

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 1st MARCH 2011**

Question

“Can the Minister confirm that those finance companies now rated at a tax rate of 10% previously paid tax at a rate of around 13.5% and that following the introduction of the 10% rate it is estimated that only £50.4 million of company tax will be paid by finance companies in 2010?

Will the Minister give members his estimate of what effective rate of tax this represents, given that finance profits in the years 2008 and 2009 on which this tax was paid were £1,520 million and £809 million respectively?

How does this effective rate compare with the effective rate paid by:

- a) Persons on marginal rate (27%) tax? and
- b) Those paying full-rate tax (20%)?

Will the Minister produce for members a table indicating the proportion of General Revenue Income (as given in Table 4, page 8 of the Financial Report & Accounts 2009) derived from

- i) company income tax? and
- ii) personal tax (income tax, impôts and GST)?

over the past decade and including the estimates of income for 2010 and 2011 as below:

Year	Total general revenue £m	Company Tax £m	%	Personal tax (IT + impôts + GST)	%
2000					
2001					
etc					

Answer

Deputy's question is effectively four questions in one the answer is numbered as though the paragraphs in the question had been numbered one to four. The various parts of this question seek to compare very different sets of data which will make any comparison virtually meaningless.

1 and 2. In the first part of the question the Deputy asks about taxes paid and profits earned by 'finance companies'. It should be remembered that for tax purposes a 'financial services company' which is subject to tax at 10% is defined by reference to specific regulations. The profits referred to for 'finance companies' are based on different criteria and the activities of some finance companies will be taxed at 0%. The figure of £50.4 million was provided to the Deputy in the answer to his oral question 6053 of 15th February 2011. It is presumed that 13.5% relates to the Deputy's written question 5291 of 20th April 2010 where he estimated a "maximum tax rate" of 13.4% for businesses in the finance sector – this estimate was not confirmed by the answer to that question. It would be helpful if the Deputy could confirm the source of the data

that he has used in his question, and do so in any future questions so that answers can be most helpfully provided.

3. The third part of the question seeks to compare the effective rates of companies to the effective rates of individuals. This will again produce a meaningless comparison. The Deputy has asked a similar question in oral question 6100 at this sitting and I refer him to the response to that question.
4. To gather the data requested in this question will take a significant amount of resource, in particular an analysis of tax revenues by taxpayer over a 10 year period. Given the significant changes that have been made to Jersey's tax regime in recent years, changes which were introduced to protect our economy in the face of significant international pressure, this data is unlikely to provide a useful comparison. The Minister believes that the Treasury's resources are better spent ensuring tax that is due is collected and ensuring that our tax regime continues to remain fit for purpose.