

John Shenton, Director Grant Thornton Limited – Supplementary Submission

I note that there has been several proposed amendments to the proposals (six to date?)

The first by the Treasury and Resources Minister clearly highlights why the Tax Law should have a complete re-write in that the proposal to allow wives to view tax returns for 2017 et seq is merely another sticking plaster and does not really reflect modern society. The husband can still revoke the election to deprive the wife of access. The wife then has to revert to an election for separate election under 121 which cannot obtain the relevant information for 2017 (as currently drafted). The solution is overly simplistic and does little to promote equality in the tax system.

Environmental taxes and charges – no comment as proposals are merely seeking to look at various alternatives and comments will be forthcoming later.

The proposals by Senator Mezec are simply a rehash of the proposal rejected previously (see links below).

[https://statesassembly.gov.je/assemblypropositions/2017/p.90-2017amd\(3\)com.pdf](https://statesassembly.gov.je/assemblypropositions/2017/p.90-2017amd(3)com.pdf)

[https://statesassembly.gov.je/assemblypropositions/2017/p.90-2017amd\(3\).pdf](https://statesassembly.gov.je/assemblypropositions/2017/p.90-2017amd(3).pdf)

These again highlight the issue in my main submission concerning the current Tax Law. The comments made by the previous Treasury Minister are still relevant and one would hope that again the amendment is defeated until a full review is undertaken. There are some significant changes concerning education funding / child allowances for the higher earners that would need to be factored in to the Reform proposals. One however would hope that the proposal will force the Treasury Minister to commit to an agreed timeline and set dates (rather than the wishy washy timetable we have at present) and look both at the Law and the rights of taxpayers.

I see little merit in the proposal of the Connetable of St Helier in relation to the retail tax. If the businesses are locally owned then the ultimate beneficial owner will benefit from any tax paid. If the beneficial owners are off island then they are simply utilising Jersey's resources and taking funds off island with no tax payable or input into the local economy. Most businesses are fully standard rated for GST so they suffer no adverse indirect tax consequences either. It is expected that most large businesses operating in Jersey will enjoy some relief for the tax paid in Jersey and therefore the imposition of the retail tax is not ultimately detrimental to the larger retailer. The argument that CT in the UK is reducing could cause additional overall tax to be payable but the difference is relatively negligible.

There are many aspects to retail in Jersey being in decline but one does not believe that the retail tax will have a material affect except allowing more profits to leave the island tax free. It should be remembered that pre priced supermarket items include UK VAT which is generally not deducted in Jersey. It should be noted that it is only certain food items that are zero rated not all – VAT (at 20%) is still charged on most weekly essentials (toilet roll, washing powder, chocolate, wine, most soft drinks etc.) and therefore one would suggest that a true price comparison is undertaken (net of VAT) before any changes are made to the retail tax. If one had a comment it would be why the limit was set so high (£500,000) and has not been extended to more retailers.

The problems with the proposals around non-residents and Jersey tax is highlighted in the original submission and Amendment 4 does not address these concerns but if the proposals are introduced early (if at all) merely increases the unfair tax treatment of residents against non-residents.

In relation to Amendment 5 one would again request slightly more inventive thinking rather than simply hiking and tinkering with the rates.

As for the duty freezes, one would suggest that it is prudent to maintain a cost of living rise in relation to income (unless there is a compelling case to support a freeze which I do not believe Deputy Wickenden has made) as expenditure will rise regardless.

Kind regards

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