

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th FEBRUARY 2018**

Question

Further to her responses to Written Questions 8473 and 1(592), tabled on 9th September 2014 and 14th November 2017 respectively, will the Minister –

- (a) inform members of the 2018 changes to the Standard and Upper Earnings Limits (SEL and UEL) for Social Security contributions;
- (b) provide updated figures for the income yield arising from the following changes to contribution rates:

	With employer rate of 2% between SEL and UEL	With change to employer rate of 4% between SEL and UEL	With change to employer rate of 6% between UEL
Class 1 between SEL and UEL			
Class 2 between SEL and UEL			

- (c) state what income stream the application of a flat rate (6%) to employee earnings up to the UEL would be produced with current earnings limits; and
- (d) state what income stream would be produced by the removal of the UEL if contribution rates were applied at 2%, 4% or 6% above the SEL?

Answer

- (a) This information is on www.gov.je.

Contribution levels from 1 January 2018

Table showing percentage of wage that must be contributed per month up to the Standard Earnings Limit of £4,290.

Who must pay	Percentage of wage to be contributed
Employee	6.0%
Employer	6.5%

Table showing the Monthly Earnings Limits and maximum Class 2 contribution rate per month.

Monthly Earnings Limit	Amount per month
Upper Earnings Monthly Limit (UEL)	£14,188
Standard Earnings Monthly Limit (SEL)	£4,290
Lower Earnings Monthly Limit (LEL)	£908
Maximum rate Class 2 contribution	£734.21

Source: <https://www.gov.je/working/contributions/pages/contributionlevels.aspx>

Estimates

The following answers are estimates of the change in contributions that might result in the scenarios suggested in question parts b, c and d. The estimates do not take into account any changes in individual or business behaviour, or any wider economic impacts, that might result from changing the current contributions structure.

Estimates of contributions on earnings up to the UEL are based on actual contributions received by the Social Security Department in 2016.

Estimates of contributions on earnings above the UEL are based on income tax data for 2016. These estimates are less certain due to variations arising from the ways in which income and earnings are defined. In addition, the contributions estimates for the highest earners are based on a small number of people. Any changes in the number of these people could have a disproportionate impact on the estimate and the actual sum achieved will be subject to considerable variation.

(b)

	With employer rate of 2% between SEL and UEL (actual)	With change to employer rate of 4% between SEL and UEL	With change to employer rate of 6% between SEL and UEL
Class 1 between SEL and UEL	£5.4m	£10.9m	£16.3m
Class 2 between SEL and UEL	£1.7m	£3.3m	£5.0m

(c) A flat rate of 6% on employee earnings up to the UEL would have a very similar effect as a flat rate on employers of 6% between SEL and UEL and the estimate would be £21.3 million – i.e. the total of the last column in table above.

(d) The extra income that would be produced by the removal of the UEL if contribution rates were applied at 2%, 4% or 6% above the SEL can only be estimated from income tax data. The extra income in respect of income above the UEL is estimated at:

2%: £2.7m
 4%: £5.4m
 6%: £8.2m