

Tax caps - one person's benefit is another's killer

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Jersey begins the new year with discussion on whether the rich should have their tax liabilities in the Island capped. This follows on from moves in Switzerland, where a limit of £100,000 a year appears to be becoming general, the Isle of Man which has announced the same limit and a move by Guernsey to cap liabilities at £200,000.

Clive Spears, a retired banker and vice-chair of the Jersey Chamber of Commerce is behind the move. Unfortunately, his comments are not available on line. The Chamber does not seem to put the PDF of its newsletter on its web site so all may read it, but I have a copy and he says:

We also have additional concerns about what is not yet in current legislation. It is worth reflecting that the principle of zero-ten reflects a global shift towards lower corporate taxation, with the emphasis being more on indirect taxation and taxation of the individual. With this trend there is a growing move towards the provision of designer packages for the wealthy to attract offshore residency.

He goes on to say:

As part of the Economic Growth Plan it will be essential not only to attract our share of wealthy entrants, with all the collateral beneficial activity they bring, but also to retain those we already have. The impression is gained that caps might be considered in future, but the problem is that pressures of relocation are happening now in the hedge and venture capital fund areas, and others thinking of coming, or going for that matter, have no assurance of future policy.

So he concludes:

We therefore appeal for some early statement on future capping policy to give certainty to future business. Guernsey sees the prudence of it, so surely we must as well.

There is extraordinary danger in this trend towards capped tax liabilities. There is also callous indifference towards ordinary people in what Spears has written. His implication is clear. He is happy for the tax burden to be shifted from the 'haves' to the have nots'.

This will therefore increase the gap between the richest and the rest in the world, and not just in Jersey where this gap is already horribly obvious. This is incredibly destructive for society as a whole, where social cohesion is vital. I could explain this, but Peter Wilby did it better than I could in the [Guardian on 29 December](#). He wrote this, but the whole article is as telling and explains succinctly how destructive are the attitudes of those who are indifferent to the rich getting richer:

*Most seriously, there is overwhelming evidence that as inequality grows a country becomes nastier. In *The Impact of Inequality*, Richard Wilkinson, professor of social epidemiology at Nottingham University, shows rates of violent crime and racism tend to be higher where the gap between rich and poor is greater. So firmly established is the link between homicide rates and inequality, according to Wilkinson, that many criminologists regard it as more important than any other environmental factor.*

One man's bonus from Goldman Sachs, then, is almost literally another person's killer, particularly given the evidence, also set out by Wilkinson, that in some countries inequality reduces the life expectancy of the poorest by as much as 25%. We are talking about the effects not of absolute poverty but of inequality - which apparently leads to acute anxieties and insecurities, and a chronic lack of social trust. New Labour's argument that, if we can drag the poor off the bottom, it doesn't matter if a rich minority jets off into the financial stratosphere is thus wrong in almost every respect.

Please read the rest. And realise just how anti-social the policies of those in power in tax havens are.