Income Forecasting Group

Report on the revised forecast of States Income for Spring 2023

R.89/2023

Contents

1. Executive Summary

1.1. Compared to Summer 2022, the Income Forecasting Group (IFG) has increased its income forecast in 2023 by £23 million, this is driven by better than expected outturn data in 2022. The forecast improves marginally in 2024 and is lower than the previous Summer 2022 forecast, from 2024 onwards. The decrease in the forecast in the latter years is attributed to a reprofiling of financial services profits growth.

1.2. The IFG's forecast has been informed by the updated economic assumptions[1] produced by the independent Fiscal Policy Panel (FPP) in March 2023 and the latest available outturn data.

1.3. The global macroeconomic outlook continues to remain weak. Since the Summer 2022 forecast, the global economy has been affected by high inflation and low growth. The forecast should be considered against this backdrop.

1.4. Rising interest rates have been used globally to counter inflationary pressures. This will continue to have a positive impact on some parts of Jersey's financial sector, driving robust growth for the Jersey economy and thus, Government revenue. UK interest rates may be at, or near, their peak and are expected to fall towards the end of the year and into 2024, although there remains uncertainty about the timing of this. Nonetheless, Jersey's position remains somewhat insulated from the global economic context, on a comparative basis.

1.5. The Spring 2023 forecast (based on the FPP assumptions of March 2023) has been developed as a 'central forecast' to represent the IFG's view of the most likely outcome. In view of the ongoing increased economic uncertainties around the forecast, a forecast range has been considered, which is detailed in section 5.

1.6. A review to assess the robustness of the forecast models and methodology is expected to be undertaken ahead of the next IFG.

2. Uncertainties around the forecast

2.1. Significant uncertainty remains around the IFG forecast, emphasis should be on the illustrative range presented by the IFG, rather than a sole focus on the central forecast.

2.2. There are increasing and emerging uncertainties in the global economy with the challenges of high inflation, the economic consequences of the ongoing conflict in Ukraine and other geo-

[1] FFP Economic Assumptions March 2023

political uncertainties. The global economy is expected to grow by 2.8%[2] in 2023, which by global standards is considered weak. For advanced economies, it is 1.3% which is a poor level of economic performance. The economic prospects for the UK economy are currently even worse, with the IMF predicting a contraction of 0.3% in 2023.

2.3. Jersey's financial services sector contributes a large part of the Jersey tax revenue, both directly and indirectly. The sector has proven resilient against several challenges including the pandemic. After a long period of low interest rates, central banks across the world have increased their rates to combat inflationary pressures; since the Summer 2022 forecast, Bank Rate has increased by 2.5 percentage points to 4.25% in March 2023. However, with UK inflation expected to fall in the UK (as wholesale energy prices fall and covid-19 disruptions to the global supply chains ease), the period of elevated interest rates is more likely to be temporary[3]. This creates a downward risk that interest rates could fall in the medium term at least, which may impact the increased profitability of the financial services sector and associated tax revenues in Jersey.

2.4. External regulatory factors continue to represent a key area of uncertainty in producing the forecast, with the Organisation for Economic Co-operation and Development (OECD) and G20 updating tax laws to reflect the digitalisation and globalisation of businesses.

2.5. The FPP have previously highlighted risks of housing and impact on the labour market to the ongoing growth of the economy. In the longer term, Jersey's economy faces similar risks to other advanced economies, including the impact of ageing demographics and challenges around low productivity growth. These continue to contribute uncertainty around the income forecast.

3. Economic Assumptions

3.1. The FPP produced a new set of economic assumptions in March 2023. These reflect latest outturn data, international developments and use latest UK and international forecasts.

3.2. The main differences between the March economic assumptions and those used in the IFG forecast for Summer 2022 include:

- Higher interest rates and a reprofiling of the growth in financial services profits, bringing forward higher profits in 2022 and a downward revision in 2023. This reduces the forecast growth in real GVA expected in 2023 but introduces modest increases in 2024 and 2025.
- RPI inflation is projected to reach a peak of 12.8% in Q1 2023 and then to fall steadily. The RPI forecast for 2024 and 2025 has been revised down.

[2] IMF World Economic Outlook, April 2023: Chapter 1 – Table 1.1. Overview of the World Economic Outlook Projections
[3] IMF World Economic Outlook, April 2023: Chapter 2 – The Natural Rate of Interest: Drivers and Implications for Policy

- Average earnings are projected to rise almost alongside inflation, due to a tight labour market keeping demand for skills high and thus wages reflecting this.

- Employment is assumed to rise consistently in the financial services sector, whilst the non-finance sector is expected to see a period of above trend growth reflecting strong post-pandemic recovery.

- House prices are forecast to increase at a slower rate in 2023 (compared with 2022), after higher-than-expected performance in 2022 and the effect of actual interest rates being higher than forecast. The forecast for growth in house prices in 2024 and 2025 is unchanged and the forecast for housing transactions remains unchanged.

3.3. The IFG have considered the economic assumptions from the FPP and have agreed that these assumptions should be used as the basis of the income forecast modelling for Spring 2023. However, the IFG recognise the increased uncertainty around assumptions, and have factored this into the range of forecasts.

Figure 1 Economic Assumptions

FPP Economic Assumptions March 2023							
% Change unless otherwise specified	2021	2022	2023	2024	2025	2026	2027+
Real GVA	9.2	4.3	3.9	1.6	0.4	0.4	0.5
RPI	2.7	9.3	9.9	1.8	0.8	0.2	2.4
RPIY	2.7	7.1	5.9	2.2	1.5	2.1	2.4
Nominal GVA	12.1	12.1	10.3	4.3	2.2	2.7	2.9
Gross Operating Surplus (including rental)	19.2	19.0	13.8	5.3	2.5	2.4	2.9
Financial Services Profits	13.1	30.0	20.0	5.5	1.0	1.0	3.2
Compensation of employees (CoE)	6.8	6.5	7.0	3.2	2.0	3.0	2.9
Financial services CoE	3.9	5.4	6.9	2.6	1.9	3.7	3.4
Non-finance CoE	8.7	8.5	6.8	2.8	1.9	2.9	2.7
Employment	2.9	0.9	0.6	0.5	0.4	0.4	0.1
Average Earnings	3.3	6.2	6.4	2.6	1.6	2.6	2.8
Interest rates (%)	0.1	1.5	4.2	4.0	3.5	3.3	3.2
House prices	16.0	11.0	1.0	4.0	3.0	3.0	2.9
Housing transactions	15.1	-12.9	3.0	2.5	2.5	2.5	4.0
Change from previous forecast	2021	2022	2023	2024	2025	2026+	
Real GVA	+3.8	+0.2	-4.7	+0.3	+0.3	-0.1	
RPI	-	+1.6	+3.2	-2.1	-1.9	-2.2	
RPIY	-	+0.9	+0.7	-1.5	-1.2	-0.3	
Nominal GVA	+3.9	+1.6	-3.8	-0.6	-0.6	-0.2	
Gross Operating Surplus (including rental)	+8.2	+2.5	-10.5	-0.3	-	-0.5	
Financial Services Profits	-6.4	+3.8	-22.3	-0.7	-0.6	-2.2	
Compensation of employees (CoE)	+0.7	+0.7	+1.6	-1.1	-1.2	+0.1	
Financial services CoE	+0.3	-0.7	+1.8	-1.5	-1.2	+0.3	
Non-finance CoE	+0.7	+1.8	+1.3	-1.5	-1.2	+0.2	
Employment	-0.1	+0.2	-	-	+0.1	+0.3	
Average Earnings	-	+0.9	+1.5	-1.2	-1.3	-0.2	
Interest rates (%)	-	+0.3	+1.7	+1.3	+0.8	+0.7	
House prices	-	+5.0	-4.0	-	-	+0.1	
Housing transactions	-	-16.4	-	-	-	-1.5	

4. Summary of forecasts

4.1. The individual forecasts for each revenue stream are included in the appendices and provide further details of the assumptions and adjustments made to each component of the forecast.

4.2. In the Summer 2022 IFG Report, The IFG outlined its review of forecast accuracy to assess both the accuracy of the forecast model and the economic assumptions used to estimate personal income tax, corporate income tax and GST. This forecast accuracy review showed that the model had proven to be accurate in forecasting income lines using outturn data and that forecast errors are within an acceptable range for input assumptions. The accuracy work provides comfort to forecast users and the IFG that the model and FPP assumptions work well. This work will be used to drive continuous improvements in the forecasting process and to develop a continuous feedback loop in delivering forecast accuracy.

4.3. Personal income tax (appendix A) has increased for 2023 with some modest falls in the forecast for 2024 to 2026. These changes have been driven by changes to the marginal threshold exemptions made in the 2022 mini-budget and by the latest FPP economic assumptions. Movements in the 2021 tax outturn and 2022 ITIS data have positively contributed to the overall forecast. The IFG have reconsidered the remaining adjustments made for the impact of Covid and have maintained their inclusion in the forecast. The rationale behind this is set out in appendix A.

4.4. Corporate income tax (appendix B) has decreased driven by a reprofiling of the growth in financial services profits, bringing forward higher profits in 2022 and a downward revision in 2023. The forecast corporate income tax revenue from other sectors remains stable with one methodological change outlined in appendix B.

4.5. Goods and Services Tax (appendix C) has been updated to reflect the FPP's latest economic assumptions and outturn.

4.6. Impôts duty (appendix D) has decreased in each year of the forecast, due to worse than expected impots duty receipts in 2022. The coronavirus pandemic brought considerable uncertainty to the forecasting of Impôts duty for the years 2020-2022 due to the significant changes in behaviour, consumption and travel, however, the forecast is now predicting a return to pre-pandemic long-term trends.

4.7. Stamp duty (appendix E) has decreased in each year of the forecast. This is due to a decrease in the number of transactions seen in Quarter 4 (Q4) of 2022, and the initial months of 2023, which has been considered when producing the forecast. Consideration of the apparent downturn has resulted in the updated forecast for 2023 being reduced to £12m below the Summer 2022 forecast. The Group have considered this downturn to be temporary, the most significant impact being in 2023, with the subsequent years of the forecast seeing a reduction of between £2m and £5m from the Summer 2022 forecast.

4.8. Other income (appendix F) the updated forecast for Other Income for 2023 is now £90 million, which is an increase of £28 million compared to the Summer 2022 forecast. This variance is largely due to the inclusion of a £20 million dividend from Jersey Telecom in both 2023 and 2024, which was agreed in Government Plan 2023-2026.

4.9. Social security and long-term care contributions (appendix G) are forecast to increase for each year of the forecast. The increase in social security contributions is predominantly driven by the increase in average earnings projected in the economic assumptions, whilst the long-term care forecast is a direct function of changes in personal income tax.

Figure 2 IFG Income Forecast Spring 2023

IFG Income Forecast - Spring 2023					
(GBP 000's)	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Income Taxes					
- Personal Income Tax	626,000	656,000	678,000	713,000	752,000
- Corporate Income Tax	136,000	157,000	164,000	166,000	168,000
- Provision for Bad Debt	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
	759,000	810,000	839,000	876,000	917,000
Summer 2022	*751,000*	*826,000*	*866,000*	*900,000*	-
Variance	8,000	(16,000)	(27,000)	(24,000)	
Goods and Services Tax (GST)					
- Goods and Services Tax	105,300	106,300	106,300	109,300	112,300
- International Service Entities Fees	12,700	12,700	12,700	12,700	12,700
	118,000	119,000	119,000	122,000	125,000
Summer 2022	*108,200*	*110,630*	*112,530*	*114,300*	-
Variance	9,800	8,370	6,470	7,700	
Impôt Duties					
- Spirits	7,487	8,311	8,545	8,700	8,804
- Wine	8,942	9,828	10,004	10,084	10,105
- Cider	1,044	1,137	1,145	1,143	1,134
- Beer	6,648	7,307	7,437	7,496	7,512
- Tobacco	14,785	15,273	14,614	13,847	13,043
- Fuel	25,470	27,713	27,929	27,871	27,648
- Goods (Customs)	1,000	1,000	1,000	1,000	1,000
- Vehicle Emissions Duty (VED)	3,115	3,301	3,241	3,277	3,104
	68,491	73,870	73,915	73,418	72,350
Summer 2022	*79,088*	*81,257*	*82,837*	*83,570*	-
Variance	(10,597)	(7,387)	(8,922)	(10,152)	
Stamp Duty and Land Transaction Tax					
- Stamp Duty	35,514	42,325	42,721	44,371	46,564
- Land Transaction Tax (LTT)	3,339	4,710	4,972	5,249	5,618
- Probate	2,700	2,700	2,700	2,700	2,700
- Enveloped Property Transaction Tax	1,000	1,000	1,000	1,000	1,000
- Buy-to -let	2,330	4,660	4,660	4,660	4,660
	44,883	55,395	56,053	57,980	60,542
Summer 2022	*56,927*	*57,571*	*59,879*	*62,945*	-
Variance	(12,044)	(2,176)	(3,826)	(4,965)	
Other Income					
- Parish Rates	16,021	16,310	16,440	16,473	16,868
- Dividend Income	26,839	26,991	10,276	10,662	11,057
- Other Non-dividend Income	17,849	16,641	16,188	15,830	15,780
- Andium Return	29,277	29,715	29,806	30,022	30,084
Other Income	89,986	89,657	72,710	72,987	73,789
Summer 2022	*62,156*	*63,799*	*67,707*	*68,813*	-
Variance	27,830	25,858	5,003	4,174	
Total Revenue	1,080,360	1,147,922	1,160,678	1,202,385	1,248,681
Summer 2022	*1,057,371*	*1,139,257*	*1,188,953*	*1,229,628*	
Variance	22,989	8,665	(28,275)	(27,243)	

5.Range of estimates

5.1. The central forecast has been prepared based upon the FPP economic assumptions with additional consideration by IFG, as outlined in the separate reports.

5.2. Sensitivity analysis has been run on the forecasts. This tests the sensitivity of the estimates to key variables included the FPP economic assumptions and provides useful confirmation that the model is working. Figure AA summarises the parameters used for the sensitivity analysis. Sensitivity analysis is an economic modelling tool that provides assurance that the model is working correctly and projections if certain variations occur. This does not imply what is expected and is not dependent on different scenarios.

