Green Paper

Fiscal Strategy Review

A public consultation on personal taxation

June 2010

States of Jersey

Contents

Foreword

Jersey has strong public finances, significant financial reserves and no debt. The States has been prudent and put money aside to help us through the more difficult times. But in common with countries across the globe, we have seen our economy contract and tax revenue fall, following the worst worldwide recession since the 1930s.

This drop in income, together with the need to maintain improvements in health care, education and children's services and the need to strengthen financial planning, means Jersey will face budget shortfalls from this year.

If the States Assembly does not bring spending under control, the deficit could be as much as £100 million. The Council of Ministers has agreed a three part plan to bring the budget back into balance by 2013.

1. First, by **controlling spending** - the Comprehensive Spending Review (CSR) is designed to find annual, real terms savings of £50 million by 2013 and to construct a more efficient public sector. It will establish more effective control of States budgets and break the cycle of continual increases in annual spending.

2. Second, through **economic growth** - all States departments will work with Islanders and companies to support the development of new and existing businesses and create the right conditions to boost economic growth.

3. Third, through **raising taxes** - we may also need to consider tax increases to pay for essential services. Jersey has invested in important areas like the health service, education and children's services. To continue paying for these and other services we may need to raise an extra £50-60 million per year.

We will need all three elements of this plan to tackle the predicted shortfall in our finances.

This consultation covers a range of possible options for raising taxes. This does not necessarily mean I support all the measures highlighted, but it is important to consider Islanders' views on each option. They all have different pros and cons: for instance any change to income tax would need careful analysis to understand its possible effects on our economy.

This review deals exclusively with personal taxes as there will be a separate review and consultation on Jersey's business taxation.

Both consultations should be considered alongside the measures that will be needed to fund long-term care for the elderly. The Social Security Minister has already consulted on how to care for an ageing population and is due to present proposals to the States later this year.

If we are to continue funding the high quality services Islanders expect, now is the time to plan for a sustainable future. We must consider what measures are necessary to continue paying for essential services.

I recognise that we cannot balance our budgets merely by reducing costs, nor can we rely on a return to economic growth. It is inevitable some taxes will have to rise and we need to plan for this.

This document sets out the main options for raising taxes, who would pay and what the effects might be. I would like your views before preparing the budget later this year. Any debate about taxation is always controversial, and that is why it is important that we hear from as many sections of the community as possible.

I am confident we can find the right answer to secure a successful future for our Island.

Philip Ozouf

Senator Philip Ozouf
Minister for Treasury and Resources

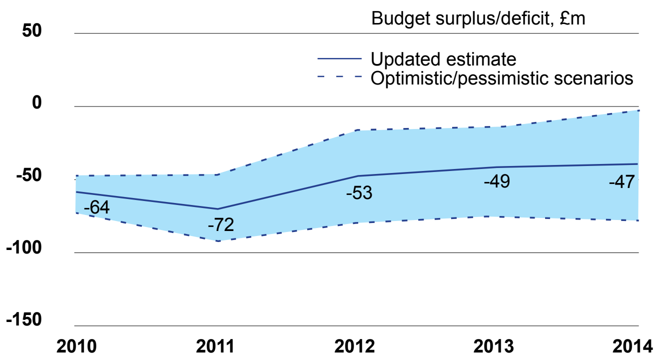
"If the States Assembly does not bring spending under control, the deficit could be as much as £100m."

Background

Jersey's successful economy generates a level of tax revenue which has allowed us to keep personal taxes lower than in many other countries. At the same time we have been able to provide high quality health care, schools, roads and other public services. However, forecasts show there is likely to be a budget shortfall from 2010.

The Comptroller and Auditor General has pointed out that if we continue to set spending in the same way as in the past, it could increase at an unsustainable rate. If this were to happen, the future deficits would be worse than those shown in Figure 1. Without tighter control of public spending, the central deficit forecast for 2012 could be more than £100 million and rise further in subsequent years. The CSR is designed to prevent this from happening.

Figure 1: Budget 2010 forecast budget position



Source: Treasury and Resources Department.

