

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY T.M. PITMAN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 1st FEBRUARY 2011**

Question

"As the States have made a commitment to work towards a fairer, more equal society, can the Minister advise whether his department is considering measures to address the use of tax vehicles by wealthy residents to pay far lower rates of tax in real terms on their overall income than those less well off residents and, if not, why?"

Answer

The Income Tax Law already contains a provision which allows the Comptroller of Taxes to challenge arrangements of the type mentioned. Article 134A is invoked by the Comptroller in cases where a taxpayer enters into a transaction or a series of transactions where the main purpose, or one of the main purposes, is the avoidance or reduction of their Jersey tax liability. The creation of a vehicle such as a trust or company and transferring income-producing assets into that vehicle so as to artificially reduce the taxable income accruing to a Jersey resident would be open to challenge under Article 134A. This general anti-avoidance provision has proved effective in the past to counter the impact of abusive behaviour, and to deter taxpayers considering putting similar planning in place.

I would also draw the Deputy's attention to the answer I tabled on 12th October 2010 to Deputy Southern's written question 5680 concerning the number of tax assessments raised under Article 134A.