Figure 3 Parameters used for the sensitivity analysis

	Variation (pp)
RPI	+/- 3.0
RPIY	+/- 2.0
Financial Services GOS	+/- 10.0
Financial Services CoE	+/- 3.0
Non-Finance CoE	+/- 3.0
Employment	+/- 1.5
Average earnings	+/- 3.0
Interest rates	+/- 1.0
House prices	+/- 2.0

5.3. The IFG advise that the central forecast should be considered within an illustrative range, as shown below.

Figure 4 IFG Forecast Range

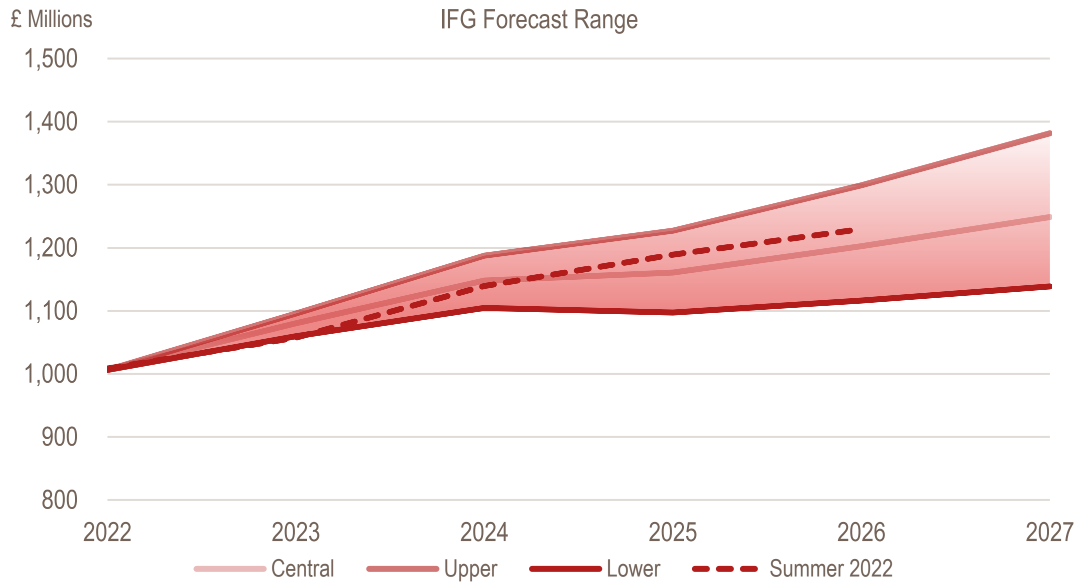


Figure 5 Range of Estimates

Range of estimates					
(GBP 000's)	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Upper scenario	1,095,876	1,187,495	1,227,103	1,299,173	1,381,554
Central scenario	1,080,360	1,147,922	1,160,678	1,202,385	1,248,681
Lower scenario	1,059,741	1,104,703	1,097,150	1,116,289	1,138,691
Summer 2023	1,057,371	1,139,257	1,188,953	1,229,628	

Appendix A – Personal Income Tax Forecast

The Personal Income Tax (PIT) forecast was updated in Spring 2023 to include new tax outturn data, the FPP's March 2023 economic assumptions, re-estimated statistical relationships and the removal of pandemic adjustments for business profits.

The updated personal income tax forecast is summarised below in Figure A1.

Figure A1. Spring 2023 Personal Income Tax Forecast

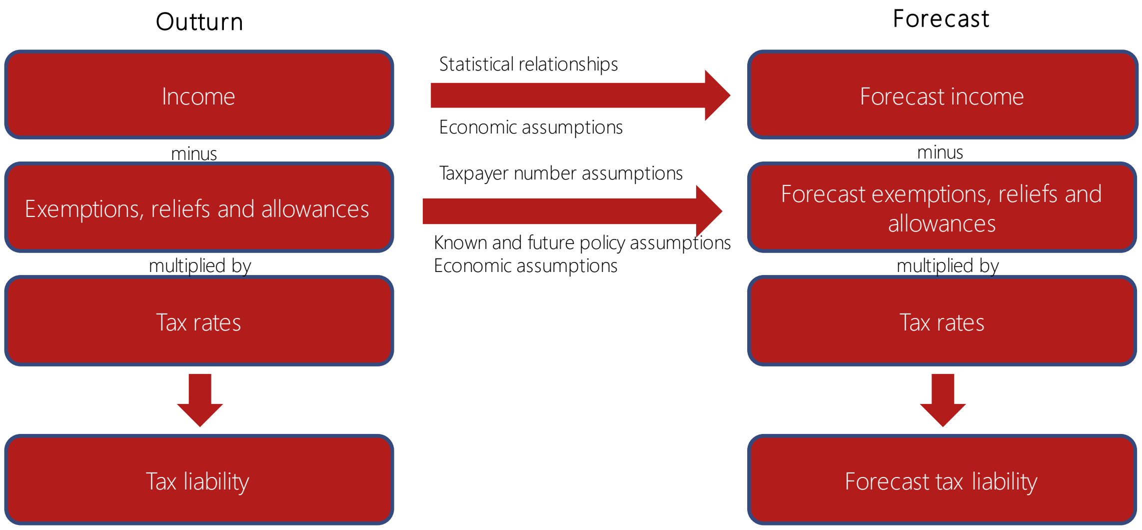
Personal Income Tax Spring 2023							
(GBP millions)	2021 Outturn	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Summer 2022 Forecast	525	570	623	658	688	719	
Tax outturn	+9	+10	+10	+11	+11	+11	
2022 ITIS outturn		+7	+7	+7	+7	+8	
Policy changes			-16	-17	-17	-14	
Economic data/assumptions		+4	+3	-2	-8	-8	
New relationships		+1	+0	+0	+1	+1	
Updated HVR forecast		-0	-1	-0	-0	+0	
Changes to IFG adjustments		-1	-1	-1	-1	-1	
Independent taxation*					-3	-3	
Spring 2023 Forecast	534	590	626	656	678	713	752
Variance	+9	+19	+2	-2	-10	-6	

Forecast Methodology

An overview of the personal income tax forecasting model is shown in Figure A2. There are two main elements - forecasting taxable income and forecasting the average effective tax rate (i.e. tax liability per £1 of taxable income). The latter is based on forecasts of the value of deductions (including exemption thresholds for marginal rate taxpayers, and reliefs, credits and allowances claimed by taxpayers). The forecast of tax collectable is, therefore, the product of the forecasts for taxable income and the average effective tax rate.

Taxable personal income is estimated by applying economic assumptions provided by the FPP to latest outturn data. The economic assumptions include the forecast year on year change in compensation of employees (CoE), company profits, employment, average earnings, inflation and interest rates. Outturn data is provided by Revenue Jersey. The average effective tax rate is forecast by taking baseline data for the value of deductions. Changes are forecast, in line with assumptions about future taxpayer numbers, inflation, interest rates and policy changes announced in previous Budgets and Government Plans. So, for example, the aggregate value of the basic exemption thresholds might be assumed to rise in line with the lower of RPI inflation and earnings (to represent the anticipated annual increase in the threshold), and employment growth (to represent the increase in taxpayer numbers meeting this threshold).

Figure A2: Model overview



Tax outturn, HVR and ITIS

Income and tax outturn data is taken from personal tax assessments by Revenue Jersey. Income outturn for 2021 year-of-assessment taxpayers was £208m (6.2%) higher than 2020 outturn and £15m (0.4%) greater than the Summer 2022 forecast. The breakdown of taxable income outturn is shown in Figure A3.

Figure A3: Taxable income forecast vs outturn for 2021

Taxable income (GBP millions)	2021 Summer 2022 IFG Forecast	2021 Outturn	Difference	2021 outturn as proportion of total income (%)
Business profits	210	227	+17	6
Earned income	2,502	2,489	-13	70
Bank, dividend and other unearned income	107	113	+6	3
Pension income	377	360	-17	10
Property income	128	127	-1	4
Shareholder income and distributions	198	221	+23	6
Total	3,522	3,537	+15	100

The tax outturn for 2021 year-of-assessment was £45m (9.3%) higher than 2020 and £9.0m (3.6%) greater than the Summer 2022 IFG forecast; these have been incorporated into the forecast as a new base. The breakdown by personal tax assessments, high-value residency (HVR) taxpayers and other entities is presented in Figure A4.

Figure A4: Personal income tax forecast vs outturn for 2021

Personal Income Tax				
(GBP millions)	2021 Summer 2022 IFG Forecast	2021 Outturn	Difference	2021 outturn as proportion of total tax (%)
Personal tax assessments	498	506	+8	95
HVR	25	26	+1	5
Other entities	2	3	+1	0
Total	525	534	+9	100

The impact of the outturn data on the forecast base increases the forecast by £11m annually.

Tax from other entities including clubs/associations, estates and pension schemes grew by 8.0% in 2021 to £2.6m, from £2.5m in 2020. The forecast assumes this amount to remain flat in nominal terms for the rest of the forecast period. Assessments for taxpayers on the high-value residency (HVR) regime show that £25.9m was assessed for these taxpayers in 2021, increasing from £22.5m in 2020 and £0.9m higher than in the Summer 2022 forecast.

Tax from HVR taxpayers is forecast separately to the main taxpayer population because the tax rates faced by these taxpayers differ from those for other taxpayers. The forecast for HVR tax is based on expectations for the number of HVR taxpayers arriving, departing, or moving to licensed status.

The number of HVR arrivals in 2022 was lower than assumed in the last forecast, however, the forecast will continue to use a simplified average of 17 per year for the forecast period, 2023 to 2027. The number of HVR departures was 5, including one move to licensed status. The forecast uses a 5-year average of 7 for the forecast period. As outlined in the Government Plan 2023-2026, the minimum contribution for HVR taxpayers increased to £170,000 in 2023. These changes lead to modest changes to the forecast and reduce the forecast by £1.2m over 2022-26.

Revenue Jersey has provided a revised figure for growth in employment income reported through the Income Tax Instalment System (ITIS) for 2022. Employment income grew by 8.0% in 2021. This is considerably higher than 6.9% implied by the equation used to forecast earnings. Faster than expected growth in earnings income as approximated by ITIS data increases the forecast by approximately £7m in each year of the forecast.

Policy changes and independent taxation

Personal exemption thresholds for marginal rate taxpayers for 2023 have been updated to reflect changes published in the Government Plan 2023-2026. The exemptions are as follows; £18,550 for single taxpayers, £29,750 for married taxpayers and £7,350 for second earners. The value of the exemption thresholds for marginal rate taxpayers is then forecast to grow in line with the smaller of earnings growth and RPI a year prior.

The impact of these policy changes reduces the forecast by approximately £16m annually.

From 2022, anyone arriving in Jersey or anyone who gets married or becomes a civil partner will be independently taxed. Whereas couples can optionally move to independent taxation for the years 2023 and 2024, it is intended that by 2025, although not currently legislated for, all married couples and civil partners will be independently taxed. The IFG agreed it was appropriate to incorporate the impacts of the compulsory change to independent taxation into the forecast, with an estimated reduction of £3m annually from 2025.

Economic data/assumptions

The FPP's March 2023 economic assumptions have been incorporated into the forecast and are expected to reduce the forecast by £10m over 2022 to 2026:

- The revised forecast for inflation results in a small decrease of less than £1m in 2023 and 2024. This is the result of increased shareholder income/distributions that are forecast to rise in line with RPIY, partially cancelled out by the impact of faster growth in exemption thresholds. As inflation is now expected to fall faster from 2024, the personal income tax forecast sees an increase of £15m over 2025 and 2026.
- The projected rebound and growth in financial services profits has been reprofiled to an increase of 30% in 2022 (up from 26%). Growth in 2023 has been revised downwards to 20% (from over 40%). This reduces the forecast by £35m over 2023 to 2026, after a small increase of £1.5m in 2022.
- The revised forecast for compensation of employees, average earnings and employment growth increases the forecast by a total of £4.5m in 2022 and 2023 but then decreases the forecast by a total of £27m over 2024 to 2026. These economic assumptions are updated together as they each interact with each other.
- The increased forecast for interest rates increases the IFG forecast by £6m in 2023 and £9m in 2024 with smaller increases expected in 2025 and 2026. This is due to the impact on bank interest, dividend, and other unearned income.

Adjustments to personal income tax forecast due to the COVID-19 pandemic

The IFG made additional adjustments to account for the impact of the global pandemic and the resultant restrictions on economic activity. These adjustments were to the smaller income lines, i.e., income other than employment and pension income. This is because the impact on employment income was already included in the FPP forecast. The approach in 'normal times' is to forecast many of these smaller income lines to be flat in real terms, or to grow in line with recent averages, and IFG took the view that adjustments were needed to these assumptions to reflect the impact of the pandemic not only on the labour market but on other income streams.

As more data and outturn became available the adjustments were appropriately revised or removed. Since the Summer 2022 forecast, two adjustments to business profits and property income were applied to the forecast growth rates for 2021 and 2022. The adjustments used are reported in Figure A5 below.

Figure A5. IFG adjustments applied in Summer 2022

	2021	2022
Business profits	5.64%	5.64%
Property income	2.88%	2.88%

Figure A6 below shows the growth rate of outturn data compared with the growth rates predicted in the Summer 2022 forecast:

Figure A6: Assessment of the IFG's adjustments using 2021 outturn

	2021 Outturn	2021 Forecast Summer 2022 without IFG adjustment	2021 Forecast Summer 2022 with IFG adjustment	Accuracy of IFG
Business profits	+21.8%	+6.9%	+12.5%	+8.6pp
Property income	+7.2%	+6.4%	+9.3%	-2.1pp

The outturn for 2021 indicates better than expected performance for business profits with growth exceeding the forecast growth rate by 8.6 percentage points. Growth in property income performed above the 10-year (2009-2019) average of 6.4%, however, it remained 2.1 percentage points lower than the IFG adjusted growth rate.

The impact of removing these adjustments for 2022 is set out below:

1. The removal of the adjustment to business profits reduces the forecast by £4m in 2022 and by a further £17m over the remainder of the forecast period, 2023 to 2027.
2. The removal of the adjustment to property income reduces the forecast by less than £1m in 2022 and by a further £4m over the remainder of the forecast period, 2023 to 2027.

