



Lesson 3 Videos Recap

Standard and Marginal rate re-cap

THE ESSENTIALS

Standard rate is 20% on all your income, after your expenses and any contributions you make into Jersey pension plans.

**STANDARD RATE
20% ON EVERYTHING**

Marginal rate is 26% on just what's left over, **after allowances, reliefs and** expenses and pension contributions are deducted from your total income. It works out as a lot less tax for most people.

ALLOWANCES AND RELIEFS

reliefs are deducted.

Reliefs, relieve you, let you off paying tax on part or all of money you spend on certain things like nursery fees, or paying in to your Jersey pension.

Allowances, allow some, perhaps all of your income to be 'tax-free'. Everyone gets a **Personal Allowance**, in 2025 this was over £20,000.



TAKE CONTROL

- If you have children, you can claim **Child Allowance** for each child.
- Single parents can claim an **Additional Personal Allowance**.
- If you make contributions into a Jersey pension scheme these payments will be deducted from your taxable income which will reduce your tax
- It's a tax-efficient way to have long-term financial security for retirement.
- You will get tax relief, and if it's a scheme with your employer, they will make matched contributions.
- You will secure a higher income when you retire, so you are not relying on the state pension alone.

£30,000
-£20,000
-£2,000

£8,000
 26% = £2,080

- Generally, the higher your income the more tax you pay, up to a maximum of 20% standard rate tax on all your income.
- Although the marginal rate 26% sounds higher, after allowances and reliefs, when the marginal rate is calculated, most people pay a lot less than 20%.
- If your income is less than the Personal Allowance, you won't pay any tax.
- For example, if you have around £30,000 of income, you'd only pay about **8 and a half%** of your income, **£2,600** as tax with Marginal rate **rather than 20%**, **£6,000** as tax



GOOD TO KNOW

9/10 people pay marginal rate tax.



ITIS rates working weekends and holidays

THE ESSENTIALS



You do need to get an ITIS effective rate to give to your employer.



Employers need one for every employee they have, even if it is 0%.



ITIS rates expire at the end of each year.



Make sure you request an ITIS rate from Revenue Jersey as soon as you accept a job offer, so you have it for when you start work.

If you're just working weekends or during holidays, you'll probably not earn enough to pay tax.

You have to earn more than the personal allowance before you pay tax (go to gov.je and search 'tax allowances' to check the allowance amount).

ANNUAL PERSONAL ALLOWANCE



Remember, you can have

TAKE CONTROL

- ITIS rate notices are official notifications. They tell your employer the percentage of tax they should deduct from your
- If they don't have your ITIS rate, they must legally deduct the default rate from your earnings and pay it to Revenue Jersey.
- You must give your employer your Income Tax Instalment Scheme (ITIS) rate even if it's zero, or you'll have the maximum rate (called the default rate) taken off your salary.
- ITIS rates expire at the end of each year, so you receive a new rate in November for the year ahead. It allows you time to give it to your employer and for them to update the payroll for January in the year ahead.
- Make sure you give your employer promptly.





Self-employed recap

THE ESSENTIALS



You have more responsibilities than if you are an employee.



Working for yourself means you are your own boss. Instead of getting a wage from an employer, you earn income straight from your customers or by selling a product or service.



You fill out an extra section for self-employment on your personal tax return.



To do this you need to keep accurate business records on all costs and sales.



Your tax is calculated on your net profit (income after business expenses).



You pay your tax directly to us, 50% in November and 50% the following May.



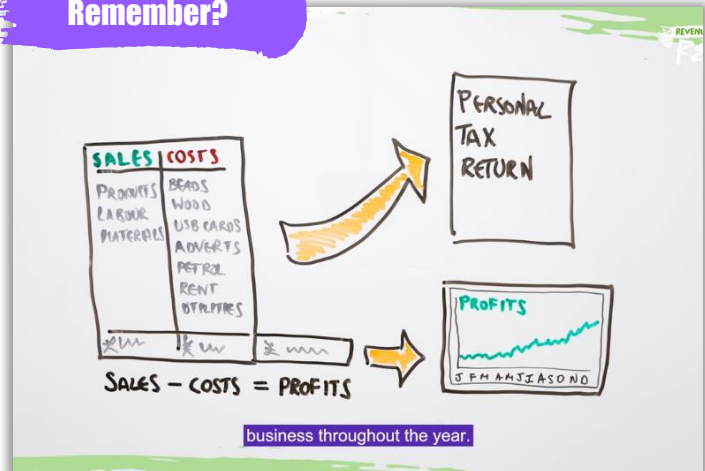
You pay the portion of social security contributions that an employer would pay, as well as the portion employees pay, 6.5% plus 6%, 12.5% in total.

