

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): FIFTH AMENDMENT

### UPPER EARNINGS LIMIT

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Lodged au Greffe on 19th November 2025  
by Deputy T.A. Coles of St. Helier South  
Earliest date for debate: 8th December 2025

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STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025):  
FIFTH AMENDMENT

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**1 PAGE 4, PARAGRAPH (b)(xi) –**

After paragraph b(xi) insert new paragraph b(xii) –

“b(xii) to agree that the upper earnings limit, as defined within the Social Security (Jersey) Law 1974, should be removed, abolishing the upper earnings cap on Social Security Contributions and increasing the closing balance of the relevant funds by £6,000,000.”

and redesignate the existing paragraphs accordingly.

**2 PAGE 4, PARAGRAPH (b)(xi) –**

After paragraph b(xi) insert new paragraph b(xii) –

“b(xii) to agree that the upper earnings limit, as defined within the Social Security (Jersey) Law 1974, should be removed, abolishing the upper earnings cap on Long Term Care Contributions and increasing the closing balance of the relevant funds by £11,000,000.”

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 –**

- (a) In accordance with Article 16 of the Public Finances (Jersey) Law 2019 (the Law) to approve an amendment to the Government Plan 2025 – 2028 (entitled “Budget 2025 – 2028”) to a reduction in the 2025 head of expenditure “Grants to States Funds” as included in Table 5(i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £69,821,000.
- (b) To receive the Government Plan 2026 – 2029 (entitled “Budget 2026-2029”) specified in Article 9(1) of the Law and specifically –
  - i. to approve the estimate of total States income to be paid into the Consolidated Fund in 2026 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 Government Plan, in line with Article 9(2)(a) of the Law.
  - ii. to refer to their Act dated 24th June 2003 in which they approved that no new ‘user pays’ charges be introduced without any such charge receiving prior in principle approval by the States Assembly

and accordingly to approve the introduction of two new charges, to be levied by Health and Care Jersey to promote appropriate use of the Emergency Department and for repeated non-attendance of outpatient appointments, detailed in the section entitled “Departmental Income Sources” as set out in the Appendix to the accompanying Report.

- iii. to approve the proposed Changes to Approval for financing/borrowing for 2026, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- iv. to approve the transfers from one States fund to another for 2026 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- v. to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2026 of up to £50 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2025 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2026.
- vi. to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2026 of up to £5 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2025 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2026;
- vii. to approve each major project that is to be started or continued in 2026 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- viii. to approve the proposed amount to be appropriated from the Consolidated Fund for 2026, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.
- ix. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2026 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- x. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2026 for each head of

expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.

- xi. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2026 as set out in Appendix 2 – Summary Table 8 to the Report.
- xii. to agree that the upper earnings limit, as defined within the Social Security (Jersey) Law 1974, should be removed, abolishing the upper earnings cap on Social Security Contributions and increasing the closing balance of the relevant funds by £6,000,000.
- xiii. to agree that the upper earnings limit, as defined within the Social Security (Jersey) Law 1974, should be removed, abolishing the upper earnings cap on Long Term Care Contributions and increasing the closing balance of the relevant funds by £11,000,000.
- xiv. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2026-2029, as set in the Appendix to the accompanying Report.

## **REPORT**

### **Summary**

These amendments propose abolishing the upper earnings limit for Social Security Contributions and the Long-Term Care Tax from the start of 2027. Unlike previous proposals, these amendments allow the States Assembly to decide on the removal of each cap separately.

The current upper earnings limit is £317,304 a year. Earnings above this level are exempt from Long-Term Care Tax for individuals and from Social Security Contributions for employers. Removing the cap would mean that individuals pay the full 1.5% Long-Term Care Tax on all taxable income, and employers pay the full 2.5% Social Security Contribution rate on all salary paid above the Standard Earnings Limit.

This change is estimated to raise an additional £6 million a year for the Social Security Fund and £11 million a year for the Long-Term Care Fund. Importantly, no individual earning below £317,304, and no employer whose staff all earn below that level, would pay anything extra as a result of this amendment.

### **Rationale**

The case for abolishing the upper earnings limit is well-established. The cap makes both Social Security Contributions and the Long-Term Care Tax regressive: the more someone earns, the lower their effective rate of contribution becomes. At a time of increasing inequality and growing pressure on health and care funding, maintaining such a structure is both unfair and economically unsound.

Ending this tax privilege for the highest earners would create a more equitable system and direct additional resources into two essential funds. This ensures support is distributed based on need rather than on an individual's ability to contribute upfront.

The issue has been debated in the States Assembly several times, most recently during consideration of the 2024 Government Plan. During that debate, some members expressed support in principle but preferred to await the outcome of the ongoing actuarial reviews of the funds. Those reviews, published earlier this year, did not raise concerns about or even address the upper earnings limit, removing the final barrier to making this long-overdue change.

### **Financial and staffing implications**

The financial implications are as outlined in the wording of the amendment. The caps on Social Security Contributions and the Long-Term Care Tax are defined in law and so would require a minor change of legislation implement their abolition.

### **Children's Rights Impact Assessment**

I consider that this proposition (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 (Conventions Rights) (Jersey) Law 2022.