INCOME TAX (ACTUARIAL EQUIVALENTS) (JERSEY) ORDER 2017

Official Consolidated Version

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Jersey

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THE MINISTER FOR TREASURY AND RESOURCES, in pursuance of Articles 131E(4)(a)(i), 131F(4) and 144 of the Income Tax (Jersey) Law 1961, orders as follows –

Commencement [see endnotes]

1 Interpretation

In this Order "Law" means the Income Tax (Jersey) Law 1961.

2 Actuarial equivalent of income from securities

(1) For the purposes of Article 131E(4)(a)(i) of the Law, the actuarial equivalent of the income from the securities required to be purchased shall be the product of the following formula –

(MRI-RI) x income multiplier

Where –

MRI is the annual amount of minimum retirement income (within the meaning given by Article 130(1) of the Law) on the day the approved trust is established;

RI is the individual's relevant income on the day the approved trust is established, determined in accordance with Article 131F(3) of the Law;

Income multiplier is determined by reference to the following table –

Period between the day that the approved trust is established and the relevant day described in Article 131E(3)(a) (Years)	Income Multiplier
1	1.015
2	1.030
3	1.046
4	1.061
5	1.077

Period between the day that the approved trust is established and the relevant day described in Article 131E(3)(a) (Years)	Income Multiplier
6	1.093
7	1.109
8	1.126
9	1.143
10	1.160
11	1.177
12	1.194
13	1.212
14	1.229
15	1.248
16	1.266
17	1.284

(2) Where the period between the day that the approved trust is established and the relevant day described in Article 131E(3)(a) is not an exact number of years the income multiplier should be calculated by interpolation.

3 Actuarial equivalent of certain income payable for life

(1) For the purposes of Article 131F(3)(d) of the Law, the actuarial equivalent of income shall be the appropriate percentage of that income shown in the following table according to the individual's age on the day the approved drawdown contract (within the meaning given by Article 130(1) of the Law) is to be made and the guaranteed percentage rate of increase of the income (if any) –

Age	Appropriate percentage for guaranteed rate of increase of income				
	0% pa	1% pa	2% pa	2.5% pa	3% pa or higher
50	56%	67%	81%	90%	100%
51	57%	68%	82%	90%	100%
52	57%	68%	82%	90%	100%
53	58%	69%	82%	91%	100%
54	59%	70%	83%	91%	100%
55	60%	70%	83%	91%	100%
56	61%	71%	84%	91%	100%
57	62%	72%	84%	92%	100%
58	62%	72%	85%	92%	100%

Age	Appropriate percentage for guaranteed rate of increase of income				
59	63%	73%	85%	92%	100%
60	64%	74%	86%	92%	100%
61	65%	74%	86%	93%	100%
62	66%	75%	86%	93%	100%
63	67%	76%	87%	93%	100%
64	68%	77%	87%	93%	100%
65	69%	77%	88%	94%	100%
66	69%	78%	88%	94%	100%
67	70%	79%	88%	94%	100%
68	71%	79%	89%	94%	100%
69	72%	80%	89%	94%	100%
70	73%	81%	90%	95%	100%
71	74%	82%	90%	95%	100%
72	75%	82%	91%	95%	100%
73	76%	83%	91%	95%	100%
74	77%	84%	91%	96%	100%
75	78%	84%	92%	96%	100%
76	79%	85%	92%	96%	100%
77	80%	86%	92%	96%	100%
78	81%	86%	93%	96%	100%
79	81%	87%	93%	97%	100%
80	82%	88%	94%	97%	100%
81	83%	88%	94%	97%	100%
82	84%	89%	94%	97%	100%
83	85%	90%	95%	97%	100%
84	86%	90%	95%	97%	100%
85	86%	91%	95%	98%	100%

(2) Where the guaranteed percentage rate of increase of the income is not specified in the table in paragraph (1), the appropriate percentage shall be determined by interpolation between the appropriate percentages shown in the table in paragraph (1).

(3) Where an individual is in receipt of a pension which shall be paid for the remainder of the life of the individual from a defined benefit scheme (within the meaning given by Article 130B(2) of the Law) and which is –

(a) approved under Article 131 of the Law;

(b) approved under Article 131A of the Law; or

(c) although not approved under Article 131A of the Law, a scheme which meets the conditions set out in Article 131A of the Law including any conditions and requirements prescribed under Article 131A(5)(a) of the Law,

the guaranteed percentage rate of increase of the income applying to that pension paid from the scheme shall be as follows –

(i)   where the pension paid by the scheme is guaranteed to increase by a set percentage each year, the pension shall be deemed to be guaranteed to increase by that set percentage,

(ii)   where the pension paid by the scheme is guaranteed to increase with (or above) inflation each year, the pension shall be deemed to be guaranteed to increase by 3% per annum,

(iii)   where the pension paid by the scheme is guaranteed to increase with inflation subject to a cap which is less than 3% per annum, the pension shall be deemed to be guaranteed to increase by the amount of the cap,

(iv)   where none of the above apply, the pension shall be deemed to be guaranteed to increase by 0% per annum.

(4)   Where an individual is in receipt of an annuity which shall be paid for the remainder of the life of the individual and which is paid by an authorized insurance company, the guaranteed percentage rate of increase in income applying to that annuity shall be as follows –

(a)   where the annuity is guaranteed to increase by a set percentage each year, the annuity shall be deemed to be guaranteed to increase by that set percentage;

(b)   where the annuity is guaranteed to increase with (or above) inflation each year, the annuity shall be deemed to be guaranteed to increase by 3% per annum;

(c)   where the annuity is guaranteed to increase with inflation subject to a cap which is less than 3% per annum, the annuity shall be deemed to be guaranteed to increase by the amount of the cap;

(d)   where sub-paragraphs (a) (b) and (c) do not apply, the annuity shall be deemed to be guaranteed to increase by 0% per annum.

4   Citation

This Order may be cited as the Income Tax (Actuarial Equivalents) (Jersey) Order 2017.

ENDNOTES

Table of Legislation History

Legislation	Year and No	Commencement
Income Tax (Actuarial Equivalents) (Jersey) Order 2017	R&O.137/2017	23 December 2017

Table of Renumbered Provisions

Original	Current
4	omitted, spent
5	4

Table of Endnote References

There are currently no endnote references