

STATES OF JERSEY



Jersey

DRAFT INCOME TAX (AMENDMENT – STAGE 2 OF INDEPENDENT TAXATION) (JERSEY) LAW 202-

**Lodged au Greffe on 6th June 2023
by the Minister for Treasury and Resources
Earliest date for debate: 18th July 2023**

STATES GREFFE



Jersey

DRAFT INCOME TAX (AMENDMENT – STAGE 2 OF INDEPENDENT TAXATION) (JERSEY) LAW 202-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000, the Assistant Minister for Treasury and Resources has made the following statement –

In the view of the Assistant Minister for Treasury and Resources, the provisions of the Draft Income Tax (Amendment – Stage 2 of Independent Taxation) (Jersey) Law 202- are compatible with the Convention Rights.

Signed: **Deputy M.E. Millar of St. John, St. Lawrence and Trinity**
Assistant Minister for Treasury and Resources

Dated: 2nd June 2023

REPORT

Executive summary

The introduction of Independent Taxation in Jersey is long overdue but has already begun. The adoption of this draft Law would mark the final stage in the process of moving away from the outdated system of taxing couples differently depending on their marital status. An overnight switch to Independent Taxation would have meant thousands of lower earners would have lost financially. To address this, a compensatory allowance has been developed to ensure that, for at least 10 years, nobody pays more than they would have done under married couples' taxation.

Introduction

Jersey's personal tax system stands at a turning point.

Until recently, a married woman's income was always treated as the husband's income; the filing of the annual tax return was the husband's duty; the tax liability was in the husband's name only; and a married woman, when trying to access tax information, would be denied that access unless her husband provided express permission.

These anachronisms will be confined to history if States Members vote to introduce mandatory Independent Taxation.

Background

The current system of married couple's taxation has been a part of Jersey's tax law since 1928 when Income Tax was first introduced, mirroring UK tax law at that time. Extensive consultation¹ on modernising this aspect of the tax system was undertaken between 2017 and 2019, with Independent Taxation being the preferred basis of taxation for most respondents.²

Since then, successive Government Plans have committed to implementing mandatory Independent Taxation, while the [Ministerial Plans](#) for 2023 provided for the "Finalising and lodging of the legislation for the final stage of independent taxation".

Stage 1 of the Law

In September 2021, the [Income Tax \(Amendment – Stage 1 of Independent Taxation\) \(Jersey\) Law 2021](#) was adopted by the States, which marked the introduction of the first stage of Independent Taxation. It contained two phases: the first phase provided Independent Taxation for the year of assessment 2021 for:

1. Individuals in Jersey who married or entered into civil partnerships after 31 December 2021;
2. Couples who are married or in civil partnerships who arrived in Jersey after 31 December 2021; and
3. Any couples who are married or in civil partnerships who had elected for separate assessments for the year of assessment 2020 and have subsequently elected to move into Independent Taxation.

The second phase allowed existing couples to voluntarily elect for Independent Taxation for the year of assessment 2022.

¹ See **Appendix 1** for a summary of the consultation and engagement that has taken place since 2017.

² [Personal Tax Reforms \(P.119/2019\)](#), Annex B, pp.20-21.

With the adoption of that Law, a line has been drawn that will result in an ever-decreasing pool of individuals whose marital status determines their tax treatment. The purpose of this Draft Law is to finish the process already underway, providing Jersey with a personal tax system that befits the 21st century.

Stage 2 of the Law

If approved by the Assembly, mandatory Independent Taxation will be introduced for all couples from the year of assessment 2025. The main body of the [Income Tax \(Jersey\) Law 1961](#) would recognise Independent Taxation as the default position, with a Schedule to maintain married couples' taxation for the year of assessment 2024.

Why Independent Taxation must be mandatory

The decision to propose to the Assembly that Independent Taxation should be mandatory delivers on public commitments to provide equality across genders and ages through a policy that has been developed carefully, over several years, by consecutive Ministers and in response to Islanders' preferences.

Simplification would reduce costs (see section below), but more crucially would increase the capacity for Revenue Jersey to do more: offering better and targeted customer service for those groups who need it and providing new services faster.

Mandatory Independent Taxation would reduce the risk, in limited cases, where some spouses may be coerced into continuing with married couples' taxation, as a means of exerting economic and financial control.

The impact of running parallel systems

Jersey-specific customisations, such as married taxation, have led to ongoing additional costs to maintain the tax system. The youngest married couples in the tax system are in their 20s, so it is not unreasonable to expect another 60+ years of running two systems and handling the additional customer enquiries that will inevitably arise.

While allowing two systems to continue would require relatively little up-front development work, the real costs of running two systems in parallel would come further down the line:

- Two IT systems would need to be maintained. Every system update (approx. four per year) would require twice the amount of resource in the testing team, not to mention at least double the supplier development costs.
- Revenue Jersey officers would need to be trained on two separate forms of taxation for the foreseeable future.
- All communications issued by Revenue Jersey would need two versions, or each communication would need to be caveated to explain that some rules are different for certain groups of taxpayers. Revenue Jersey has recent experience of how unclear messaging increases call volumes and footfall, diverting officers from core assessing and compliance work.
- Maintaining a Jersey-specific add-on element to the more usually adopted (worldwide) personal taxation rules would significantly limit the options, and increase costs, when the existing tax system needs to be replaced in future years.
- It may also cause unnecessary complexity as we seek to move to more digital Government, with each person having their own digital identity for the purpose of accessing Government services. On the other hand, the move to mandatory

Independent Taxation would help ensure that the forthcoming online tax accounts can adhere to data protection rules.

Learning from the past

In 2006, the current year basis (CYB) of payment of tax liabilities was introduced at the same time as the introduction of the Income Tax Instalment System (ITIS). The CYB applied only to those taxpayers who arrived in Jersey, or who started paying income tax, after 31 December 2005. All existing taxpayers remained on a previous year basis of payment (PYB).

For around 15 years, Revenue Jersey wrestled with two payment bases. Each IT system upgrade had two elements to it; each set of letter templates had two versions; in public communications, the department had to caveat that the rules were different depending on the taxpayer's payment status, bringing confusion to otherwise straightforward messages. It was only with the Covid pandemic that the opportunity arose to align all taxpayers on the same payment basis. Tax administration has become simpler as a result of the move to CYB for all taxpayers, but the Treasury debt team will be collecting the residual 2019 liability for many years to come.

In delivering Independent Taxation, there is an obvious motivation to learn from the challenges of the past.

Many couples are already taxed independently

There are already married couples and civil partners who have been mandatorily included within Independent Taxation since the first stage of the legislation came into force on 1 January 2022.

That cohort of newly married couples and new arrivals join those who have volunteered into Independent Taxation. If Independent Taxation is not made mandatory, careful consideration will need to be given to those couples, including whether to offer a return to married taxation and how the compensatory allowance would work (the draft legislation would only apply the compensatory allowance to couples in the tax system before 1 January 2022).

Many of those who have volunteered into Independent Taxation would have made that decision on the basis that Independent Taxation would become mandatory, at which point the compensatory allowance would be made available for those who need it.

