

STATES OF JERSEY



DRAFT INCOME TAX (AMENDMENT No. 32) (JERSEY) LAW 200-

**Lodged au Greffe on 2nd June 2009
by the Minister for Treasury and Resources**

STATES GREFFE



Jersey

DRAFT INCOME TAX (AMENDMENT No. 32) (JERSEY) LAW 200-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000 the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources the provisions of the Draft Income Tax (Amendment No. 32) (Jersey) Law 200- are compatible with the Convention Rights.

(Signed) **Senator P.F.C. Ozouf**

REPORT

As a result of the introduction of the Banking Business (Depositors Compensation) (Jersey) Regulations 200- it is necessary that the following four new provisions are added to the Income Tax (Jersey) Law 1961 –

1. A provision to allow a tax deduction of contributions made by banks to the bank depositors compensation scheme.
2. A provision to tax reimbursements of contributions made to the banks under the bank depositors compensation scheme.
3. A provision to exempt from income tax the compensation paid to a depositor with a bank in default under the bank depositors compensation scheme.
4. A provision to exempt from income tax the income derived by the Jersey Bank Depositors Compensation Board established under the bank depositors compensation scheme.

There are no manpower implications.

If the Depositor Guarantee Scheme comes in to effect the bank contributions would be tax deductible, so there would be a loss of tax revenues equivalent to 10% of any bank contributions.

European Convention on Human Rights

Article 16 of the Human Rights (Jersey) Law 2000 requires the Minister in charge of a Projet de Loi to make a statement about the compatibility of the provisions of the Projet with the Convention rights (as defined by Article 1 of the Law). On 1st June 2009 the Minister for Treasury and Resources made the following statement before Second Reading of this Projet in the States Assembly –

In the view of the Minister for Treasury and Resources the provisions of the Draft Income Tax (Amendment No. 32) (Jersey) Law 200- are compatible with the Convention Rights.

Explanatory Note

This Law amends the Income Tax (Jersey) Law 1961 to provide tax relief in respect of the bank depositors compensation scheme to be established by the Banking Business (Depositors Compensation) (Jersey) Regulations 200-.



Jersey

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Arrangement

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Jersey

DRAFT INCOME TAX (AMENDMENT No. 32) (JERSEY) LAW 200-

A LAW to amend further the Income Tax (Jersey) Law 1961.

Adopted by the States [date to be inserted]

Sanctioned by Order of Her Majesty in Council [date to be inserted]

Registered by the Royal Court [date to be inserted]

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

1 Interpretation

In this Law “principal Law” means the Income Tax (Jersey) Law 1961¹.

2 New Article 62C

After Article 62B of the principal Law there is inserted the following Article –

“62C Application of Schedule D to the repayments of a levy made to the Jersey Bank Depositors Compensation Board

Tax shall be charged under Schedule D in respect of the repayment or the partial repayment to a bank of a levy paid by the bank to the Jersey Bank Depositors Compensation Board established by the Banking Business (Depositors Compensation) (Jersey) Regulations 200- as if the repayment or the partial repayment were a trading receipt of the bank in the year in which it is made.”.

3 New Article 70B

After Article 70A of the principal Law there is inserted the following Article –

“70B Deduction on account of a levy paid to the Jersey Bank Depositors Compensation Board

Notwithstanding Article 70, in computing the profits or gains to be charged in respect of a trade or profession under Schedule D there shall be allowed to be deducted by a bank as expenses in any year an amount equal to any levy paid by the bank in that year to the Jersey Bank Depositors Compensation Board established by the Banking Business (Depositors Compensation) (Jersey) Regulations 200-.”.

4 Article 115 amended

Article 115 of the principal Law is amended by adding after paragraph (o) the following paragraphs –

- “(p) any income derived by the Jersey Bank Depositors Compensation Board established by the Banking Business (Depositors Compensation) (Jersey) Regulations 200-;
- (q) any compensation paid under the Banking Business (Depositors Compensation) (Jersey) Regulations 200- to a depositor with a bank.”.

5 Years of assessment for which this Law has effect

This Law has effect for the year of assessment 2009 and ensuing years.

6 Citation

This Law may be cited as the Income Tax (Amendment No. 32) (Jersey) Law 200-.

¹

chapter 24.750