



# ADDENDUM

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## Addendum

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At the conclusion of the States debate of the 2014 Draft Budget on 5 December 2013 the States had approved three amendments to the original proposition from the Minister for Treasury and Resources.

### Amendments Agreed

#### **Second Amendment (as proposed by the Constable of St. Helier) – Part (iii)**

The effect of part (iii) of the amendment is to decrease the estimate of income from taxation during 2014 by £100,000 by increasing the duty on fuel by the June 2013 RPI figure of 1.5% and not by the proposed 2%.

Part (i) of this amendment was subsequently amended by the Minister for Treasury and Resources. Part (ii) was not approved.

#### **Second Amendment to the Second Amendment (as proposed by the Minister for Treasury and Resources)**

This Second Amendment to the Second Amendment comes in three parts and amends Part (i) of the Constable of St Helier's amendment.

- a) The effect of the first part is to decrease the estimate of income from taxation during 2014 by £103,000 by increasing the duty on wines by 3.6% and not by the proposed 5%.
- b) The effect of the second part is to decrease the estimate of income from taxation during 2014 by £85,000 by increasing the duty on beers and ciders exceeding 2.8% abv but not exceeding 4.9% abv by 3% and not by the proposed 5%.
- c) The effect of the third part does not vary the estimate of income from taxation during 2014 but introduces a new lower band of duty on beers and ciders exceeding 1.2% abv but not exceeding 2.8% abv, with this new band being calculated at 50% of the duty rate for beers in the 2.8% abv but not exceeding 4.9% abv band.

#### **Fourth Amendment (paragraph (b)) (as proposed by Deputy Young)**

The effect of this amendment is to decrease the estimate of income from taxation by £20,000 in 2015 by reducing the minimum donation (to charity) allowed under the provisions of Article 87B of the Income Tax (Jersey) Law, 1961 from £100 to £50 for Year of Assessment 2014. The States approved that the Draft Income Tax (Amendment No. 43) (Jersey) Law be amended in this respect.

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## Summary

The approved amendments to the 2014 Budget will reduce the estimates of total taxation revenue to £639,225,000 and the total States income to £673,183,000.

The balance on the Consolidated Fund at the end of 2014 is estimated to be £5,421,000

### Note:

This Addendum includes updated tables as follows to reflect the above amendments:-

Figure/Summary Table	Page Number of Draft Budget Statement	Title
Figure 8	41	Duty Increases for 2014
Figure 13	44	Summary of duty revenues
Figure 14	44	Explaining the net variation to forecasts
Figure 15	48	Estimated financial implications of the 2014 Budget proposals compared with the MTFP
Summary Table A	159	States income forecast for 2014
Summary Table F	164	Consolidated fund forecast for 2014

### FIGURE 8 – DUTY INCREASES PROPOSED FOR 2014 (as amended)

	Current Duty	Proposed Duty	Increase (rounded to the nearest penny)
Litre of whisky at 40%	£11.49	£12.76	127p (11%)
Bottle of table wine	£1.38	£1.43	5p (3%)
Pint of beer ≤ 4.9% abv	£0.33	£0.34	1p (3.6%)
Pint of beer > 4.9% abv	£0.51	£0.57	6p (11%)
20 King size cigarettes	£4.29	£4.76	47p (11%)
Litre of unleaded petrol	£0.43	£0.44	1p (1.5%)

FIGURE 13 – SUMMARY OF DUTY REVENUES (as amended)

	MTFP (July 2012)		Budget 2013 (Dec 2012)		Budget 2014 (Dec 2013) (as amended)	Contribution to Budget measures 2014
	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2014 £'000	2014 £'000
Impôts on Spirits	4,157	4,133	4,161	4,137	4,747	610
Impôts on Wine	7,248	7,504	7,256	7,512	7,626	114
Impôts on Cider	1,039	1,107	1,040	1,108	919	(189)
Impôts on Beer	5,732	5,758	5,738	5,764	5,485	(279)
Impôts on Tobacco	12,392	11,813	14,004	13,425	14,789	1,364
Impôts on Motor Fuel including Fuel Duty Rebate	21,221	21,537	21,135	21,451	20,263	(1,188)
Impôts on Goods Imported	150	150	150	150	150	–
Vehicle Emissions Duty	1,000	1,000	1,050	1,050	924	(126)
<b>TOTAL IMPÔTS DUTY</b>	<b>52,939</b>	<b>53,002</b>	<b>54,534</b>	<b>54,597</b>	<b>54,903</b>	<b>306</b>

Note: the 2013 Budget agreed increases to Impôts duties for alcohol, tobacco and VED.

