

2019.07.02

11 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the impact of increasing the Income Tax rate by 1% and maintaining allowances at current levels: (OQ.175/2019)

How much revenue would be raised from the top 10 per cent of income earners and from the bottom 10 per cent of income earners by increasing the income tax rate by 1 per cent and maintaining allowances at the current levels?

Deputy S.J. Pinel (The Minister for Treasury and Resources):

Based on complete data for the 2016 year of assessment and assuming a 1 percentage point increase in both the standard rate and marginal rate of tax, the top 10 per cent of income earners will contribute around £8 million more and the bottom 10 per cent of income earners, who do pay tax on account of having income in excess of the tax exemption thresholds, would contribute about £0.2 million more. We estimate that around 30 per cent of Islanders do not pay income tax on account of the tax exemption thresholds. Of those that do pay tax, the top 20 per cent of earners contributed 62 per cent of income tax for 2016 and the bottom 20 per cent contributed 2 per cent of income tax.