STATES OF JERSEY

PROPOSED BUDGET 2027-2030 (P.73/2026): THIRD AMENDMENT

UPLIFTING THE UPPER MONTHLY EARNINGS LIMITS

Lodged au Greffe on 18th November 2026
by Deputy T.A. Coles of St. Helier South
Earliest date for debate: 8th December 2026

STATES GREFFE

PROPOSED BUDGET 2027-2030 (P.73/2026): THIRD AMENDMENT

1 PAGE 3, PARAGRAPH (k) –

After paragraph (k) insert a new paragraph (l) –

"(l) to agree that, from 1st January 2028, the upper monthly earnings limits, as defined within the Social Security (Jersey) Law 1974, should be increased to £41,667."

and redesignate the existing paragraphs accordingly.

2 PAGE 3, PARAGRAPH (k) –

After redesignated paragraph (l) insert a new paragraph (m) –

"(m) to agree that, from 1st January 2028, the upper monthly earnings limits, as defined within the Social Security (Jersey) Law 1974, should be uplifted annually by average earnings plus 1%, and that in any year where the change in average earnings is less than zero, the uplift will be calculated at zero plus 1%;"

and redesignate the existing paragraphs accordingly.

DEPUTY T.A. COLES OF ST. HELIER SOUTH

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Budget 2027 – 2030 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (the Law) and specifically –

(a) to approve the estimate of total States income to be paid into the General Revenue Fund in 2027 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Budget, in line with Article 9(2)(a) of the Law;

(b) to approve the estimate of total States income to be paid into the Jersey Capital Investment Fund in 2027 as set out in Appendix 2 – Summary Table 2 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Budget, in line with Article 9(2)(b) of the Law;

(c) to approve the proposed amount to be appropriated from the General Revenue Fund for 2027, for each head of expenditure, being gross

expenditure less estimated income (if any), in line with Articles 9(2)(c), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 3 of the Report;

(d) to approve the proposed amount to be appropriated from the Jersey Capital Investment Fund for 2027, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(d), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 4 and 5 of the Report;

(e) to approve the transfers from one States fund to another for 2027 of up to and including the amounts set in Appendix 2 – Summary Table 6 in line with Article 9(2)(e) of the Law;

(f) to approve the proposed Changes to Approval for financing/borrowing for 2027, as shown in Appendix 2 – Summary Table 7 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(f) of the Law, of up to those revised approval amounts;

(g) to approve for each project that is to be started in 2027 and that has not previously been set out in an approved Budget, the total cost of each such project, in line with Article 9(2)(g), and (h) of the Law and as set out in Appendix 2 – Summary Table 8 to the Report;

(h) to approve any amendments to the proposed total cost for each project that has previously been approved in a Budget, in line with Article 9(2)(i) of the Law and as set out in Appendix 2 – Summary Table 8 to the Report;

(i) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2027 in line with Article 9(2)(j) of the Law and set out in Appendix 2 – Summary Table 9 to the Report;

(j) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2027 for each head of expenditure in line with Article 9(2)(k) of the Law and set out in Appendix 2 – Summary Table 10 to the Report;

(k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2027, in line with the terms of reference for the Fund in Government Plan 2020 - 2023 as set out in Appendix 2 – Summary Table 11 to the Report;

(l) to agree that, from 1st January 2028, the upper monthly earnings limits, as defined within the Social Security (Jersey) Law 1974, should be increased to £41,667;

(m) to agree that, from 1st January 2028, the upper monthly earnings limits, as defined within the Social Security (Jersey) Law 1974, should be uplifted annually by average earnings plus 1%, and that in any year

where the change in average earnings is less than zero, the uplift will be calculated at zero plus 1%; and

(n) to approve, in accordance with Article 9(1) of the Law, the Budget 2027-2030, as set out in the Appendix to the accompanying Report.

REPORT

Summary

The first part of this amendment proposes an increase to the Upper Earnings Limit (UEL) for Social Security Contributions (SSC) and the Long-Term Care Contributions (LTC), from the start of 2028.

Based on the 2025 year of assessment, these changes would see an extra £1.9m paid into the Social Security Fund and an extra £2.4m paid into the Long-Term Care Fund.

The second part of the amendment proposes to change how the uplift in the UEL is calculated. Currently, the upper earnings limit is adjusted in accordance with the Jersey Index of Earnings, now referred to as the Index of Average Earnings[1]. This amendment would see an additional 1% on top of increase to steadily rise the upper earnings limit.