The solution for the Island is the same as for individuals or households – cut what we spend and find a way to increase the money coming in.

We aim to do this in three ways.

1. Controlling spending

The Comprehensive Spending Review (CSR) aims to cut costs, improve financial planning, control spending and ensure Ministers reconsider their departments' priorities. It is an opportunity to modernise the public sector and refocus it for the future.

It is designed to find real terms savings of £50 million a year by 2013. However, in order to improve financial planning and make these savings it will also be necessary to put money aside for contingencies each year, to invest in the changes needed and to fund urgent improvements in our infrastructure.

If the States agree, the CSR will control spending and deliver real terms savings. But it will not, on its own, meet the budget shortfalls forecast in Figure 1. That is why we need to look at the options for raising taxes.

2. Economic growth

It is already expected that the economy - supported by the fiscal stimulus - will return to growth next year and beyond. However deficits are still forecast and it would be imprudent to rely on economic growth to balance the books.

If the economy does grow at a faster rate than expected, this will help meet the costs of an ageing society.

3. Raising taxes

Even after real terms savings of £50 million, if we are to maintain recent investment in essential services, it is expected that the States are likely to need to raise £50-60 million a year.

A number of important items have also been identified in the States Strategic Plan as needing extra funding.

For instance:

- **Health:** expenditure increases to cover the costs of new treatments and advances in technology
- **Education:** more people are staying on at school or college and people with special needs need specialised services
- **Infrastructure:** Jersey's sewage treatment plant needs replacing, some public buildings need significant repair work and our roads, drains and sea defences need to be maintained and developed
- **Social housing:** will need further investment to keep homes well maintained
- **Transport, recycling and energy efficiency:** need new approaches to protect the environment
- **Criminal Justice system:** funds will be needed for court and case costs.

What we need to do

Borrowing and using savings

Other governments have funded their services by borrowing, but this is not a sustainable option. Nor would it be prudent to use up our reserves.

Although Jersey has considerable funds in the Strategic Reserve, the States agreed in 2006 that this money could be used only in exceptional circumstances, to insulate the Island's economy from the severe, structural decline of a major industry. This is not what we are facing now. The forecast deficits are manageable if we plan our finances carefully.

Using reserves to finance recurring deficits will not solve the underlying problem and we would quickly run out of money. It would also leave Jersey without a safety net and still needing a solution to the deficit. Using the Strategic Reserve once the economy has recovered could add to inflation.

Borrowing carries the same risks as using the Strategic Reserve. The States would have to pay interest on any money borrowed, which would add to future deficits and divert money away from our public services.

Business tax

A separate review and consultation (Fiscal Strategy Review - Business Tax) is being carried out into how Jersey taxes businesses. Jersey might have to adapt to the requirements of the international business and finance communities. Our intention is to maximise the revenue from businesses without jeopardising our competitiveness.

The four main options

A range of tax options has been considered and four have been identified as ways of raising the necessary sums of money. In considering these options, the need to keep the economy vibrant has been balanced against the need to tax people fairly.

The four possible options involve increases to:

- **Goods and Services Tax**
- **Social Security contributions**
- **Domestic property rates**
- **Income Tax**

The solution is likely to be a combination of some of these measures. We want to know how you think these options could affect Jersey as a place to live, work and do business. The following sections describe these options as a means of raising £30 million in each case.

Figure 2 shows how the options meet tests of fairness, competitiveness and economic efficiency (described in more detail on page 8). For the purposes of this paper the fairness test is whether higher earners pay a higher proportion of their income.

Administrative costs are similar for all four options as they all adjust an existing tax. The revenue stability of each is covered in a detailed background report, which is also available to the public. It shows that GST and domestic rates are the more stable options.

The table shows that no tax option scores well against all three criteria of fairness, economic efficiency and competitiveness. Taxes that are likely to help the economy and protect jobs tend to affect a larger proportion of the population. However, a combined package of the measures could be used to achieve a balance between the different objectives.