The FPP's assumptions for real GVA have been revised upwards, suggesting greater economic activity across the island, however, this will be driven by the financial services sector. Although businesses, such as sole traders, faced greater input costs in 2022.It is unclear whether this higher inflation was absorbed by businesses, thus reducing the profitability. The IFG have agreed to maintain the adjustment of +5.64 percentage points to the 5-year average (2016-2021) of 5.7%, thus giving a forecast growth rate of 11.3% in 2022, before returning to the 5.7% for the remainder of the forecast period.

The IFG have also agreed to remove the adjustment of +2.88 percentage points to the 10-year average (2011-2021) of 7.0%. The IFG deemed this appropriate given the disparity between the year-on-year growth rental component of RPI inflation based on actual rents paid (1.5%) and the rental index based on advertised rents (10%) for 2022.

Figure A7 summarises the remaining adjustment used in the Spring 2023 forecast.

Figure A7. Remaining IFG adjustment

	2022
Business profits	5.64%

New relationships

The statistical relationships used to forecast individual types of taxable income have been updated. The equations used to forecast pensions and investment income (bank, dividend, and other unearned income) have been re-estimated with the latest tax outturn. The three equations currently used are:

1. Growth in earnings is forecast in line with aggregate earnings in the finance and non-finance sectors, and profits in the finance sector.
2. Growth in pensions is forecast in line with average earnings and growth in the over-65 population.
3. Growth in investment income is forecast in line with changes to the Bank of England Bank Rate.

The equations currently used for earnings and pensions were developed by Oxera in 2017. Changes were made to each of the three equations in Spring 2021 to make the estimated relationships more robust. A full description of these changes and the current methodology is available in the IFG Spring Report 2021, R.151/2021.

The following section sets out a small improvement to the pension equation, to make it more robust. The new equation results in a compounding decrease to the forecast of around £300k each year from 2022 onwards.

Pension Income Equation

Pension income is forecast to grow in line with average earnings and with the change in the number of pensioners, which is approximated by the change in the population aged 65 or over (modelled by Statistics Jersey).

In the previous version of the forecast a lag on average earnings and a dummy variable for 2022 were also included to improve the fit of the model. In 2021, pension income grew 1.1% whilst other income lines saw higher growth, which may be explained by one-off high-value withdrawals or delays in individuals taking their pension income.

When incorporating the outturn for 2021 and re-estimating the relationship for pension income, the explanatory power of this equation drops. The re-estimated equation for 2021 is shown below in column (1) of Figure A8. The R-squared of this equation falls from 0.89 to 0.75 when 2021 outturn data is incorporated. A lower weight is placed on the change in average earnings and the change in the over 65 population than in previous estimations of the relationship.

Figure A8. Pension equation

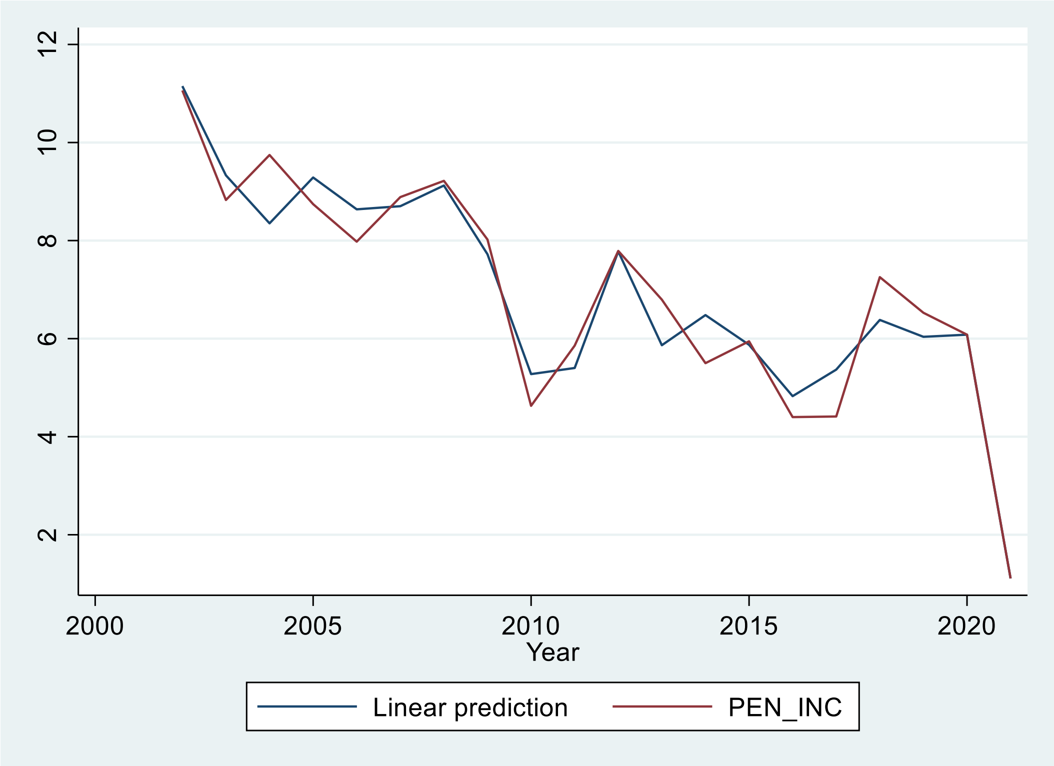
	(1)	(2)
Explanatory variables	Pension income	Pension income
% change in earnings	0.6143* (0.3357)	0.8824*** (0.1978)
% change in earnings (-1)	0.7726*** (0.2383)	0.5718*** (0.1409)
% change in over 65 population	0.9750 (0.5806)	1.049*** (0.3317)
D02to12	2.1674** (0.9217)	1.8088*** (0.5302)
D20	2.0039 (1.5966)	1.9421* (0.9114)
D21		-4.7204***(0.8623)
Constant	0.5198 (1.3765)	-0.8186 (1.3118)
Observations	20	20
R-squared	0.7505	0.9245

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

For this reason, a dummy variable which takes the value of 1 in the year 2021 and 0 otherwise has been added to the model. The dummy is significant at the 5% level and improves the overall fit of the model. The equation including the dummy is shown in column (2) of Figure A9. Incorporating the dummy increases the forecast by £14m over the period 2022-2026 compared to the re-estimating the previous specification.

Figure A9. Fitted and actual values of pension income (new model).



Range of forecasts

The IFG have produced an upper and lower estimate of the Personal Income Tax forecast using sensitivity analysis of the estimates to key variables included the FPP economic assumptions

Figure A10. Parameters used for the sensitivity analysis

	Variation (pp)
RPI	+/- 3.0
RPIY	+/- 2.0
Financial Services GOS	+/- 10.0
Financial Services CoE	+/- 3.0
Non-Finance CoE	+/- 3.0
Employment	+/- 1.5
Average earnings	+/- 3.0
Interest rates	+/- 1.0
House prices	+/- 2.0

Each of the FPP's assumptions has a different impact on the forecast, and often these variables interact. For example, the personal exemption threshold for marginal taxpayers is assumed to grow in line with the lower of RPI and earnings, so the impact on the forecast of a change in either of these variables will be subject to changes in the other. Some variables also affect both income lines and allowances. For example, an increase in inflation will increase the forecast through its impact on shareholder income/distributions and decrease the forecast through increased exemption thresholds for marginal taxpayers. Figures A11 and A12 below show the upper and lower estimates of this forecast.

Figure A11. Range of forecast estimates

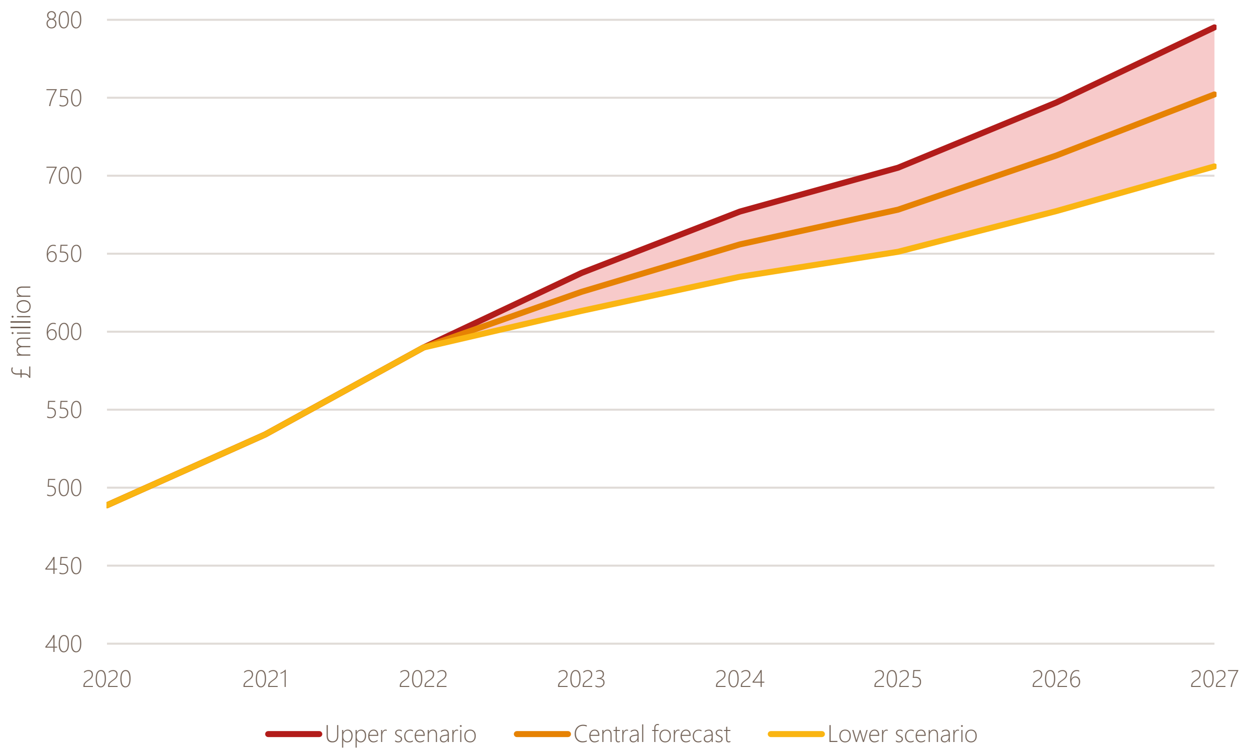


Figure A12. Range of estimates around the central PIT forecast

Personal income tax range of estimates

(GBP millions)	2021 Outturn	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Lower scenario	534	590	613	635	651	677	706
Central forecast	534	590	626	656	678	713	752
Upper scenario	534	590	638	677	705	747	795

Appendix B – Corporate Income Tax Forecast

The Corporate Income Tax (CIT) forecast was updated in Spring 2023 to include new tax outturn data and the FPP's March 2023 economic assumptions. The forecast is summarised below in Figure B1.

Figure B1. Changes to the Corporate Income Tax forecast since Summer 2022 forecast

Corporate Income Tax

(GBP millions)	2021 Outturn	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Summer 2022 forecast	98	110	131	171	181	184	
Impact of tax outturn	+2	+1	+2	+2	+2	+3	
Growth assumptions - FS		0	+3	-17	-19	-20	
Growth assumptions – non-FS		0	+0	+1	+0	+1	
Spring 2023 forecast	100	110	136	157	164	166	168
Variance	+2	+1	+5	-14	-17	-18	

Some columns may not sum due to rounding. Grey background is previous forecast and outturn.

Outturn

The aggregate outturn for 2022 was in line with the Summer 2022 IFG forecast and increased by 11% between 2021 and 2022.

Tax from financial services is the largest contributor to CIT. It was hit strongly during the pandemic, primarily due to the impact of the reduction in the bank rate which fell in March 2020 from 0.75% to 0.1% and remained at that level until December 2021. Tax outturn for financial services fell from £81m to £59m between 2020 and 2021 but has increased to £73m (+23%) in 2022.

Tax from property activities (property development and rental profits) fell by £3m in 2022 to £23m. This is while tax from large corporate retailers (LCRs) remained relatively stable with growth of around £0.9m from 2021. There were some downward revisions to the outturns for 2020 and 2021 when compared to the Summer 2022 forecast.

Tax from utilities fell by £0.8m, whereas tax from all other sectors fell marginally by around £0.1m; the other sector has been significantly revised downwards by £0.9m in 2020 and £0.3m in 2021.

Forecast methodology

CIT is paid in one year in arrears, so tax in 2022 relates to profits in 2021. For the purposes of the forecasts, financial services tax is assumed to grow by prior year financial services gross operating surplus (FS GOS – a measure of profits) forecast by the FPP and other contributors (property, LCR and other) by RPI(Y) inflation.

Below, Figure B2, are the growth rate assumptions used in the CIT forecast.

