

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 31st JANUARY 2012**

Question

What consideration, if any, has the Minister given to the introduction of a Business Property Occupation Tax and a Payroll tax to address the absence of tax revenue from zero-rated companies?

What consideration, if any, has the Minister given to the findings of the European Union's Court of Justice dated 15th November 2011, which ruled out a Business Property Occupation Tax and a Payroll tax proposed by Gibraltar on the grounds that they were materially selective and inherently favour offshore companies with little or no physical presence?

Will the Minister outline what other options, if any, he has for generating revenue from zero-rated companies?

Answer

Responses have been provided in the order asked.

1. Companies that are subject to income tax at the 0% rate contribute significantly to Jersey's revenues in a number of ways, including through ISE fees, company registration fees, social security contributions in respect of their employees, and most importantly, by employing the majority of Jersey residents who are in employment, who then pay taxes on their income.

Every possible measure, including property taxes and payroll taxes, is being examined in order to determine its suitability and its compliance with the EU Code of Conduct on Business Taxation.

2. The findings of the European Court of Justice are being closely examined. It is considered that the judgement is helpful, insofar as it provides more detail on one of the measures by which Jersey's tax regime is judged. It demonstrates the importance of ensuring that the 0% company income tax rate is the standard rate of tax, applying not just to the majority of Jersey companies, but also to the majority of companies doing business in the Island.
3. Other options which have been mentioned previously in the States Assembly include the potential extension of the 10% or 20% tax bands to include some other types of company, and the introduction of some form of charge. Further details will be made available in the next few months.