

# STATES OF JERSEY



## GOVERNMENT PLAN 2020–2023 (P.71/2019): SEVENTEENTH AMENDMENT

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Lodged au Greffe on 12th November 2019  
by the Corporate Services Scrutiny Panel

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STATES GREFFE

**PAGE 2, PARAGRAPH (a) –**

After the words “Article 9(2)(a) of the Law” insert the words –

“, except that the 2020 Estimate for Personal Income Tax shall be reduced by £817,000 by amending Child Tax Allowances in accordance with the table below, with other affected lines in Summary Table 1 to be updated accordingly:

	2019 Allowance	Increase	Proposed 2020 Allowance
<b>Child Allowance</b>	£3,000	£100	£3,100
<b>Additional Allowance</b>	£4,500	£150	£4,650
<b>Child Care Tax Relief</b>	£6,150	£200	£6,350
<b>Enhanced Child Care Tax Relief</b>	£16,000	£500	£16,500

**CORPORATE SERVICES SCRUTINY PANEL**

**Note:** After this amendment, the proposition would read as follows –

**THE STATES are asked to decide whether they are of opinion –**

to receive the Government Plan 2020–2023 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2020 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, except that the 2020 Estimate for Personal Income Tax shall be reduced by £817,000 by amending Child Tax Allowances in accordance with the table below, with other affected lines in Summary Table 1 to be updated accordingly:

	2019 Allowance	Increase	Proposed 2020 Allowance
<b>Child Allowance</b>	£3,000	£100	£3,100
<b>Additional Allowance</b>	£4,500	£150	£4,650
<b>Child Care Tax Relief</b>	£6,150	£200	£6,350
<b>Enhanced Child Care Tax Relief</b>	£16,000	£500	£16,500

- (b) to approve each major project that is to be started or continued in 2020 and the total cost of each such project, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 2 to the Report; and

- (c) to approve the proposed amount to be appropriated from the Consolidated Fund for 2020, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law and set out in Appendix 2 – Summary Tables 3(i) and (ii) of the Report; and
- (d) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2020 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 4 to the Report; and
- (e) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2020 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 5 to the Report; and
- (f) to approve –
  - (i) the establishment of a “Climate Emergency Fund”, in accordance with the provisions of Article 6 of the Law, as set out at Appendix 3 to the Report; and
  - (ii) the estimated income and expenditure proposals for the Climate Emergency Fund for 2020 as set out in Appendix 2 – Summary Table 6 to the Report; and
- (g) to approve the amounts to be transferred from one States fund to another for 2020 in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 7 to the Report; and
- (h) to approve the estimated income and expenditure of the Social Security, Health Insurance and Long-Term Care Funds for 2020 set out in Appendix 2 – Summary Tables 8(i), (ii) and (iii) to the Report, with –
  - (i) the estimated income to be raised from existing social security contributions defined in the Social Security Law and the proposed changes to contribution liability; and
  - (ii) the estimated expenditure to be paid to support the existing benefits and functions defined in the Social Security Law, the Health Insurance Law and the Long-Term Care Funds and new benefits, if any, to be paid from the Funds; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2020–2023, as set out at Appendix 4 to the Report.

## REPORT

This amendment has been lodged alongside our amendments to Stamp Duty, the First-Time Buyer Loan Scheme, and the Food Cost Bonus, to improve the cost of living within Jersey. By increasing the child allowance for the first time since 2011 (and childcare allowance for the first time since 2017), we will provide help to families dealing with the rising cost of living. It is in line with the Government's strategic priority to "Put Children First".

Households with a child under the age of 16 can currently claim a [marginal rate exemption increase of £3,000](#). The additional child allowance available to single parents is £4,500. We propose to increase these amounts to £3,100 and £4,650 respectively. The childcare allowances are available to all parents. Households with children aged between 4–12 can claim "Child Care Tax Relief" up to £6,150. We propose to increase this to £6,350. Parents with children under the age of 4 can claim "Enhanced Child Care Tax Relief" up to £16,000. We propose to increase this to £16,500. Our proposed increases use the same figure of 3.1% that has been applied to increase the personal tax exemption thresholds in the Government Plan.

This amendment will apply to the "Child Allowance" available to all taxpayers and the "Additional Child Allowance" available to single parents.

The allowances will continue to be restricted in line with any unearned income a child has in their own right.

### Financial and manpower implications

The cost of increasing each allowance is shown in the tables below. There are no manpower implications.

<b>Child Allowance</b>	<b>3.1%</b>
Currently £3,000	£3,100
Cost to Exchequer	c.£300k

<b>Additional Allowance</b>	<b>3.1%</b>
Currently £4,500	£4,650
Cost to Exchequer	c.£87k

<b>Child Care Tax Relief</b>	<b>Current</b>	<b>3.1%</b>
CCTR (4–12 years)	£6,150	£6,350
Enhanced CCTR (0–4 years)	£16,000	£16,500

We are advised that it is difficult to calculate the financial impact of increasing the childcare tax allowances, as parents do not necessarily claim the full exemption available. However, the Treasury and Exchequer Department has provided us with the

following figures based on tax relief being claimed for 2,410 children (as per figures in the most recent tax digest (2016)):

CCTR: £6,150 @ 3.1% = £190 x 2,410 = £458k @ 26% = **£119k**

Enhanced CCTR: £16,000 @ 3.1% = £496 x 2,410 = £1,195k @ 26% = **£311k.**

The total cost is therefore:

£300,000 – Child Allowance

£87,000 – Additional Allowance

£119,000 – CCTR

£311,000 – Enhanced CCTR

**£817,000 – TOTAL**