



INCOME TAX OFFICE
BUSINESS PLAN 2008

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INTRODUCTION BY THE COMPTROLLER OF INCOME TAX

In recent years we have been facing and, indeed still are facing, major challenges within the Income Tax Office.

In particular, 2008 will see the introduction and implementation of the 0/10% corporate tax regime approved by the States in January 2007 and the related shareholder taxation provisions approved in November, 2007.

Next year will also see the broadening of the tax base with the introduction of a Goods & Services Tax (GST) which will assist in mitigating some of the loss in revenues anticipated by the move to the internationally competitive 0/10% corporate tax regime. It is expected that the first full year of GST will yield some £45m. As yet the full operational requirements of the introduction of GST are a touch uncertain, as is to be expected from such a major new initiative. However, without doubt GST will have a significant impact on the Income Tax Office.

2008 will also see the second year of phasing out of allowances with the introduction of the 20% means 20% for better off individuals, as well as the introduction of a current year basis of assessment for all those engaged in trading activities.

In addition, we will be in the third year of the successful implementation of the EUSD Bilateral Agreements which raised some £7.4m for the States Treasury in 2006, as well as complying with our commitments under the USA Tax Information Exchange Agreement (TIEA). Negotiations on a substantial number of further TIEA's with countries worldwide are expected to be concluded and become operational with the next 18 months.

ITIS will be into its third year in 2008 and the system continues to be enhanced and improved upon as required.

Of course, as well as handling these administrative, legal and operational challenges, we will also have to continue to service and assess our 105,000+ personal and corporate taxpayers, from whom we expect to collect over £400 million in tax in 2008.

The Strategic and Business as Usual Objectives set out in this Plan are both challenging and demanding. As always, I know that you will all work to your optimum capacity to achieve them and to ensure we continue to give a first class service to all our customers.

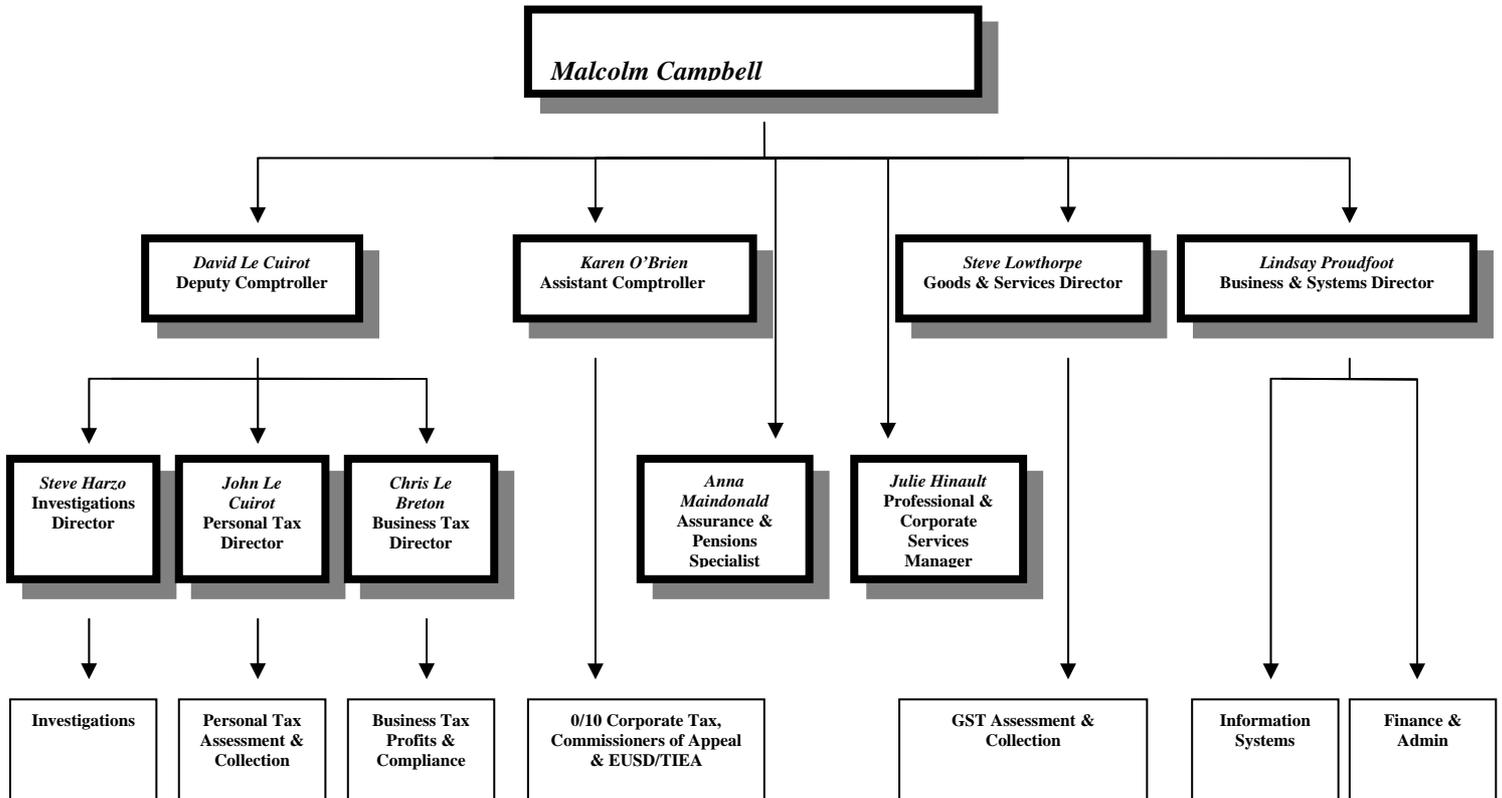
I am aware, and very appreciative, of the commitment and dedication I receive from all staff within the Income Tax Office and with the help of my Senior Management Team I have done my utmost to ensure the issues raised in the Have Our Say survey have been addressed.

