

Income Tax Bill 2012
First Reading approved

The President: We move to Item 2, the Income Tax Bill 2012, to be taken by Mr Braidwood, please.

Mr Braidwood: Thank you, Madam President.

Madam President, this Bill confirms six Temporary Taxation Orders, repeals certain spent Income Tax Acts and provisions of Income Tax Acts and makes various amendments to the Income Tax Act 1970 and one amendment to the Income Tax Act 1989. The Bill itself contains 17 clauses.

The six Temporary Taxation Orders confirmed by the Bill deal with the repeal of the Attribution Regime for Individuals, four budget measures, and the Assessor's information gathering powers. In addition, the Bill repeals a number of spent Income Tax Acts and provisions of Income Tax Acts in order to remove them from the Island's statute book. It also amends the Temporary Taxation Order provisions and moves them into the Income Tax Act 1970.

Madam President, various amendments are made to the Income Tax 1970. These remove a number of out-of-date references, repeal a redundant section, amend the Assessor's information gathering powers and update two statutory information gateways between Government Departments. They also insert a new cross-heading and a new schedule 3, which deals with savings and transitional provisions.

Finally, the Bill replaces an out-of-date reference in the Income Tax Act 1989, while the ultimate clause provides for the Act itself to expire on the day following its promulgation.

Madam President, I beg to move the First Reading of the Income Tax Bill.

Mr Lowey: I beg to second, Madam President, and reserve my remarks.

The President: The Hon. Member, Mr Crowe.

Mr Crowe: Thank you, Madam President.

While I am supportive of the Bill, there are just one or two queries I have on the First Reading.

On the Explanatory Memorandum, on page 2, it talks about:

'The Income Tax (Employers) (Temporary Taxation) Order 2012 (Statutory Document SD 52/12) amends the Income Tax (Instalment Payments) Act 1974 to require employers to carry out their income tax transactions via the online service provided by the Income Tax Division.'

I am just wondering, do all employers now have to use the online service or is this an optional in or out? That was just the first question. *(Laughter)*

Mr Braidwood: Well, I can answer that one.

Mr Crowe: Just again, clause 5, the relocation to the Income Tax Act 1970, I was just wondering, and again it something I have not come across before is predating a 1995 Act to a 1970 Act. So again, it was just the reason or the logic behind that move.

Again, I was looking at clause 11 just at the disclosure which is an offence if a person is giving a disclosure for a person who they cannot trace. So again, it is a reasonable point, but I will talk about that more when we come to the clauses stages.

On clause 12, the gateways of information processes seems to cover tax, VAT and the benefits system, and so it is like an all-embracing gateway. So perhaps the hon. mover could just clarify the use of those gateways because in the past they have been fairly well protected. So it is just release of information.

So they were the only queries I had at this stage, Madam President.

The President: The Hon. Member, Mr Callister.

Mr Callister: Thank you, Madam President.

Again in relation to clause 4, with regard to companies providing their tax information via the Internet, I would certainly like to know if that does apply to all companies now and whether there is an intention – it is not here – to move that on to domestic taxpayers as well.

On clause 11, I wonder if the mover could give a little bit more information on that particular clause which gives the Assessor greater powers to obtain information. I take it that that is more to do with international tax agreements than it would be with domestic taxpayers on the Island.

The President: The mover to reply.

Mr Braidwood: Thank you, Madam President.

I thank Mr Crowe and Mr Callister for posing their queries. In reply to Mr Crowe and Mr Callister regarding having to use electronic submissions, this will initially only apply to those employers with over 100 employees and it will be brought in gradually over a three-year period.

Also, with Mr Crowe, when he was saying that he had never seen where a 1995 Act was being superseded by a 1970 Act: the Income Tax Act 1970 is the primary Income Tax Act and there is only one clause now left in the 1995 Act, so that will be repealed.

Also, the gathering powers of the Assessor of Income Tax, again, everything is changing, Mr Callister, throughout the world in gathering of information and exchange of information and this is just to make sure that the Assessor has those powers available to him.

So with that, Madam President, I beg to move the Income Tax Bill 2012.

The President: The motion is that the Bill be read a first time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

That concludes consideration of our public Order Paper. We adjourn until 13th November, but we will now sit in private.