Figure B2 Assumptions used in corporate tax forecast

Corporate Income Tax growth rates

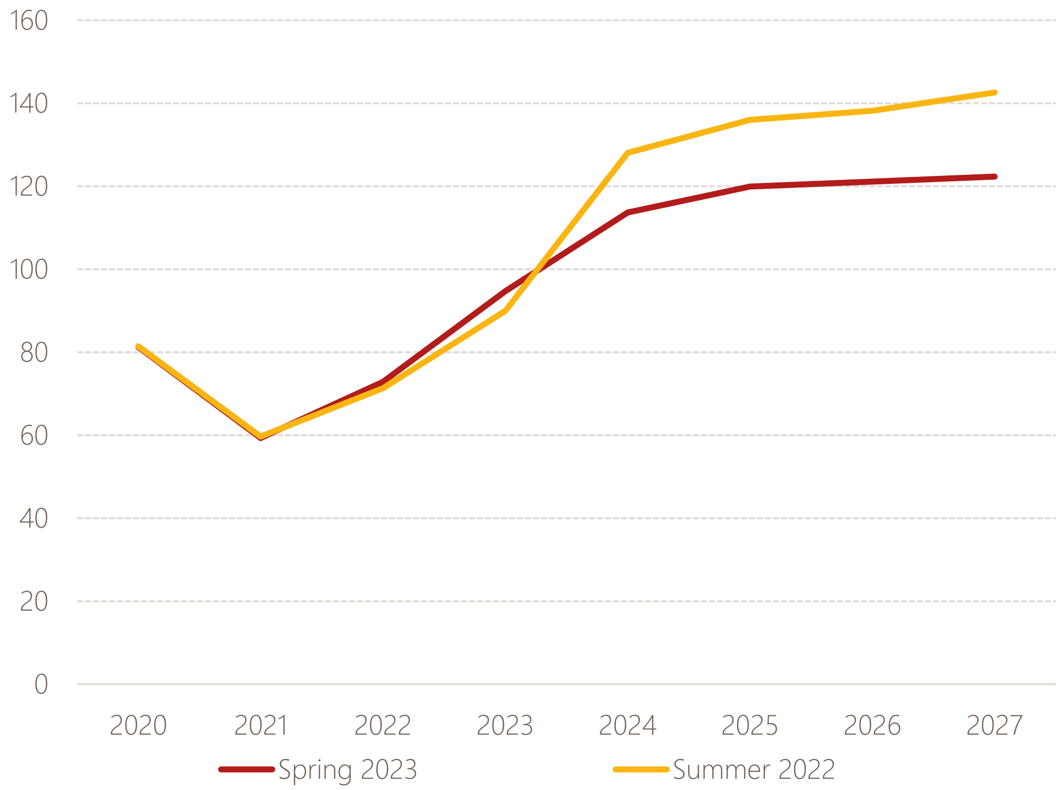
(% growth rate)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Financial services	22.8	30.0	20.0	5.5	1.0	1.0
Property	-10.0	7.1	5.9	2.2	1.5	2.1
Large corporate retailers	13.1	8.6	5.9	2.2	1.5	2.1
Other	-10.7	7.1	5.9	2.2	1.5	2.1
RPIY inflation forecast	7.1	5.9	2.2	1.5	2.1	2.4

Financial services

The forecast has been updated with the new FPP economic assumptions. The new economic assumptions introduce a reprofiling of FS GOS, bringing forward an increase in the tax forecast in 2023 by £5m and reducing tax revenue over the period 2024 to 2027 by £80m.

The average interest rate for 2022 was 1.5% and is forecast to reach 4.2% in 2023 before falling from 2024 onwards. Given Jersey is primarily a deposit-taking centre, interest rate rises usually lead to an increase in net interest margins. The precise trajectory of inflation and therefore, interest rates, remains uncertain, which may lead to the current forecast being conservative.

Figure B3: Forecast corporate income tax from financial services (£m - budget year)

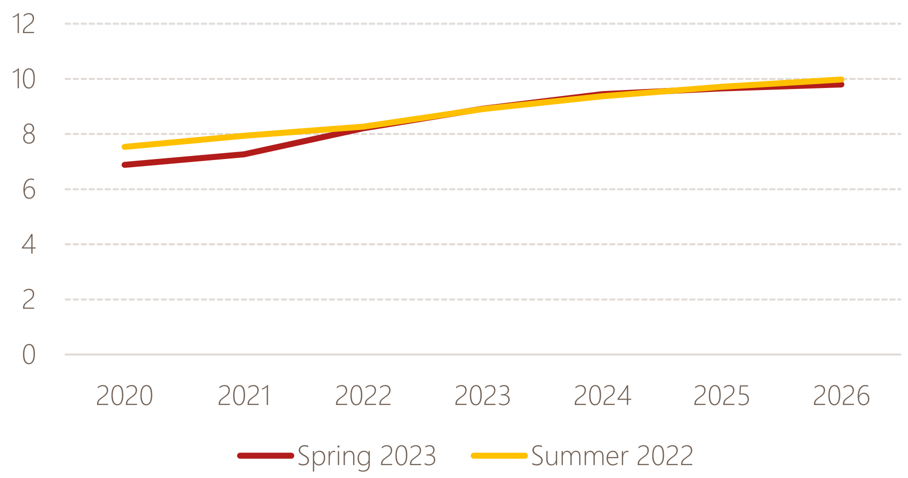


Note: tax is collected one year in arrears, so tax in 2022 relates to profits in 2021

Large corporate retailers

The current forecast remains broadly in line with the Summer 2022 forecast. The previous forecast assumed an uplift of 1.5 percentage points to RPI for the years of assessment 2021 and 2022 (whereby tax is paid in 2022 and 2023). Tax outturn indicates a growth rate of 13% in 2022. The Spring 2023 forecast continues to assume an uplift of 1.5 percentage points to the prior year RPI(Y) inflation in 2023 and steady growth by prior year RPI(Y) thereafter. The absorption of higher input costs by LCRs in not known but if the increased costs are not passed onto customers, it is probable that CIT receipts from LCRs could be lower in 2023 and 2024.

Figure B4: Forecast corporate tax from large corporate retailers (£m – budget year)

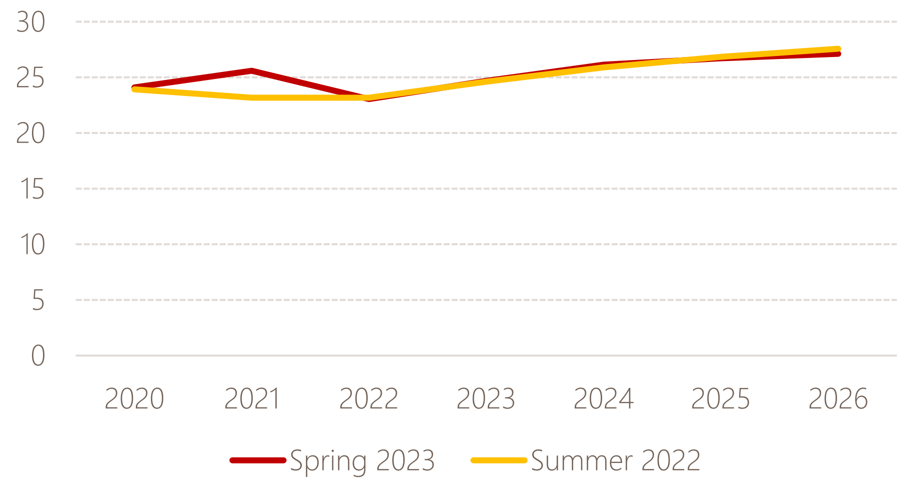


Note: tax is collected one year in arrears, so tax in 2022 relates to profits in 2021

Property

Whilst the Summer 2022 forecast assumed flat growth in 2021 and 2022 for property rental and development profits, revisions to 2021 outturn led to a 6% increase when compared to 2020; this is followed by a year-on-year 10% decrease in 2022. The current forecast continues to assume growth by RPI(Y) inflation and is broadly in line with the Summer 2022 forecast.

Figure B5: Forecast corporate tax from property rental and development (£m – budget year)

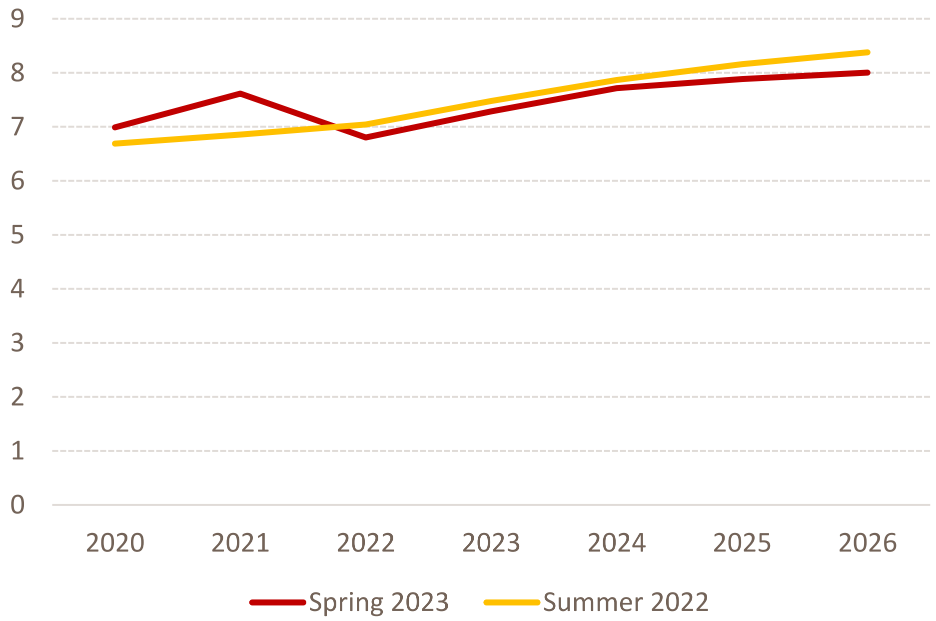


Note: tax is collected one year in arrears, so tax in 2022 relates to profits in 2021

Other corporate tax

The 'Other' corporate tax grouping is a set of predominately utilities, oil and mining businesses. Latest outturn data for tax paid in 2020 and 2021 were higher than forecast, and 2022 is close to the Summer 2022 forecast with a difference of £0.2m. The forecast grows with prior year RPI(Y) inflation, which is consistent with the growth rate for other sectors.

Figure B6: Forecast corporate tax from other sectors (£m - budget year)



Note: tax is collected one year in arrears, so tax in 2022 relates to profits in 2021

Range in forecasts:

The sensitivity analysis applied to FPP assumptions outlined in Figure A7 have varying impacts on different parts of the corporate income tax forecast. The difference between these changes can be seen by the higher and lower estimates seen in Figures B7 and B8, below.

Figure B7: Range of forecast estimates

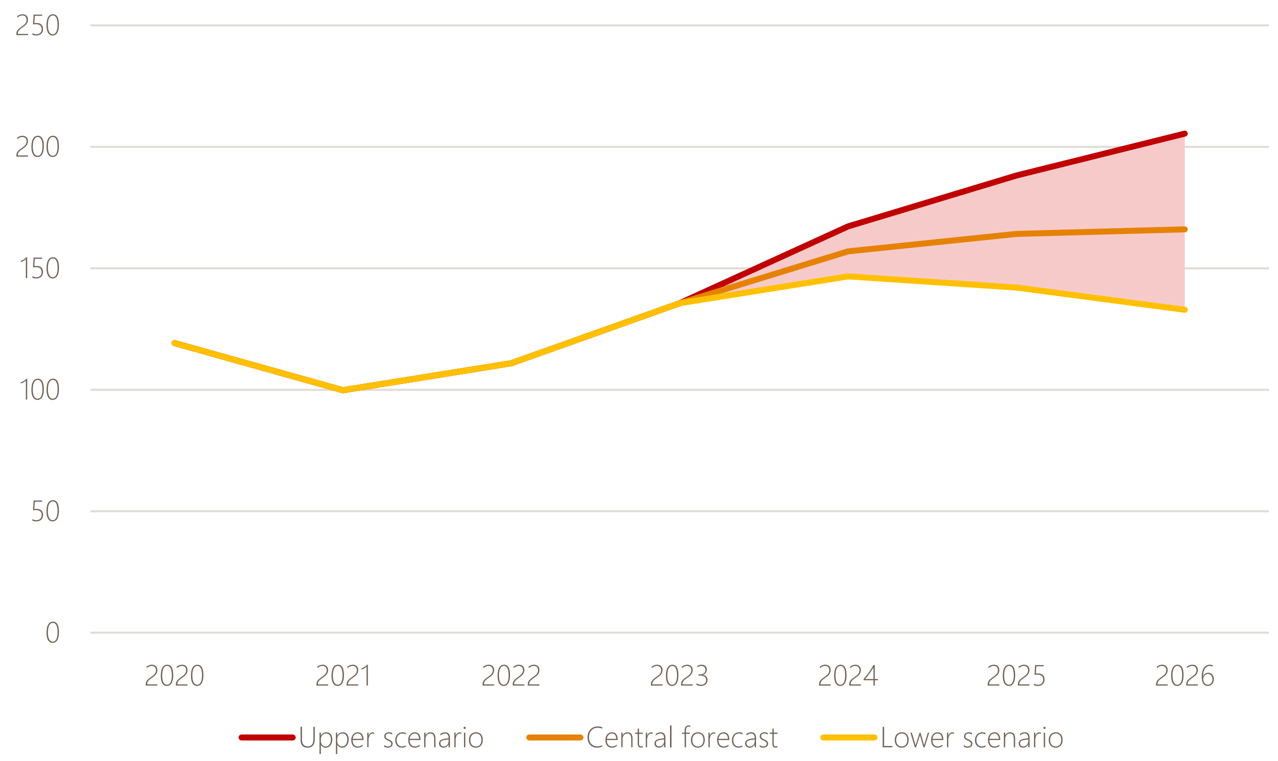


Figure B8: Range of estimates

Corporate Income Tax Range of Estimates							
	2021	2022	2023	2024	2025	2026	2027
(GBP millions)	Outturn	Outturn	Forecast	Forecast	Forecast	Forecast	Forecast
Lower scenario	100	111	136	147	142	133	125
Central forecast	100	111	136	157	164	166	168
Upper scenario	100	111	136	167	188	205	225

Appendix C – Goods and Services Tax (GST) Forecast

The IFG's Spring 2023 forecast for Goods and Services Tax (GST) has been updated to incorporate the FPP's March 2023 economic assumptions and outturn data. The updated GST forecast is summarised in Figure C1.

