

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 20th JUNE 2006

Question

Would the Minister inform members –

- (a) whether he has forwarded to H.M. Treasury the Zero/Ten design proposal for consideration and, if so, can he give members an indication of when he expects to receive a response;, (whether and in what time;
- (b) whether he expects he expects the proposal to be considered by the EU Code of Conduct Group and ECOFIN and , if so, in what time scale; and,
- (c) whether he has been notified of the outcome of the consideration of the Isle of Man and Gibraltar proposals and how these differ from Jersey's proposals?

Answer

Before addressing the specific points in this question, it is for consideration whether sufficient responses have already been given in the written answer to Question No. 2862 tabled on 16th May 2006. This Question appears to cover substantially the same ground as that contained in Question 2862 on which I believe a full answer was given.

- (a) As the Zero/Ten Design Proposal document makes clear in the table at Paragraph No. 2.3.2, the views of HM Treasury are sought and accordingly a copy of the proposal has been sent to the Treasury. We expect ongoing discussion with the Treasury about the Proposal ahead of it being presented by the U.K. to the EU Code of Conduct Group later this year. This discussion will principally take the form of meetings between the Treasury and Jersey representatives.
- (b) This is partly addressed in (a) above and in the answer previously given to Question No.2862. The Proposal will be considered by the Code Group and ultimately will form part of a Code Group report to ECOFIN. Dates on this are not clear as the Group itself has yet to finalise its working timetable and agenda for the remainder of 2006.

It is worth reiterating that the States decision to adopt the Zero/Ten proposal is not subject to the formal approval of the Code of Conduct Group or ECOFIN. Jersey has domestic competence in fiscal affairs and any suggestion that an EU body has the power to dictate our fiscal policy is to undermine that competence and the Island's constitutional rights. It should also be noted that the Code of Conduct Group is not a body with the power to enforce; even amongst the EU member states themselves. The process is one in which Jersey is participating voluntarily because the Island is not in the EU's fiscal territory. Nevertheless, regard will be had for any views expressed by the Code of Conduct Group in line with our policy stance as a 'good neighbour' to the EU.

- (c) We have not been notified by H.M. Treasury of the outcome of their consideration of the Isle of Man and Gibraltar proposals as H.M. Treasury applies the same confidentiality to those discussions as we are informed applies to the Jersey discussions. We follow matters relating to these proposals which are in the public domain as would be expected as part of a formal monitoring process of competitor activity. This includes actual legislation generated by these jurisdictions to give effect to their respective proposals since this will highlight any differences from our approach which may be relevant to the Jersey position. At this time such legislation has not been finalised but is pending and we take note of the content of such legislative proposals and await definitive assessment of them that actual legislation will provide. It is also worth pointing out in this context that, because of Gibraltar's different position in relation to the EU, the Gibraltar proposals will be subject to EU State Aid Rules which in recent times have been used by the EU to deal with fiscal arrangements in the Member States that are considered to be in conflict with the objectives of the EU

Treaties. Jersey is not subject to these Rules.