

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY S.Y. MÉZEC OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 24TH MAY 2016**

Question

Following the publication of R.51/2016 “Higher Education Funding” which confirmed that the government would not pursue the implementation of a more comprehensive student loan scheme, has the Minister considered assisting students who have benefited from a private student loan by making student loan repayments tax deductible?

How much tax revenue does the Minister estimate would be lost by making such a change?

Answer

The Minister has not considered making student loan repayments tax deductible for Jersey income tax purposes.

Significant support is already provided through the income tax system to taxpayers with children in higher education through the provision of the higher child allowance (“HCA”). To a marginal rate taxpayer the HCA is worth up to £2,340 per annum (£9,000 @ 26%); to a standard rate taxpayer the HCA is worth up to £1,200 per annum (£6,000 @ 20%). Due to the way in which the HCA is given four years of allowances are available in respect of a three year degree course; meaning that over the four period the maximum tax saving is £9,360 for a marginal rate taxpayer and £4,800 for a standard rate taxpayer. The cost of the HCA is approximately £3.5 million a year. Single parents are also entitled to receive the additional personal allowance (APA) of £4,500 (worth £1,170 @ 26%) whilst they have a child in higher education.

Having liaised with the Education Department, neither the Taxes Office nor the Education Department collects the data that would allow the Minister to estimate the amount of tax revenue that would be lost by making all student loan repayments tax deductible. The only data available relates to the States-guaranteed student loans scheme, operated through a local bank. This means there would be logistical difficulties in considering a proposal such as that put forward by the Deputy which could, for example, include loans from family members where verification of entitlement to tax allowances would be very difficult.

The Minister will continue to liaise with the Education Minister and review viable options.