

Dear Ms Power

I write on behalf of the Jersey Group of the Royal Institution of Chartered Surveyors (RICS) in respect of the proposal to tax income from property held by 'Gross Funds' ( Insurance companies and Pension Funds). The local Group represents over 120 property professionals active in the local market. The RICS (Royal Institution of Chartered Surveyors) is the leading source of land, property, construction and environmental knowledge. With 120 000 members, we promote best practice and advise businesses, consumers, governments and global organisations.

Gross Funds in the UK do not pay tax on their UK investment income. Most commercial investments in Jersey are purchased by Gross Funds or property companies. Property companies can offset tax by off setting interest cost against their income. The considered impact of the new tax locally will be a decline in demand from institutional investors in landmark retail/office property investment interests in Jersey. Investors will withdraw from the market which will depress demand. Price is determined by supply and demand. The tax is also likely to impact negatively on the valuation of Jersey commercial property interests. Many local owner occupiers and investors are likely to suffer an adverse impact on their balance sheets.

Any uncertainty in the market is a major disincentive to inward property investment. At a time when the States are considering a major capital asset disposable programme, seeking inward investment and trying to maximise the value of it'sWaterfront land it is the considered view of members that the tax would be akin to the 'States shooting themselves in the foot'.

Paul Ellison

For and on behalf of the Local Group of the RICS