

2.3 Deputy J.A. Martin of St. Helier of the Minister for Treasury and Resources regarding the numbers of persons paying income tax under ITIS:

Would the Minister inform Members how many more people, if any, are now paying income tax under the new ITIS (Income Tax Instalment System) arrangements up to the end of July 2006, compared with the previous annual payment system? Thank you, Sir.

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

Since the introduction of ITIS in January 2006 the total number of new taxpayers registered up to the end of the July amounts to 12,116. Of this figure, just over 5,000 are expected to be liable to pay income tax and roughly 7,000 will be exempt from tax but still have to register. Since there are some new entrants registering even now, these totals will continue to rise and the most up-to-date figures I have is that total registrations amount to 13,400 of which just under 6,000 are expected to be liable to pay tax.

2.3.1 Deputy P.V.F. Le Claire:

It seems like a large number. May I ask the Minister if these 13,000 additional or new people paying tax through ITIS are people that his department might believe are people that have not up to now been paying their tax as they should have been? Or are they new employees and new entrants to the Islands' community?

Senator T.A. Le Sueur:

I think the number would be built up, Sir, from a variety of places but I think Members should remind themselves that under the new income tax arrangements there is a liability to income tax which is not offsetable in full by the allowances that one can claim. In the past, Sir, people working part-time or seasonally have been able to set a full year's allowances against that income. The change in legislation, which makes the allowances proportional to time spent in the Island, has brought a lot more people into the tax net. There are, as I say, a variety of reasons and by the end of the year we will be in a better position to analyse just what contributions are made from each source.

2.3.2 Deputy J.J. Huet of St. Helier:

I would like to ask the Minister, when we discussed this in the Chamber, I believe that the general public were under the impression that anybody that came to Jersey would be paying tax irrespective of how much they earned. Could the Minister confirm that I think this has now been proved wrong because it does appear that many are not because they are declaring a low wage? Thank you very much, Sir.

Senator T.A. Le Sueur:

I think the Deputy may have slightly misunderstood the debate. As from this year - in fact, even in the past - everyone has been liable to pay income tax if that income is sufficiently high. But a person in the Island with a very low income will still be exempt from paying income tax because there are still personal allowances. The reason there is an increase in number, as I said in answer to the previous question, is that those allowances are now given proportionately for length of time the person spends in the Island.

2.3.3 Deputy J.J. Huet:

A supplementary, Sir. In that case, Sir, would the Minister say that really we are doing the correct thing by allowing thousands more into the Island that are on a low wage and not paying anything into the Island?

Senator T.A. Le Sueur:

I am not aware, Sir, we are allowing thousands more into the Island. I think that is a figure that I certainly cannot substantiate and perhaps the Deputy can help me explain that.

2.3.4 Deputy P.V.F. Le Claire:

May I ask the Minister - straying a little - how the department intends to address the issue of overpayments, if any, that have been made from ITIS? Will they be credits into the future or will they be repayments to the person or individuals that have paid?

The Bailiff:

May I just say that if Senators wish to conduct a conversation, I would be grateful if they would do it outside the Chamber. Minister?

Senator T.A. Le Sueur:

In the normal course of events, Sir, a taxpayer overpaying his tax can be entitled to expect to recover the overpayment effectively by a reduction in his future tax payments. It will depend on the size and scale of the overpayment whether it is worth repaying or simply offsetting against a future month's payment. It will depend on individual cases.

2.3.5 Deputy G.P. Southern of St. Helier:

Can the Minister inform Members whether the workload of income tax officers has been increased by the imposition of ITIS?

Senator T.A. Le Sueur:

Yes, Sir, and so has the revenue.

2.3.6 Deputy G.P. Southern:

How much has the revenue been increased?

Senator T.A. Le Sueur:

It is not possible to give a full year's answer to that yet, Sir, because many people are working seasonally, but we still seem to be on target for the projected figure of £5 million which is the figure that I quoted when the Law was being promoted.

The Bailiff:

Final supplemental, Deputy.

2.3.7 Deputy G.P. Southern:

Given the stretched nature and the increased workload on income tax assessors and officers, is the Minister aware that should we require additional powers for tax avoidance purposes with his new proposals under the taxation schemes, that this will further create a greater demand on these officers?

Senator T.A. Le Sueur:

I am aware, Sir, that every time we introduce new legislation or more complicated legislation it invariably increases the workload. We will have to meet that when it comes, Sir, but I am anxious to ensure that the Income Tax Law remains properly administered and properly policed.

The Bailiff:

Do you wish to claim your final supplementary?

2.3.8 Deputy J.A. Martin:

Yes, Sir. Given that there are now 13,000 extra people registered that apparently are not new but have been here, and 6,000 of them are liable to pay tax at around an estimate of £5 million, is the Treasury Minister telling the House that at least 6,000 ... or we were losing up to £5 million per year under the old system? Thank you.

Senator T.A. Le Sueur:

Under the old system, Sir, we were losing - if that is the right word - effectively £3 million a year by not taxing people who were here part of the year because of the allowances that we gave them. Changing the allowance system has generated an extra £3 million a year. The remaining £2 million comes from cash flow because income tax being collected now on a monthly basis rather than on an annual basis has improved our cash flow considerably, and the interest in a full year will amount to approximately £2 million.