Prior Year Basis Tax Reform Proposal

Government of JERSEY

Name
Building name / number
Road name
Town
County / country
Postcode

XX July 2020

Dear **[Insert name]**

The Government recognises that the coronavirus pandemic has severely affected many Islanders' incomes this year and has left many families and businesses within our community in financial distress.

To help address this, I've asked Revenue Jersey to bring forward the timing of some planned changes to the way that you, and most people in Jersey, pay income tax.

Prior Year Basis (PYB) Tax Reform was covered in last year's Government Plan and was due to happen within the next few years. We are now proposing to make the changes this year, so that the Government is able to provide some extra financial relief to many Islanders, when it is most needed. This proposed change is also part of the Fiscal Stimulus Package that was announced in early July.

The Proposal would be delivered in two phases. Firstly, an Amendment to the Income Tax (Jersey) Law 1961, to be debated and agreed by the States Assembly in October 2020, would allow us to move you and other PYB taxpayers onto the Current Year Basis (CYB) for paying your tax. This means you would pay towards your tax bill as you earn from 2020 onwards. In addition, repayment of your 2019 tax bill would be delayed for two years, starting from January 2023.

At the end of 2020, all tax payments you have made this year, which are currently being paid towards the 2019 tax bill, would be allocated instead towards your tax liability for 2020. The exact amount of tax you would pay for 2020 would be calculated and confirmed to you (as happens with existing CYB taxpayers), in 2021 following receipt of your 2020 tax return.

In the second phase, a set of Regulations, to be debated by the States Assembly in spring 2021, would be developed, setting out how affected Islanders pay their frozen 2019 tax liability. A customer feedback survey launching on 3 August, and customer focus groups in November, will help inform the work to develop options for manageable repayment terms, over a number of years, which would then be set out in the Regulations.

Abolishing PYB taxpayer status also helps us to move forward with further tax reforms for Islanders and aligns us with international best practice.

I want to be clear that we are not in a position to write off the 2019 tax liability for PYB taxpayers, particularly in light of the additional COVID-19-related costs the Government has had to meet over the last few months. In addition, such a move would not be fair to former PYB taxpayers who have already paid off their PYB liability or to CYB taxpayers.

More information about the proposal and how you can provide your feedback is contained in the leaflet with this letter. As a PYB taxpayer you would be directly affected by these proposed changes.

Yours sincerely

Susie Pinel

Deputy Susie Pinel
Minister for Treasury and Resources