

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY R.G. LE HERISSIER OF ST. SAVIOUR**

ANSWER TO BE TABLED ON TUESDAY 16th MAY 2006

Question

Would the Minister name the authoritative bodies who will determine whether Jersey's business and corporate tax proposals meet international and EU requirements?

Answer

Jersey has undertaken to comply with 'rollback' and 'standstill' in respect of corporate taxation. It will be for the United Kingdom authorities to confirm to Ecofin through the EU Code of Conduct Group that Jersey is indeed taking suitable steps, and the U.K. Treasury review our progress at regular intervals. They have been notified of our current 'zero/ten' proposals and will no doubt advise as they see fit. In my view the current 'zero/ten' proposals are consistent with our aforementioned undertakings.

It is important to be clear that we will not be presenting these proposals for approval, because to do so would undermine Jersey's constitutional rights. Jersey has domestic competence in fiscal affairs and the suggestion that an EU body has to approve our proposals is to undermine that competence. It should be noted that the Code of Conduct Group is not a body with the power to enforce, even amongst the EU member states themselves; this is a process 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 position as a 'good neighbour' to the EU.