

## Jersey Income Tax

### 2021 summary of main tax allowances and reliefs

#### Tax rates

Standard rate of tax	20%
Marginal Rate of Tax	26%
Long Term Care Rate	1.5%

		Standard rate taxpayer allowances	Marginal rate taxpayer exemption thresholds
Single persons		-	16,000
Married/civil partnership		-	25,700
Married/civil partnership over 65 for entire year		-	26,100
Second earners allowance		-	6,300
Child allowance (per child)	notes 1,2	-	3,060
Additional personal/single parent	note 3	-	4,590
Childcare tax relief (max)		-	6,273
Enhanced Childcare tax relief pre school age children (max)		-	16,320

#### Notes

- 1 If a child has unearned income of greater than £3,000 in their own name then the Child allowance is restricted on a £1 for £1 basis.
- 2 Child allowance is available if the child is aged 16 or under or if over 16 they are receiving full time education (**excluding** higher education) at any school.
- 3 Additional personal/single parent allowance is due if the taxpayer is not entitled to the married/civil partnership exemption threshold or the taxpayer is entitled to the married/civil partnership exemption threshold and the taxpayer wholly maintains their spouse or civil partner who is totally incapacitated by physical or mental infirmity and, in both cases, the child is under 25 on 31 August in the year of assessment and is in full time education.

#### Loan and Mortgage Interest Relief

Relief is available for interest paid on loans to purchase or extend a commercially let property, for the purchase of machinery and plant and for the acquisition of a trade, partnership share or trading company. Furthermore, Marginal Rate taxpayers can obtain relief in respect of interest paid on loans for the purchase or extension of their principal private residence subject to a capital restriction of £300,000 and a maximum interest amount of £7,500.

#### Retirement Annuity relief

Contributions paid into all approved pension schemes in the year of assessment are allowable subject to the lower of :

- 1 Total pension contributions;
- 2 £50,000;
- 3 An individuals related earnings during the year of assessment.

**NOTE** One pound of retirement annuity relief is withdrawn for every one pound of income above £150,000 of an individuals income.

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## **Jersey Income Tax**

### **Significant changes introduced by budgets since 2012**

#### **2020 budget**

For goods purchased online or overseas and brought to Jersey the value on which GST becomes due reduced from £240 to £135 from 1 July 2020.

Long Term Care Rate increased from 1% to 1.5% and upper earnings limited increased to £250,000.

Increase in upper earnings limit for Social Security to £250,000.

Increase additional employers and Class 2 upper rate from 2% to 2.5%.

Maximum mortgage interest relief for marginal rate taxpayers reduced to £9,000.

Civil penalties and interest introduced covering failure to register, late submission of returns and inaccurate returns.

Individuals, partnerships and trustees have until 31 July following the year of assessment to file returns if filed electronically or 31 May if filed in paper form. Companies have until 31 December.

Maximum ITIS rates increased due to the increase in long term care rate based on arrears of tax. Range from 22% where there are no arrears to 37% where three or more years are in arrears.

All Companies filing a Jersey Income Tax return have to file financial statements with that return.

#### **2019 budget**

Higher child allowance no longer available for any taxpayers. Standard rate tax payers no longer receive any allowances.

Maximum mortgage interest relief for marginal rate taxpayers reduced to £10,500.

Stamp duty threshold for first time buyers increased from £450,000 to £500,000 with tapering above £450,000.

Stamp duty abolished on mortgages on homes costing up to £600,000 with tapering for homes costing between £600,000 and £700,000.

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## **Jersey Income Tax**

### **Significant changes introduced by budgets since 2012**

#### **2018 budget**

Child allowance and additional personal allowance no longer available for standard rate taxpayers.

Maximum mortgage interest relief for marginal rate taxpayers reduced to £12,000.

Increase in the required annual taxation contribution for those individuals taxed under the High Value Residence regime from £125,000 to £145,000. This contribution to be reviewed every 5 years starting in 2023.

"Large retailers," defined as those with profits in excess of £500,000, that are companies are to be taxed at 20% rather than 0%.

#### **2017 budget**

Maximum mortgage interest relief for marginal rate taxpayers reduced to £13,500.

Enhanced child care relief for pre school children increased to £16,000.

A minimum retirement capital test introduced in addition to the current minimum retirement income test.

Lump sum payments from overseas pension schemes to be taxed in the same way as lump sum payments from Jersey schemes.

Parish rates not allowed as a deduction against Jersey rental income.

#### **2016 budget**

Enhanced child care relief for pre school children increased to £14,000.

Benefits in kind exemption reduced from £1,000 to £250.

Tax relief for people not resident in Jersey who are in receipt of income from Jersey removed.

Statement made that mortgage interest relief is to be phased out over 10 years starting in 2017.

Statement made that 10% pension relief granted to standard rate tax payers in receipt of pensions from certain overseas jurisdictions to cease from 2017.

£1,000 per child and £1,500 respectively for standard rate taxpayers. Also confirmed that these allowances are to be phased out over time.

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## **Jersey Income Tax**

### **Significant changes introduced by budgets since 2012**

#### **2015 budget**

Mortgage interest relief capped at £15,000.

Double taxation relief credit extended to marginal rate taxpayers.

#### **2014 budget**

Marginal rate decreased from 27% to 26%.

Additional £3,000 added to the higher child allowance for marginal rate taxpayers.

Restriction on child allowance based on child's own income will only be based on unearned income in future.

Age to qualify for enhanced exemption thresholds increased to 65 from 63 but subject to transitional rules in 2014 only.

Charitable lump sum donations limit reduced from £100 to £50.

#### **2013 budget**

Life assurance relief repealed.

#### **2012 budget**

Child care tax relief introduced which provides tax relief for childcare costs.

Pension relief restricted for individuals earning over £150,000.

Cap of £50,000 introduced on the level of termination payments that may be received tax-free.

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