Figure C1. Changes to the GST forecast since Summer 2022

Goods and Services Tax						
(GBP millions)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Summer 2022 Forecast	103	108	111	113	114	114
	+15	+10	+8	+6	+8	+11
Spring 2023 Forecast	**118**	**118**	**119**	**119**	**122**	**125**
GST	105	105	106	106	109	112
ISE fees	13	13	13	13	13	13

Note: Figures are rounded to the nearest £m

Forecast methodology

The GST forecast models the relationship between GST excluding International Service Entity Fees (ISE Fees), denoted as GSTx, compensation of employees (CoE) and the tax rate. The forecast for GSTx is then added to the forecast for ISE fees. No changes to the model have been made for this version of the forecast. The model is set out below in Equation C1 and is estimated over the period 2010-2021

Equation C1

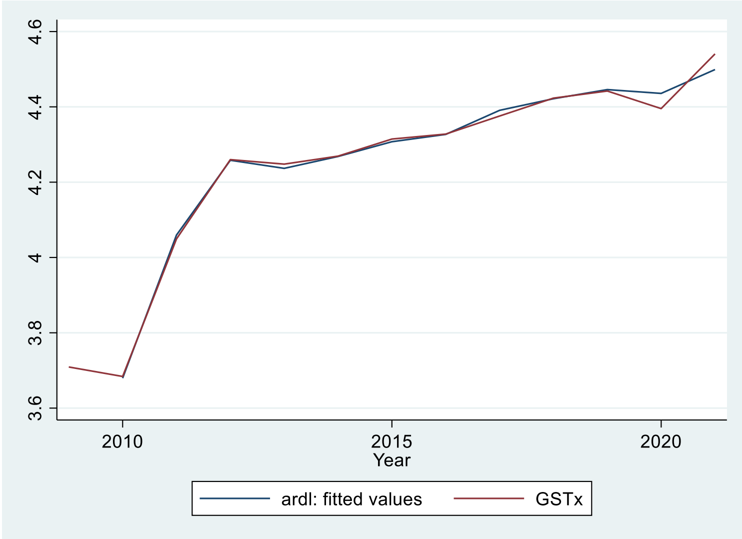
$$\ln\left(GSTx_t\right) = 2.08 - 0.16\ \ln(GSTx)_{t-1} + 0.85 \ln\left(CoE_t\right) + 1.22 \ln\left(GSTrate_t\right) + \epsilon. \qquad (1)$$

The forward-looking forecast uses the FPP's assumptions for the growth of CoE and is conditional on the tax rate being held at 5% for period of the forecast. Figure C2 shows the coefficients, standard errors, p-values, and diagnostic statistics for the regression model in Equation C1. Figure C3 plots the natural log of the GSTx outturn, and the fitted values predicted by the model.

Figure C2. ARDL with GSTx dependent variable

	GSTx
GSTx (-1)	-0.1602**
	(0.0685)
CoE	0.8531***
	(0.0856)
GST Rate	1.2204***
	(0.0861)
Constant	2.0849***
	(0.5351)
Observations	12
R-squared	0.9929
Adjusted R-squared	0.9902
Log-Likelihood	33.08

Figure C3. Fitted and actual values of $ln(GSTx)$



Standard errors in parentheses (*** p<0.01, ** p<0.05, * p<0.1)

Updated FPP economic assumptions

The FPP March 2023 economic assumptions for CoE has been increased by 1.6 percentage points for 2023 and decreased by 1.1 and 1.2 percentage points for 2024 and 2025, respectively.

Changes to the annual ISE fees from 2021 were expected to increase the GST forecast by £3.5m each year to approximately £12.6m. Outturn data for 2021 suggests that this assumption was accurate as value of ISE fees in 2021 was £12.63m. The growth of ISE fees is expected to be flat in nominal terms throughout the years of the forecast.

Reductions in the *de minimis* level and registration of LCRs

In October 2020, the "*de minimis*" level for paying GST on unaccompanied imported goods was reduced from £240 to £135. Amendments to this have been approved and will further reduce the *de minimis* level from £135 to £60 from July 2023.

The impact of the change from £240 to £135 was estimated to increase GST receipts by £0.8m annually. This was included in the previous August 2021 forecast. The additional reduction in the *de minimis* level from £135 to £60, approved in the Government Plan 2022-25, is estimated to increase GST receipts by £1.1m from 2023 onwards[4]. The additional investment required to administer this change is estimated to be around £350k per annum. In this version of the forecast, we have not accounted for the impact of the requirement for large retailers such as Amazon to register for GST. However, the impact of this on the GST forecast is anticipated to be minimal as this would simply transfer some import GST to on-Island GST.

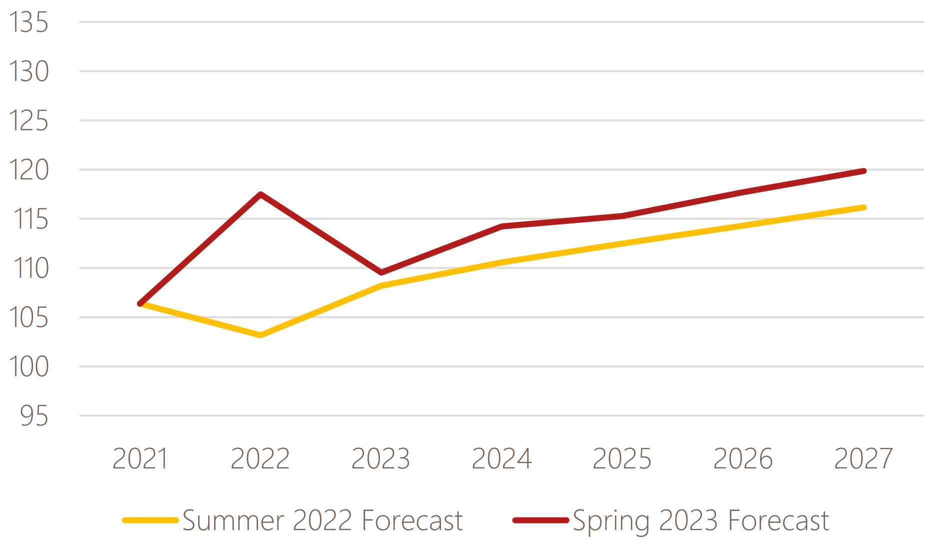
A deferral of the registration of offshore retailers to charge GST at source and the reduction in the de minimis level from £135 to £60, from the start of 2023 to 1 July 2023 was agreed as part of the measures included in the September 2022 mini-budget. The change has been made following requests from some offshore retailers for more time to introduce changes to their systems. The estimated impact of the

[4] Government Plan 2022-2025 page 191

deferral is a decrease of £750K[5] from the expected additional £1.1m *de minimis* revenue in 2023. This has been incorporated in the Spring 2023 forecast.

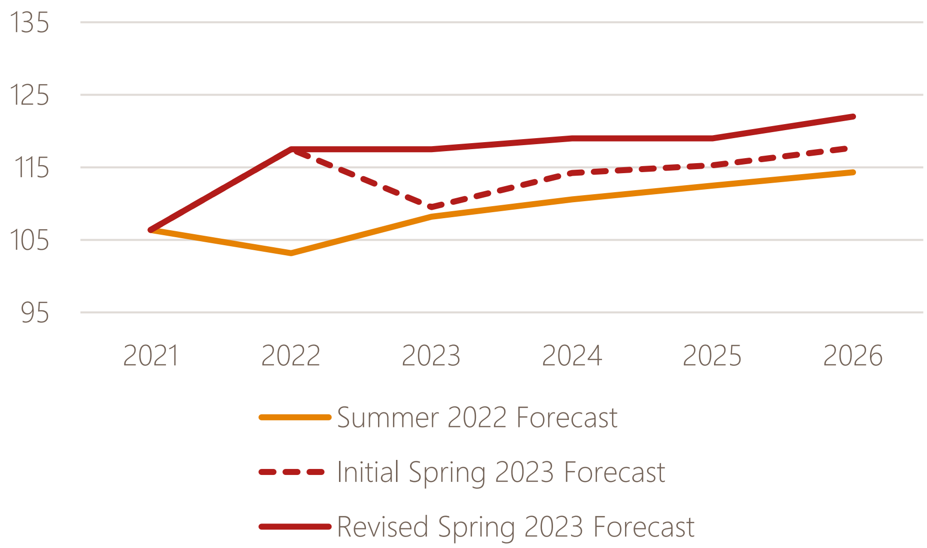
Incorporating these changes from the outturn data, modelled coefficients and FPP economic assumptions, the current forecast, when compared to the previous forecast, is illustrated in Figure C4.

Figure C4: Initial Spring 2023 vs Summer 2022 forecast



As seen in Figure C4, the Spring 2023 forecast model predicted a fall in GST receipts in 2023, which could be attributed to unwinding of the 2022 the post-pandemic surge in demand for goods and services. After discussion, the IFG agreed that this was likely to be an under-estimation of GST and revised the forecast with flat growth from the 2022 outturn point and is shown below in Figure C5.

Figure C5: Initial Spring 2023 vs Revised Spring 2023 forecast



[5] P.80/2022 page 12

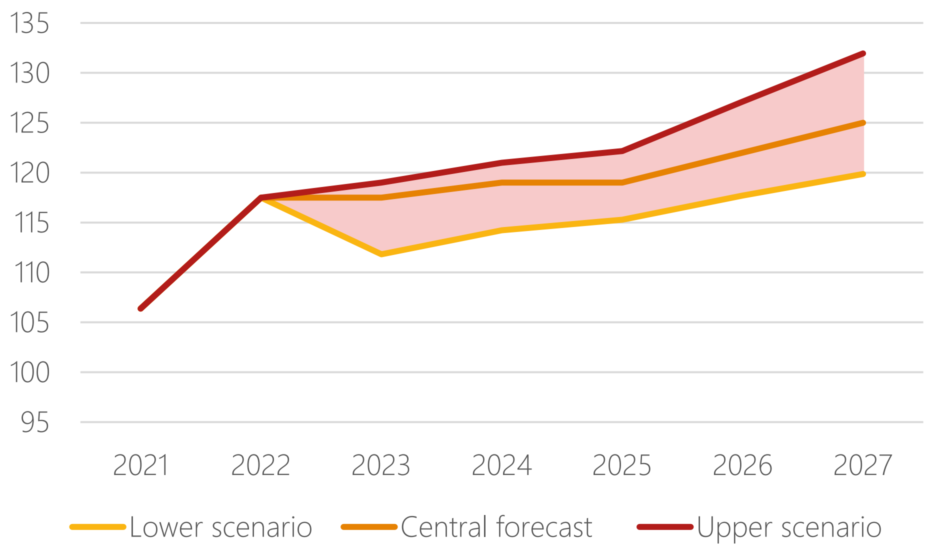
Range of estimates

The IFG have produced a range around the GST forecast using a variation around FPP economic assumptions. As a starting point, this is a range of +/- 3.0 percentage points for their estimate of the growth of CoE. This was then updated to accommodate the revision to the central forecast. The table below shows the upper and lower estimates of this forecast.

Figure C6. Range of estimates around the central GST forecast

GBP millions	2022	2023	2024	2025	2026	2027
Lower scenario	118	112	114	115	118	120
Central forecast	118	118	119	119	122	125
Upper scenario	118	119	121	122	127	132

Figure C7. Graph of upper and lower estimates of this forecast (£m)



Appendix D – Impôts Forecast

Summary

The Spring 2023 forecast for Impôts duty has been updated to incorporate the FPP's March 2023 economic assumptions together with 2022 and Q1 2023 outturn data. In previous years above inflation increases have been applied to certain products (e.g. tobacco and VED) to influence customer behaviour but no such increases have been applied to the forecast as Ministers are yet to agree proposed changes or increases for 2024-2027.

The coronavirus pandemic brought considerable uncertainty to the forecasting of Impôts duty for the years 2020-2022 due to the significant changes in behaviour, consumption and travel, however, the forecast is now predicting a return to pre-pandemic long-term trends which are summarised in the charts and tables below.

The updated Impôts forecast is summarised in Figure D1. Note that the Summer 2022 forecast incorporated 7.9% RPI increases for alcohol and fuel whereas the Government Plan 2023-2026 exceptionally froze duty rises for these two commodities to support the hospitality industry and to help with ongoing costs of living impacts. In addition, the Summer 2022 forecast did not incorporate more latter increases to Vehicle Emissions Duty (VED) which saw charges for the two bands of highest polluting vehicles increased by 75% and 85% respectively.

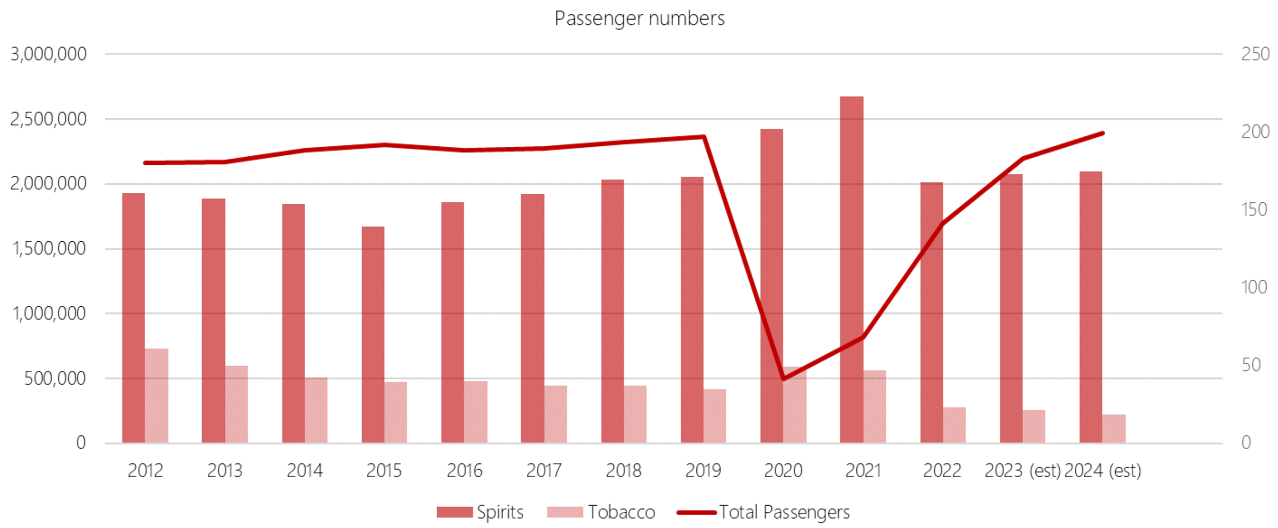
Figure D1. Changes to the forecast since Summer 2022

Impots Forecast (RPI Increases 2024-2027)						
£'000 (unless stated)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Total Impots	66,481	68,491	73,870	73,915	73,418	72,350
Summer 2022	*74,267*	*79,088*	*81,257*	*82,837*	*83,570*	
Variance	(8,538)	(10,597)	(7,387)	(8,922)	(10,152)	

Pre and Post Pandemic

Figure D2 illustrates the effect of the pandemic on the number of passengers travelling to / from the Island together with an anticipated return to the long-term trend in 2024. This trend is presented to against the clear link between passenger numbers and the two commodities most affected by duty-free purchases – tobacco and spirits.

