,001 - £150,000	**55**	**260**	**315**
£150,000 plus	**5**	**17**	**22**
Total	**5,150**	**3,200**	**8,350**

Tables 4c and 4d illustrate the additional tax liability payable by married couples in any move to independent taxation across different income levels.

In Table 4c, the couple's total income is split 80/20 between them and it can be seen that the highest levels of additional tax are paid when there is a joint income of between £30,000 and £50,000. Many standard rate taxpayers with a second income will pay less tax, as they will have access to a personal allowance that is not currently available to them.

Table 4c – 80/20 income split

Joint Income	Married Liability	Independent Taxation	Additional (reduction in) tax due
£20,000	£0	£156	£156
£30,000	£0	£2,236	£2,236
£40,000	£2,392	£4,316	£1,924
£50,000	£4,992	£6,396	£1,404
£60,000	£7,592	£8,476	£884
£70,000	£10,192	£10,556	£364
£80,000	£12,792	£12,792	£0
£90,000	£15,392	£15,076	(£316)
£100,000	£17,992	£17,196	(£796)
£110,000	£20,592	£19,316	(£1,276)
£120,000	£23,192	£21,436	(£1,756)
£130,000	£25,792	£23,556	(£2,236)
£140,000	£28,000	£25,676	(£2,324)
£150,000	£30,000	£27,796	(£2,204)
£160,000	£32,000	£29,916	(£2,084)

Table 4d similarly illustrates the impact on a one-income couple. The main difference is that standard rate taxpayers will not gain from independent taxation if there is only one income-earner in the couple, as they have no second income to absorb a second personal allowance.