Background

The current UEL is £331,584 a year[2]. Incomes and earnings above this level are exempt from LTC for individuals and from SSC for employer, respectively. Changing the UEL to £500,000 would mean more individuals would pay the full 1.5% on all taxable income, whilst increasing the amount contributed by those whose income in still above the £500,000 cap. A similar situation would occur for employers with employees earning over £500,000, having to pay the 2.5% contribution required.

For the purpose of this report, all LTC calculations are based on individual taxation with no applicable deduction. Calculations would vary if the taxpayer was entitled to deduction.

LTC is calculated on taxable income. This means that –

- A person with an income of approx. £94,000pa would be entitled to the marginal rate tax relief and would, therefore, pay tax on £72,150 of their income in 2027. This person would be expected to pay 1.5% of £72,150 in LTC contributions, £1,082.25 or 1.15% of their total income.

- A person earning between £95,000 and £331,584, the UEL for 2027, would be taxed on their full income and would be expected to pay 1.5% of their total income, between £1,425 and £4,973.76.

- A person earning beyond the UEL, £331,584, would not pay any more than £4,973.76.

The UEL with regards to SSC only apply to the employers' contributions, as the employee contributions stop once the Standard Earnings Limit (SEL) is reached, £72,744.

[1] Earnings and pay | Statistics Jersey
[2] Class 2 Social Security contributions

An employer in Jersey pays 6.5% of an employee salary until they reach the SEL, they then pay 2.5% of anything above £72,744 until they reach the UEL. At this point they pay no further contribution.

SSC pay into both the Social Security Fund and the Health Insurance Fund, 2% of contribution go into the Health Insurance Fund.

Rationale

The case for abolishing the upper earnings limit is well established. The cap makes both SSC and LTC regressive: the more someone earns, the lower the lower their effective rate of contributions becomes. This is illustrated in appendix 1, 2 & 3 of this report.

It is clear that there are issues facing the both the Social Security Fund and Long-Term Care Fund.

R.165-2025 presented the actuary advice received before the temporary reduction in the States grant to the Social Security fund. This demonstrated that, in the short-term, there was no immediate risk to the fund, however, in the long-term and based on net annual migration, there was a reduction in years that the fund would last, apart from +700 net migration. This change to the upper earnings limit will not completely fill the gap left by the reduction of the States grant but would contribute £1.9m, equivalent to 4% of the £44m due to be reinstated in 2030, into the Social Security fund.

On page 87 of the Proposed Budget 2027-2030 (P.73-2026), the Government sets out some of the challenges facing the Long-Term Care fund, rising costs, an aging population and more complex needs. The budget clearly sets out the Government's plans to increase the contribution rate for LTC from 1.5% to 2.5% in 2030, with no indication to remove or reset the position of the UEL. This means that those in the upper end of the squeezed middle and the lower end of the higher earners will continue to shoulder most of the burden, whilst the highest earners will see their percentage decline below that of the average income. Moving the UEL to £500,000 would adjust that burden and raise £2.4m in 2028, ensuring that some of the islands most vulnerable can still access the care that they need.

The need to raise the UEL is written into the Social Security (Jersey) Law 1974, Schedule 1B, 2(3) –

> "*On the 1st January in 2021 and every subsequent year, the limit in sub-paragraph (1)(c) shall be increased or decreased, as the case requires, by the percentage figure equal to the percentage rise or fall in the Jersey Index of Earnings during the 12 months ending on 30th June in the preceding year.*"

It is important that we look to make our taxes and contribution more progressive and ensure that any cap moves accordingly to relative increases. The Index of Average Earnings takes data from several sources, including ITIS and SSC, when taking into consideration what the median average increase has been. It does not explicitly look at the changes between lower and higher earner, just the average across all earnings. Evidence (IFS study: inequality in pay growth across UK) suggests that top earners, in finance, are still pulling away while other sectors not keeping up. Adding an extra 1% to the average earnings is a gentle and moderate increase, ensuring that contributions remain aligned better.

International Comparison

When debates on the UEL have occurred in the past the issue of such a change triggering relocation has been raised - but without any credible facts to support the argument. Thought the "Time to win" report should not be ignored, efforts to look after Islanders futures should not ignored.

