

23.05.23

4 Deputy M.B. Andrews of the Minister for Treasury and Resources regarding the Income Tax contribution of High Value Residents (OQ.90/2023)

Will the Minister advise how much high-value residents contributed in personal income tax in 2022 through the 1 per cent rate applied above the income threshold, and how this figure compares with the four previous years?

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter (The Minister for Treasury and Resources):

Data is not yet available for the 2022 year of assessment as the deadline for making tax returns for that year has not yet passed.

3.4.1 Deputy M.B. Andrews:

Can the Minister provide quantitative data to ensure there is a breakdown of the amount of high-net-worth individuals who have paid above the income threshold at a later date?

Deputy I.J. Gorst:

I have answered written questions in regard to previous years, and I give a commitment to once that data is available to putting it into the public domain, as the Deputy has requested.

3.4.2 Deputy M. Tadier:

Would the Minister either now or by circulating the information also state how the tax yield from the 2(1)(e)s compares with what one might call locally-grown millionaires and multimillionaires?

Deputy I.J. Gorst:

There comes a point where if the Deputy wishes to constrain his request so that it is answerable then I am more than happy to provide that information. But simply saying millionaires and multimillionaires in relation to tax liability is not something which I could answer in the way that I think the Deputy wishes.

3.4.3 Deputy M. Tadier:

If I could elucidate in that case for the Minister. He may accept that there is a fundamental unfairness at the heart of the 2(1)(e) scheme in the sense it gives a preferential rate of tax to a certain group of super wealthy, that locally grown super wealthy people do not get, they are taxed at 20 per cent as the Minister for Treasury and Resources knows. It will be useful to have a, as far as possible, like-for-like comparison between those 2 groups. Would he seek to provide information which he thinks is comparable and helpful to the Assembly so that we can examine the scheme in further detail?

Deputy I.J. Gorst:

We are making progress on a question which might be answerable. I will go away and communicate directly with the Deputy because simply saying someone is a millionaire or a multimillionaire, that can be in assets or income and therefore I think what the Deputy is asking, but I will need to just confirm with him in writing, is around income rather than assets. But I think rather than having this continual getting to a point to a question that can be answered that might be more useful.

The Bailiff:

There has already been a supplementary from the Deputy so we are not going any further with this particular point, unless Deputy Southern ...

3.4.4 Deputy G.P. Southern:

Does the Minister have an estimate of the figure required or asked for by Deputy Andrews? Does he have a current estimate of what that figure is?

Deputy I.J. Gorst:

No, I do not. As the Deputy will know, markets during 2022 were volatile. He will know from reading previous written responses that that element of tax from 2(1)(e)s is also notoriously volatile because it is related to market conditions.

3.4.5 Deputy G.P. Southern:

Does the Minister accept that operating without an effective estimate of this figure is doing things blind?

Deputy I.J. Gorst:

No, I do not accept that at all because it is connected with how profitable those individuals on their worldwide income might have been in any given year.

Deputy E. Millar of St. John, St. Lawrence and Trinity:

May I raise the défaut on Deputy Farnham please?

The Bailiff:

Yes, the défaut is raised on Deputy Farnham.

3.4.6 Connétable D. Johnson of St. Mary:

My recollection is that I raised a similar question of the Minister for Treasury and Resources in the last Assembly and a reply was to the effect that the 1 per cent take was in fact relatively small. If current figures confirm that situation at the present time, would the Minister consider abolishing this particular strand on the basis it appears to be no inducement to 1(1)(e)s and on the basis that the current situation does create an element of divisiveness in the community?

Deputy I.J. Gorst:

As the Connétable knows, the Chief Minister and what we call H.A.W.A.G. (House and Work Advisory Group) have just undertaken a review. I have lodged the result of that review in regard to legislation that needs changing. At this time that does not propose removing the 1 per cent rate. It is important when we come to discuss those regulations in due course that in light of those changes, should the Assembly accept them, that we give certainty to that particular cohort of either individuals or introducers, which is important as well, and I therefore would not be proposing to make further changes with what I have lodged before the Assembly currently.

3.4.7 Deputy S.Y. Mézec:

Is the Minister able to confirm - I guess not for last year but for the previous 4 years - how many or what proportion of 2(1)(e) residents in fact paid nothing that fell into the 1 per cent rate?

[10:15]

The Bailiff:

Are you able to answer that; it is stretching a little bit outside the time range posited by the question?

Deputy I.J. Gorst:

It is slightly misunderstanding because if they fell into the 1 per cent rate then they would have paid something. I think the Deputy is asking me a different question, which is how many 2(1)(e)s did not pay anything over the rate. I do not have that number in front of me but it is available to the department and I can provide it to the Deputy.

3.4.8 Deputy S.Y. Mézec:

Thank you, I would look forward to seeing that number. You would hope that it would be zero but I guess it is probably not. Following on from the aspect of the question by the Constable of St. Mary, who referred to the divisiveness of this scheme, does the Minister consider that it sends out a good message to the people of Jersey that for a part of our community it seems that painful rates of tax is optional?

The Bailiff:

Deputy, the original question was targeted precisely at specific contributions made for a year, which the Minister said he did not have the information available. I have allowed a fair amount of flexibility but I think that kind of policy statement or political statement is outwith the ambit of the question, in my view.

Deputy M. Tadier:

Could I suggest, I do not mean to challenge this ruling and seek to change it, but I think there is clearly a spirit behind this question from the questioner, which is seeking to get facts to establish a policy principle, which is probably to do with the unfairness and what the rate of tax should be if it is not the current one? I think it is probably a reasonable concluding supplementary.

The Bailiff:

Thank you, and I note you have not sought to challenge. In my view, we are just beginning to stretch too far off the back of the question. It is always open for Members to ask further questions and, of course, there are questions without notice, although not to this Minister, but to other Ministers who can consider the matter, if appropriate.