Figure 2: Assessing the tax options against the criteria

Regressive = a lower proportion of tax paid as income rises,
Progressive = a higher proportion of tax paid as income rises

Measure	Revenue (per year)	Fairness	Economic efficiency	Competitiveness
GST Raise GST by 2%	£30m	Mildly Regressive	Positive	Positive
Social Security Raise ceiling to £115,000	£30m	Progressive	Negative	Negative
Domestic rates Up x3	£30m	Mildly Regressive	Positive	Positive
Income tax 30% rate on income over £100,000	£30m	Progressive	Negative	Negative

Red = does not score well
Green = scores well

Goods and Services Tax (GST)

Current situation: GST is a sales tax of 3% on most goods and services supplied in the Island. Jersey has one of the lowest GST/VAT rates in the world.

Option: Increase the rate of GST from 3% to 5%. This would raise £30 million a year.

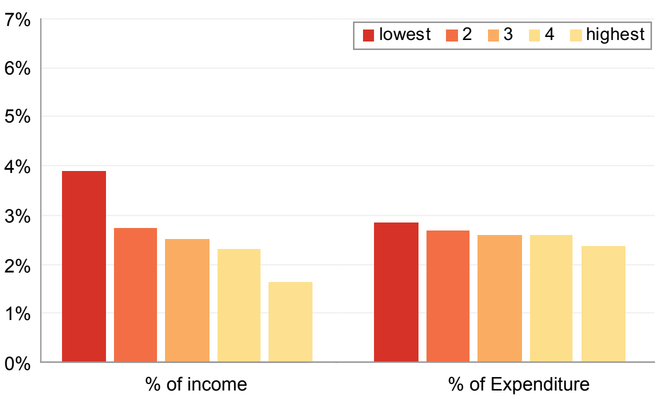
Key issues: An increase in GST scores well on economic grounds because it would not have an impact on competitiveness (exports are excluded) and would not change the key decisions people and businesses make within the economy (for example how much to save or to invest).

However, while a certain proportion of every family's expenditure is made up of GST it has more impact on lower income households. Figure 3 shows how GST accounts for just under 3% of the amount a lower income household spends. This goes down to just below 2.5% for higher income households because they spend a lower proportion of their expenditure on goods and services that are covered by GST. The proportion of income spent on GST also falls as income rises because households with higher incomes may save more of their income, while the less well off spend a higher proportion of their income.

It is possible to introduce higher GST rates for certain goods and exemptions for others. If food and domestic fuel were exempt, the rate would have to increase to 5.8% (rather than 5%), the system would become more complex and expensive to run and would reduce economic efficiency.

Figure 3: Impact of GST by income and spending

% of income/expenditure by quintile*



*Households can be split into five groups according to how much they earn. The red bar represents least well off families while the yellow one is the wealthiest group

Source: Economics Unit calculations based on data from the Household Expenditure Survey and the Income Tax office

Social Security

Current situation: Social Security contributions are paid on wages and not on any other kind of income. Islanders who earn up to £43,752 (the ceiling) pay 6% of their wages and their employer pays another 6.5%, making a total contribution of 12.5%. They do not pay Social Security on anything above £43,752, which means that as income rises above this ceiling the proportion of income paid in contributions falls.

Most of this contribution (10.5%) pays for pensions and benefits, with the remaining 2% going into a Health Insurance Fund to subsidise doctors' fees and provide free prescriptions. Increasing the 2% contribution to the Health Insurance Fund is one option being considered to meet the costs of future investment in our health service.

Option: To raise the employee and employer social security ceilings to £115,000 (Guernsey is moving towards this in steps). This would raise about £30 million a year for the Social Security Fund. (A further £6 million would be raised for the Health Insurance Fund if the ceiling is applied to those contributions).