Extra support for taxpayers

Valid concerns have been raised about the unsettling effect these changes may have on some couples. The same concerns have been raised at the Personal Tax Community Helpdesk events, which have taken place in Parish Halls and other locations across the Island since September 2022. Revenue Jersey officers have looked at the data to help understand how those challenges can be addressed.

There are many pensioner couples in the income tax system in which one of the spouse's/partner's income is consistently below the current personal tax threshold. That means work could be undertaken to remove them entirely from the requirement to file before Independent Taxation is made mandatory.

That exercise would leave a group of pensioners to whom additional customer support can be targeted, if it is required. The support would build on the more user-friendly online facilities and on the Parish Hall events.

In some cases, a spouse who has never completed a tax return cannot be indefinitely shielded from that obligation. They may have to do so if their partner, who has historically dealt with the tax return, passes away and they become liable to file a return as the surviving spouse. This unfortunate scenario happens to widows, widowers and surviving civil partners every year.

Compensatory allowance

Once Independent Taxation had been identified as the most appropriate way forward, it was recognised that, while there would be no financial impact for most couples, around 6,400 couples would see their tax liability increase under a straight switch to Independent Taxation.³ This outcome is a common theme for jurisdictions moving away from married couples' taxation.

The increase would occur in circumstances where one partner has income below the single person's income tax threshold (£18,550 for 2023), meaning they would not be able to access the full income thresholds available to them under the previous system. Table 1 below shows an example of the discrepancy where spouse A in a married couple earns more than £18,550 and Spouse B earns £10,000.

Married taxation	Independent Taxation
Married threshold £29,750	Individual threshold £18,550
Second earners £7,350	Individual threshold (income) £10,000
Total threshold £37,100	Total threshold £28,550

Table 1: Example comparing the thresholds between married taxation and independent taxation where spouse B earns £10,000.

A side-by-side working example is provided in **Appendix 2**.

The compensatory allowance would always be awarded to the higher earner because the increase in tax would always fall on the higher earner alone. The lower earner in the couple is exempt from tax, with their income being below the threshold.

The creation of a balancing or compensatory allowance to help these couples with the transition to Independent Taxation has been a key part of the programme. The exact amount of the allowance will depend on the couple's joint income and will be calculated each year by reference to the couple's personal circumstances.

The draft legislation creates the compensatory allowance formula that would be in place for at least 10 years, with a statutory review in year eight. In short, it would ensure that the combined tax bill of any couple in this group remains equivalent to that under married couple's taxation. The effect of the allowance would be greatest in its first year of operation, with the effect eroding with inflation over time. If it was maintained indefinitely, it would perpetuate the difference in treatment between married and unmarried couples, defeating the fundamental concept of Independent Taxation.

Other notable changes

Pensioners who receive the social security pension are entitled to an increase if they are married. The increase is based on the husband's contributions but is paid to the wife. Under the current tax rules, that increase is taxable on the husband, although, understandably, it is often mis-declared. The draft Law would make a change so that the increase is treated as the wife's income.

Changes are also made to the election for the year of assessment 2024: the election deadline is moved from 31 July 2023 to 29 September 2023; and the election may be made by either spouse, rather than both spouses.

³ Figures are calculated by reference to data from the year of assessment 2021. The median increase in the tax liability would be £1,500.

Commencement

The main body of the draft Law would come into force on 1 January 2024, although mandatory Independent Taxation would not take effect until the year of assessment 2025. The provision relating to the election for the year of assessment 2024 would come into force 7 days after the Law is registered. Some consequential amendments to other Laws would take effect on 1 January 2025.

Financial and manpower implications

A detailed analysis has been undertaken on the year of assessment 2021 dataset (the most recent full dataset available). In the absence of a compensatory allowance, the move to Independent Taxation would provide £5.5m in additional revenues, comprising £9.5m from those couples who would pay more under the new regime, and deducting £4m from those who would pay less. With the compensatory allowance, the expected Exchequer loss is £4m in the year of assessment 2025.

Children's rights impact assessment

Although not a statutory requirement, a preliminary assessment has been conducted in respect of the impact of mandatory Independent Taxation on children's rights. Completion of the preliminary assessment also evidences compliance with the Ministerial duty to have due regard to children's rights when formulating policy decisions. The assessment is at **Appendix 3** of this report.

Human rights

The notes on the human rights aspects of the draft Law in **Appendix 4** have been prepared by the Law Officers' Department and are included for the information of States Members. They are not, and should not be taken as, legal advice.

APPENDIX 1 TO REPORT

Summary of consultation and engagement undertaken since October 2017

Date	Type of engagement	Participants
October 2017	Apptivism Facebook messenger chatbot on the current system of married taxation	1,200 participants
February 2018	<i>4Insight</i> 1st series of focus groups discussing married and unmarried taxation	32 participants, in-depth interviews
June 2018	Statistics Jersey issued the Jersey Opinions and Lifestyle Survey, which included questions on married taxation	>1,000 responses
June 2018	<i>4Insight</i> 2nd series of focus groups, discussing different elements of the personal tax regime – including tax reliefs and allowances, and tax rates	32 participants, in-depth interviews
Jan-Mar 2019	<i>ComRes</i> online and telephone survey covering married taxation, tax reliefs and allowances, and tax rates	c.3,000 responses
<p>A majority of participants in the engagement that took place between October 2017 and March 2019 thought it was unreasonable to treat married and unmarried couples differently, with independent taxation being preferred to alternatives, such as household taxation.</p> <p>That engagement informed the policy direction that resulted in the lodging of P.119/2019 and P.78/2021 – the first stage of the movement to independent taxation.</p> <p>The engagement below took place after the States adopted P.78/2021.</p>		
Date	Type of engagement	
September 2021	Media release – States adopt first stage of law	
September 2021	Publication of dedicated page on Government website	
From September 2021	Leaflet delivered to all households in Jersey	
	Posters in all Parish Halls, the Town Library and Citizens Advice (including in Polish and Portuguese)	
	Social media campaigns <ul style="list-style-type: none"> • “More information is available” • “Use our online tax calculator” • “Attend our public briefing events” • “Event reminders” 	

	Advertising in JEP and Bailiwick Express (“See how the tax you pay may change”)
	JEP advertising – “use our online tax calculator” and “attend one of our public brief events” campaigns
	Public events – St Helier (x2), St John, St Brélade, and St Clement
	Published online tax calculator
	Online webinar for pilot group participants
	Change guide for pilot group participants
November 2021	Facebook LiveStream Event
From January 2022	Leaflet included with all income tax returns
June 2022	Pilot group – feedback survey
From January 2023	Leaflet included with all income tax returns

APPENDIX 2 TO REPORT

Compensatory allowance – side-by-side example using 2023 allowances

Married couples' taxation		Independent taxation (no compensatory allowance)	
Spouse A		Spouse A	
Employment income	65,000	Employment income	65,000
Spouse B		Less: single threshold	(18,550)
Self-employment income	5,000	Taxable income	46,450
Total income	70,000	Tax @ 26%	12,077
Less: married threshold	(29,750)	LTC @ 1.95%	906
Less: second earner's	(5,000)		
Deductions	(34,750)	Spouse B	
Taxable income	35,250	Self-employment income	5,000
		Less: single threshold	(18,550)
Tax @ 26%	9,165	Taxable income	Nil
LTC @ 1.95%	687	Tax @ 26% / LTC @ 1.95%	Nil

Table 2: Shows that the couple would be £3,131 worse off under Independent Taxation without the compensatory allowance.

