

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE FINANCE AND ECONOMICS
COMMITTEE ON TUESDAY 8th JULY 2003
BY DEPUTY C.J. SCOTT WARREN OF ST. SAVIOUR**

Question

Will the President inform the Assembly whether his Committee has discussed and considered with the Income Tax Department the introduction of computerised tax submissions, and, if so, how soon this introduction is planned?

If the answer is negative, could the President state the reasons why the matter has not been pursued?

Answer

Yes.

There are a number of ways in which income tax submissions could be made electronically.

The Comptroller of Income Tax introduced, some 9 years ago, a facility to allow employers to submit employees earnings electronically, i.e. by 'floppy disk' and, 2 years ago, devised a new and updated package to enable any employer with a computer to submit employee earnings electronically.

The software developed by the IS Division of the Income Tax Office for this latest initiative was made available free to all employers and a 'hot line' help desk was set up within that Division to give assistance and advice to any employer. This initiative has been a considerable success and has increased efficiency and effectiveness within the Income Tax Office both in terms of the assessing process and also in lessening the amount of paper that has to be sorted, referenced and worked.

It will also be possible for employers to submit details of employees benefits in kind electronically when this system comes into force in 2004 as new systems are currently being developed for that purpose.

The Comptroller initiated a project in 2002 to determine the cost and feasibility of on-line internet submission of Income Tax Returns and trials will be carried out this year and it is expected that the specifications for tax agents to submit Income Tax Returns electronically will be available by the end of this year. However, the Committee is aware, in the current climate of budget constraints, of the considerable cost such a system would entail. The Comptroller is anxious not to proceed with such a project in haste and without adequate resources. Furthermore, the Committee would not wish the Income Tax Office to have the serious and embarrassing problems recently encountered by the United Kingdom Inland Revenue, whose internet self assessment system had to be taken offline for a number of months because of security breaches which allowed taxpayers to browse the tax files and tax affairs of others.