Key issues: Raising the ceiling would affect those earning more than £43,752, although to different degrees as Figure 4 shows. However, it could also have an impact on the economy by undermining our competitive position in two ways:

1. Make it less attractive for highly skilled, high earning people to work in Jersey

2. Increase cost of employing people and of doing business in Jersey, which could put jobs at risk

Figure 4: Additional contributions paid with new ceiling of £115,000

Income	Additional contributions
£40,000 or less	0
£50,000	£400
£60,000	£1,000
£70,000	£1,600
£80,000	£2,200
£90,000	£2,800
£100,000	£3,400
£110,000	£4,000
£115,000	£4,300
£120,000+	£4,300

Figures represent the extra paid by each individual employee (the employer would pay slightly more than the employee in each case)

A large proportion of Jersey's income comes from the finance sector and its staff, but it is a highly competitive worldwide industry. Many of their clients do not live in Jersey and the services they receive can be supplied from anywhere. This means businesses and staff are likely to relocate if they can find a more profitable base. This change to Social Security could also damage the competitiveness of other businesses like tourism, agriculture and fulfilment, although to a lesser extent.

Raising the ceiling on contributions would increase Social Security payments for higher earning employees, although not out of line with those of our competitors in the finance world (Figure 5). Raising the ceiling for employers would also add to the cost of employing high earning staff, although again it would not put us out of line with competitor jurisdictions.

Figure 5: A comparison of Social Security contributions

	Employee pays	Employer pays
Jersey	6% up to a ceiling of £43,752	6.5% up to a ceiling of £43,752
Guernsey	6% up to a ceiling of £79,872	6.5% up to a ceiling of £117,468
Isle of Man	11% up to a ceiling of £37,960 1% above that	12.8% - no ceiling
UK	11% up to a ceiling of £43,875 1% above that	12.8% - no ceiling

Adding to employers' costs carries a risk. Extra Social Security payments would affect profits and this could mean firms respond by cutting other costs. For instance, it could mean fewer jobs are created or existing employees may lose their jobs. The economy and individual staff could therefore be worse off if employers' costs rise. It is for these reasons that consumption taxes, such as GST, and property taxes, like domestic rates, score better on competitiveness than changes to Social Security contributions.

Domestic property rates

Current situation: The average rates paid (parish plus Island-wide) come to about £350 per household per year. In the UK, the average council tax per dwelling is about £1,100.

Option: Triple domestic property rates by increasing the Island-wide rate, which is collected by the parishes and passed onto the States. This would raise about £30 million per year.

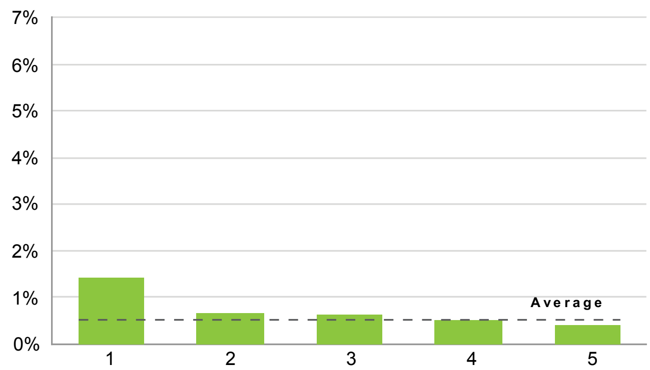
Key issues: An increase in domestic rates scores well on economic grounds because it would not impact on competitiveness and would not change the key decisions people and businesses make. This is not the case for business rates and they are not considered in this paper.

Rates are mildly regressive because lower earning families spend a larger percentage of their income on them. In addition some lower income families may be impacted to a greater extent if they have larger homes. However, in general, richer households actually pay more in cash terms because their houses tend to be bigger (Figure 6).

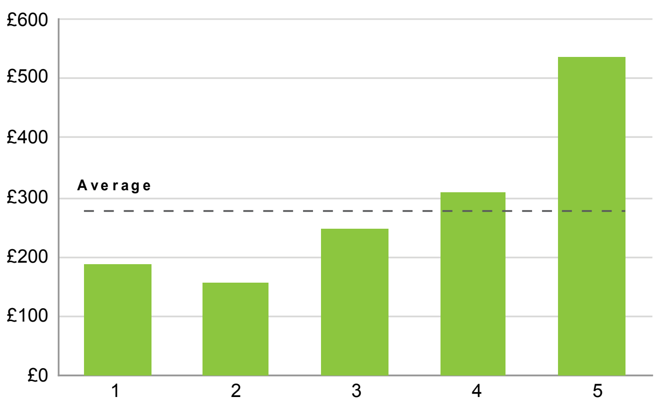
An increase in rates is likely to add to the complexity of administration and may require new benefits for low income households. If this option were to proceed there would need to be close consultation with parish constables.