Married couples' taxation		Independent taxation (with compensatory allowance)	
Spouse A		Spouse A	
Employment income	65,000	Employment income	65,000
Spouse B		Less: single threshold	(18,550)
Self-employment income	5,000	Less: compensatory allowance	(11,200)
Total income	70,000	Taxable income	35,250
Less: married threshold	(29,750)	Tax @ 26%	9,165
Less: second earner's	(5,000)	LTC @ 1.95%	687
Deductions	(34,750)		
Taxable income	35,250	Spouse B has no liability to income tax	
Tax @ 26%	9,165		
LTC @ 1.95%	687		

Table 3: Shows that the couple would not financially lose out if the compensatory allowance is used to calculate the tax if Independent Taxation is introduced.

APPENDIX 3 TO REPORT

CHILDREN'S RIGHTS IMPACT ASSESSMENT

Impact Assessment by: Revenue Jersey

Date: 24 February 2023

Date to be reviewed: N/A

Reviewed by: N/A

STAGE 1: SCREENING

Question 1: Name the measure / proposal and briefly describe its overall aim
<p>Background</p> <p>In November 2019, the States Assembly agreed in principle a proposed roadmap for changes to Jersey's personal tax system, ultimately to introduce a system of independent taxation. This proposal was lodged following widespread and varied public consultation in which independent taxation was identified as the preferred option by Islanders. Under independent taxation, all individuals who are currently taxed under the married couple's taxation system are required to file their own return and are responsible for their own tax liability. References in this document to married couples or to marriage should also be taken as references to civil partners and partnerships.</p> <p>The introduction of independent taxation marks a significant change to the personal tax system and a move towards a more equitable system under which individuals are treated the same, regardless of their marital status. Moreover, independent taxation, alongside the decision in 2020 to abolish the Prior Year Basis of taxation, are the first steppingstones in modernising and simplifying Jersey's personal income tax system.</p> <p>Current position</p> <p>In September 2021, the States overwhelmingly supported the introduction of independent taxation and approved draft legislation to implement the first stage. The proposition made clear that mandatory independent taxation would be phased in and would be in force no later than the tax year of assessment ("YOA") 2027.</p> <p>Following a private briefing with the Children's Commissioner in July 2021, to provide information about the policy proposals and discuss the possible impact on children's rights, the Children's Commissioner confirmed, in a letter dated 09 July 2021, that the Minister for Treasury and Resources had met her statutory obligation under the Commissioner for Children and Young People (Jersey) Law 2019 to consult with the Children's Commissioner.</p> <p>Since January 2022, all newly married couples, and married couples arriving in Jersey, have been independently taxed. The first stage of the legislation made provision for a pilot group of taxpayers from the married couples' taxation system to volunteer to move to independent taxation for YOA 2022. The aim for the pilot group was to gather feedback on processes and customer support to allow for improvements to be made ahead of the mandatory moves which will involve much larger numbers of people moving at the same time.</p> <p>The first stage of the legislation also included a provision for married taxpayers to elect to move voluntarily to independent taxation from YOA 2023. A further election for YOA 2024 was included in the 2023 Finance Law.</p>

The elections already made are irrevocable under the existing legislation. Currently, 400 couples have elected to be independently taxed. In addition, 400 couples got married in 2022 and 100 married couples arrived in Jersey.

In total, around 900 couples in legally recognised relationships are independently taxed.

Mandatory independent taxation

The upcoming proposition will enact the mandatory move to independent taxation for YOA 2025. This will mean that the filing requirements and legal responsibility for Islanders' personal tax affairs are aligned for all taxpayers.

For 7,800 couples, there will be no change in their tax liability. Approximately 3,700 couples may see their tax liability as a couple decrease. Around 6,400 couples would see their tax liability increase. This is an ever-decreasing number, as increases to tax allowances and changes to personal circumstances reduce the number of tax-paying couples in this group. The increase will arise for couples where one partner has income below the single person's income tax threshold (£18,550 for 2023). Approximately 2,000 of these couples have children. For completeness, whether a couple has children has no bearing on whether their tax liability will increase as a result of moving to independent taxation.

The Minister for Treasury & Resources has committed to introducing a compensatory allowance for those Islanders who would lose out financially from the move to independent taxation. The compensatory allowance will be in place for at least 10 years and will ensure their tax bill remains broadly equivalent to that under the married couples' taxation system. The allowance will be calculated each year by reference to the lower earner's taxable income. It is proposed that this allowance will be reviewed at the end of year 8. The compensatory allowance will only be available to those who were previously taxed under married couples' taxation.

The compensatory allowance mitigates the financial impact on household finances as a result of the introduction of independent taxation. Most couples with children are unlikely to claim the allowance for the full ten years, as changes to personal circumstances such as one partner returning to work will mean the compensation is no longer required. It's not possible to quantify this using available data.

Question 2: What children's rights does it impact upon?

The move to independent taxation will only impact those who are currently taxed under the married couples' taxation system (and who have been continuously taxed under that system since 31 December 2021 or an earlier date). It seeks to align the tax treatment of all taxpaying Islanders.

An overnight move to independent taxation without mitigation may have caused a sudden change in the amount of disposable household income. This could affect children's rights including the right to play (Article 31) and the right to an adequate standard of living (Article 27). However, the Minister has committed to ensuring that households that would otherwise see their tax liability increase under independent taxation have access to the compensatory allowance to mitigate the increase to their tax bill. As such, the proposition does not directly impact upon any children's rights as set out in the [Convention on the Rights of the Child](#).

Question 3: What children and young people will be affected?

As the Minister has committed to creating the compensatory allowance, no children or young people will be affected by this proposition.

Question 4: What is the likely impact of the proposal / measure on children?

There will be no impact on children or young people following the introduction of independent taxation.

Question 5: Is a full child rights impact assessment required? Explain your reasons

A full impact assessment is not required. The proposition introduces a more equitable system of taxation to align the treatment of married couples and civil partners with those not in legally recognised relationships. The compensatory allowance will ensure that any negative financial impact as a result of the move is mitigated – i.e. for those who may otherwise be faced with an increased tax liability. There are no changes to the amount of, nor eligibility for, child-related tax allowances. Existing practices for unmarried couples with regards to the allocation of child allowances will be extended to independently taxed couples. As the move will be fiscally neutral and will have no impact on the rights or obligations of children, a full impact assessment is not required.

APPENDIX 4 TO REPORT**Human Rights Notes on the Draft Income Tax (Amendment – Stage 2 of Independent Taxation) (Jersey) Law 202-**

These notes have been prepared in respect of the draft Income Tax (Amendment – Stage 2 of Independent Taxation) (Jersey) Law 202- (the “draft Law”) by the Law Officers’ Department. They summarise the principal human rights issues arising from the contents of the draft Law and explain why, in the Law Officers’ opinion, the draft Law, in the form reviewed by them, is compatible with the European Convention on Human Rights (“ECHR”).

