

2.7 Senator F. du H. Le Gresley of the Minister for Social Security regarding Class 2 contributions:

Would the Minister explain how he intends to obtain all the necessary information from individuals paying Class 2 contributions with low earnings but total income above the current earnings limit to implement the proposed additional 2 per cent contributions against unearned income up to the upper earnings limit of £150,000; and advise what the estimate is of potential additional yield from this group for 2012 and how many people this will affect?

Deputy I.J. Gorst (The Minister for Social Security):

Assessing the liability of this particular group, which includes most notably 1(1)(k) residents, will be undertaken by reference to tax assessments already done by the Income Tax Department. We currently do not, as a department, collect data which allows us to estimate the additional yield from this specific group and we have had to use income tax data for the whole of the population to estimate total yield for the proposals made in P.110.

2.7.1 Senator F. du H. Le Gresley:

I did not catch how many people this will affect but perhaps the Minister did say that. But I would like to ask him, does the Minister agree that it would be much simpler for the States to have raised the income tax rate for this group?

Deputy I.J. Gorst:

It would have had a different effect. In effect, I think as the Senator knows, we currently have people who pay at the current ceiling; some of those will continue to just pay at the upper ceiling; and of course there will be people in between and we will need to look at their tax returns to do that calculation.

[15:30]

But, as I say, we do not have a specific yield at this point because we have taken the whole field, as it were, for class 2 contributions and we will now go away and do extra work should the States agree that this is the way forward rather than perhaps one of the other 2.