Changes to the UEL impact employers and employee differently. To suggest that raising the UEL would encourage people and business to look at the UAE and, potentially, move an employee and business there fail to take into account a number of different criteria. In the UAE there is no personal income, no tax on dividends or interest. Companies do not have to pay the equivalent of Social Security to non-UAE national, however, for nationals, it is set at 12.5% of all earnings.

There are other challenges, in the UAE, from climate, culture and laws to the instabilities of neighbouring regimes that makes it less attractive for high earners and businesses to consolidate operations there.

If we look more closer to home, other crown dependencies and countries, Guernsey is the only competitive jurisdiction, with an employer Social Security rate slightly higher at 7.1% currently and comparable upper end taxation. Guernsey does have different challenges, particularly with regards the availability of "Open Market Properties", in comparison to Jersey's clearer Control of Housing and Work (Jersey) Law 2012, which makes Jersey the more attractive offer.

The table below show a direct comparison between the UK, Republic of Ireland and the Isle of Man.

Jurisdiction	Personal Tax Rate	Corporate Tax Rate	Employer Social Security Contribution
UK	20% to 45%	19% to 25%	15%
Republic of Ireland	20% to 40%	12.5%	11.25%
Isle of Man	10% to 21% - No Marginal rate	0/10/20% structure similar to Jersey	12.8%

Conclusion

Whilst every effort should be made to identify savings in Government expenditure, this alone will not address the financial pressures facing Jersey. The rising cost of providing public services, an ageing population and the increasing complexity of care needs present long-term challenges that must be addressed through both responsible spending and sustainable funding.

The proposed increase to the Upper Earnings Limit would be a step towards addressing these challenges. It would generate additional revenue for both the Social Security Fund and the Long-Term Care Fund, whilst reducing the extent to which the effective rate of contributions falls as earnings increase.

Ultimately, the question is whether the current limits remain appropriate considering the challenges to public finances Jersey is facing. Raising the Upper Earnings Limit to

£500,000, alongside a revised method of increasing it in future years, would be a measured step towards a fairer contribution system and more sustainable funding for the services on which Islanders depend.

Financial and staffing implications

This would be a revenue raising amendment. Whilst there may be a small (and temporary) increase in administrative costs to implement the change, this would be greatly outweighed by the additional income.

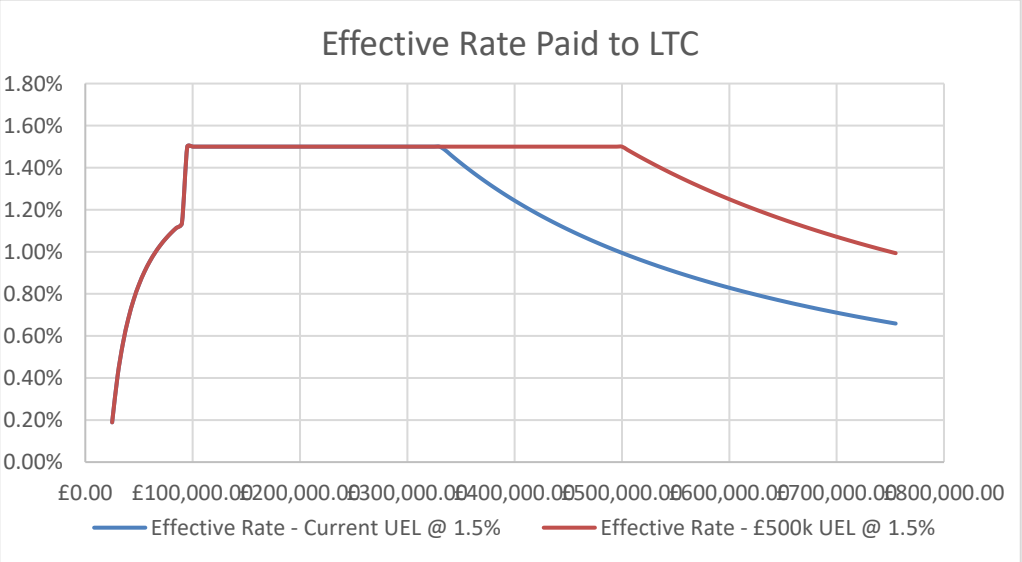
Children's Rights Impact Assessment

I consider that this amendment has no direct or indirect impact on children and that the duty to have due regard to the UN Convention on the Rights of the Child does not arise. Accordingly, a Children's Rights Impact Assessment is not required under the Children (Convention Rights) (Jersey) Law 2022.