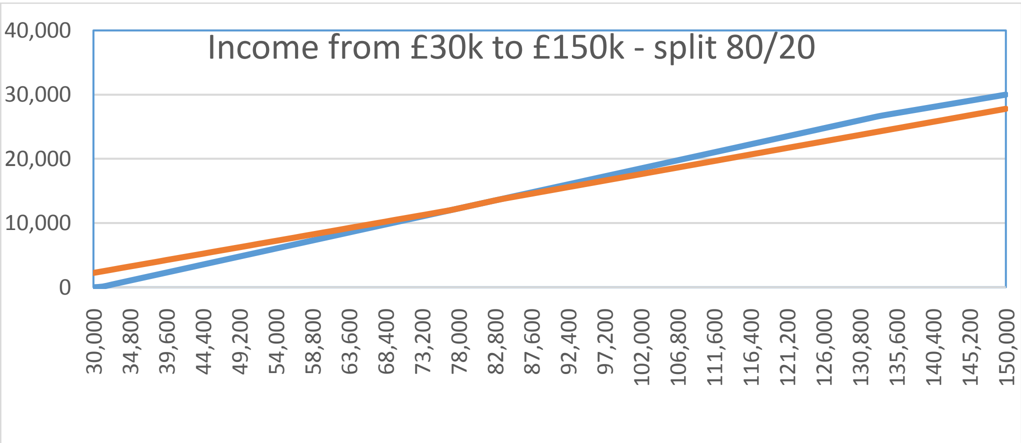
Table 4d – sole income married couple

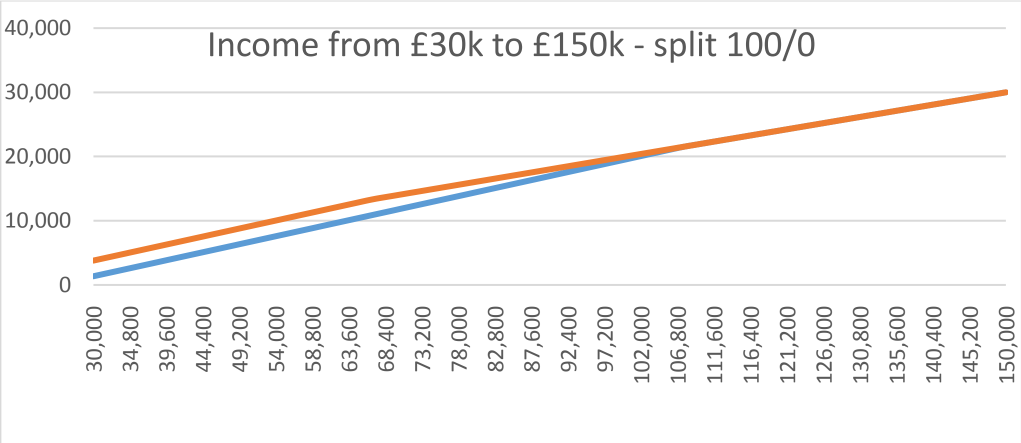
Joint Income	Current Liability	Independent Taxation	Additional tax due
£20,000	£0	£1,196	£1,196
£30,000	£1,352	£3,796	£2,444
£40,000	£3,952	£6,396	£2,444
£50,000	£6,552	£8,996	£2,444
£60,000	£9,152	£11,596	£2,444
£70,000	£11,752	£14,000	£2,248
£80,000	£14,352	£16,000	£1,648
£90,000	£16,952	£18,000	£1,048
£100,000	£19,552	£20,000	£448
£110,000	£22,000	£22,000	£0
£120,000	£24,000	£24,000	£0
£130,000	£26,000	£26,000	£0
£140,000	£28,000	£28,000	£0
£150,000	£30,000	£30,000	£0
£160,000	£32,000	£32,000	£0

The graphs below illustrate the impact for married couples where income is split on an 80/20 income split basis (i.e. one lower earner) and a 100/0 income split basis (sole earner).

Key:

Current position	
Independent taxation	
X axis	Joint income
Y axis	Tax liability





3.5 Independent taxation with grandfathering

It is possible to create law which would require all individuals who marry – and all married couples who come to Jersey – after a set date, to be taxed as individuals. Tax-resident couples married before that date could be allowed to keep their existing tax allowances unless they chose (irrevocably) to be taxed independently. Options around changes to married allowances would have to be considered to ensure that no married people would be out-of-pocket if there was a move to independent taxation, or that the loss would be limited.

Under this proposal, all couples who marry or relocate to Jersey after the introduction of independent taxation would automatically be taxed independently, without any permitted transfer of allowances. This position would ensure parity of tax treatment between unmarried couples and couples married after that date.

This option to "grandfather" couples who are already married would mitigate the impact for those who would otherwise pay more under independent taxation. Nobody would pay more tax than they do at present, although some higher-earning married couples may still benefit from a move to independent taxation.

Government revenues would gain from the non-transferability of allowances between couples who marry in future, although there may be a cost in the interim period from those currently married couples who opt for independent taxation and benefit financially from this move. The outermost cost is likely to be in the region of £3.5 million to £4 million, and this cost would have to be mitigated so that the reform delivered a cost-neutral Government revenue position.

For pre-2022 married couples who chose to remain in the married taxation regime, the married-man tax treatment would be abolished, the tax return form would be updated, and joint and several liability would be introduced.

4. FURTHER ROUND OF CONSULTATION

The Tax Policy Unit ran a further round of focus groups in October 2019. There were 26 participants – all of whom had previously participated in the 2018 focus groups. The purpose of revisiting this group was to revert with their preference for independent taxation, and ask whether that was still the preference once the financial impact of that was discussed.

The outcome was that independent taxation remained their over-riding preference –

- 8 supported straight independent taxation, provided taxpayers had 2 or 3 years' notice before implementation

- 16 supported a gradual move to independent taxation

- one supported the transferability of allowances within married couples

- one supported maintaining the current system and/or allowing the tax form to be joint.

The view was that introducing equality and a fairer system outweighed any loss of tax relief for married couples, provided there was a gradual move to this position.

5. CONCLUSION

Reforming the personal income tax system could have significant consequences for married couples.

One option would be to introduce independent taxation, but if this was done it would have to be grandfathered in order to mitigate the impact on those married couples who would face a higher tax bill as a result.

What is clear is that a system of married taxation will be in place for a period of years, and therefore the current version of married taxation must be reformed in order to ensure that the archaic approach of treating the wife's income as belonging to her husband, is removed.

