

Jersey Income Tax

2016 summary of main tax allowances and reliefs

Tax rates

Standard rate of tax	20%
Marginal Rate of Tax	26%
Long Term Care Rate	1% (1.2% for marginal relief)

		Standard rate taxpayer allowances	Marginal rate taxpayer exemption thresholds
Single persons		-	14,350
Married/civil partnership		-	23,000
Single persons over 65 for entire year		-	15,900
Married/civil partnership over 65 for entire year		-	26,100
Wife/civil partner earned income relief		-	4,500
Child allowance (per child)	note 1	2,000	3,000
Higher Child allowance (per child)	note 2	6,000	9,000
Additional personal/single parent	note 3	3,000	4,500
Childcare tax relief (max)		-	6,150
Enhanced Childcare tax relief pre school age children (max)		-	14,000

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 The higher child allowance is due where a child is over 17 years old and is receiving full time higher education. If a child has unearned income of greater than £3,000 in their own name then the higher child allowance is restricted on a £3 for £2 basis.
- 3 Additional personal/single parent allowance is due if the taxpayer is a single parent or if the taxpayers spouse/civil partner is totally incapacitated by physical or mental infirmity and, in both cases, the taxpayer is entitled to child allowance.

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 £15,000.

Retirement Annuity relief

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

- 1 50,000;
- 2 An individuals related earnings during the year of assessment.

NOTE £1 of retirement annuity relief is withdrawn for every £1 of income above £150,000 of an individuals income.

These notes are intended as a guide only and are not a comprehensive list of all allowances and reliefs that may be available. They should not be relied upon other than as for information. For detailed advice please contact Hannah Roynon-Jones at Alex Picot Trust.

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Changes introduced by the 2016 budget

Exemption thresholds

- 1 Increase income tax exemption thresholds by 0.9% and retain tax allowances at same level.
- 2 The age enhanced exemption thresholds will remain at 2015 levels.
This threshold will be gradually phased out. Those who turn 65 on or after 1st January 2017 will not be entitled to the age enhanced exemption threshold.
- 3 Additional personal allowances and lower child allowances are to be phased out from 2016 to 2018.
- 4 Benefit in kind exemption has been reduced from £1,000 to £250.
- 5 Interest relief for interest payments on main residence is being phased out over 10 years.

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.

Long-term care constitutions were introduced.

An additional 0.5% (0.65% for marginal tax payers) is payable as part of an individual's tax liability.

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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