These notes are included for the information of States Members. They are not, and should not be taken as, legal advice.

The draft Law amends the Income Tax (Jersey) Law 1961 (the “Income Tax Law”) to provide for the final stage of the transition to independent taxation for people who are married or in a civil partnership. The Law establishes that the default position for such people is independent taxation. The Law allows those who are currently taxed jointly to continue to be taxed jointly for the 2024 year of assessment only. The date by which one or both spouses or civil partners may elect to be taxed independently for the 2024 year of assessment has been extended from 31 July 2023 to 29 September 2023.

The Law increases the exemption threshold for people who were entitled to be taxed jointly before the 2022 year of assessment. This increase is intended to adjust the tax payable by those people by reference to the amount of tax they would have been liable to pay before the introduction of mandatory independent taxation.

The Law reduces the amount of information that a person is required to provide to the Comptroller of Taxes about their spouse or civil partner. It also limits the Comptroller’s ability to recover unpaid income tax from a person in respect of their spouse or civil partner to the years of assessment before 2025.

A new offence for employers is created under new Article 41BC (“Duty of employer to keep records of deductions”).

The draft Law does not create a new charge to tax but is, by nature, an administrative measure. The States are in any event afforded a wide margin of appreciation in determining the manner in which they approach matters of taxation. Although a new criminal offence is created, this will be subject to prosecution in the ordinary way which is considered sufficient for the purposes of Article 6 of the ECHR. Overall, the draft Law is considered compatible with the ECHR.

EXPLANATORY NOTE

This Law, if adopted, would amend the Income Tax (Jersey) Law 1961 (the Income Tax Law) to provide for the final stage of the transition to independent taxation for people who are married or in a civil partnership.

Article 1 provides that this Law amends the Income Tax Law.

Article 2 amends the general interpretation Article of the Income Tax Law, principally to remove defined terms that are no longer necessary, such as “spouse A” and “spouse B”.

Article 3 replaces Article 41B of the Income Tax Law with Articles 41B to 41BD. These rewritten remove references to the defined terms deleted by *Article 2* and restate the existing provision in a plainer way.

Article 4 deletes Articles 41D and 41DA of the Income Tax Law as those Articles are not required if individuals are taxed independently.

Article 5 amends Article 41G(1) of the Income Tax Law so that the default application is to individually taxed people. *Article 5* also inserts, for the 2024 year of assessment only, paragraph (1A) so that Article 41G continues to apply to those who are taxed jointly under new Schedule 7 to the Income Tax Law (which applies only for the 2024 year of assessment).

Article 6 amends Article 41H of the Income Tax Law to reduce the amount of information that a person is required to provide to the Comptroller about the person’s spouse or civil partner.

Article 7 rewrites Article 42 of the Income Tax Law to make it plainer and to ensure that the ability of the Comptroller to recover unpaid income tax from a person in respect of the income of the person’s spouse or civil partner is limited to years of assessment before 2025.

Article 8 deletes Article 77AA(3) and (4) as those paragraphs are not required if individuals are taxed independently.

Article 9 replaces Article 92A of the Income Tax Law to provide for an individual’s income tax threshold to be determined without reference to their marital status.

Article 10 replaces Article 92B of the Income Tax Law to reflect the changes made to Article 92A.

Article 11 inserts new Article 99 into the Income Tax Law. Article 99 increases the exemption threshold for people who were entitled to be taxed jointly before the 2022 year of assessment. This increase in the exemption threshold ensures that those people have their tax payable adjusted by reference to the amount of tax they would have been liable to pay prior to the introduction of mandatory independent taxation.

Article 12 deletes Parts 16 and 16A of the Income Tax Law as those Parts are not required if individuals are taxed independently.

Article 13 amends Article 129AA of the Income Tax Law to reflect the amendments made by *Articles 9 and 11*.

Article 14 rewrites Article 130C of the Income Tax Law to remove references to the defined terms deleted by *Article 2* and to restate the existing provision in a plainer way.

Article 15 inserts new Article 146 into the Income Tax Law. New Article 146 requires the Minister to present a written report to the States by 31st December 2032 that recommends whether the increase in the exemption threshold in new Article 99 should be retained and, if so, for how long.

Article 16 introduces new Schedule 7 to the Income Tax Law, which is inserted by *Article 17* and Schedule 1 to this Law. New Schedule 7 provides for the joint taxation of certain married people and civil partners in the 2024 year of assessment. New Schedule 7 reflects the existing treatment

of those people, but moves the relevant provisions to a Schedule so that the body of the Income Tax Law applies to those who are independently taxed.

Article 18 amends Articles 121E and 122DC of the Income Tax Law –

- to extend from 31st July 2023 to 29th September 2023 the period for electing to be independently taxed for the 2024 year of assessment; and
- to allow an election to be made by one or both spouses or civil partners.

Article 19 introduces Schedule 2 to this Law, which makes minor and consequential changes to the Income Tax Law and other legislation.

Article 20 gives the title of this Law and provides when this Law comes into force. Most of this Law comes into force on 1st January 2024, but *Article 18* comes into force immediately and some consequential provisions do not come into force until the beginning of the 2025 or 2026 years of assessment.



Jersey

DRAFT INCOME TAX (AMENDMENT – STAGE 2 OF INDEPENDENT TAXATION) (JERSEY) LAW 202-

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Jersey

DRAFT INCOME TAX (AMENDMENT – STAGE 2 OF INDEPENDENT TAXATION) (JERSEY) LAW 202-

A **LAW** to provide for the final stage of the transition to independent taxation for people who are married or in a civil partnership.

<i>Adopted by the States</i>	<i>[date to be inserted]</i>
<i>Sanctioned by Order of His Majesty in Council</i>	<i>[date to be inserted]</i>
<i>Registered by the Royal Court</i>	<i>[date to be inserted]</i>
<i>Coming into force</i>	<i>[date to be inserted]</i>

THE STATES, subject to the sanction of His Most Excellent Majesty in Council, have adopted the following Law –

1 [Income Tax \(Jersey\) Law 1961](#) amended

This Law amends the [Income Tax \(Jersey\) Law 1961](#).

2 Article 3 (general provisions as to interpretation) amended

(1) This Article amends Article 3(1).

(2) For the definition “earned income” there is substituted –

“earned income”, in relation to an individual, means –

- (a) remuneration from any office or employment held by the individual;
- (b) income arising in respect of any pension, superannuation, other allowance, deferred pay or compensation for loss of office given in respect of the past services, in any office or employment, of the individual, the individual’s parent, spouse or civil partner, or a deceased person (regardless of whether the individual, the individual’s spouse, civil partner or parent, or the deceased person contributed to the pension, superannuation or deferred pay);
- (c) income from any property that is attached to or forms part of the emoluments of any office or employment held by the individual;
- (d) income that is –
 - (i) charged under Schedule A by virtue of Article 51(1)(b) or (c) (which relates to profits or gains from the trades of disposal or exploitation of land in Jersey), or under Schedule D, and

- (ii) immediately derived by the individual from the carrying on or exercise of the individual's trade, profession or vocation, either as an individual or as a partner acting personally in a partnership; and
 - (e) any other payment required by any provision of this Law to be treated as or deemed to be earned income (including Articles 77AA(2)(b), 131K(1) and 131M(2));”.
- (3) For the definition “marginal income deduction” there is substituted –
““marginal income deduction” means a deduction allowed under Article 90AA, 90B or 90C;”.
- (4) The definitions “civil partner A” and “civil partner B”, “independently taxed civil partner”, “independently taxed spouse”, “spouse A” and “spouse B” are deleted.