Following the momentous changes in Income Tax legislation, the Deloitte review and the recent round of promotions within the Office I hope we can all now look forward to a period of stability, and whilst there is no doubt that there are immense challenges still ahead of us all, I know that each and every one of you will rise to those challenges and continue to provide the excellent service to our customers of which we should all, rightly, be so proud.

Malcolm Campbell, BA., FTII., FCMI

Comptroller of Income Tax

The functions of the Office of the Comptroller of Income Tax, as detailed at Article 6 of the Income Tax (Jersey) Law, are discharged with the invaluable assistance and expertise of more than 80 full time staff equivalent, organised to deliver services as follows



OUR VISION:

We are an Office :

sTriving
AAfter
eXcellence

OUR MISSION :

The effective administration of the Income Tax Law and the efficient assessment and collection of tax whilst delivering excellent service to our taxpayers and other customers.

OUR VALUES ARE :

- ◆ To respect customer confidentiality in accordance with our Royal Court oath of office
- ◆ To put the customer at the heart of everything we do
- ◆ To take pride in delivering an effective public service for Jersey
- ◆ To always be fair and honest and act with integrity
- ◆ To achieve success in all we do by working together
- ◆ To constantly look for ways to improve what we do and are flexible and open to change
- ◆ To relentlessly drive out waste and inefficiency

KEY OPERATIONAL AND STRATEGIC OBJECTIVES

1.	Assess tax revenues arising from 105,000 personal and corporate taxpayers whilst administering the Income Tax Law impartially and ensure collection of 95% of 2007 tax revenues by the end of 2008.
2.	Develop and implement the programme for the introduction of Goods and Services Tax in 2008.
3.	Implement the programme for the introduction of 0/10% corporate tax reforms and related provisions by 2009.
4.	Introduce a current year basis of assessment for taxing trades, professions, vocations and investment companies.
5.	Implement the phased introduction of the abolition of tax allowances and reliefs for those with higher incomes, 20% means 20% from the year of assessment 2007.
6.	Continue promoting the programme for the electronic filing of agents tax returns and undertake the necessary law drafting, administrative and operational requirements for electronic self assessment by taxpayers.
7.	Introduce guidelines and notes, during 2008, for Retirement Annuity Trusts.
8.	Monitor the Income Tax Instalment System (ITIS) and implement enhancements where deemed necessary.
9.	Investigate and collect back taxes and penalties from those who evade tax.
10.	Continue compliance activities in areas such as claiming of non deductible expenses in business accounts and attempts to convert income into capital.
11.	Undertake compliance with the EUSD Bilateral Agreements and the Jersey / USA OECD Tax Information Exchange Agreement (TIEA) through the submission of retention tax and the exchange of information. Meet with the Netherlands Competent Authority to progress the administrative requirements for the new Netherlands / Jersey TIEA.
12.	Continue to report to the Income Tax Office Monthly Management Meeting progress on important operational issues such as (a) monthly statistics for assessing and accounts inspection, (b) receipt and processing of ITIS returns; (c) cross Divisional discussions to ensure a common approach to operational and policy matters;(d) recruitment, training and development; (e) tax collection; (f) compliance and investigation activities, etc.,
13.	Ensure the continued practice of quick and pertinent tax rulings to professionals on new lines of business and innovative business transactions.
14.	Attend all meetings of the independent Commissioners of Appeal and present delay and contentious cases to ensure the equitable administration of the provisions of the Income Tax Law.
15.	Continue to attend and contribute to the Inter - Island tax meetings between Jersey, Guernsey and the Isle of Man Tax Offices in discussions of common operational and policy issues.
16.	Contribute, together with colleagues from the Economic Development Department, to increase the tax take from high net worth individuals.

