

STATES OF JERSEY



BUDGET STATEMENT 2010 (P.179/2009): THIRD AMENDMENT

**Lodged au Greffe on 24th November 2009
by Senator A. Breckon**

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement” insert the words –

“except that, in Summary Table A, States Income 2010, the estimate of total taxation revenue for 2010 shall be increased by £4.9 million by increasing the New Company Fees via the Financial Services Commission, which shall be achieved by increasing the Company Annual Return Fee to £300, as follows –

New Company Fees via Financial Services Commission	8, 600,000
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SENATOR A. BRECKON

REPORT

On investigating sums of money on page 40 I questioned the reason for the amount of £3.7 million under "Other Income" sub-heading "Financial Services Commission New Company Fees via Financial Services Commission."

I established that it consisted of part of the money raised by the Jersey FSC from Company Annual Registration Fees (CARF).

The fee for 2009 is £150 and at the start of the year there were 32,500 companies registered.

The contribution to the States is £115 per company with other £35 being retained by the JFSC presumably for the administration cost.

- (a) The Maths on this is $32,500 \times £115 = £3,737,500$ to the States of Jersey.

Then by my calculations if the fee is increased to £300 – the administration part of the fee would remain the same, at £35 however the "States Part" would increase to £265.

The Maths on this is for 2010 is –

(b)	$32,500 \times £265 =$	£8,612,500
Minus	(a) 2009 fees =	<u>£3,737,500</u>
	Yield an extra	<u>£4,875,000</u>

In rounded terms this would yield an extra £4.9 million; I do not intend to propose spending this, but to add it to the "kitty".

I am advised that the present fee for CARF in Guernsey is £250 and the Isle of Man £320 per annum, for similar services.

At the time of writing I am advised that there are more than 33,400 companies registered, nearly 1,000 more than at the start of 2009, however, my figures are based on worst case scenarios.

Of these companies about one-third would have previously been registered with the Comptroller of Income Tax to pay tax and two-thirds previously would have been exempt companies and they would have paid an exempt fee/charge of £600 and £115 to the States – this £600 has gone and with it the loss of over £12 million p.a.

Although my amendment does not bridge this gap – it narrows it, and from some feedback I have had it would not cause any inconvenience or undue hardship to those companies.

The fee has been at £150 since about 1998.

Financial and manpower implications

The financial implications are self-explanatory. The manpower resource requirements are no greater as this is simply substituting one figure for another, and the collection is managed by the Financial Services Commission.