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15 August 2006

Our Ref: JM/MDC
Your Ref: 2020667\POLLG\MdFJ466082\1

STATES GREFFE REGISTERED	
17 AUG 2006	
SP	

cc - Panel 18/8/06

Dear Mrs Breen

Proposed Repeal of Article 115 of the Income Tax (Jersey) Law 1961

Thank you for your letter dated 28th July 2006 regarding the above, which has been passed onto me.

I will ensure that the 0/10% Design Proposal team carefully considers your returns when drafting the 0/10% legislation.

Yours sincerely


Julian Morris
Fiscal Strategy Programme Manager

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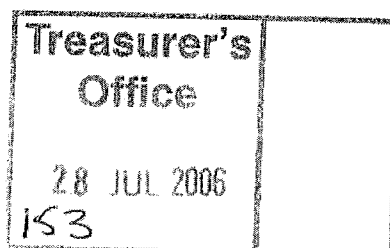
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cc. Sam Power – Scrutiny Panel.



Mourant

Senator T. A. Le Sueur
Treasury & Resources Minister
PO Box 252
Cyril Le Marquand House
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St. Helier
JE4 8UL



28 July 2006

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Dear Senator Le Sueur

Proposed repeal of Article 115 of the Income Tax (Jersey) Law 1961

I understand that under the recently published "Zero/Ten Design Proposal" it has been proposed that Article 115 of the Income Tax (Jersey) Law 1961 be repealed in respect of United Kingdom charities and superannuation funds.

Article 115 (g) currently exempts United Kingdom superannuation funds from income tax upon income derived from investments and deposits, and it has been the practice of the Comptroller to exempt for Jersey Income Tax rental income derived from properties in Jersey where those properties are held directly by pension funds.

This Firm has grave concerns over any proposed repeal of this Article and the accompanying concession. We have been acting for a client whose sale of a local investment property to a UK Superannuation Fund collapsed when the Fund was made aware of these proposals. We also act for a Superannuation Fund which holds immovable property in Jersey and who we are sure will be equally concerned over these proposals.

It is our view that the implementation of these proposals will have a prejudicial and detrimental effect upon the property investment market in Jersey by deterring potential institutional investors, thus leading to a reduction in capital values of completed developments and of the underlying sites, with consequential adverse effects for the Island's economy.

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Page 2
Senator T. A. Le Sueur
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The exemption and concession have been in force for many years and it has been the accepted position that UK superannuation funds acquiring immovable property in Jersey will benefit from an income tax exemption on rental income. We suggest that urgent consideration be given to reviewing the proposal to repeal the exemption as the uncertainty caused by this proposal can only have a damaging effect on the confidence and stability in the local investment property market.

Yours sincerely,



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