Figure 6: The distributional impact of parish rates
expenditure by quintile* on parish rates as % of income/£ per year

% of income



£ per year



*Households can be split into five groups according to how much they earn. Column 1 = low income families to Column 5 = high income families

Source: Household Expenditure Survey 2004/05

Income tax

Current situation: Jersey's finance industry attracts skilled, high earning individuals who generate business and employment, and contribute a significant amount in tax. Their financial contribution has enabled Jersey to provide high quality services while keeping the overall personal tax rates lower than many other places.

Option: To introduce a higher rate of income tax - 30% for income above £100,000. This would raise about £30 million a year.

Key issues: This would initially affect higher earners. However, Figure 7 shows that if a 30% higher rate of income tax were introduced for those earning more than £100,000, these people would be worse off and could decide to move elsewhere. They would take with them the jobs and business they generate in our economy, which would affect all Islanders. Introducing a higher rate would be a significant departure from our long standing single 20% rate and the consequences of such a change would need careful consideration.

Figure 7: Extra tax paid if there were 30% income tax on income above £100,000

Income	Single person	Married couple, 2 children, £300,000 mortgage
£100,000	0	0
£120,000	2,000	0
£140,000	4,000	0
£160,000	6,000	39
£180,000	8,000	1,439
£200,000	10,000	2,839
£220,000	11,985	4,239
£240,000	13,385	5,639
£260,000	14,785	7,039
£280,000	16,185	8,439
£300,000	17,585	9,839

The effect on two types of household is shown for illustrative purposes.

How Jersey compares

The level of government spending and the level of taxation used to pay for that spending varies across the world. Countries like Australia and Switzerland have relatively low levels of government spending and taxes whereas in countries such as Denmark, France and Sweden both taxes and spending are relatively high.

In Jersey we benefit from relatively high levels of corporate tax per person, which means the amount of personal tax we pay per person is low (Figure 8).

Figure 8: How Jersey compares

2009	Personal tax (average raised per person including income tax, employee social security contributions, GST, impôts, stamp duty and rates)	Business tax (average corporate income tax raised per person)
Jersey	£4,800	£1,500*
Guernsey	£4,800	£900
Isle of Man	£6,000	£300

*adjusted for impact of 0/10

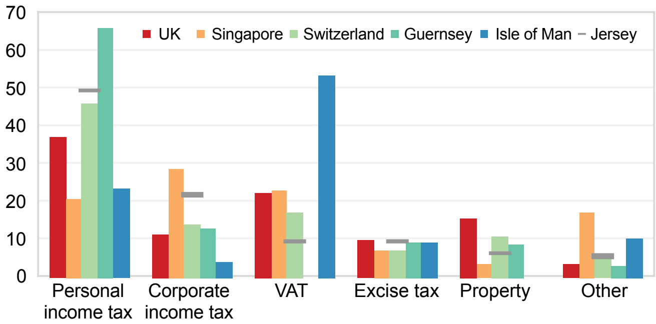
Source: Economics Unit

Figure 9 shows how the Island compares with the UK, Switzerland, Singapore and the other Crown Dependencies (Guernsey and the Isle of Man), with the position in Jersey highlighted by a horizontal grey line. It shows that Jersey gets a high proportion of its revenue from direct taxation (personal and corporate income tax) and a low proportion from indirect taxes (such as GST and impôts). This means there is scope for tax reform in Jersey that would support economic efficiency and competitiveness by achieving a broader balance between direct and indirect taxation.

> "In Jersey we benefit from relatively high levels of corporate tax per person"

Figure 9: Tax mix in the UK, Switzerland, Singapore and Crown Dependencies

% of total tax revenue (excluding Social Security)



Source: OECD and budget documents for Singapore and the Crown Dependencies.

Note: UK, Switzerland and Guernsey data for 2007. Isle of Man data for 2008/09. Singapore data for 2009. Jersey and Guernsey data for 2010, so they have lower corporate tax revenue following the introduction of 0/10.