17.	Deliver taxation revenue estimates to the Treasurer accurately and on time.
18.	Advise the Treasury and Resources Minister, as required, on tax policy and proposed amendments to the Income Tax Law and to implement that policy efficiently, effectively and on time.
19.	Continue to test and enhance the Business Continuity programme for the Income Tax Office.
20.	Constantly work towards our vision of striving after excellence in particular, delivering excellent results for all our customers, whether taxpayers, professionals, politicians or colleagues in other States Departments, in an efficient and effective manner.
21.	Ensure the efficient, effective and impartial administration of the Income Tax Law and the most efficient use of resources by training and developing staff to their fullest potential and utilising information technology to its fullest extent.
22.	Ensure all States HR and other policies are adhered to and that we continue to maintain very favourable rates of staff absenteeism and staff turnover.
23.	Continue to promote dialogue between the Income Tax Office and professional agents in order to discuss and resolve common operational issues.
24.	Contribute to a common culture, common values and common corporate policies so that we play our part to ensure success for the Treasury and Resources Department.

LINKS TO STATES STRATEGIC PLAN

<u>Key Performance Objective & Year</u>	<u>Key Performance Indicators</u>	<u>Key risk</u>	<u>SSP Ref</u>
Develop and implement the programme for the introduction of the Goods & Services Tax (GST) in 2008	<p>Staff recruited and trained</p> <p>All business support systems designed – internal procedure manuals/forms prepared</p> <p>Manage GST automation project – ensure delivery of software in tranches – test and accept</p> <p>Registration of taxpayers</p> <p>Commence communications programme – “countdown to GST” – includes preparation of public notices/leaflets</p> <p>Conduct educational visits to GST registered taxpayers</p>	<p>Staff and or budget not available. Staff numbers not adequate to administer the tax (dependent on what type of system is approved)</p> <p>Directly linked to passage of legislation above (regulations)</p> <p>Contract award delayed/adequate funding not available</p> <p>Registration software not completed or accepted</p> <p>Trained staff unavailable</p>	6.1.1
Implement the programme for the introduction of the 0/10% corporate tax reforms and related provisions by 2009	<p>0/10% reforms implemented and in place</p> <p>Production of external guidelines for tax agents and others</p>	Staff numbers not adequate or not fully trained	6.1.2
Introduce a current year basis of assessment for taxing trades, professions, vocations and investment companies.	Production of external guidelines for tax agents and others		6.1.2
Implement the phased introduction of the abolition of tax allowances and reliefs for those with higher incomes, ‘20% means 20%’, from the year of assessment 2007	Completion of amendments to assessment programs		6.1.3

Income Tax Office Business Plan 2008

2007/2012			
Undertake compliance with international tax obligations through the submission of retention tax and exchange of information	All retention and information reconciled and exchanged with appropriate authorities	Reporting requirements not met by paying agents	1.8.3 1.8.5
Ensure the continued practice of quick and pertinent tax rulings to professionals on new lines of business and innovative business transactions	Tax rulings to be made within three days	None identified	1.2.1 1.2.2
Monitor the Income Tax Instalment System (ITIS) and implement enhancements where deemed necessary	Monthly receipt of IT IS payments and data	None identified	1.7.5
Assess and collect tax revenues arising from 105,000+ personal and corporate taxpayers whilst administering the Income Tax law impartially	Taxation collected during 2007. Error rate on personal tax assessment Company tax assessments closed and issued Cheques over £15,000 banked on day of receipt Personal tax assessments closed and issued		
Continue compliance activities in areas such as claiming of non tax deductible expenses in business accounts and attempts to convert income into capital Investigate and collect back taxes and penalties from those who evade tax	Yearly statistics published Number of cases investigated and amount of settlement tax per annum	Time and resources allocated to implementation of current year basis tax proposals	
Continue to list delay and contentious appeals at six meetings a year for the hearing and determination of the independent Commissioners of Appeal.	Six Commissioners of Appeal hearings held		

<u>ALL SECTIONS</u>		
Carry out Performance Review and Appraisals (PRA) for all staff	% of staff receiving a PRA during the year	100% of non-manual staff receiving a PRA by 31 st December 2008
Develop Risk Management and Business Continuity Plans	Plans in place	Regularly tested and enhanced and reviewed at management meetings
Develop strategies to reduce the number of days lost through sickness	Reduction in number of days lost	Number of days lost reduced to 5 per member of staff
Train and develop staff to ensure optimum performance and review and appraise on a yearly basis	Feedback from customer questionnaires and performance management system	Feedback reviewed by 31 st Dec 2008