FIGURE 14 – EXPLAINING THE NET VARIATION TO FORECASTS (as amended)

	2014 Budget Proposals 2014 £'000	Less: Original MTFP Assumptions 2014 £'000	Changes in Volume assumptions 2014 £'000	Net variation to Forecasts 2014 £'000
Impôts on Spirits	470	(107)	247	610
Impôts on Wine	265	(184)	33	114
Impôts on Cider	54	(21)	(222)	(189)
Impôts on Beer	277	(131)	(425)	(279)
Impôts on Tobacco	1,466	(334)	232	1,364
Impôts on Motor Fuel including Fuel Duty Rebate	299	(498)	(989)	(1,188)
Vehicle Emissions Duty	44	0	(170)	(126)
<b>TOTAL IMPÔTS DUTY</b>	<b>2,875</b>	<b>(1,275)</b>	<b>(1,294)</b>	<b>306</b>

The table shows the estimated net variation to forecasts after allowing for the duty assumptions in the MTFP for 2014 of 2.5% and the estimated effect of the changes in the assumption for the volume of each commodity imported since the MTFP and Budget 2013 assumptions in March and September 2012.



## 7. Financial & Manpower Implications (as amended)

FIGURE 15 – ESTIMATED FINANCIAL IMPLICATIONS OF THE 2014 BUDGET PROPOSALS COMPARED WITH THE MTFP (as amended)

Measure	Estimated 2014 Taxation Revenue (£)
Goods and Services Tax	Neutral
Impôts Duty	
Alcohol duty increases	256,000
Tobacco duty increases	1,364,000
Fuel duty increases	(1,188,000)
VED duty increases	(126,000)
<b>Sub Total</b>	<b>306,000</b>
These figures represent the increased/decreased revenue compared to the 2014 MTFP forecast and not the total increase revenue that will be collected on these goods by the Customs and Immigration Service in 2014 compared to 2013.	
Stamp Duty	
Extend for a further 12 months the first time buyer relief in respect of property costing between £400,000 and £450,000	(300,000)
<b>Sub Total</b>	<b>(300,000)</b>
<b>Total Financial Implications 2014</b>	<b>6,000</b>

Measure	Estimated Impact on 2015 Taxation Revenue (£)
Income Tax	
Increase Income Tax exemption thresholds by 1.5%	2,900,000*
Decrease in the Income Tax Marginal Rate from 27% to 26%	(7,800,000)
Enhanced income tax exemption threshold for parents of children in higher education	(900,000)
Remove the restriction to child allowance by reference to the child's earned income	(420,000)
Increase the age of entitlement for single, married persons and civil partners to the higher exemption threshold	750,000
Decrease in the minimum donation to charity from £100 to £50 for Year of Assesment 2014	(20,000)
<b>Sub Total</b>	<b>(5,490,000)</b>

The income tax measures relate to the income tax year of assessment 2014. These will impact on the tax revenues to the States in 2015. However, most current year basis taxpayers under ITIS will see the benefit of these measures during 2014. This is because the measures will impact on the calculation of their provisional ITIS effective rate.

\* Note: this is an updated figure after allowing for the most recent tax data (YOA 2011).

### Manpower Implications

The proposals within the Budget Statement 2014 will be implemented without any increase to current approved staffing levels.

## 23. Summary Table A – States Income 2014 (as amended)

	Outturn	MTFP (July 2012)		Budget 2013 (Dec 2012)		Budget 2014 (Dec 2013) (as amended)
	2012	2013	2014	2013	2014	2014
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income Tax</b>						
Personal Income Tax	351,121	377,000	394,000	377,000	394,000	394,000
Companies	79,339	77,000	80,000	79,965	82,965	82,965
Provision for Bad Debt		(4,000)	(4,000)	(2,000)	(2,000)	(2,000)
	430,460	450,000	470,000	454,965	474,965	474,965
<b>Original Budget Measures</b>						
		7,600	7,600			
<b>Goods and Services Tax (GST)</b>						
	79,559	79,761	81,955	79,761	81,955	81,955
<b>Impôts Duties</b>						
Impôts Duties Spirits	4,091	4,157	4,133	4,161	4,137	4,747
Impôts Duties Wine	6,783	7,248	7,504	7,256	7,512	7,626
Impôts Duties Cider	927	1,039	1,107	1,040	1,108	829
Impôts Duties Beer	5,047	5,732	5,758	5,738	5,764	5,575
Impôts Duties Tobacco	15,825	12,392	11,813	14,004	13,425	14,789
Impôts Duties Fuel	20,396	21,221	21,537	21,135	21,451	20,263
Impôts Duties Goods (Customs)	328	150	150	150	150	150
Vehicle Emissions Duty (VED)	839	1,000	1,000	1,050	1,050	924
	54,236	52,939	53,002	54,534	54,597	54,903
<b>Stamp Duty</b>						
Stamp Duty	15,404	20,478	23,427	20,478	23,427	23,127
Probate	4,069	2,500	2,500	2,500	2,500	2,500
Stamp Duty on Share Transfer (LTT)	1,699	1,551	1,775	1,551	1,775	1,775
	21,172	24,529	27,702	24,529	27,702	27,402
<b>Total Taxation Revenue</b>	<b>585,427</b>	<b>614,829</b>	<b>640,259</b>	<b>613,789</b>	<b>639,219</b>	<b>639,225</b>
<b>Other States Income</b>						
Net Investment Income	4,166	3,721	3,679	3,721	3,679	3,679
Dividends and Returns	18,442	8,319	11,186	8,319	11,186	11,186
Jersey Financial Services Commission Fees	3,685	3,700	3,700	3,700	3,700	3,700
Returns from States Trading Operations	1,671	1,691	1,731	1,691	1,731	1,731
EUSD Retention Tax	1,464	1,500	-	1,500	-	-
Income Tax Penalties	1,035	1,071	1,071	1,071	1,071	1,071
Fines and Other Income	463	543	559	543	559	559
	30,926	20,545	21,926	20,545	21,926	21,926
<b>Island Rate Income from Parishes</b>	<b>11,380</b>	<b>11,670</b>	<b>12,032</b>	<b>11,670</b>	<b>12,032</b>	<b>12,032</b>
<b>Total States Income</b>	<b>627,733</b>	<b>647,044</b>	<b>674,217</b>	<b>646,004</b>	<b>673,177</b>	<b>673,183</b>