Other options under consideration

There are a number of other options which would raise smaller amounts. They remain under consideration for the future, but would not raise enough to solve the current problem:

Impôts – a tax on fuel, alcohol and tobacco

Impôt duties raise £50 million a year with £20 million (40%) coming from fuel, £15 million (30%) from alcohol and £12.5 million (25%) from tobacco. It is an easy rate to increase because it is an existing tax. It is also predictable because consumption rates tend to remain steady and are less affected by economic downturns than income or earnings. However, consumption taxes like this tend to affect low earners more. A 10% increase in impôts across the board would raise about £5 million and in the case of tobacco and alcohol have the added benefit of contributing to population health.

New alcohol and tobacco strategies will be published by the Public Health department later this year. It is expected that impôts will need to rise to help meet the aims of these strategies.

Stamp duty – a tax on buying properties

This tax on property transactions raised £24 million in 2008 but only £20 million last year because the property market was less buoyant. The new Land Transaction Tax for share transfer properties is expected to raise £1 million a year. Modest changes to stamp duty are unlikely to pose a problem for the economy, but they would not raise a significant amount. For example, if the rates were changed to those in Figure 10 it would raise £5.5 million.

Figure 10: Stamp duty rates

Property value	Current rate %	New rate %
£0 - £50,000	0.5	0.5
£50,001 - £300,000	1.5	1.5
£300,001 - £500,000	2.0	2.5
£500,001 - £700,000	2.5	3.0
£700,001 - £1,000,000	3.0	4.0
£1,000,001+	3.0	5.0

Source: Treasury and Resources Department

Remove mortgage interest relief – a tax allowance for mortgage holders

Islanders can claim back a portion of the interest paid on mortgages of up to £300,000 for the homes they live in. This costs the States about £20 million a year. There is little economic justification for this subsidy because it keeps house prices higher than they would otherwise be. Home buyers simply factor in the tax relief when considering what property they can afford. But buying a house is a long-term financial commitment so removing mortgage interest tax relief would have to be phased in over a long period to allow people to adjust. Reducing the relief by 10% would increase revenue by £2 million.

Land development tax – paid by landowners developing their land

A land development tax could be paid by landowners who would then receive less profit when their land is re-zoned for development. It would raise little revenue, would be complex to design and take some time to implement. Also, land is not re-zoned at regular intervals so the income would be sporadic. Therefore, this tax is not well suited to helping with the deficit from 2012. In addition, developers are being asked to provide affordable homes and social housing as part of their planning permission so the two would have to be considered together.

A package of smaller measures

A package of the measures above - new stamp duty rates, increasing impôts by 10%, introducing a land development tax and reducing mortgage interest tax relief by 10% - would raise about £15 million in total.

Separate reviews will be undertaken on:

• **Company registration fees**

All companies incorporated in Jersey pay an annual registration fee of £150, which generated £3.7 million for the States in 2009. The impact of a change in the annual registration fee is being considered.

• **International Services Entities (ISE) fees**

Banks, trust companies and fund services pay an ISE fee instead of 3% GST, which contributes £6 million a year to the income raised by GST. If GST were to increase the ISE fees could be reviewed, but an increase would add to the cost of doing business and this would not help Jersey remain competitive. We are reviewing the way ISE fees are charged.

• **The tax regime for high net worth migrants (1(1)ks)**

A review is being conducted of how Jersey taxes wealthy people who come to live here. The results of this review will be announced later in the year.

Other options not under consideration

The following options have also been analysed, but could not be relied upon to help deal with the deficit after 2012:

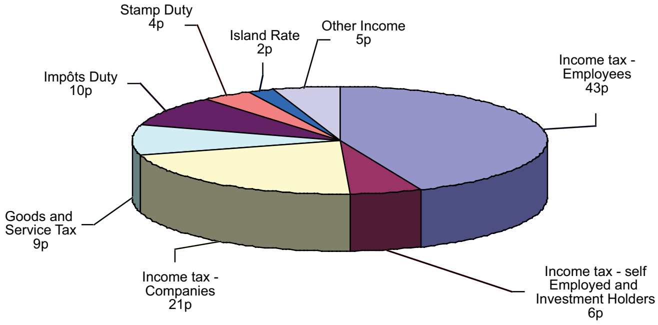
• **Capital taxes – paid on profits when property and other investments are sold or paid by a beneficiary of a will**

Jersey does not have a capital gains tax or inheritance tax. However, some investment gains are taxed as income and there is stamp duty (probate) in some inheritance cases. Previous studies have shown that our competitors do not have capital gains and inheritance taxes and to introduce them would damage our finance industry, resulting in job losses and lower tax revenue.

