

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE FINANCE AND ECONOMICS  
COMMITTEE ON TUESDAY, 22nd JULY 2003 BY SENATOR E.P. VIBERT**

**Question**

Would the President inform members whether the Committee intends to present to the Assembly its report and recommendations relative to the introduction of a 'Pay As You Earn' (PAYE) taxation system for Jersey, and if so, when it proposes to do so?

**Answer**

At this stage, the Committee will not be presenting a report on this matter to the Assembly. It has carefully considered all the advantages and disadvantages of introducing a PAYE system of tax collection for employees in Jersey and has decided that on balance a PAYE system based on the UK model would not be cost-effective in Jersey because of the significant staff and resource consequences for the Income Tax Office and for many employers, which appeared to outweigh any potential increased revenue.

In the current climate of budget constraints, the Committee has decided that it would be quite inappropriate to sanction the quite significant number of additional civil servants and additional expenditure that would be required at the Income Tax Office to administer such a system, unless there were compelling other reasons for doing so.

However the issue is not concluded, and the Committee is examining the possibility of introducing a much simpler and cost-effective tax deduction system for employees and a decision will be made later on this year as to whether or not to proceed with such a system. Additionally, my Committee has called for a report on the advantages and disadvantages of a possible combined collection process for both Income Tax and Social Security.

When all these matters have been considered by the Committee, we may well view PAYE in a more favourable light, and I shall report accordingly to members of the Assembly and the general public, with our final recommendations. Meanwhile I take the opportunity to thank publicly all those who contributed to our original consultation.