

19-21 Broad Street | St Helier
Jersey | JE2 3RR

Deputy Helen Miles
Chair of the Corporate Services Scrutiny Panel
States Greffe
Morier House
St Helier

5th April 2024

Dear Deputy Miles,

Draft Income Tax (Amendment – Stage 2 of Independent Taxation) (Jersey) Law 202 – [P.6/2024]

Thank you for your letter dated the 27th of March 2024 requesting information as part of your ongoing review of P.6/2024.

1. Whether the Compensatory Allowance affects high value residents and, if so, how?

The Compensatory Allowance is designed to protect lower- and middle-income households who benefit from Marginal Relief (i.e. they do not pay tax at the standard rate). The only scenario in which the Allowance would apply to HVRs is where one spouse/partner has income below the single person's threshold (currently £20,000).

High value residents (HVRs) are not scoped out of the relevant article in law (new Article 99 of the Income Tax (Jersey) Law). However, I consider it highly unlikely that HVR households would qualify for the Allowance because their income levels are generally too high to benefit from Marginal Relief.

2. The safeguards for addressing any data protection impacts in respect of the implementation of the proposals.

As part of the development of this policy, a Data Protection Impact Assessment (DPIA) was undertaken.

That process concluded that, overall, the move to a system where an individual is solely responsible for their own tax affairs reduces the need for spouses/partners to access each other's personal data. The Assessment acknowledged that, even with an option for joint filing, the information required will be the same as the information that is currently required for the married tax return. One of the benefits of Independent Taxation is that each spouse/partner would receive their own tax assessment regardless of their method of filing – providing greater visibility for everyone.

For couples who choose not to file jointly, the process for claiming the Compensatory Allowance would require couples to take positive steps (e.g. tick a box) to confirm they are content for their information to be used for the purposes of claiming the Allowance. This process is voluntary. It will enable Revenue Jersey to combine the information and award the Compensatory Allowance as appropriate – it should not otherwise result in the sharing of information relating to one spouse/partner with the other spouse/partner by Revenue Jersey.

3. Your intention to undertake a further communications campaign in respect of the proposals, the scope in that regard and timeline for any undertakings.

If the draft law is adopted by the States, the next phase of work will begin. This will include IT system developments and consideration of future communications to prepare islanders for the mandatory phase which would commence in the 2026 year of assessment (i.e. in respect of which tax returns will be completed and filed in 2027).

Revenue Jersey is always improving its activities based on feedback from customers and pilot projects. Our findings suggest that communication and customer support are most effective and appreciated when provided close to the time of the actual change. If these are provided either before the law is voted on, or years before the customer is affected, they can be dismissed as ‘too distant in the future’ or cause unnecessary and prolonged anxiety, especially among our older customers.

Nevertheless, we are already in the process of drafting essential customer messages and have conducted customer focus groups to guide our work. We have a specialised team for customer experience and change engagement that will devise and implement multi-channel communications and support. That said, until the legislation is approved by the States it is too early to consider the full specifics of a communications campaign.

4. Whether both spouses are contacted individually with regard to electing to file jointly

In accordance with the draft legislation, both spouses/partners must sign for a valid election. The Comptroller (Revenue Jersey) is required to inform both spouses in writing whether the application has been approved or denied.

5. Whether if revoked by one party it would be made clear to the other by way of formal notification to ensure that no liabilities were incurred. a) Whether due regard has been given to the safeguarding process around any notification of the above and, if so, how.

Yes, under the draft law Revenue Jersey would have to notify both spouses/partners if an election to file jointly had been revoked. Depending on the circumstances, the person who was not the responsible spouse/partner may be required to file a return if there were any missing for the period(s) before the election was revoked.

Revenue Jersey is impelled to inform both spouses. There is no alternative as both spouses need to be made aware of their future filing obligations.

6. In a situation where the 'responsible spouse' was not the person revoking the joint return, could they be liable for any associated penalties. a) Whether safeguards are in place to prevent this and, if so, how?

In relation to the joint return, the responsible spouse will only be liable for penalties for late filing. As mentioned above, if the election is revoked, Revenue Jersey will separately contact both spouses and inform them of the date from which they need to submit their own tax returns.

Even where a couple chooses joint filing, each individual will receive their own tax assessment detailing their own tax liability. They will be individually responsible for all other penalties relating to their tax assessment (e.g. the late payment surcharge).

Yours sincerely

A handwritten signature in black ink, appearing to read 'E. Millar', written in a cursive style.

Deputy Elaine Millar
Minister - Treasury and Resources

D +44 (0)1534 447321
E e.millar2@gov.je