

3.19 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the potential impact of the 30 per cent rate on incomes over £100,000 applied to individuals or households:

Given that on 6th July 2010 his Assistant Minister was unable to clarify whether the 30 per cent rate on incomes over £100,000 proposed in his Green Paper applied to individuals or to households, and how it might apply to married or cohabiting couples, will the Minister do so now and state by how much revenue would be decreased if the higher rate applied to individual incomes?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

The 30 per cent rate in the Green Paper is an option for consultation and obviously not a detailed proposal. For the purposes of the paper it was assumed that the rate would apply to individuals and married couples under the existing provisions of the Income Tax Law. If, once we have listened to the consultation responses, the option merits further consideration, it would be appropriate to look more closely at the complex issues of how marriage and cohabiting couples are treated and how best to apply any 30 per cent rate. It has not been possible to estimate in the 3 days since having notice of this question the impact on the revenue if married couples could be assessed on an independent basis. I should also state assessment is something that also we are looking at generally as a long term ambition of the income tax system generally.

3.19.1 Deputy G.P. Southern:

Does the Minister not recognise that there is a world of difference between taxing individual incomes of over £100,000 and taxing married couples where quite easily middle earners could reach that target and be subject to the 30 per cent rule? Does this confusion, this lack of clarity in the consultation paper, not skew his results completely?

Senator P.F.C. Ozouf:

I am quite surprised. I have had very positive feedback from the consultation, being that it was very clear and people understood it. Obviously there is the detailed paper beneath it which is available for any member of the general public on the internet. What is clear is that - and I am not going to cast any particular pointers at anybody - married couples know they have one assessment. It is not difficult to know that if you bring in a high rate for over £100,000 then that will be applied for a married couple and it will apply for individuals. We have 2 separate systems in Jersey, married couples and individuals. I personally think that we should be going for individual assessments and that is something that I am looking at, as I have said.

3.19.2 Deputy G.P. Southern:

The question was about the consultation process and this lack of clarity demonstrated by his own Assistant Minister only a fortnight ago is reflected in the consultation paper. There is a world of difference. Does he not accept the consultation is somewhat damaged?

Senator P.F.C. Ozouf:

I do not think the consultation is damaged at all. I am not aware that this issue has not been understood by the public meetings that I have had, and I have got another public meeting tomorrow lunchtime. It has been very clear in the presentations I have made and it has been very clear from the questions that have been posed in the feedback that

I have received. I think it is very clear that if we have done something positive by raising it in question time, and the media will report it further to clarify, then that is a good thing.