Figure D2. Passenger numbers – tobacco and spirits comparison



Alcohol

Indications from the trade suggest that the hospitality industry is struggling due to a variety of factors including the end of Covid support, staffing difficulties, price rises and customer behavioural changes. It is believed, however, that, in terms of revenue from Impôts duty, the overall effect is neutral as high prices in the on-licence sector are likely to lead to a shift away from on-licence to off-licence consumption. [6]

The Government of Jersey 2021 Alcohol Profile reports on the consumption of alcohol in Jersey, its use, and its harms. The report indicates that Islanders drink, on average, a sixth (16%) less than a decade ago in 2010 and that the relative cost of alcohol has increased.

Figures D3-D6 below illustrate longer-term trends in the dutiable quantity of each product together with 2023-2027 forecasts based upon annual RPI increases.

[6] Jersey Competition and Regulatory Authority – Alcohol Pricing and Promotions Market Study January 2022

Figure D3. Spirits Duty and Quantity Long Term Trend

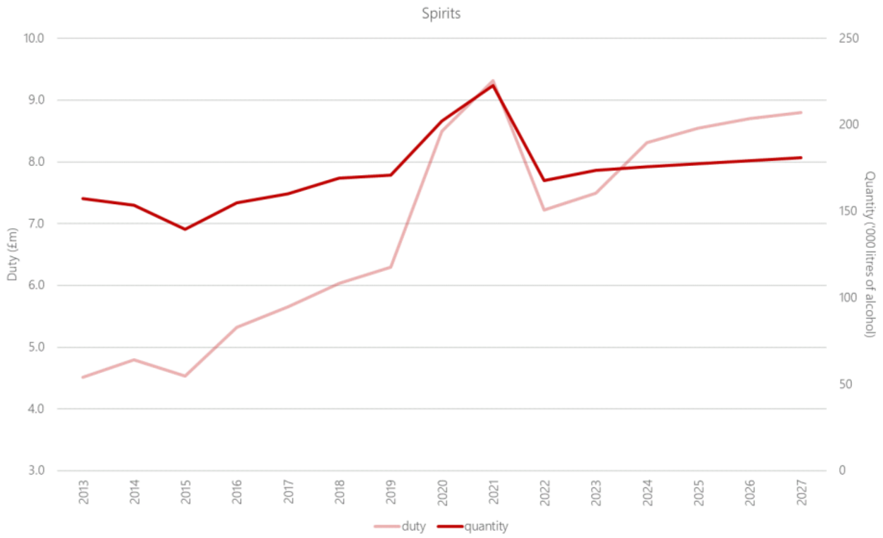


Figure D4. Wine Duty and Quantity Long Term Trend

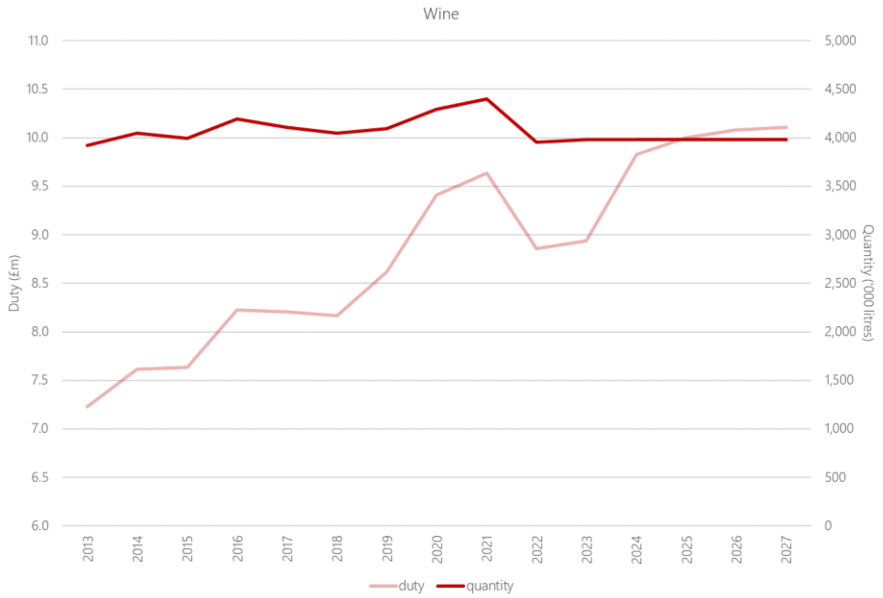
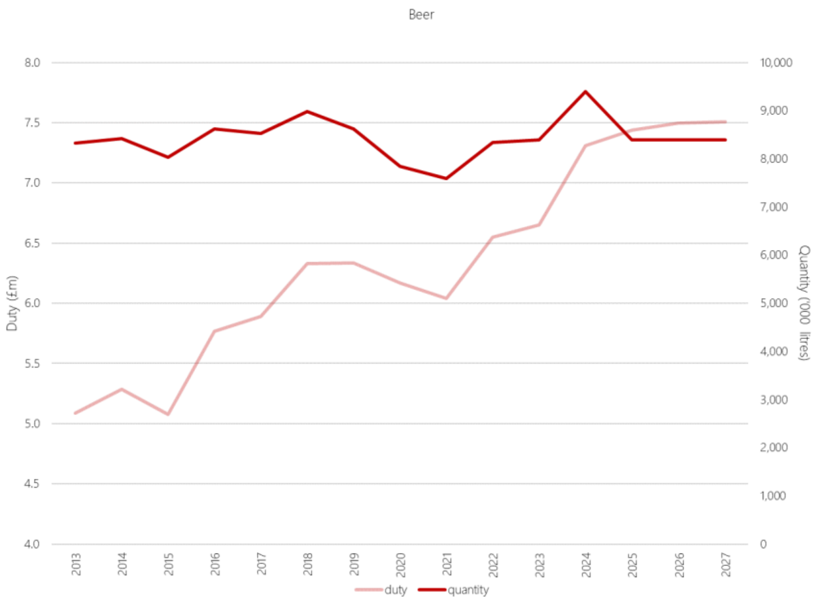


Figure D5. Cider Duty and Quantity Long Term Trend

Figure D6. Beer Duty and Quantity Long Term Trend



Tobacco

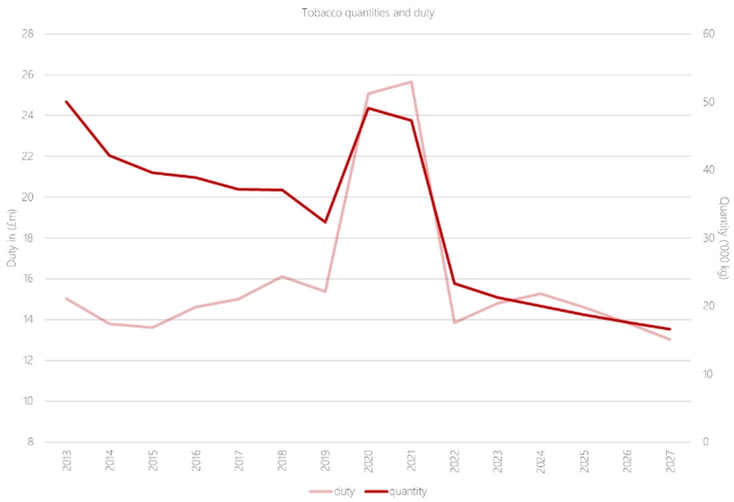
The 2022 outturn for tobacco fell significantly from the Summer 2022 forecast (-33% or -4.55m) below forecast. A decrease had been anticipated and in-year adjustments had been made to the forecast but these ultimately proved to be over-optimistic. Information from the major importers and suppliers of tobacco products in the Island show that, as well as long-term reductions in consumption for health reasons and increased imports of duty free tobacco after the pandemic, a number of other related factors are likely to be influencing behaviours, including:

- Affordability (e.g. Impôts tax escalator)
- Plain packaging, restrictions on advertising, promotion and point of sale display
- Supply chain issues
- Banning of sale of flavoured cigarettes

- Move from tobacco to vaping
- General cultural trend away from smoking

Additional background information can be found in the [Government of Jersey Smoking Profile 2021]

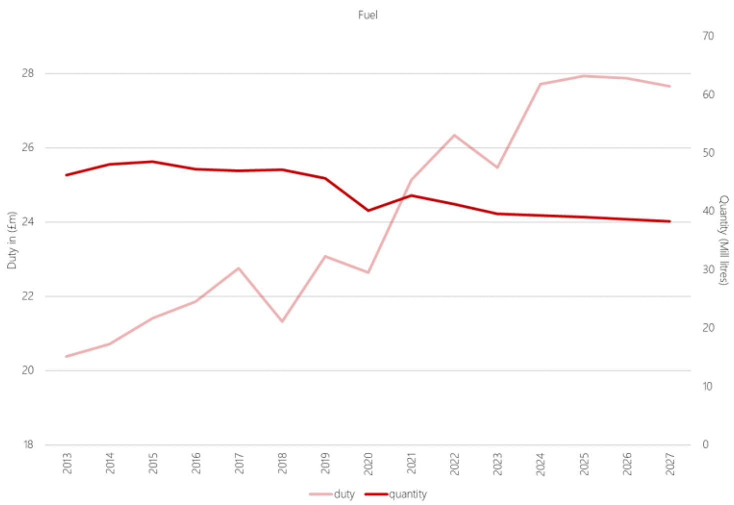
Figure D7. Tobacco Duty and Quantity Long Term Trend



Fuel

Long-term volumes of duty paid road fuel have been in decline since the mid-1990s and there are no indications that this trend will not continue. 2022 outturn was 7% less than forecast whereas the average 10 year decline is between 1% and 2% per annum. On the basis of Q1 2023 volumes the 2023 forecast is currently predicting similar volumes to 2022.

Figure D8 Road Fuel Duty and Quantity Long Term Trend



Vehicle Emissions Duty (VED)

The 2023-2026 Government Plan, as part of efforts to continue to encourage the purchase of electric vehicles, introduced increases of 75% and 85% on the rates for the highest two polluting bands of vehicles, with 32% increases for lower bands.

Policy TR4 of the Carbon Neutral Roadmap, approved by the States Assembly on 29 April 2022, introduced a Vehicle Emissions Duty (VED) optimisation whereby no level of VED would be introduced on zero carbon vehicles but duty would be increased on all domestic petrol and diesel vehicles each year until at least 2030. The expectation in policy TR5 would be to bring into force legislation that prohibits the importation and exportation of petrol and diesel cars and small vans that are new to the Island by 2030 at the latest.

Ministers have yet to agree the proposed levels of increases for VED for 2024-2027 therefore for the purpose of this forecast RPI increases have been applied across all bands.

2022 saw a significant overall decrease in the number of vehicles registered in the Island and an increase in the number of electric vehicles. There is considerable uncertainty as to the effect of the 2023 increased VED rates on vehicle registrations and this forecast is therefore likely to require to be amended as more data becomes available through 2023 and beyond.

Figures D9, D10 and D11 illustrate long term trends in the decrease of the overall number of vehicles being registered, a breakdown of the number of vehicles registered each year per cubic capacity and an increase in the number of low emission, electric and hybrid vehicles. No separate breakdown is provided for the Agricultural tractors or commercial vehicles.

Figure D9 Number of Registered Vehicles per CC – Long Term Trend

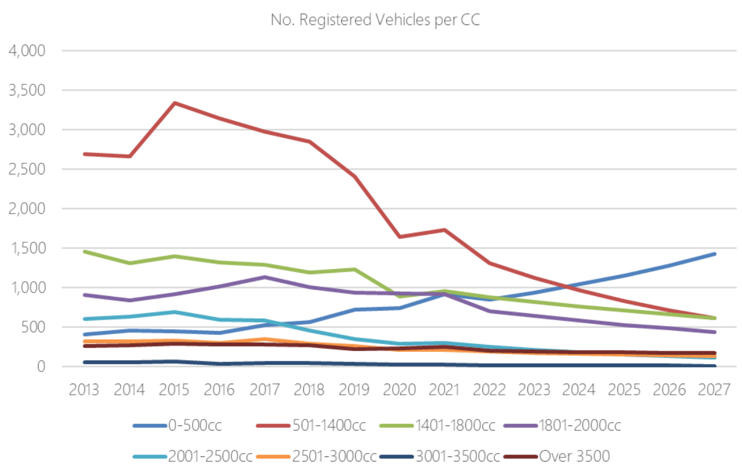


Figure D10. Number of registrations of electric and hybrid vehicles

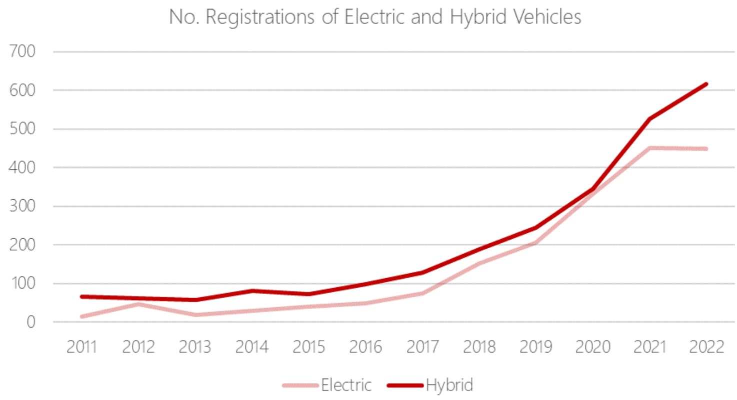


Figure D11 - Summary 2023 forecast for Impôts duty (RPI Increases for 2024-2027)