3 Article 41B (duty of employer to deduct and account for tax) substituted

For Article 41B there is substituted –

“41B Duty of employer to deduct tax

- (1) An employer who pays earnings to an employee must deduct tax from the earnings at the employee's effective rate.
- (2) Despite paragraph (1), if the employee is under the upper limit of compulsory school age (as defined in Article 2 of the [Education \(Jersey\) Law 1999](#)), the employer –
 - (a) is not required to deduct tax from the employee's earnings; but
 - (b) may choose to deduct tax from the employee's earnings and, if so, must deduct tax at the employee's effective rate.
- (3) An employee's effective rate is –
 - (a) the rate specified in a notice issued by the Comptroller under Article 41CC as applying to the employee on the day the deduction is made; or
 - (b) if the employer has not received a notice, 20%.
- (4) An agreement is void to the extent that it requires the payment of earnings without deduction of tax in contravention of this Article.
- (5) In this Article, “earnings” includes amounts to which Article 62D applies (which are payments for termination of employment or changes to the duties or emoluments of employment).

41BA Duty of employer to pay deductions to Comptroller

- (1) An employer must, by the time the employer is required to deliver a return under Article 20, pay to the Comptroller the amount required to be deducted by the employer under Article 41B during the period to which the return relates.
- (2) An employer who fails to comply with this Article commits an offence and is liable to a fine.

- (3) If the employer is not resident in Jersey or is a body of persons, both the employer and a person deemed to be an employer under Article A15(6) or (7) is liable to a fine.

41BB Comptroller may estimate amount employer must pay

- (1) The Comptroller may estimate the amount required to be paid by an employer under Article 41BA(1) and serve a notice on the employer requiring the employer to pay the estimated amount if –
 - (a) for the period to which the amount relates –
 - (i) the date by which the employer is required to deliver a return under Article 20 has passed, and
 - (ii) the employer has not delivered the return; or
 - (b) the Comptroller is not satisfied that the employer has paid the correct amount under Article 41BA(1).
- (2) If the Comptroller discovers that the estimated amount is incorrect (either because the employer delivers a return under Article 20 or for any other reason), the Comptroller may cancel the notice and serve on the employer a further notice requiring the employer to pay a revised amount.
- (3) A notice must state –
 - (a) the estimated or revised amount the employer is required to pay;
 - (b) the latest date by which the employer may appeal the amount; and
 - (c) the date, which must be at least 15 days after the date of the notice, by which the amount must be paid.
- (4) An employer may appeal against a decision of the Comptroller to serve a notice under this Article by giving notice in writing to the Comptroller within 15 days after the service of the notice.
- (5) Part 6 applies, with the necessary modifications, to an appeal under this Article as if it were an appeal against an assessment.

41BC Duty of employer to keep records of deductions

- (1) An employer must keep records of amounts deducted under Article 41B and the effective rate applied for a period of at least 6 years after the deduction is made.
- (2) When an employer deducts tax under Article 41B, the employer must give the employee from whose earnings the tax is deducted written notice of the amount of tax deducted and the effective rate applied.
- (3) An employer must give written notice to an employee containing a summary of the amount of tax the employer deducted from the employee's earnings in a year of assessment –
 - (a) if the employee is still in employment at the end of the year of assessment, by 31st January of the year after the year of assessment; or
 - (b) if the employee finishes employment before the end of the year of assessment, on the employee's last day of employment.
- (4) An employer who fails to comply with this Article commits an offence and is liable to a fine of level 3 on the standard scale.

41BD Failure by employer to deduct tax or pay deductions to Comptroller

- (1) If an employer fails to deduct tax under Article 41B but pays the amount the employer should have deducted to the Comptroller under Article 41BA, the employer may recover the amount from the employee as a civil debt.
- (2) If an employer deducts an amount of tax from an employee's earnings but fails to pay the amount to the Comptroller under Article 41BA, the employee is entitled to have the deduction treated as a payment of tax by the employee unless –
 - (a) the employee is unable to prove, to the satisfaction of the Comptroller, that the deduction was made; or
 - (b) the employer is not an individual and, at the time the deduction was made, the employee was directly or indirectly entitled to 20% or more of the income, profits or gains of the employer chargeable to tax under this Law in the year of assessment in which the deduction was made.”.

4 Articles 41D (deductions in respect of spouses) and 41DA (deductions in respect of civil partners) deleted

Articles 41D and 41DA are deleted.

5 Article 41G (treatment of amounts received by Comptroller) amended

For Article 41G(1) there is substituted –

- “(1) The Comptroller must apply an amount paid under Article 41BA or 41E as a payment of income tax by the employee or sub-contractor from whom it was deducted.
- (1A) However, if the employee or sub-contractor is a partner B to whom Schedule 7 applies, the Comptroller must apply the amount as a payment of income tax by the employee's or sub-contractor's partner A (as defined in Schedule 7).
- (1B) Paragraph (1A) applies only to years of assessment up to and including 2024.”.

6 Article 41H (requirement to provide information when entering or resuming employment or sub-contracting) amended

For Article 41H(3) and (3A) there is substituted –

- “(3) If the person is married or in a civil partnership, the person must also notify the Comptroller of –
 - (a) the person's spouse's or civil partner's –
 - (i) name,
 - (ii) date of birth,
 - (iii) social security number, and
 - (iv) reference number assigned by the Comptroller (if any); and
 - (b) the date on which the marriage or civil partnership was entered into.”.

7 Article 42 (proceedings for recovery of tax) substituted

For Article 42 there is substituted –

“42 Proceedings for recovery of tax

- (1) The Treasurer of the States may institute proceedings for the recovery of income tax at any time after the date specified in the following table –

Type of payment	Date after which proceedings may be instituted
Instalment of income tax under Article 41A or 41AB	The date on which the instalment is due
Money due under Article 41BA(1), 41BB, 41E(5) or 41E(5A) or under paragraph 3(8) or 4(8) of Schedule 3A	The date on which the money is due
Any other payment of tax	The date on which the assessment to tax is finally settled (which, if the amount is subject to an appeal under Part 6, is the date of determination by the Commissioners of Appeal)

- (2) If the income tax to be recovered has been charged on an individual for a year of assessment before 2025 in respect of the profits or income of the individual’s spouse or civil partner –
- (a) the Comptroller may serve a notice on the spouse or civil partner demanding payment of the outstanding amount that relates to the spouse’s or civil partner’s income (the “relevant amount”); and
 - (b) if the relevant amount has not been paid within 40 days after the service of the notice, the powers of recovery provided in this Law extend to the property, goods and chattels of the spouse or civil partner.”.

