Martin Hughes

Dear Mr. Spottiswoode,

you contacted my wife earlier seeking her views on the proposed amendments to the Income Tax Law relative to non-residents as suggested by the Treasury Minister. I would be happy to complete the Scrutiny Letter/Form, but here are our comments to use as you see fit.

First of all, thank you for your interest, and the sustained voice of Senator Moore expressing her support to the non-residents plight , which has been the subject of countless e-mails and a surprising amount of media coverage throughout the year. I actually took my case to the Appeal Commissioners in February. They were very supportive and concluded very much with me, but they have no power to alter the Law, which is why a group of non-residents have been lobbying politicians and the Income Tax Dept vigorously. You are welcome to a copy of the Appeal Commissioners Determination if you would like to read it.

The Consultation page on Scrutinys website is looking for reactions to the proposals and a comment about whether they are about right or not. The fact that the Treasury/ITax have acknowledged the error of their ways by removing Marginal Relief for non-residents w.e.f. 2016, by reintroducing a convoluted new method of giving reliefs to low earning non-residents is a start. But it is not enough in my view, because the proposals are a bit vague and a bit misleading e.g...

- an individual non-res earning 25k from his Jersey sourced pension will be charged 15% in income tax and the full 20% if earnings top 30k.
- The corresponding figures for a Jersey resident are c.32k and c.38k when Marginal Relief is applied.
- It is a little better for non-res couples..25k is zero , 31k is c. 7% in tax to pay.
- For Jersey resis the respective numbers are still 25k is zero, but they would have to earn 33k before being taxed at 7%.
- the graphs in the Ministers proposals attempt to illustrate this but mislead by stating a 30,800 threshold which includes a 6k married womans tax free allowance in earnings.

So, not great but better. A Jersey res is still a lot better off using the Marginal Rate relief methodology. However, to make matters even more complicated for non resis, we now have to pay the full amount up-front (20%) and then claim a refund. In our own case this means finding 6k and apply for a 4k refund. Surely, if the appropriate papers and docs can be provided before the due date, then the net amount only should become payable?

Finally, even though the Treasury acknowledges the error of their ways by reintroducing these reliefs for non-resis, there is no compensation offered to those who have been overcharged and overpaid during the 3 year hiatus. In our case we have overpaid 12k which we can ill afford. AND, they are not bringing it in until 2020, in respect of 2019s earnings, meaning more cash flow problems for us and others like us.

Once again, thank you for your consideration of the above points. I will be happy to elaborate or comment further on anything written herein if needed.

Regards

Martin Hughes