Impôts Forecast						
£'000 (unless stated)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Spirits						
GBP (000's)	7,220	7,487	8,311	8,545	8,700	8,804
Quantity (Litres of alcohol)	167,798	173,912	175,651	177,408	179,182	180,974
Summer 2022 (GBP 000's)	*8,507*	*8,171*	*8,805*	*9,241*	*9,586*	
Variance	*(1,287)*	*(684)*	*(494)*	*(696)*	*(886)*	
%	*-18%*	*-9%*	*-6%*	*-8%*	*-10%*	
Wine						
GBP (000's)	8,859	8,942	9,828	10,004	10,084	10,105
Hectolitres	39,438	39,800	39,800	39,800	39,800	39,800
Summer 2022 (GBP 000's)	*9,728*	*9,920*	*10,585*	*10,997*	*11,294*	
Variance	*(869)*	(978)	(757)	(993)	(1,210)	
%	*-10%*	-11%	-8%	-10%	-12%	
Cider						
GBP (000's)	992	1,044	1,137	1,145	1,143	1,134
Quantity (Hectolitres)	13,148	13,850	13,712	13,575	13,439	13,304
Summer 2022 (GBP 000's)	*836*	*926*	*968*	*985*	*994*	
Variance	*156*	*118*	*169*	*160*	*149*	
%	*2%*	11%	15%	14%	13%	
Beer						
GBP (000's)	6,548	6,648	7,307	7,437	7,496	7,512
Quantity (Hectolitres)	82,787	83,953	83,953	83,953	83,953	83,953
Summer 2022 (GBP 000's)	*6,361*	*7,227*	*7,634*	*7,852*	*7,984*	
Variance	*187*	(579)	(327)	(415)	(488)	
%	*3%*	-9%	-4%	-6%	-7%	
Tobacco						
GBP (000's)	13,862	14,785	15,273	14,614	13,847	13,043
Quantity (KG)	23,345	21,253	19,978	18,779	17,653	16,593
Summer 2022 (GBP 000's)	*18,412*	19,027	17,748	17,333	16,734	
Variance	*(4,550)*	(4,242)	(2,475)	(2,719)	(2,887)	
%	*-33%*	-29%	-16%	-19%	-21%	
Fuel						
GBP (000's)	25,880	25,470	27,713	27,929	27,871	27,648
Quantity (Hectolitres)	398,330	398,548	394,563	390,617	386,711	382,844
Summer 2022 (GBP 000's)	*27,023*	30,173	31,873	32,785	33,334	
Variance	*(1,143))*	*(4,703)*	*(4,160)*	*(4,856)*	*(5,463)*	
%	*-7%*	-18%	-15%	-17%	-20%	
Customs Duty						
GBP (000's)	896	1,000	1,000	1,000	1,000	1,000
Summer 2022 (GBP 000's)	*1,000*	1,000	1,000	1,000	1,000	1,000
Variance	*(104)*	0	0	0	0	
%	*-12%*	0%	0%	0%	0%	
Vehicle Emissions Duty						
GBP (000's)	2,224	3,115	3,301	3,241	3,277	3,104

Summer 2022 (GBP 000's)	*2,400*	*2,644*	*2,644*	*2,644*	*2,644*	
Variance	*(176)*	471	657	597	633	
%	*-19%*	*15%*	*20%*	*18%*	*19%*	
Total Impots	66,481	68,491	73,870	73,915	73,418	72,350
Summer 2022	*74,267*	*79,088*	*81,257*	*82,837*	*83,570*	
Variance	(8,538)	(10,597)	(7,387)	(8,922)	(10,152)	
%	-13%	-15%	-10%	-12%	-14%	

Upper and Lower Scenario

Upside / downside assumptions for 2024-2027 have been provided below to take account of potential greater inflationary moves than anticipated of 3% above and 3% below the economic assumptions provided by the Fiscal Policy Panel in March 2023.

Figure D19. +/- RPI Assumptions

Impôts Forecast Range					
(GBP 000's)	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Upper Scenario	68,491	74,669	76,844	78,520	79,626
Central Forecast	68,491	73,870	73,915	73,418	72,350
Lower Scenario	68,491	70,928	69,840	68,899	67,803

Appendix E – Stamp Duty Forecast

Summary

The stamp duty forecast has been updated to reflect the revised economic assumptions from the Fiscal Policy Panel, and to incorporate outturn data from 2022. The Summer 2022 forecast was c.£2.2m (4.0%) higher than the actual outturn for 2022, which was principally due to the lower than anticipated stamp duty raised from transactions under £2m and enveloped property transaction tax (EPTT).

A decrease in the number of transactions seen in Quarter 4 (Q4) of 2022, and the initial months of 2023, has been considered when producing the forecast, along with continued uncertainty in some of the components.

Consideration of the apparent downturn has resulted in the updated forecast for 2023 being reduced to £12m below the Summer 2022 forecast. The Group have considered this downturn to be temporary, the most significant impact being in 2023, with the subsequent years of the forecast seeing a reduction of between £2m and £5m from the Summer 2022 forecast.

Outturn 2022

Data available for Q4 of 2022 (Figure E3) and the first two months of 2023 (Figure E4) shows a reduction in the number of transactions compared to the same period in the previous year. The Statistics Jersey House Price Index report[7] for Q4 2022 presented the 2022 turnover of properties as being 12% lower compared against 2021, with Q4 2022 being 40% lower than Q4 2021.

The reduced number of transactions and lower than anticipated stamp duty from EPTT resulted in the outturn being c.£2.2m (4.0%) lower than the Summer 2022 forecast.

Revised FPP Economic Assumptions (March 2023)

The Fiscal Policy Panel (FPP) letter[8], published in March 2023 noted that the increase in house prices, and the number of transactions, were forecast to slow down due to the effect of higher interest rates on mortgage costs.

Compared to the economic assumptions published in July 2022, the assumption for house prices in 2023 has decreased by 4.0pp. Further changes are not seen until towards the end of the forecast period, with the assumptions for 2026 reducing house prices by 0.1pp and housing transactions by 1.5pp.

[7] Statistics Jersey House Price Index https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20House%20Price%20Index%20Q4%202022%2020230216%20SJ.pdf

[8] Fiscal Policy Panel economic assumptions March 2023 - h ttps://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/ID%20FPP%20letter%20economic%20assumptions%20March%202023.pdf

Figure E1: FPP Economic Assumptions March 2023

March 2023 Assumptions (% change)	2022	2023	2024	2025	2026	2027
House Prices	11.0	1.0	4.0	3.0	3.0	2.9
Housing Transactions	-12.9	3.0	2.5	2.5	2.5	4.0

Figure E2: Variation to FPP Economic Assumptions from July 2022

Variation to July2022 (% change)	2022	2023	2024	2025	2026
House Prices	5.0	-4.0	0.0	0.0	0.1
Housing Transactions	-16.4	0.0	0.0	0.0	-1.5

Spring 2023 proposed forecast for Stamp Duty

Transactions under £2m

The number of transactions in Q4 2022 was reduced to pre-Covid levels (Figure E3), and this has continued to be seen in the first two months of 2023 (Figure E4). Anecdotal information has suggested that this trend may be expected to continue for the first half of 2023, and therefore, to provide additional consideration for this in the forecast, this component has been reduced by 50% for January to June 2023.

Figure E3: Comparison of stamp duty transactions under £2m in Q4

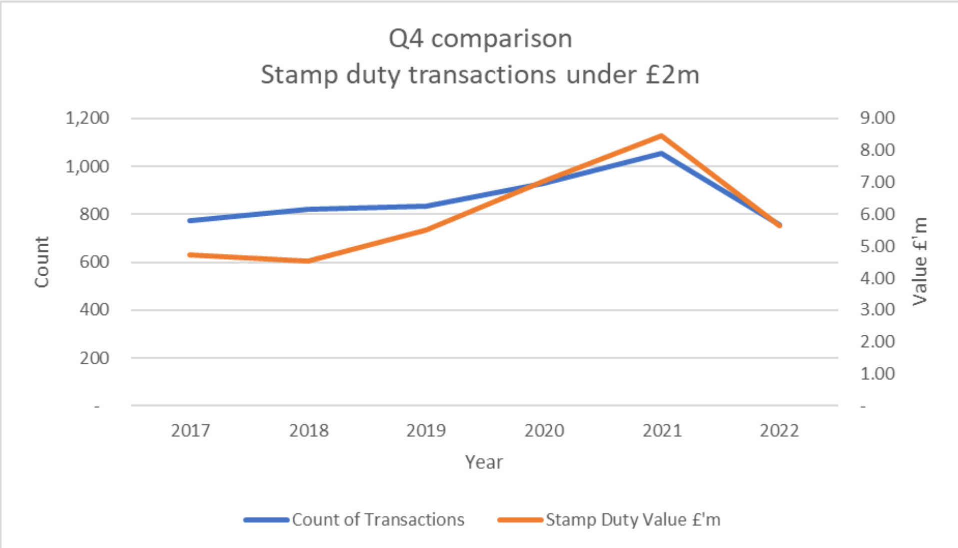
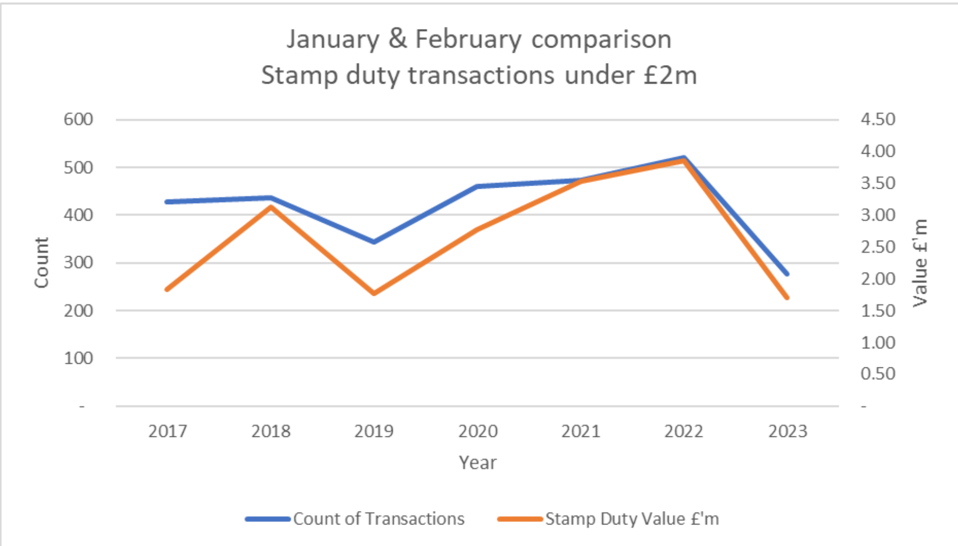


Figure E4: Comparison of stamp duty transactions under £2m in January and February



Transactions over £2m

The tapering of stamp duty means that property transactions over £2 million are increasingly difficult to forecast, with transfers of property potentially producing material amounts of duty from single transactions.

Changes to the High Value Resident scheme will be debated later this year, and this has led to a degree of uncertainty with recent applications. The forecast for this component has therefore been reduced by 50% to reflect this.

Land Transaction Tax (LTT)

Historically, Land Transaction Tax follows the trends seen in the transactions of property under £2m. However, principally due to a number of new developments, there was an increased level of turnover in these transactions seen in Q4. The group do not consider that this will continue throughout the whole of 2023, and therefore this component of the forecast has been reduced by 50% for January to June.

Wills and Probate

The forecasts for the stamp duty on Wills and Probate are both based upon a five-year average.

In-year data suggests that the current forecast methodology is not unreasonable, and therefore there is no change to these components.

Enveloped Property Transaction Tax (EPTT)

The introduction of Enveloped Property Transaction Tax (EPTT), following the debate by the States Assembly[9] in February 2022, provided an estimated £1m in each year of the forecast. Whilst this amount was not attained in 2022, there is no additional information to support a change to this component for this update.

[9] Enveloped Property Transactions proposition P.119/2021 - https://statesassembly.gov.je/Pages/Propositions.aspx?ref=P.119/2021

Figure E5: Spring 2023 stamp duty central forecast 2023 – 2027

Stamp Duty Forecast						
(GBP 000's)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Stamp Duty						
- Transactions <£2m	26,839	21,289	28,046	29,610	31,261	33,454
Summer 2022	*32,145*	*34,764*	*37,059*	*39,125*	*41,870*	
- Transactions >£2m	17,691	13,054	13,109	11,940	11,940	11,940
Summer 2022	*15,357*	*13,438*	*11,520*	*11,520*	*11,520*	
- Wills	1,649	1,170	1,170	1,170	1,170	1,170
Summer 2022	*960*	*960*	*960*	*960*	*960*	
	46,179	**35,514**	**42,325**	**42,720**	**44,371**	**46,564**
Summer 2022	*48,461*	*49,162*	*49,538*	*51,604*	*54,349*	-
Variance	(2,282)	(13,649)	(7,213)	(8,884)	(9,978)	46,564
%	-4.7%	-27.8%	-14.6%	-17.2%	-18.4%	
Probate						
- Probate	**3,249**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**
Summer 2022	*2,700*	*2,700*	*2,700*	*2,700*	*2,700*	
Variance	549	-	-	-	-	2,700
%	20.3%	0.0%	0.0%	0.0%	0.0%	
Land Transaction Tax						
- LTT	**4,011**	**3,339**	**4,710**	**4,972**	**5,249**	**5,618**
Summer 2022	*3,759*	*4,065*	*4,333*	*4,575*	*4,896*	
Variance	252	(726)	376	397	354	5,618
%	6.7%	-17.9%	8.7%	8.7%	7.2%	
Enveloped Property Transaction Tax						
- EPTT	**236**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
Summer 2022	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	
Variance		-	-	-	-	1,000
%	-76.4%	0.0%	0.0%	0.0%	0.0%	
Buy-to-let						
- BTL	**-**	**2,330**	**4,660**	**4,660**	**4,660**	**4,660**
Summer 2022	-	-	-	-	-	
Variance		2,330	4,660	4,660	4,660	4,660
%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Stamp Duty	**53,674**	**44,883**	**55,395**	**56,053**	**57,980**	**60,542**
Summer 2022	***55,920***	***56,927***	***57,572***	***59,879***	***62,945***	-
Variance	(2,246)	(12,045)	(2,177)	(3,827)	(4,965)	60,542
%	-4.0%	-21.2%	-3.8%	-6.4%	-7.9%	

Upper and Lower scenario

To present the forecast within a range, the FPP assumptions for house prices have been varied by +/- 2.0pp and for housing transactions by +/- 4.0pp. This results in an upside variation of £1.3m (2.3%) in 2023, extending to £12.8m (21.2%) in the final year of the forecast. The downside variation ranges from -£1.3m (-3.0%) in 2022 to -£9.9m (-16.4%) in 2027.

