

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 5th JULY 2011**

Question

Can the Minister explain to members how the proposed new policy on 1(1)(k) taxation, containing the requirement to declare worldwide income and to pay 1% tax on it will attract more applicants?

Answer

The Minister would refer the Deputy to the report accompanying the draft Income Tax (Amendment No 39) (Jersey) Law 201- (P.113/2011) which sets out the rationale for changing the tax regime for future 1(1)(k)s. In brief, however, the policy is intended to make Jersey's tax regime more attractive to the mobile wealthy by simplifying the tax regime. Advice suggests that the current regime is considered too complex by potential applicants and their advisers. Looking at Jersey's nearest competitors in this area, Guernsey and the Isle of Man impose a simple cap on the maximum amount of tax payable by any one individual. Switzerland charges a flat tax, while Monaco charges no income tax at all. By comparison, Jersey's multiple tax rate and different types of income sources appear overly complex, as well as deterring investment and business activity in Jersey.

The changes proposed are intended to rectify these issues and form part of a package of measures intended to increase revenues from the 1(1)(k) regime. This package follows the decision to increase the annual minimum tax contribution required from new 1(1)(k) applicants from £100,000 to £125,000.