Appendix 1

Annual Earnings	LTC Payment – With Current Upper Earnings Limit	Effective Rate
£25,000 to £60,000	£47.25 to £572.25	<1%
£65,000 to £120,000	£647.25 to £1,800	1% to 1.5%
£130,000 to £331,581	£1,950 to £4,973.72	1.5%
£340,000 to £480,000	£4,973.72	1.46% to 1.04%
£500,000 >	£4,973.72	≤0.99%

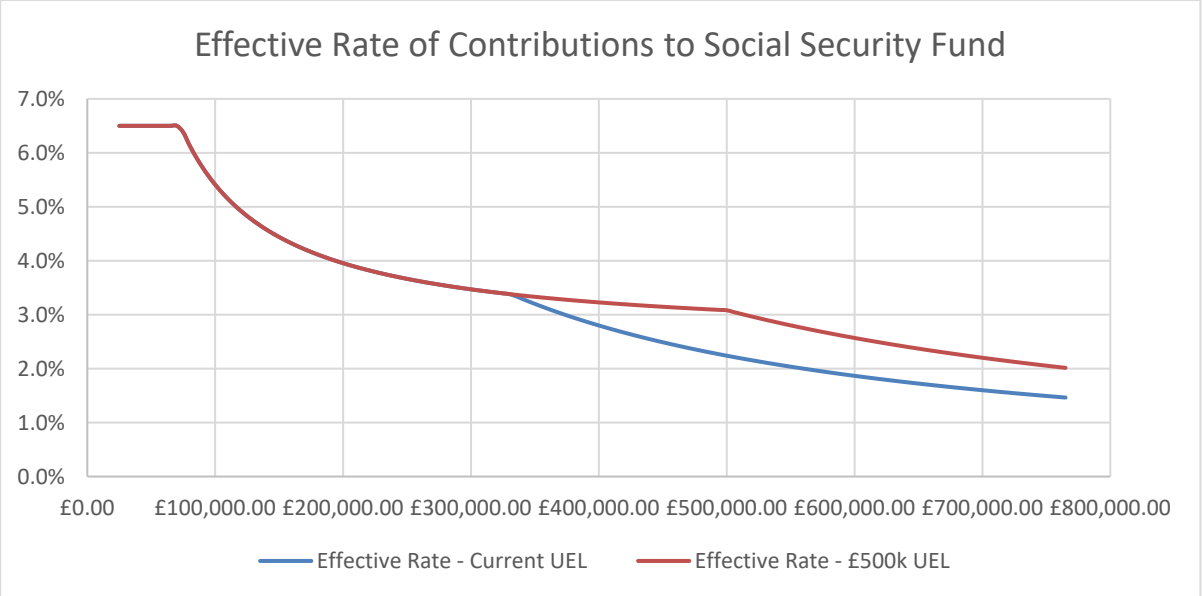
Annual Earnings	LTC Payment – With £500k Upper Earnings Limit	Effective Rate
£25,000 to £60,000	£47.25 to £572.25	<1%
£65,000 to £120,000	£647.25 to £1,800	1% to 1.5%
£120,000 to £500,000	£1,875 to £7,500	1.5%
£505,000 to £750,000	£7,500	1.49% to 1%
£755,000	£7,500	≤0.99%



Appendix 2

Annual Earnings	Employers SS Contribution – With Current UEL	Effective Rate
£25,000 to £60,000	£1,625 to £3,900	6.5%
£65,000 to £120,000	£4,225 to £5,909.76	6.5% to 4.9%
£130,000 to £500,000	£6,159.76 to £11,199.36	4.7% to 2.2%
£505,000 to £750,000	£11,199.30	2.2% to 1.5%
£755,000	£11,199.30	≤1.5%

Annual Earnings	Employers SS Contribution – With £500k UEL	Effective Rate
£25,000 to £60,000	£1,625 to £3,900	6.5%
£65,000 to £120,000	£4,225 to £5,909.76	6.5% to 4.9%
£130,000 to £500,000	£6,159.76 to £15,409.72	4.7% to 3.1%
£505,000 to £750,000	£15,409.72	3.1% to 2.1%
£755,000	£15,409.72	≤2%