TAKE CONTROL

You still fill out a personal tax return, but you need to keep accurate records so that you can complete all the details about your income and expenses in the self-employment section of the tax return.

Keeping good records also means you can track profitability

Remember?





Thing you must keep a record of

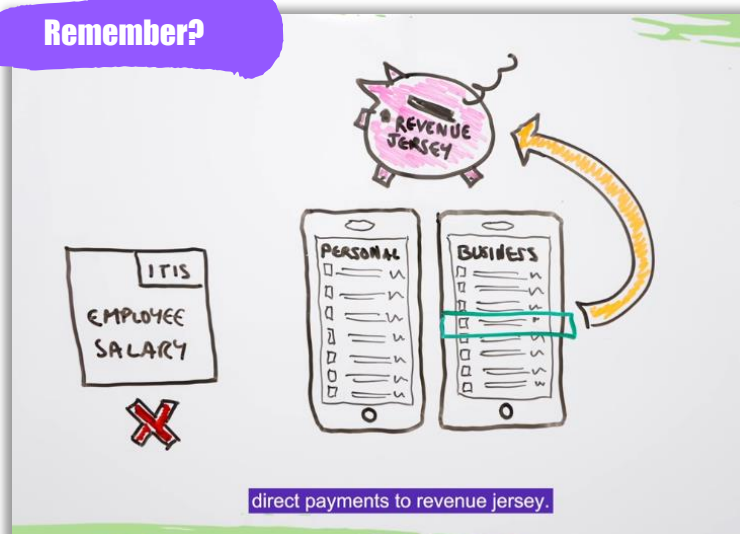
- all your sales and takings
- all your purchases and expenses
- any money taken out of the business for personal use

Things you should also keep if you use them in your business

- invoices
- receipts for purchases
- electronic records of sales or till rolls
- details of items not through the till
- cash book
- petty cash book
- sales and purchase ledger
- bank statements
- cheque stubs
- paying-in slips
- stock inventories
- mileage records

Tip: Bank statements are part of your business records for tax purposes. Set up a dedicated bank for your business your business. It makes it easier to do you're your administration and avoids your personal transactions appearing between business purchases and payments.

Remember?



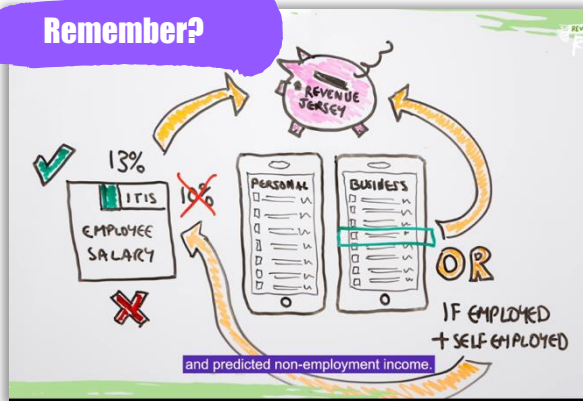
Paying your tax

You can't pay tax by IT IS if you're self-employed. Instead you make direct payments to Revenue Jersey.

You pay 50% of your estimated tax for the current year, in November. Then 50% at the end of May the next year, and any balance once you get your assessment, by the end of November.

If you're employed and self employed you can volunteer to increase your ITIS rate.

Remember?



If you're employed and self-employed you can volunteer to increase your ITIS rate.

We can set it to cover estimated tax on both on your salary and predicted non-employment income.

Social Security Contributions

Self-employed people pay 6.5% as 'employer' and 6% as employee on their own income.



To get an idea how much this will be, estimate 12.5% of your annual net profit (income less expenses).