Therefore we recommend introducing a system of joint and several tax liability for married couples that will take effect from 1st January 2021. The legislation for this would be drafted in 2020.

At the same time, further policy development work will continue to assess the issues that require further work, such as the interaction with tax allowances and reliefs for children, and how these changes will sit alongside the Social Security benefits system, as well as options to phase-out the current system and mitigate the impact of doing so.

APPENDIX 1

Features of the existing tax regime for couples in Jersey and the features of principal reform options

	Current regime		Options for reform				
			Retain a "married taxation"[3] regime but modernise it		Introduce independent taxation		Introduce "household" taxation[4]
	Married couples	**Unmarried couples**	**Married couples**	**Unmarried couples**	**Married couples**	**Unmarried couples**	**All "couples" in a household treated the same way in the tax system**
The unit of taxation	The husband is the taxpayer. The wife is not recognised	The individual	The couple but with an option for separate assessment	The individual	The individual	The individual	The household "couple"
The basis on which the couple's income is taxed	The income of the couple is combined and deemed to be the income of the husband	The income of each partner is taxed independently	The income of the couple is combined and they are taxed as a couple with joint and several liability Separate assessments could be an option	The income of each partner is taxed independently	The income of each partner is taxed independently	The income of each partner is taxed independently	The income of the household couple is combined and taxed with joint and several liability

[3] Continue to recognise the status of married couples and civil partnerships in tax law
[4] To include only "couples" in the household and not other relatives/co-habitees

	Married couples	Unmarried couples	Married couples	Unmarried couples	Married couples	Unmarried couples	All "couples" in a household treated the same way in the tax system
Allowances available							
Tax exemption threshold	1 x married couple's threshold	2 x single person's thresholds Not transferable	1 x married couple's threshold	2 x single person's thresholds Not transferable	2 x single person's thresholds May/may not be transferable between spouses/partners	2 x single person's thresholds Not transferable	1 household allowance based on 2 unmarried allowances
	Potentially 1 x second earner's allowance[5]		Potentially 1 x second earner's allowance[6]				Potentially 1 x second earner's allowance
Allowances for children	1 x child allowance per child, set against the "husband's" joint income	1 x child allowance per child + 1 x additional child allowance Both can be allocated in any ratio between the taxpayers	1 x child allowance per child, set against the couple's joint income	1 x child allowance per child + 1 x additional child allowance for each child. Both can be allocated in any ratio between the taxpayers	1 x child allowance per child May/may not be transferable between spouses/partners The issue of Additional Personal Allowance would need to be considered: In an independent tax regime is it correct for couples to be treated differently as regards APA based on their marital status?	1 x child allowance per child + 1 x additional child allowance for each child. Allocation between the partners to be agreed	1 x child allowance for each child, set against the household joint income The issue of APA would need to be considered. The current rules would not fit within a regime where all households are treated the same

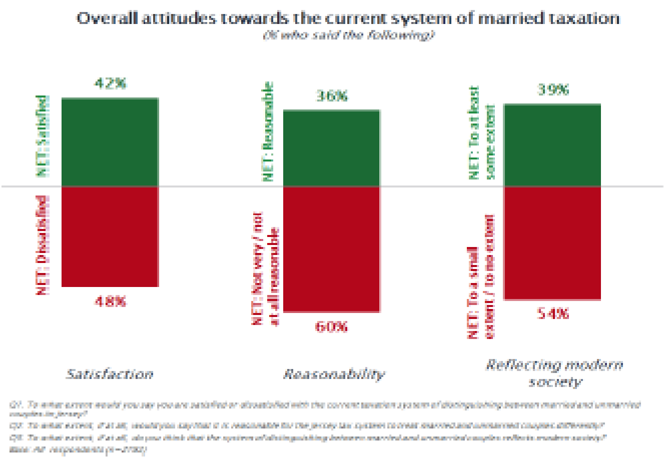
[5] Only if both partners are working/receive pension income
[6] Only if both partners are working/receive pension income