1. The States decision not to approve the increases in Impôts duty on fuel was partly offset by additional increases on tobacco resulting in a reduction of £1.04 million in the MTFP States income targets following the 2013 Budget
2. The impact of the 2014 Budget proposals, as amended, amounts to £6,000 in 2014 with the Income Tax proposals in respect of year of assessment 2014 not affecting the States accounts until 2015.



## 28. Summary Table F – Consolidated Fund Forecast for 2014 (as amended)

Actual 2012 £'000	Consolidated Fund	MTFP		Budget 2013		Revised Forecast for 2014 Budget	
		2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000
47,176	<b>Opening Balance</b>	32,738	19,717	32,738	18,677	31,160	12,099
(27,100)	Proposed Capital Expenditure Allocation - Housing Schemes						
	Other Fund Adjustments - Return of Housing Capital		27,000		27,000		27,000
	Other Fund Adjustments - Allocation to Capital Programme		(26,472)		(26,472)		(26,472)
20,000	Repayment of JT Preference Dividends		(4,743)		(4,743)		(4,743)
	Other Fund Adjustments - Allocation to Capital Programme	(8,500)		(8,500)		(8,500)	
	Other Fund Adjustments - Allocation to Innovation Fund					(5,000)	
7,000	Other Fund Adjustment - Earmarked Carry Forward from 2012 to Fund Capital	(7,000)		(7,000)		(7,000)	
	Other Fund Adjustment - Earmarked Carry Forward from 2013 to Fund Capital	3,300	(3,300)	3,300	(3,300)	3,300	(3,300)
	Other Fund Adjustment - Jersey Post Special Dividend 2012 to Fund Capital	(1,528)	(698)	(1,528)	(698)	(1,528)	(698)
	Other Fund Adjustment - Apply Strategic Reserve contribution to Future Hospital project (Phase 1)						(10,200)
	Other Fund Adjustment - Apply Currency Fund contribution to Liquid Waste Strategy (Phase 1)						(3,000)
(27,088)	Other Fund Adjustments						
	Proposed transfer from Strategic Reserve						10,200
	Transfer from Currency Fund						3,000
11,172	<b>Forecast Surplus/(Deficit) for the year</b>	707	59	(333)	(981)	(333)	(981)
	Budget measures 2014 Budget						
	– Increases in Impôts duties as amended						306
	– Extension of FTB stamp duty relief						(300)
	Proposed variations to the Capital Programme 2014 requiring a reduced contribution from the Consolidated Fund in 2014						2,510
	<b>Estimated Consolidated Fund Balance</b>						
31,160	<b>Central scenario</b>	19,717	11,563	18,677	9,483	12,099	5,421

1. The States decision not to approve the increases in Impôts duty on fuel was partly offset by additional increases on tobacco resulting in a reduction of £1.04 million in the MTFP States income targets following the 2013 Budget.
2. Following the production of the 2012 Financial Accounts the balance on the Consolidated Fund at the beginning of 2013 had reduced slightly and is forecast to reduce to £12 million by the end of 2013. This is largely due to the allocation to the Innovation Fund being made in 2013 when originally forecast for 2012.
3. The impact of the 2014 Budget proposals, as amended, amounts to £6,000 in 2014 with the Income Tax proposals in respect of year of assessment 2014 not affecting the States accounts until 2015.