Figure E6: Range of forecast 2023 – 2027

Stamp Duty Forecast Range					
(GBP 000's)	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Upper Scenario	46,245	59,275	62,438	67,283	73,372
Central Forecast	44,883	55,395	56,053	57,980	60,542
Lower Scenario	43,556	51,823	50,505	50,355	50,615

Appendix F – Other Income Forecast

Summary

Other Income combines several income lines for the Government of Jersey which do not relate to taxation and charges. At a high level, these are:

- Island-wide rates (part of the rates system and collected by parishes)
- Income from dividends and returns (from States-owned entities)
- Non dividends (crown revenues, miscellaneous interest, fees and fines)
- Returns from Andium Homes

The Summer 2022 forecast other income was £62.6 million in 2022, compared with outturn of £71.3 million. The favourable variance to forecast is attributed to an improved position in the latter half of the year in the Currency Notes Fund and return to the Consolidated Fund, as well as an increase in tax penalties and JFSC returns. The other income forecast for 2023 of £90 million, has been updated to reflect the current FPP economic assumptions, outturn data and a one-off dividend from Jersey Telecom in 2023 and 2024, agreed after the Summer 2022 forecast and included in the Government Plan 2023 – 2026.

Figure F1: Other Income Forecast – Summer 2022

Other Income Summary

GBP 000's	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Island Wide Rate	14,578	16,021	16,310	16,440	16,473	16,868
Other Income - Dividends	6,990	26,839	26,991	10,276	10,662	11,057
Other Income - Non-Dividends	18,861	17,849	16,641	16,188	15,830	15,780
Other Income – Housing Returns	28,613	29,277	29,715	29,806	30,022	30,084
Total Other Income	69,042	89,986	89,657	72,710	72,987	73,789
Summer 2022 Forecast	62,561	62,156	63,799	67,707	68,813	
Variation to Summer Forecast	6,481	27,830	25,858	5,003	4,174	

The full forecast and variances are included as an Appendix.

Island-wide Rates

The projection for Island-wide rates takes the Retail Price Index percentage for the given year and applies it to the previous year to reflect the forecast.

Figure F2: Island-wide rates

Island-wide rates

(GBP 000's)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Island-wide rates	14,578	16,021	16,310	16,440	16,473	16,868
Summer 2022	14,578	15,555	16,161	16,598	16,996	
Variance	-	466	149	(158)	(523)	

Dividends

The forecasts for dividends from both wholly or majority States owned entities are based on the following assumptions:

- Jersey Electricity Company – an inflationary increase in forecast dividends;
- Jersey Water – an inflationary increase in forecast dividends;
- JT Group – an additional planned special dividend payment has been agreed with Jersey Telecom. This will increase income in both 2023 and 2024 by £20 million, and is funded through the retained proceeds of the sale of the IoT element of the company
- Jersey Post – a small dividend in 2023 with modest increases year on year as their strategic business objectives and investment start to yield results;
- Ports of Jersey – continuing no forecast dividends for the period due to the projected investment in the Harbour and Airport;
- States of Jersey Development Company – continuing no forecast dividends for the period as all profits are being reinvested into future projects at South Hill and the Waterfront.

The dividends are paid according to the defined dividend policies and forecasts are prepared in line with the company's latest business model. In most cases the dividends are directly related to trading performance but can be affected by projects being undertaken.

Forecasts are based on detailed conversations with the board of the companies and the reviews of their Strategic Business Plans.

Figure F3: Other income - dividends

Other Income - Dividends

(GBP 000's)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Jersey Electricity	4,228	4,311	4,389	4,424	4,433	4,539
Jersey Water	2,464	2,528	2,573	2,594	2,599	2,661
SoJDC	-	-	-	-	-	-
Jersey Post	298	-	29	258	630	857
JT Group	-	20,000	20,000	3,000	3,000	3,000
Ports of Jersey	-	-	-	-	-	
Total Dividends	**6,990**	**26,839**	**26,991**	**10,276**	**10,662**	**11,057**
Summer 2022	9,223	9,669	10,157	10,716	11,113	
Variance	(2,233)	17,170	16,834	(440)	(451)	

Non-Dividends

Non dividends include other types of income, including investment returns on the Consolidated Fund and Jersey Currency Fund. It also includes tax penalties, miscellaneous fines, returns from the Jersey Financial Services Commission and Crown Revenue.

The forecasts for returns on the Consolidated Fund and Jersey Currency Fund are based on the following:

- The Currency Notes Fund average balance is projected to continue to remain stable at circa £90 million. There remains a risk that the value of currency in circulation will fall over time, though at present little evidence of this has been seen so does not feature in our core assumptions.
- The Currency Fund is invested, in line with its published Investment Strategy.
- The previous forecast for the Currency Notes Fund was calculated during a period of economic turmoil, with concern the portfolio would face a large drawdown. The portfolio diversification and relative market recovery put the fund in a comparatively stronger position. Higher than expected rises in interest rates have positively impacted this portfolio as well, which is cash heavy.
- The Consolidated Fund is expected to hold only frictional cash balances, based on timing differences between receipts and payments. Non-dividends income is therefore conservatively assumed to be nil.
- The forecast for tax penalties has improved due to higher outturn data and better than expected collections from incremental late filing penalties that were introduced last year.

Figure F4: Non-dividends

Other Income - Non-Dividends

(GBP 000's)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Investment Income	-	-	-	-	-	-
Jersey Currency Notes	2,500	3,400	3,200	2,900	2,700	2,700
Tax Penalties	9,136	7,600	6,600	6,600	6,600	6,600
Miscellaneous Loan	238	645	634	478	318	271
Miscellaneous Fines	404	224	219	214	209	204
JFSC	5,952	5,300	5,300	5,300	5,300	5,300
OfCom income	415	415	415	415	415	415
Crown Revenue	216	265	273	281	288	290
Total Non-Dividends	18,861	17,849	16,641	16,188	15,830	15,780
Summer 2022	10,147	7,776	7,779	10,183	10,086	
Variance	8,714	10,073	8,862	6,005	5,744	

Returns from Andium

The returns from Andium Homes arise from the incorporation of the housing function in July 2014. Andium is obliged to make a return based on the transfer agreement and an agreed rental and return policy.

The return is influenced by the prevailing RPI with a cap and collar in place. Rents in 2022 were again frozen, and in addition a policy to limit rents to 80% of the market rate was approved by the States Assembly. There is an increase to the Andium Return from the Spring 2022 forecast, which is due to a revised forecast of the impact of the 80% rent policy. The impact over the period has reduced due to less tenancies having their rent increase capped that previously expected.

Figure F5: Andium Return

Other Income – Andium Return						
(GBP 000's)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Andium Homes	28,613	29,277	29,715	29,806	30,022	30,084
Total Returns	**28,613**	**29,277**	**29,715**	**29,806**	**30,022**	**30,084**
Summer 2022	28,613	29,156	29,702	30,210	30,618	
Variance	-	121	13	(404)	(596)	

Income previously received form Housing Trusts is now forecast to be nil. The agreements with Housing Trusts provided for an annual contribution intended to off-set the cost of increase in Income Support for tenants on benefits and arising from the 90% of market rental policy. Now that the States have adopted an 80% of market rental policy, which is the general target for the Housing Trusts, there is no further agreement from the Housing Trusts to provide a contributory return.

Upper and Lower Scenario

The other income forecast has been prepared based upon the FPP economic assumptions with additional consideration by IFG.

Due to the uncertainties that may be expected around the forecast, a central forecast of other income has been considered within an illustrative range. For other income the main economic driver is RPI, this has been considered within a range of +/-3% on the FPP economic assumptions. The range is shown below;

Figure F6: Range of forecast

Range of Forecast						
	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Upper Scenario	69,042	91,140	91,551	75,821	77,370	79,556
Central Forecast	69,042	89,986	89,657	72,710	72,987	73,789
Lower Scenario	69,042	89,694	88,952	71,805	72,035	72,273
Summer 2022 Forecast	62,561	63,378	64,365	65,360	66,406	-

Other Income Tables

Figure F7: Spring 2023 Other Income Forecast

£'000	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Island-wide Rates	14,578	16,021	16,310	16,440	16,473	16,868
Jersey Electricity	4,228	4,311	4,389	4,424	4,433	4,539
Jersey Water	2,464	2,528	2,573	2,594	2,599	2,661
SoJDC	-	-	-	-	-	-
Jersey Post	298	-	29	258	630	857
Jersey Telecom	-	20,000	20,000	3,000	3,000	3,000
Ports of Jersey	-	-	-	-	-	-
Other Income - Dividends	6,990	26,839	26,991	10,276	10,662	11,057
Investment Income	-	-	-	-	-	-
Jersey Currency Notes Surplus	2,500	3,400	3,200	2,900	2,700	2,700
Tax Penalties	9,136	7,600	6,600	6,600	6,600	6,600
Other Loan Income	238	645	634	478	318	271
Other Fines	404	224	219	214	209	204
JFSC - Financial Services	5,952	5,300	5,300	5,300	5,300	5,300
OfCom income	415	415	415	415	415	415
Crown Revenues	216	265	273	281	288	290
Other Income - Non Dividends	18,861	17,849	16,641	16,188	15,830	15,780
Andium Homes Return	28,613	29,277	29,715	29,806	30,022	30,084
Other Income - Returns from Andium	28,613	29,277	29,715	29,806	30,022	30,084
Total Other Income	69,042	89,986	89,657	72,710	72,987	73,789

Appendix G – Social Security and Long-Term Care Contributions Forecast

Summary

This paper details the forecast for social security contributions which are received into both the Social Security Fund and Health Insurance Fund (HIF), and long-term care contributions, which are received into the Long-Term Care (LTC) Fund. Contributions paid into the Social Security Fund are used for the purpose of providing the funds required for paying social benefits payments, such as the old age pension and incapacity benefit. Contributions paid into the HIF for the purpose of paying medical and pharmaceutical benefits. LTC contributions are collected for the purpose of paying out benefits and expenditure relating to the provision of long-term care.

Forecasts have been prepared based on the FPP economic assumptions .

Social Security Contributions

Social security contributions are received under the following 3 classes of contributions.

(a) Class 1 contributions, which include;

(i) employed persons' primary class 1 contributions, and;

(ii) employers' secondary class 1 contributions

(b) Class 2 contributions which are either full rate or reduced rate contributions.

The contributions model is updated based on outturn data, economic assumptions provided by the FPP are then applied to the outturn data to adjust for earnings and employment. An adjustment is made for the annual uplift in earning limits and a further adjustment for assumptions of unemployment levels.

As part of the Covid and cost-of-living response measures, the rate for primary class 1 contributions was reduced to a lower rate of 4% from 6% between October 2020 to June 2021 and October to December 2022. However, the forecast has been adjusted to assume 6% from 2023.

An element of total social security contributions shown below is also paid into the Health Insurance Fund.

Figure G1: Social security contributions

Social Security Contributions

GBP (millions)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Summer 2022 Forecast	258	271	282	290	298	
Spring 2023 Forecast	254	280	288	292	300	308
Variance	-4	+8	+6	+2	+2	

Long-Term Care Contributions

Every insured person who pays income tax, pays into the long-term care fund with a long-term care contribution. The long-term care contribution is based on personal income tax and is therefore a function of changes to personal income tax forecasts.

The long-term care forecast is based on outturn data for the 2021 year-of-assessment, and then adjusted in line with the year-on-year change in the personal income tax forecast.

The methodology of the forecast in personal income tax is described in the appendix A.

Figure G2: Long-term care contributions

Long-Term Care Contributions

GBP (millions)	2022 Outturn	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Summer 2022 Forecast	35	38	41	42	44	
Spring 2023 Forecast	39	42	44	45	48	50
Variance	+4	+3	+3	+3	+3	

Appendix H – Terms of Reference

Purpose

The group is established as an advisory function on the forecasts of all States income from taxation and social security contributions which will be informed by economic assumptions produced by the Fiscal Policy Panel with additional forecasts for other States income prepared by Treasury officers.

Objectives

To produce an absolute minimum of two forecasts each year
A full review of states tax, social security contributions and duty revenue forecasts will take place following the provisional outturn and no later than May of each year.
A further forecast to inform the Government Plan debate, including any revised economic assumptions and experience from the current year actual revenues.

To produce reports on the forecasts of states income from taxation and social security contributions, including:
Forecasts for income tax revenues
Forecasts for goods and services tax and ISE Fees
Forecasts for impots duties
Forecasts for stamp duties
Forecasts for social security contributions
Forecasts for long-term care contributions
Forecasts for other States income
Economic assumptions used; and
Factors and risks that should be considered

The forecasts will cover a period of at least four years and include a range within which a central forecast can be applied.

Reporting

The reports will be presented to the Treasury and Resources Minister in advance of the Council of Ministers consideration.
Once a report is approved by the Treasury and Resources Minister it will be published alongside the Government Plan.
Other reports can be prepared on the request of the Treasury and Resources Minister.

Administration

All meetings will be minuted with agreed actions.
Quorum – at least six members be present for the meetings to be considered quorate. In exceptional circumstances a delegate may be appointed by an official, however external members cannot delegate.
Quarterly internal review meetings will also be held.

Any variations to the group membership once established are to be agreed by the Treasury and Resources Minister or Chief Minister.
It will be the responsibility of the Chief Executive and Treasurer of the States to ensure that the group has sufficient resources to fulfil its responsibilities.

Group Membership

The members of the group are:
Director General, Treasury and Exchequer (Chair)
Director General, Customer and Local Services
Director General, Department of the Economy
Comptroller of Revenue
Deputy Comptroller of Revenue
Group Director, Strategic Finance
GoJ Chief Economic Adviser
GoJ Economist
At least two external members appointed by the Treasury and Resources Minister

The meetings of the group may be attended by the following officers in a supporting role:
Head of Financial Planning (secretary)
Revenue Accountant
Tax Policy Unit Officer

The group will invite other officers and external advisers to attend as appropriate which will be documented.
The group will operate independent of any political influence.