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WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P. SOUTHERN OF ST. HELIER ANSWER TO BE TABLED ON TUESDAY 26th JUNE 2012

Question

Further to responses given on 29th May 2012 and 12th June 2012 on changes to tax policy in respect of locally and non-locally owned companies, will any of the potential tax extensions apply to the new companies created by inward investment in the oil, gas and mining sectors whose "*shareholders are worldwide and fluid*" and if not, why not?

Will mechanisms for "*restricting tax reliefs for companies*" referred to in the answer to question 6916 on 12th June 2012, also apply to such companies and, if not, why not?

Will the Minister detail the current rules for non-resident landlords and state how these rules might be tightened along with how much tax revenue might be produced by such measures?

Answer

In all of his questions on this matter, the Deputy refers to non-locally owned companies. As the Minister has noted on a number of occasions any tax measures relating to companies cannot discriminate on the basis of ownership as to do so would not meet the Code of Conduct for Business Taxation.

The key feature of Jersey's tax regime for companies is the provision of a tax neutral environment which is particularly important for companies such as those referred to in the question. As the Deputy states, the shareholders are worldwide and fluid. Such investors will often hold their investments in tax neutral vehicles to minimise the risk of double or multiple levels of taxation. This does not mean no tax is paid on the investment returns. Tax is paid on the activities in which the investment company invests and by the investors when they receive income. If Jersey could not provide a tax neutral environment for such companies, they would not locate in Jersey. Jersey would then lose the benefit provided by these companies.

Further details in the form of briefings and a report will be provided to all States Members on the work which has been done and what is proposed in relation to non financial services companies.

The reference to "restricting tax reliefs for companies" relates to a proposed budget measure which is still in development. For that reason no further detail can be provided at this stage but the potential measure is not sector specific. Therefore if these companies avail of the relief, restricting that relief would apply to these companies.

As regards non-resident landlords, again this is a proposed budget measure which is intended to improve the collection of outstanding tax from non-resident landlords. Further details will be provided in the 2013 Budget Statement.