Where States revenue comes from

The States raise most of their revenue from income tax on individuals and companies, with only 9% from GST and 2% from the Island rate (Figure 11).

Figure 11: Where each pound of States income will come from in 2010



Source: States of Jersey Budget 2010

How the tax options were assessed

Five criteria have been used to assess each tax option:

1. **Fairness:** This takes account of a person's income and ability to pay. Figure 12 uses data from the household expenditure survey which gives an indication of broad trends in income distribution but is not suitable for more detailed analysis. It illustrates that roughly 85% of households have an income at or below £81,000. The technical terms used to describe different distributional impacts are:

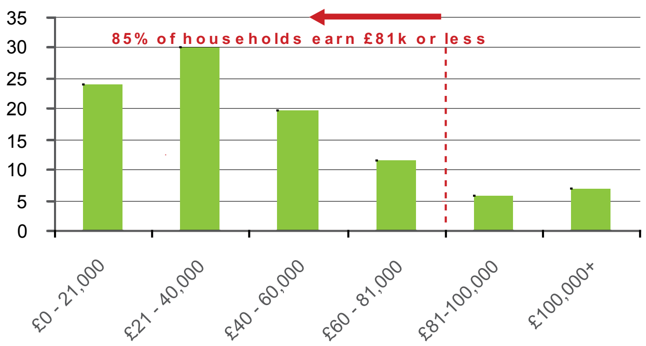
   Regressive – a lower tax rate as income rises. This means that those who earn less pay a bigger slice of their income as tax (even though they actually might pay less in monetary terms)

   Proportional – everyone pays the same percentage.

   Progressive - higher tax rates for higher incomes. This affects higher earners more because they pay a larger proportion of their income in tax.

Figure 12: How much people earn in Jersey

percentage of households at certain income* ranges



*2004/05 uprated to 2009 levels by earnings

Source: Statistics Unit/Economics Unit calculations

2. **Economic efficiency:** Taxes can change what people or businesses do or buy – also called distortions. (Taxes are sometimes introduced to change habits. For example tobacco duty discourages people from smoking so less needs to be spent on health care.) If a tax distorts people's behaviour it can hamper economic growth.

3. **Competitiveness:** International competitiveness is vital for all businesses in Jersey and particularly the finance industry. If competitiveness is reduced business will be lost to the economies we compete with and Jersey's own economy will suffer. That means higher unemployment, lower business profits and lower tax revenues to fund public services.

4. **Administration costs:** It is cheaper to alter existing taxes than to introduce new ones because the staff and systems needed to administer them are already in place. Simple taxes that are difficult to avoid and evade are generally cheaper.

5. **Revenue stability:** It is easier to plan spending if the amount of tax remains roughly the same from year to year and there is some certainty that it can be collected. Stability and predictability are good qualities to have in taxation.

What happens next?

21 June 2010
Fiscal Strategy Review consultation launched

30 August 2010
End of public consultation period

13 September 2010
Consultation results published

26 October 2010
Budget proposals lodged

7 December 2010
States debate budget proposals

Glossary

Capital gains tax
A tax on profit made on the sale of a property, a share in a company, a valuable antique or painting, for example.

Direct taxation
Taxes paid directly to the government by the taxpayer whether they are individuals or companies. This is usually a portion of earnings, profits or wealth. Examples are income tax, corporate tax and parish rates.

Economic growth
An increase in the amount or value of goods and services produced. This can be achieved by making existing businesses more efficient and by increasing the number of businesses which make more money and provide better paid jobs. Higher profits and more jobs also mean more tax income for the Island.

