WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY T.A. VALLOIS OF ST. SAVIOUR ANSWER TO BE TABLED ON TUESDAY 12th JUNE 2012

Question

Could the Minister advise whether he is continuing with a long term tax policy and, if so, could he provide an update on the progress made and advise when he envisages such a policy being lodged for debate by this Assembly?

Answer

The Minister confirms that there is an ongoing review of Jersey's long term tax policy. The principles of a long term tax policy were included in the Strategic Plan which has been approved by the Assembly. Those principles are

- Taxation must be necessary, justifiable and sustainable.
- Taxes must be broad, low and simple
- Everyone should make an appropriate contribution to the cost of providing services, while those on the lowest incomes are protected
- Taxes must be internationally competitive.
- Taxation should support economic development and social policy, where possible.

The principles of a policy should inform the detail of the tax regime. Our current regime broadly adheres to these principles but it is recognised that further work is needed, hence the establishment of a tax policy unit.

The Assembly has recently considered, fully debated and approved a number of core aspects of our tax system, namely:

- Retention of the zero/ten company tax regime
- Retention of the 20% rate of personal income tax
- Increase in the rate of GST

These form the basis of our tax regime. It is recognised that one area which has not been fully reviewed is property tax. A project to review the taxation of property development, investment and occupation will be started later this year with the aim of completing that review and reporting on the findings during 2013. Consideration will then be given to what changes may be appropriate for Jersey.

One of the key themes of the 2013 Budget will be "safeguarding revenues". Measures are being developed to strengthen the States' ability to ensure that taxpayers make an appropriate contribution to the cost of providing public services. This is likely to include restricting tax reliefs for companies and tightening the rules for non-resident landlords, while also consulting on extending the scope of 0/10 slightly.