8 Article 77AA (social security allowances) amended

- (1) In Article 77AA(2)(b), “subject to paragraph (3),” is deleted.
- (2) In Article 77AA, paragraphs (3) and (4) are deleted.

9 Article 92A (threshold for exemption from income tax) substituted

For Article 92A there is substituted –

“92A Exemption from income tax for individuals whose income is under the exemption threshold

- (1) An individual is exempt from income tax for a year of assessment if the individual’s relevant income for that year is not more than the individual’s exemption threshold.
- (2) In this Article –

“exemption threshold”, for an individual, is the low income threshold plus any increase in the threshold to which the individual is entitled under a provision in this Part;

“low income threshold” is £18,550;

“relevant income”, for an individual for a year of assessment, means the individual’s total income for the year of assessment less the marginal income deduction (if any) to which the individual is entitled.

92AA Taxation of individuals who earn over the exemption threshold

- (1) An individual whose relevant income for a year of assessment is more than the exemption threshold is subject to tax charged at the standard rate on the individual’s total income for the year of assessment.
- (2) If Article 92C (marginal rate of tax) applies to an individual for a year of assessment, the amount of tax payable by the individual for the year of assessment is reduced in accordance with that Article.
- (3) In this Article, “exemption threshold” and “relevant income” have the meanings given in Article 92A(2).”.

10 Article 92B (increase in exemption threshold for child day care) substituted

For Article 92B there is substituted –

“92B Increase in exemption threshold for certain child care payments

- (1) An individual who is entitled to an increase in the exemption threshold under Article 95 for a year of assessment in respect of a child aged under 13 (a “qualifying child”) is entitled to a further increase in the exemption threshold in respect of the qualifying child if, for the year of assessment –
 - (a) the individual has qualifying income;
 - (b) the individual has made a qualifying child care payment for the child’s care.
- (2) The amount of the increase that the individual is entitled to in respect of each qualifying child is the lesser of –
 - (a) the amount that the individual paid in the year of assessment in qualifying child care payments for the child’s care; and
 - (b) the maximum increase that applies to the child.
- (3) The total amount of increase that an individual is entitled to for a year of assessment is the lesser of –
 - (a) the sum of the amounts to which the individual is entitled under paragraph (2); and
 - (b) the individual’s qualifying income for the year of assessment.
- (4) Where, for a year of assessment, 2 or more individuals are entitled to an increase in the exemption threshold under this Article in respect of the same child, the increase must be apportioned between them –
 - (a) in proportions agreed between the individuals; or

- (b) if there is no agreement, in proportions determined by the Comptroller, to be determined to the best of the Comptroller's judgement and in accordance with any evidence provided to the Comptroller by the individuals.
- (5) An amount apportioned to an individual under paragraph (4) must not exceed the amount that the individual paid for child care for the qualifying child for the year of assessment.
- (6) The Comptroller may require an individual to provide the Comptroller with a certificate from the person to whom the individual makes a qualifying child care payment.
- (7) The certificate –
 - (a) must state –
 - (i) the name and address of the person,
 - (ii) if the person is a registered day carer, the person's registration number,
 - (iii) if the person is a nanny, the person's reference number from the Jersey Child Care Trust,
 - (iv) the full name and date of birth of the qualifying child, and
 - (v) the amount received in the year of assessment for care of the qualifying child; and
 - (b) for the purposes of Article 137, is a statement made by the individual in connection with a claim for relief.
- (8) In this Article –
 - “maximum increase”, in relation to a qualifying child, means –
 - (a) for a qualifying child whose date of birth is between 1st January and 31st August inclusive and who in the year of assessment has not attained the age of 4 years, £18,300;
 - (b) for a qualifying child whose date of birth is between 1st September and 31st December inclusive and who is aged 4 or under on 31st December of the year of assessment, £18,300; or
 - (c) for any other child, £7,050;
 - “qualifying child care payment” means a payment made –
 - (a) for the care of a qualifying child to a registered day carer or to a nanny accredited by the Jersey Child Care Trust; or
 - (b) if the qualifying child is below the compulsory school age, for the attendance of the child in a nursery school or nursery class under Regulations made under Article 9 of the [Education \(Jersey\) Law 1999](#);
 - “qualifying income” –
 - (a) means income arising from a trade, profession, office, employment or vocation chargeable to tax under Case I, II or IIA of Schedule D or under Schedule A pursuant to Article 51(1)(b) or (c) (which apply to income from commercial dealings in Jersey land or from exploitation of Jersey land); but
 - (b) does not include –

- (i) income received or receivable by an individual from the individual's spouse or civil partner, or
- (ii) the first £5,150 of the individual's income under sub-paragraph (a);

“registered day carer” means a day carer registered under the [Day Care of Children \(Jersey\) Law 2002](#) (including day carers treated as registered by virtue of Article 13 of that Law).”.

11 New Article 99 (increase in exemption threshold for certain spouses and civil partners) inserted

After Article 98A there is inserted –

“99 Increase in exemption threshold for certain spouses and civil partners

- (1) This Article applies to an individual (“person A”) for a year of assessment if –
 - (a) person A entered into a marriage or civil partnership before 1st January 2022 with another individual (“person B”);
 - (b) person A and person B have lived together without any periods of separation since 31st December 2021;
 - (c) person A and person B were ordinarily resident in Jersey in the 2021 year of assessment and have not ceased to be ordinarily resident in Jersey; and
 - (d) person A's relevant income for the year of assessment is more than person B's relevant income for the year.
- (2) If the result of the following calculation is greater than nil, the individual is entitled to an increase in the exemption threshold of that amount for the year of assessment –

$$29,750 - A - (B - C) = D$$

where –

- A is the low income threshold as defined in Article 92A(2);
- B is the individual's spouse's or civil partner's total income for the year of assessment;
- C is the lower of –
 - (i) the individual's qualifying earned income for the year of assessment,
 - (ii) the individual's spouse's or civil partner's qualifying income for the year of assessment, and
 - (iii) £7,350;
- D is the amount in pounds of the increase to which the individual is entitled (if greater than nil).
- (3) An individual must provide the Comptroller with any information necessary for the Comptroller to perform the calculation in paragraph (2).
- (4) In paragraph (2) –
 - “qualifying earned income”, for an individual, means –

- (a) the individual’s earned income for the year of assessment; less
 - (b) any amount of Jersey old age pension payable to the individual’s spouse or civil partner by virtue of the spouse’s or civil partner’s own insurance;
- “qualifying income”, for an individual, means –
- (a) the individual’s income for the year of assessment that is not earned income; plus
 - (b) any amount of Jersey old age pension payable to the individual by virtue of their spouse’s or civil partner’s insurance;
- “relevant income” has the meaning given in Article 92A(2).”.

12 Parts 16 (special provisions for certain married people) and 16A (special provisions for certain civil partners) deleted

Parts 16 and 16A are deleted.

