WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P. SOUTHERN OF ST HELIER ANSWER TO BE TABLED ON TUESDAY 1st APRIL 2014

Question

What implications, if any, are there for the Jersey tax regime following the UK Chancellor's changes to the tax treatment of pensions in the most recent UK Budget?

Answer

There are no direct implications for the Jersey tax regime of the Chancellor of the Exchequer's proposed change to allow UK pension savers, once they reach the minimum pension age, unlimited access to their pension fund from April 2015, subject to paying income tax at their marginal rate on whatever amount is withdrawn in excess of the 25% tax free lump sum.

On 8 October 2013 a consultation was launched regarding proposed changes to Jersey's tax rules applying to pensions and pension schemes (see: http://www.gov.je/Government/Consultations/Pages/TaxRulesPensions.aspx). One of the main aims of the proposed changes already proposed was to increase flexibility for pension savers, particularly in the context of approved occupational pension schemes where, under the existing rules individuals are required to make a choice between employment and retirement, barring them from the option of "flexible retirement" where they mix employment income and pension income in a way that suits their particular lifestyle.

The Tax Policy Unit and the Taxes Office have completed their review of the responses received to the consultation and a Report summarising those responses and outlining the key policy decisions arising from the consultation process will be lodged with the States after Easter.