Response to Corporate Services Scrutiny Panel Review re Proposed Budget 2027-2030

We are responding further to a request to provide our views regarding the above and in particular the following budget proposals for 2027.

• Increasing personal income tax thresholds by £600 for individuals from £21,250 to £21,850.

• Increasing child allowances by £100 for child allowances, £150 in additional allowance, £250 in childcare tax relief and £600 in higher childcare tax relief.

• Increasing duty on alcohol by raising rates in line with RPI growth, including +1p increase in a pint of draught beer, and a +5p increase in a 75cl bottle of wine.

• Increasing duties on tobacco products by 7.8%, which is the sum of the growth rate of June 2026 RPI (2.8%) and an additional 5% escalator.

• Freezing fuel duty for 2027. • Increasing Vehicle Emissions Duty in line with inflation.

• Reduced 2% rate of stamp duty on non-main residence properties extended for 2027.

• Introduction of tax warehousing.

• Reduction in International Service Entity (ISE) fees.

• International Tax Reform – OECD Pillar Two.

• Time to Win – tax measures.

In terms of the proposed 2027 budget increases relating to income tax thresholds and childcare allowances/childcare tax reliefs, we consider these proposed increases to be appropriate as they match the 2.8% annual increase in RPI at the June 2026 quarter end. If approved, we believe that such increases achieve the Government's aim to take targeted action to ease the cost of living for Jersey residents in line with the Common Strategic Policies for 2026-2030. We note that these threshold/ allowances & relief levels are much higher than corresponding allowances in both the UK & Guernsey.

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In terms of the proposed increased duty on alcohol, we note that again this is in line with the growth rate of RPI in June 2026. Although producers/importers are likely to pass on the increased effect of the duty to consumers ,we feel this is unlikely to have significant impact upon consumer demand for alcohol.

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The proposed increase in duty on cigarettes and cigars in line with RPI in June 2026 plus a 5% escalator is significant & may result in a hardship for some Jersey residents as for some it would not be easy to give them up. It is recognized that the aim of the increase is not purely to raise duty but rather to try to discourage usage from a health perspective. Whether the proposed duty increase, if implemented, would lead to a significant cessation of smoking in the community is debatable. Rather than implementing such a hike in duty we suggest that the proposed duty increase could be less than that proposed for 2027 whilst a separate Health campaign aimed at smoking cessation in young people is rolled out in a similar way to a Uk government proposal.

Smoking ban introduced to protect children and most vulnerable - GOV.UK

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We agree that fuel duty should be frozen for 2027 to assist with the high cost of living being experienced.

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We agree with the proposal that vehicle emissions duty is increased in line with RPI.

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Regarding the proposed reduction in stamp duty from 3% to 2% for additional properties, we feel that if it is passed, the situation should be monitored in case there is a sudden increase in property purchases which in turn would limit housing supply for first time buyers.

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The remaining budget proposals relating to the introduction of Tax warehousing, reduction in ISE fees, International Tax reform are not areas that we have experience of/ expertise.