

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY THE DEPUTY OF ST. JOHN
ANSWER TO BE TABLED ON TUESDAY 17th NOVEMBER 2015**

Question

Could the Minister provide details relating to changes made to the personal income tax system (in a table format) over the last ten years and set out whether revenue has been lost or gained through the actions taken?

Answer

The information provided below relates to the personal income tax system only. It does not include:

- changes to company income tax;
- changes made to other taxes, such as GST, stamp duty or impôts;
- administrative changes, such as changes in the powers given to the Comptroller of Taxes to administer the personal income tax system;
- changes to the tax rules applying to pension schemes and payments from pension schemes

The answer has been prepared on the basis that the ‘loss’ or ‘gain’ is from the perspective of the States’ general revenues, rather than the taxpayer. In identifying whether there has been a ‘loss’ or ‘gain’ to general revenues this has been determined on a nominal basis rather than by comparison to any income or inflation forecast.

NOTE: some changes are revenue protection/neutral.

Budget	Change	Revenue impact
2015 ¹	Increase exemption thresholds	Loss
	Double taxation provisions for marginal rate taxpayers	Loss
	Cap mortgage interest tax relief	Gain
2014	Increase exemption thresholds	Loss
	Reduction in the marginal rate	Loss
	Higher education child allowance extended for marginal rate taxpayers	Loss
	Remove restriction to child allowance by reference to child’s earned income	Loss
	Increase age of entitlement to age enhanced exemption threshold	Gain
	Transitional rules for High Value Residents	Protection/neutral
	Reduce minimum charitable lump sum donation to £50	Loss
2013	Increase exemption thresholds	Loss
	Removal of tax relief for life assurance premiums	Gain
	Introduce personal service companies legislation	Protection
	Introduce ‘distribution’ rules	Protection/neutral

¹ Changes have been allocated to the Budget in which the relevant change was approved by the States; irrespective of the fact that some changes have been phased in over a number of years (e.g. the ‘20-means-20’ changes were phased in over the period 2007 – 2011)

2012	Increase exemption thresholds	Loss
	Increase child care tax relief	Loss
	Reduce tax relief on pension contributions of higher earners	Gain
	Reduce the level of tax free termination payments	Gain
	Remove the deemed distribution rules (agreed outside of the Budget)	Deferral
2011	Increase exemption thresholds	Loss
	Amend deemed distribution rules	Protection/neutral
	Amend the High Value Resident tax regime (agreed outside of the Budget)	
2010	Amend deemed distribution rules	Protection/neutral
2009	Increase exemption thresholds	Loss
	Extend child care tax relief to accredited nannies	Loss
	Extend tax relief for pension contributions	Loss
	Remove restriction of higher child allowance for income earned by the child after graduation	Loss
2008	Increase income tax exemption thresholds	Loss
	Increase child allowances	Loss
	Introduce deemed distribution rules (agreed outside of the Budget)	Protection/neutral
2007	Increase income tax exemption thresholds	Loss
	Withdrawal of allowances through '20-means-20' (agreed outside of the Budget)	Gain