13 Article 129AA (apportionment of reliefs etc for individuals who become, or cease to be, ordinarily resident) amended

(1) For Article 129AA(2) there is substituted –

- “(2) The exemption threshold applicable to the individual, for a relevant year of assessment, is the sum of –
- (a) the apportionment fraction of the low income threshold (as defined in Article 92A(2));
 - (b) the apportionment fraction of any increase in the exemption threshold to which the individual is entitled under Part 12, except for Article 99; and
 - (c) if paragraph (1)(b) applies and the individual satisfies the requirements of Article 99(1) prior to ceasing to be resident in Jersey, the amount calculated under paragraph (2A) (if that amount is greater than nil).

(2A) The calculation for the purposes of paragraph (2)(c) is –

$$((29,750 - A) \times B) - (C - (D \times B)) = E$$

where –

- A is the low income threshold as defined in Article 92A(2);
- B is the apportionment fraction;
- C is the individual’s spouse’s or civil partner’s total income for the year of assessment;
- D is the lower of –
 - (i) the individual’s qualifying earned income (as defined in Article 99(4)) for the year of assessment,
 - (ii) the individual’s spouse’s or civil partner’s qualifying income (as defined in Article 99(4)) for the year of assessment, and
 - (iii) £7,350;
- E is the amount in pounds of the increase to which the individual is entitled (if greater than nil).”.

(2) Article 129AA(4)(c) is deleted.

14 Article 130C (relevant earnings) substituted

For Article 130C there is substituted –

“130C Relevant earnings

In this Part, “relevant earnings”, in relation to an individual, means the individual’s income assessed to tax that –

- (a) arises in respect of emoluments (but not pension income) from an office or employment held by the individual; or
- (b) is charged under Schedule D and is immediately derived by the individual from the carrying on or exercise by the individual of a trade, profession or vocation, either as an individual or as a partner personally acting in a partnership.”.

15 New Article 146 (review of transition to independent taxation) inserted

After Article 145 there is inserted –

“146 Review of transition to independent taxation

The Minister must, no later than 31st December 2032, present to the States a written report recommending whether the increase in the exemption threshold provided by Article 99 should be retained for future years of assessment and, if so, for how long it should be retained.”.

16 New Article 149B (savings and transitional provisions: taxation of certain married people and civil partners in 2024) inserted

After Article 149A there is inserted –

“149B Savings and transitional provisions: taxation of certain married people and civil partners in 2024

Schedule 7 contains savings and transitional provisions that alter the imposition of income tax for the 2024 year of assessment on people who are married or in a civil partnership.”.

17 New Schedule 7 (savings and transitional provisions: taxation of certain married people and civil partners in 2024) inserted

After Schedule 6 there is inserted the Schedule 7 contained in Schedule 1 to this Law.

18 Interim amendments to Parts 16 and 16A

(1) In Article 121E(1) –

- (a) for “31st July” there is substituted “29th September”;
 - (b) for “both spouses” there is substituted “one or both spouses”.
- (2) In Article 122DC(1) –
- (a) for “31st July” there is substituted “29th September”;
 - (b) for “both civil partners” there is substituted “one or both civil partners”.

19 Minor and consequential amendments

Schedule 2 contains minor and consequential amendments.

20 Citation and commencement

- (1) This Law may be cited as the Income Tax (Amendment – Stage 2 of Independent Taxation) (Jersey) Law 202-.
- (2) This Law comes into force as follows –
 - (a) this Article and Article 18 come into force 7 days after this Law is registered;
 - (b) paragraphs 3, 4(4) and 5(6) of Schedule 2 come into force on 1st January 2025;
 - (c) paragraph 1(7) of Schedule 2 comes into force on 1st January 2026;
 - (d) the rest of this Law comes into force on 1st January 2024.

SCHEDULE 1

(Article 17)

NEW SCHEDULE 7 INSERTED

“SCHEDULE 7

(Article 149B)

SAVINGS AND TRANSITIONAL PROVISIONS: TAXATION OF CERTAIN MARRIED PEOPLE AND CIVIL PARTNERS IN 2024

1 Interpretation of this Schedule

- (1) In this Schedule –
- “partner” means an individual who is a partner A or partner B to whom this Schedule applies;
- “partner A” means –
- (a) in a marriage between people of the opposite sex, the husband;
 - (b) in a marriage between people of the same sex, the older of the people; and
 - (c) in a civil partnership –
 - (i) the older of the civil partners, or
 - (ii) if the civil partners have made an election under Article 122A (as in force immediately before 1st January 2024), the younger of the civil partners;
- “partner B” means –
- (a) in a marriage between people of the opposite sex, the wife;
 - (b) in a marriage between people of the same sex, the younger of the people; and
 - (c) in a civil partnership –
 - (i) the younger of the civil partners, or
 - (ii) if the civil partners have made an election under Article 122A (as in force immediately before 1st January 2024), the older of the civil partners.
- (2) People who are married or in a civil partnership are living together for the purposes of this Schedule unless –
- (a) they are separated under an order of a court of competent jurisdiction or by agreement of separation; or
 - (b) they are in fact separated and the separation is likely to be permanent.

2 Application of this Schedule

- (1) This Schedule applies to the 2024 year of assessment.

- (2) This Schedule applies to an individual (“A”) if –
 - (a) A entered into a marriage or civil partnership before 1st January 2022 with another individual (“B”);
 - (b) A and B have lived together without any periods of separation since 31st December 2021;
 - (c) A and B were ordinarily resident in Jersey on 1st January 2022 and have not ceased to be ordinarily resident in Jersey; and
 - (d) A and B have not elected to be independently taxed.
- (3) A person has elected to be independently taxed if they have made an election under Article 121C, 121D, 121E, 122DA, 122DB or 122DC, as in force immediately before 1st January 2024.

3 Partners to be taxed jointly

- (1) If the partners are living together during the 2024 year of assessment, partner B’s income is partner A’s income (and not partner B’s income) for the purposes of this Law.
- (2) Any tax falling to be assessed in respect of any income that, due to subparagraph (1), is partner A’s income, is assessable on partner A (and not on partner B).
- (3) This paragraph applies –
 - (a) to partner A’s trustee, guardian, delegate, heirs, executors and administrators as if those people are partner A; and
 - (b) to partner B’s trustee, guardian, delegate, heirs, executors and administrators as if those people are partner B.

4 Deductions from earnings

- (1) Despite paragraph 3, an employer is required to deduct tax from partner B’s earnings in accordance with Article 41B.
- (2) The rates determined under Articles 41C, 41CA and 41CB must be determined as if partner A is the employee (regardless of whether partner A is in employment).
- (3) The rate specified in a notice issued to a partner by the Comptroller under Article 41CC applies to both partners, unless the partners make an election under paragraph 5.

5 Joint election to adjust rates of deductions from earnings

- (1) Partners who are both in employment may jointly elect for the rate applicable to the earnings of one partner to be increased and the rate applicable to the earnings of the other partner to be correspondingly reduced.
- (2) If the Comptroller agrees to the adjusted rates proposed in an election, the Comptroller must issue a notice in writing of the rates applicable to each partner and the day from which the rates apply.