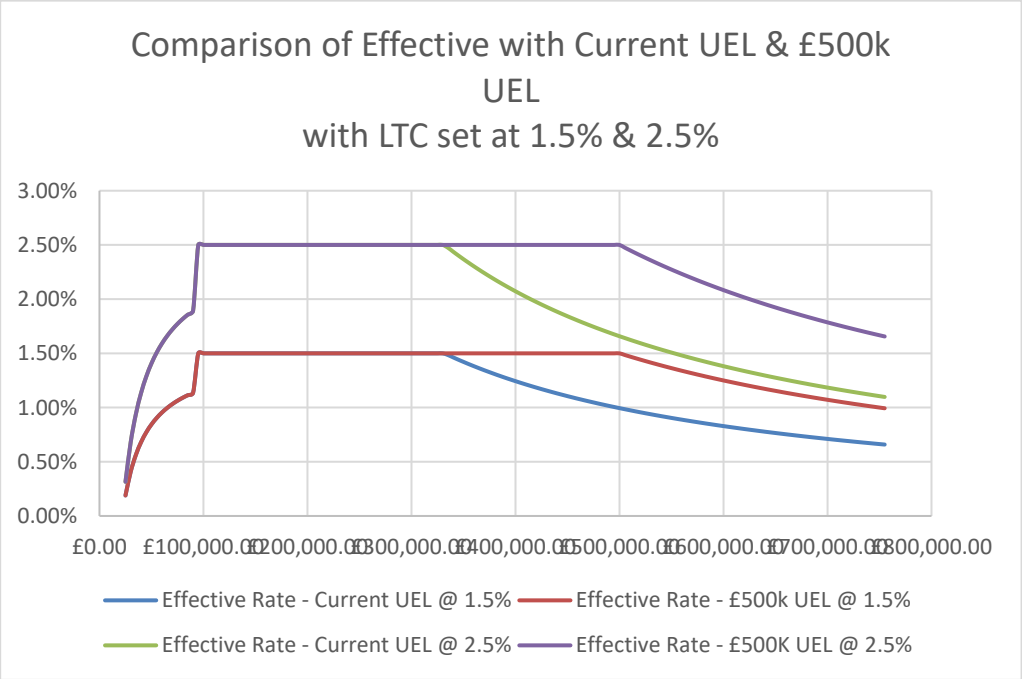
Appendix 3

Annual Earnings	LTC 1.5% Payment – With Current UEL	Percentage of Taxable Earnings
£25,000 to £60,000	£47.25 to £572.25	<1%
£65,000 to £120,000	£647.25 to £1,800	1% to 1.5%
£125,000 to £331,581	£1,875 to £4,973.76	1.5%
£335,000 to £750,000	£4,973.76	1.48% to 0.66%
£755,000	£4,973.76	≤0.66%

Annual Earnings	LTC 1.5% Payment – With £500k UEL	Percentage of Taxable Earnings
£25,000 to £60,000	£47.25 to £572.25	<1%
£65,000 to £120,000	£647.25 to £1,800	1% to 1.5%
£125,000 to £500,000	£1,875 to £7,500	1.5%
£505,000 to £750,000	£7,500	1.49% to 1%
£755,000	£7,500	≤0.99%

Annual Earnings	LTC 2.5% Payment – With Current UEL	Percentage of Taxable Earnings
£25,000 to £60,000	£78.75 to £953.75	<1%
£65,000 to £120,000	£1,078.75 to £3,000	1.6% to 2.5%
£125,000 to £331,581	£3,125 to £8,289.60	2.5%
£335,000 to £750,000	£8,289.60	2.5% to 1.1%
£755,000	£8,289.60	≤1.1 %

Annual Earnings	LTC 2.5% Payment – With £500k UEL	Percentage of Taxable Earnings
£25,000 to £60,000	£78.75 to £953.75	<1% to1.59%
£65,000 to £120,000	£1,078.75 to £3,00	1.66% to 2.5%
£125,000 to £500,000	£3,125 to £12,500	2.5%
£505,000 to £750,000	£12,500	2.48% to 1.67%
£755,000	£12,500	≤1.66%


Comparison of Effective with Current UEL & £500k UEL
with LTC set at 1.5% & 2.5%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
£0.00
£100,000.00
£200,000.00
£300,000.00
£400,000.00
£500,000.00
£600,000.00
£700,000.00
£800,000.00
Effective Rate - Current UEL @ 1.5%
Effective Rate - £500k UEL @ 1.5%
Effective Rate - Current UEL @ 2.5%
Effective Rate - £500K UEL @ 2.5%