	Married couples	Unmarried couples	Married couples	Unmarried couples	Married couples	Unmarried couples	All "couples" in a household treated the same way in the tax system
Child care tax relief	Available provided both spouses work	Available provided taxpayer works	Available provided both spouses work	Available provided both spouses work	Available provided taxpayer works	Available provided taxpayer works	Available provided both spouses work
Rules on returning the income to Revenue Jersey	1 tax return filed by the husband - joint and several liability	2 separate tax returns	1 joint tax return with an option for 2 separate returns	2 separate tax returns	2 separate tax returns	2 separate tax returns	1 household tax return – joint and several liability

Summary of results from ComRes surveys

As part of the second stage of the Government of Jersey's Review of Personal Tax, the Minister for Treasury and Resources commissioned ComRes, an independent research consultancy, to undertake consultation with islanders about how best to reform Jersey's approach to personal taxation, to ensure that it is modern and reflects Jersey society,

The Government has consulted with Islanders as part of this review to determine both their views on Jersey's current personal income tax system as well as their attitudes towards its modernisation. Through online and telephone interviews, ComRes investigated the attitudes of Jersey residents towards the current system of "married taxation" in addition to potential alternatives.

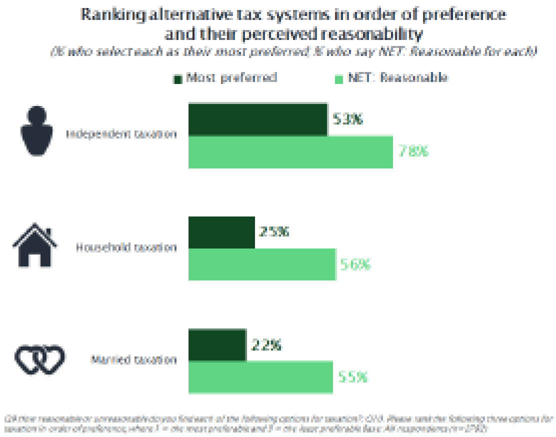


Overall, around half of Islanders feel dissatisfied with the current system of married taxation (48%), with an even greater proportion believing that it is not reasonable to distinguish between married and unmarried couples (60%), and that it does not reflect modern society (54%).

Islanders who felt dissatisfied with the current system were significantly more likely than satisfied Islanders also to go on to say that married taxation was unreasonable (83%) and did not reflect modern society (68%). However, even amongst Jersey residents who were satisfied with the current taxation system, more than a third still felt it was unreasonable (35%) and did not reflect modern society (39%). This suggests that, although the current system may be personally satisfactory to many Jersey residents, there is still significant acknowledgement amongst these Islanders that it can be improved with respect to reasonableness and modernisation for Islanders as a whole.

London | Brussels | Shanghai | info@comresglobal.com | www.comresglobal.com
Four Millbank | London | SW1P 3JA | T+44 (0)20 7871 8660
Communicate Research Ltd | Company Registration No. 4810991 | Registered office: 75 Bermondsey Street, London, England, SE1 3XF

On further examination by civil status, the majority of married Islanders or those in a civil partnership expressed satisfaction with the current married taxation system (52%). Conversely, those who lived with a partner held the most negative attitudes towards the current tax system across satisfaction (62%), reasonability (73%), and modernity (67%). This suggests that, unsurprisingly, Islanders attitudes towards the taxation system in Jersey is influenced by whether they feel it works in their favour. However, it is also important to note that the majority of married Jersey residents or those in a civil partnership believe that the current married tax system is neither reasonable (54%) nor reflective of modern society (52%).



When given the option of between three alternative tax systems (independent, household, and married taxation), Islanders selected independent taxation as their most preferred (53%) and most reasonable (78%) option out of the three choices, with a clear correlation between preferring a system and also finding it reasonable. In considering alternative tax systems, Islanders were most likely to associate independent taxation with equality and fairness, while household taxation and married taxation are most likely to be mentioned in the context of protecting the welfare of the traditional family unit.

(Methodology: 2782 Adult Islanders aged 18+ were interviewed during January to March 2019 by ComRes. 1782 were interviewed online and 1000 were interviewed by telephone. Data were weighted to be representative of all Islanders aged 18 or over by age and gender.)

Re-issue Note

This Projet is re-issued in order to make changes to the report accompanying the proposition.