- (3) Article 41CD applies to a refusal by the Comptroller to issue a notice under sub-paragraph (2) as it applies to a refusal to determine a rate to apply to an employee.
- (4) The aggregate of the deductions made when applying the adjusted rates to the earnings of both partners must not be less than the aggregate of the deductions that would have been made if the adjustment had not been made.
- (5) An election stops having effect if –
 - (a) either partner stops being in employment;
 - (b) sub-paragraph (4) is not complied with;
 - (c) a new rate applies to the partners because of a further notice being issued under Article 41CC; or
 - (d) an effective rate under Article 41B(3)(b) applies.

6 Threshold for exemption from income tax

- (1) This paragraph applies if partner A proves that for the 2024 year of assessment –
 - (a) partner A and B live together; or
 - (b) partner A and B do not live together but –
 - (i) partner B is wholly maintained by partner A during the year, and
 - (ii) in computing the amount of partner A’s income for the purposes of this Law, partner A is not entitled to make any deductions in respect of sums paid for the maintenance of partner B.
- (2) If this paragraph applies, partner A’s exemption threshold for the purposes of Part 12 and Articles 129AA and 129A is £29,750 plus –
 - (a) if both partner A and partner B receive earned income for the year of assessment, the lowest of –
 - (i) £7,350,
 - (ii) an amount equal to partner A’s earned income for the year of assessment, or
 - (iii) an amount equal to partner B’s earned income for the year of assessment; and
 - (b) any increase to the threshold to which partner A is entitled under Part 12, except for Article 99.
- (3) If this paragraph applies, partner A’s exemption threshold for the purposes of Articles 129AA and 129A is the apportionment fraction of the amount calculated at sub-paragraph (2).
- (4) For the purposes of this paragraph, “earned income” of an individual does not include –
 - (a) earned income received or receivable by an individual from the individual’s partner; or
 - (b) the payment to an individual who is partner B of a benefit to which Article 77AA applies (Social Security allowances) unless the benefit is –

- (i) a Jersey old age pension payable to partner B by virtue of partner B's own insurance, or
- (ii) home carer's allowance payable to partner B.

7 Requirement to provide partner's information when entering or resuming employment

- (1) If Article 41H applies to a person to whom this Schedule applies, the person must, at the same time as providing the information required under that Article, notify the Comptroller in writing of –
 - (a) which partner is partner A and which partner is partner B; and
 - (b) the information listed in Article 41H(2) in respect of their partner.
- (2) The Comptroller may –
 - (a) require the information to be provided in a form, and in a manner, approved by the Comptroller; and
 - (b) require the person to sign a declaration that the information is true, complete and correct to the best of the person's knowledge.

8 Relevant earnings for purposes of Part 19

Despite paragraph 3, partner B's relevant earnings for the purposes of Part 19 (special provisions as to pensions and pension schemes, annuities, etc) are not partner A's relevant earnings.

9 Access of partner B to tax information

The Comptroller must, on request of a partner B who is living together with their partner A, provide information collected under this Law that relates to partner A for a period –

- (a) that is not before the 2021 year of assessment; and
- (b) during which the partners were living together and were married or in a civil partnership.

10 Proceedings for recovery of tax from partners

The powers of recovery provided in this Law for the non-payment of income tax by partner A extend to the property, goods and chattels of partner B if –

- (a) the unpaid income tax is charged on partner A in respect of income that, if not for paragraph 3(1), would be partner B's income;
- (b) the Comptroller serves partner B with a notice demanding payment of the unpaid income tax; and
- (c) partner B fails to pay the unpaid income tax within 7 days after the notice is served.”.

SCHEDULE 2

(Article 19)

MINOR AND CONSEQUENTIAL AMENDMENTS

1 Amendments to [Income Tax \(Jersey\) Law 1961](#)

- (1) In Article A15(1), definition “effective rate”, for “Article 41B(2)” there is substituted “Article 41B(3)”.
- (2) In Article 41CD(3), for “Article 41B(2)(b)” there is substituted “Article 41B(3)(b)”.
- (3) In Article 45(3)(b), for “Article 41B(5)” there is substituted “Article 41BA(1)”.
- (4) For Article 129B(1)(d) there is substituted –
 “(d) “relevant threshold exemption”, for an individual, means the low income threshold as defined in Article 92A(2).”.
- (5) In Article 131K(4), for “sub-paragraph (a)” there is substituted “sub-paragraph (b)”.
- (6) In Schedule 1A, Part 1, Paragraph 3(2), for “Article 41B(3)” there is substituted “Article 41B”.
- (7) In Article 3(1), definition “marginal income deduction”, “90AA,” is deleted.

2 Amendment to Finance (2016 Budget) (Jersey) Law 2016

Article 5(3) of the Finance (2016 Budget) (Jersey) Law 2016 is deleted.

3 Amendments to [Income Tax \(Purchased Life Annuities\) \(Jersey\) Order 1959](#)

- (1) This paragraph amends the [Income Tax \(Purchased Life Annuities\) \(Jersey\) Order 1959](#).
- (2) In Article 9, “, subject to Article 13,” is deleted in both places.
- (3) In Article 10, “, and subject to Article 13,” is deleted.
- (4) Articles 13, 13A and 15(a)(ii) and (iii) are deleted.
- (5) In Part 1 of the Schedule, for item 6 there is substituted –
 “6. The name and address of the annuitant and, if the annuitant has a spouse or civil partner, the name and address of the spouse or civil partner.”.

4 Amendments to [Social Security \(Jersey\) Law 1974](#)

- (1) This paragraph amends the [Social Security \(Jersey\) Law 1974](#).
- (2) In Article 8AA(3), for “the 1961 Law as modified by Article 49B of that Law” there is substituted “Article 49B and Schedule 1A of the 1961 Law”.
- (3) In Article 8AB(1), for “Schedule 1D and the said Article 41B as modified by Article 49B of that Law” there is substituted “Schedule 1D of this Law and Article 49B(2A) of the 1961 Law”.
- (4) In Schedule 1C –
 - (a) paragraphs 1(2) and 3(5) are deleted;

- (b) in paragraph 3(4), “, subject to sub-paragraph (5)” is deleted.

5 Amendments to [Social Security \(Residence and Persons Abroad\) \(Jersey\) Order 1974](#)

- (1) This paragraph amends the [Social Security \(Residence and Persons Abroad\) \(Jersey\) Order 1974](#).
- (2) In Article 2A(1)(c), “, whether by virtue of Article 121 or the operation of the proviso to Article 122” is deleted.
- (3) In Article 2A(1) and (1A), for “spouse A” there is substituted “partner A” in each place.
- (4) In Article 2A(1) and (1A), for “spouse B” there is substituted “partner B” in each place.
- (5) Paragraphs (2) and (3) are deleted.
- (6) Article 2A is deleted.

6 Amendments to [Social Security \(Television Licence Benefit – Income Threshold\) \(Jersey\) Order 2021](#)

- (1) For Article 2(b) of the [Social Security \(Television Licence Benefit – Income Threshold\) \(Jersey\) Order 2021](#) there is substituted –
 - “(b) the low income threshold, as defined in Article 92A(2) of the Income Tax Law.”.
- (2) For Article 3(b) of the [Social Security \(Television Licence Benefit – Income Threshold\) \(Jersey\) Order 2021](#) there is substituted –
 - “(b) the low income threshold, as defined in Article 92A(2) of the Income Tax Law, multiplied by 1.7.”.