

## Income tax in Jersey: a basic guide

You pay tax on all your personal taxable income at 20%. However, there are reliefs and allowances that can reduce your tax bill.

What does taxable income include?

Taxable income includes:

- \* earnings from employment, including tips
- \* casual earnings
- \* profit from self employment
- \* pension income
- \* interest on bank deposits and investments
- \* dividend income
- \* property income (from both letting a self contained unit and lodgers)
- \* some maintenance or alimony
- \* trust income
- \* invalid care allowance paid by Social Security

There are some sorts of income which you do not pay tax on. These include income support, incapacity benefit and maintenance paid under an agreement made on or after 1 January 1997.

Employment income

Income from property

Investment income

Information for the self-employed

Family day care providers

Zero / Ten guides and supplementary information

Exemptions and allowances

Most people who are resident for the whole year in Jersey for tax purposes are allowed to earn up to a certain amount before you are taxed. These are called exemption thresholds and vary depending on your circumstances.

If your income exceeds the exemption threshold you immediately become liable to tax on all your income at 20% with just some basic allowances and deductions to reduce your income tax bill. This would mean that if your income only exceeded the exemption limit by a few pounds you would receive a large tax bill. Therefore, a second calculation exists called marginal relief which generally applies if your taxable income is in what is sometimes called the lower to middle income bracket.

This effectively reduces the liability you would have to pay if marginal relief is preferential for you. We always work out both methods and always give you the most beneficial calculation.

Marginal calculation of tax

Allowances and reliefs for 2010

Phasing out tax allowances

Maintenance relief

Apportionment of allowances and exemptions

If you are in Jersey on a seasonal basis, arrive or leave permanently in any calendar year your allowances and exemptions will be apportioned for the number of complete weeks you are resident. You will be taxed on all your income for this period, but we will not charge you tax on any non-Jersey income which you receive outside of these dates.

Apportionment of personal allowances

## Benefits in kind (BIK)

If you are an employee or a director and you receive non-cash benefits you may have to pay tax on them. Examples of benefits that you might have to pay tax on include:

- \* company vehicles
- \* living accommodation
- \* share options
- \* payments made for individual health cover
- \* gift vouchers

Benefit in kind information for employees

Tax treatment of share options

How you pay tax in Jersey

Income tax is collected in different ways depending whether you are employed, self employed, not working or a combination of these. Income Tax is collected either by a deduction from your salary (Income Tax Instalment Scheme - ITIS) or payments made on account.

It is not unusual to have to pay both ITIS and make a payment on account if you have a variety of sources of income or a change in circumstances.

Paying income tax

Income Tax Instalment System (ITIS)

Registering for tax

If you have arrived in Jersey and not previously registered you should complete an Income Tax registration form. These can be obtained from the Taxes Office or the Social Security Department. If you have previously registered and are returning you should complete a returning to Jersey form.

Returning to Jersey

Checking the amount you pay

It is very important to check that you are paying the right amount of tax. You can do this by:

- \* checking your total taxable income against the allowances and reliefs you are entitled to
- \* looking at the assessment we send you to make sure you agree with the income, expenses and allowances you have been given