You can get extra help from our Contributions team. They can give you an estimate of what your payments may be depending on how your business grows. You can also apply for a start-up plan for your first 2 years in business.

Remember?

Employing people

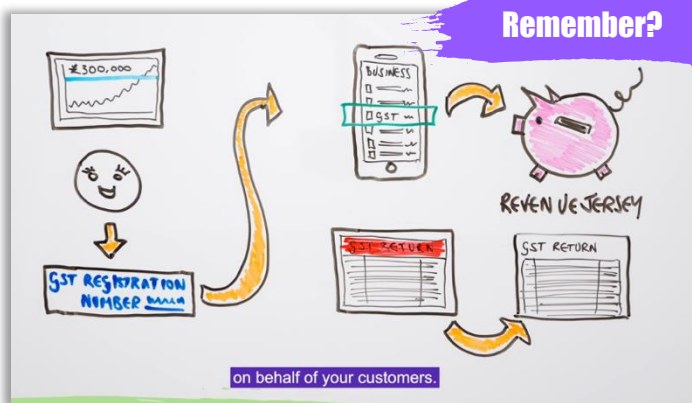
If you have staff, you have even more responsibilities. You must register as an employer and as an employer you must:

Remember?



- ➔ deduct tax and contributions from your employees' wages
- ➔ submit your combined employer return, including manpower information
- ➔ pay the amount of tax and contributions deducted
- ➔ give your employees a written notice of the amounts deducted, tax rate applied and year-end summary
- ➔ keep a record of the wages paid and deductions made for 6 years

Goods and services tax



If your business turnover rises above £300k, you'll need to register for GST.

You then submit monthly GST returns and pay GST to Revenue Jersey on behalf of your customers.

Help with meeting your legal obligations

Record keeping and finances comes with running a business. It's key to business success and being revenue compliant but not something most self-employed people enjoy.

If you want to focus on building up your business, and minimise the admin burden, consider:

Accounting apps

They can scan expense receipts and add them to your records. They can send automatic invoices and payment reminders. They simplify processes and tasks involved in running a business.

Professional bookkeepers or accountants

Their core services don't have to cost a huge amount. They're worth considering if your business is growing well.



LTC Recap

THE ESSENTIALS



If you don't have enough income to pay tax, you won't pay any LTC either.



How much you pay is worked out the same way we work out your tax, so you will pay a very small amount if your income is low, gradually increasing as your income gets more.

Everyone who lives or works in Jersey and pays tax, also pays long term care (LTC) contributions.



You pay LTC at the same time you pay your tax.

➔ Back in the 2010's policy makers looked at the issue of an ageing population and rising care costs, and found that our community needed to start saving to fund the cost of long-term care.

➔ After research and consultation, the Social Security Minister made the final proposal to the States Assembly. If you had enough income to pay tax, you would also pay into a dedicated long term care fund. This proposal was approved by the States Assembly.

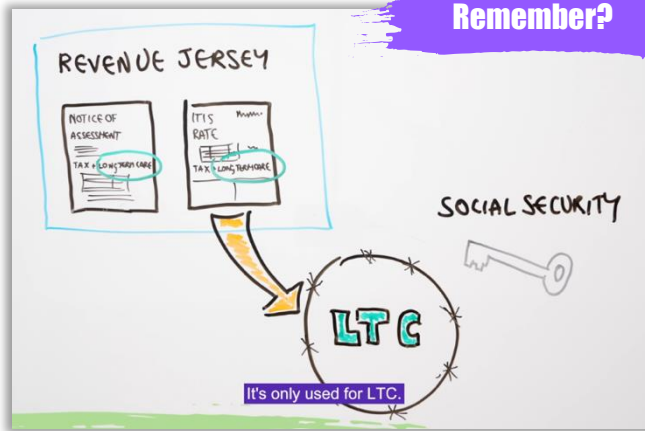
Revenue Jersey works out what you pay, at the same time they calculate your tax.



GOOD TO KNOW



Remember?



Revenue Jersey pays your LTC contribution into a special, ring-fenced fund. It's only used for LTC.

You pay less or more LTC depending upon your income and circumstances. We use the tax allowances and deductions to calculate your LTC rate.