Goods and services tax (GST)
GST is a tax on items that people buy. In Jersey it is set at a single rate of 3% on most goods and services supplied in the Island, including any imported goods.

Impôts
A Jersey name for the tax charged on the production or sale of alcohol, tobacco and fuel. Also known as an excise tax or duty.

Income tax
A tax paid on any money a person receives as income. This includes earnings from employment, bank interest, dividends and rental income.

Indirect taxation
Taxes which are not paid directly to the government by the taxpayer. GST and impôts are examples because they are collected by shops and companies who then pay the government.

Inheritance tax
A tax charged when a person inherits assets, such as money, property or shares in a company.

International competitiveness
How well businesses in Jersey can compete with businesses located elsewhere. An important part of this is business costs, which are affected by wages, other employment costs, transport costs, rents and taxation.

Long-term care
A range of services for people who need help with daily living.

Real terms
An adjustment for the impact of inflation.

Social Security
A proportion of a person's wages paid to Social Security for pensions, benefits, subsidising doctors' fees and free prescriptions. The level is currently set at 6% for employees and 6.5% for employers up to a ceiling of £43,752.

Stabilisation Fund
Money set aside to make Jersey's economy more stable by saving surpluses in the good times to fund projects that will support the economy in difficult times.

Strategic Plan 2009-2014
A document developed by the Council of Ministers that sets the overall direction for Jersey, concentrating on long-term policy aims and priorities.

Strategic Reserve
A fund set aside to cushion the Island in exceptional circumstances, like the sudden collapse of a major industry or a serious natural disaster.

Structural deficit
This is an ongoing shortfall that occurs when the Island spends more than it earns in tax revenue. A structural gap remains even when the economy is doing well.

User-pays
Charging for public services so the people who use them pay their full cost - rather than funding or subsidising services through tax revenues.

Consultation Questions

Are you an individual or are you answering this consultation on behalf of a company or organisation?

If the latter, which company or organisation are you representing?

The issues we would like your views on are outlined below.

1. If taxes are required to help balance States finances from 2012 how do you think they should be spread over the Island population? (tick one)

- ☐ Better off households should pay a lower percentage of their income (but a similar amount in cash terms)
- ☐ Each household should pay the same percentage of their income
- ☐ Better off households should pay a higher percentage of their income

2. What do you think the impact would be of the various tax options outlined below, that would raise about £30 million each?

a) Increase GST by 2% to 5% raising £30 million per year

What would be the impact on Jersey as a place to do business?

What would be the impact on Jersey as a place to live and work?

b) Raise the Social Security ceiling for employees and employers to £115,000 raising £30 million per year

What would be the impact on Jersey as a place to do business?

What would be the impact on Jersey as a place to live and work?

c) Increase in Island-wide domestic rates – total domestic rates up x3 raising £30 million per year

What would be the impact on Jersey as a place to do business?

Consultation Questions

What would be the impact on Jersey as a place to live and work?

d) Introduce a higher rate of income tax of 30% over £100,000 raising £30 million per year

What would be the impact on Jersey as a place to do business?

What would be the impact on Jersey as a place to live and work?

3. On page 7 a package of smaller measures is outlined, including new stamp duty rates, increasing impôts by 10%, introducing a land development tax and reducing mortgage interest tax relief by 10%. This package would increase revenue by about £15 million in total.

What would be the impact of such a package on Jersey as a place to do business?

What would be the impact of such a package on Jersey as a place to live and work?

4. Please add any other ideas or preferences you may have for the States to raise tax revenue

How to comment

Please return the questionnaire or fill in the online version available at **www.gov.je**

This consultation document and a more detailed background report are also available at this site.

If you want a printed copy of this consultation document or the background report, please email Mark MacGregor at **m.macgregor@gov.je** or call on **440432**.

Please send your completed consultation question form with any additional comments to:

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The deadline for responses is **30 August 2010**

States of Jersey
États de Jersey
£20
Vingt Livres
£5
Cinq Livres
£10
Ten Pounds
£1
One Pound
Fifty Pounds