

STATES OF JERSEY

Corporate Services Zero-Ten Sub-Panel

WEDNESDAY, 15th NOVEMBER 2006

Panel:

Senator J.L. Perchard (Chairman)
Deputy P.J.D. Ryan of St. Helier
Senator B.E. Shenton
Miss S. Power (Scrutiny Officer)
Mr. R. Teather (Panel Adviser)

Witnesses:

Jurat P.G. Blampied, OBE

Senator J.L. Perchard (Chairman):

Thank you, firstly, for coming to see us this morning and, secondly, for submitting your second document to the panel, which we received about 4 or 5 days ago, which is very informative, entitled *The Taxation of Immovable Property*. Members have been circulated with it and I believe we have all read it with interest and thank you for that. Could I just point out - I do not need to read it, I understand - in front of you here that you are protected by immunity?

Jurat P.G. Blampied:

Yes.

Senator J.L. Perchard:

As I say, welcome. I think you know everybody. Deputy Southern will be joining us as soon as possible. He is detained elsewhere at the moment. So, perhaps we could start. There are 2 specific areas in the document that you have submitted. One is more focussed on the original or more relevant to the original Zero-Ten design proposal, and that is section 6. I wondered, unless you had any different idea, whether we could start there and then talk generally about the bigger picture that you suggest in points 1 to 5 after, or did you have a different plan?

Jurat P.G. Blampied:

I would like to waffle, first of all.

Senator J.L. Perchard:

Okay, have a waffle, then perhaps we could focus on 6, and then perhaps have a discussion on the bigger picture of equitable taxation.

Jurat P.G. Blampied:

Yes. I think that the principal difference I have with my suggestions and this paper is that I believe that it is preferable to have a taxation system which taxes anyone who has the benefit in kind of owning and occupying his property. More than that, I believe that social justice requires that the owner of a valuable property in Jersey should pay tax on the benefit in kind that he enjoys. It was because of that I started my last paper with trying to look back into the past and show what used to happen and why it has changed. Jersey followed England; England abolished schedule A which was assessed and raised on the owner/occupiers of property. England did it because it was going to introduce a poll tax. It has since changed that, and Jersey followed suit. Since I prepared my paper, I relied on a telephone conversation with my daughter who lives in Sussex and it is not called a community charge any more; it is called a council tax. I have made some amendments to my paper. The Council Tax I referred to relates to my daughter's house. She is assessed in band G, which has a capital value in Sussex of between £160,000 and £320,000, and she pays £2,347. That is in band G with a value of her home between £160,000 and £320,000. The property in St. Clements which is assessed as rented value £22,400 is my own home. When I did this originally, I just put the owner's rate, foncier rate, but I have changed it to the owners and occupiers, so it has increased. What I pay is £645 on a house assessed at a rental value of £22,400, compared with what my daughter pays in England, which is £2,347. In England, the council tax is used to pay for the police, the fire services, the libraries, parks, public gardens, a certain amount of welfare. It is an expenditure which the States pays in Jersey. That is the reason that it is so much greater. But the owner/occupier is assessed in England, so is the person who pays rent, but it seems to me that somebody who lives in a valuable property in Jersey should pay schedule A tax. The advantage of the change - a reason for it, (apart from social justice) is that it would raise a chunky bit of additional revenue and the administration is easy, the law is easy to draft because it is only a matter of really bringing back what was there before, so it is a straightforward procedure. If you assess the people who own and occupy property in which they trade, they are also assessed on a different schedule, schedule D. If they pay schedule A tax as well on property which they own and occupy and in which they trade, then the legislation that is introduced is consistent and every owner and occupier of property is assessed under schedule A. So, social justice is achieved, additional revenue would be raised and the fact that it would be consistent and the ease of introducing it really makes me believe that there is a lot to be said for assessing all owners and occupiers to the benefit in kind which they enjoy from occupying the property which they own.

Senator B.E. Shenton:

Can I just ask, how would someone with, say, an 80 per cent mortgage be able to afford it?

Jurat P.G. Blampied:

Well, the person with the 80 per cent mortgage, if it is a first time buyer, they get tax relief from the mortgage interest that they pay up to a certain amount. [\[1\]](#)

Deputy P.J.D. Ryan of St. Helier:

Except that that is disappearing under 20 means 20, is it not?

Jurat P.G. Blampied:

They are going to take that away, are they?

Senator J.L. Perchard:

Well, at this stage.

Deputy P.J.D. Ryan:

At this stage, the 20 means 20 part of the overall fiscal strategy.

Jurat P.G. Blampied:

But I thought that is only when your income was over a certain amount. Not everybody is going to --

Senator B.E. Shenton:

No. There are a lot of people with, say, half a million pound houses in Jersey with 80 per cent mortgages and, of course, they are not down far enough to fall under the sort of social banner.

Jurat P.G. Blampied:

Well, I have suggested a threshold for the owner/occupier. I originally thought of £10,000 then I thought that could be a bit low, perhaps £15,000. If somebody is occupying a house with a rental value of above £15,000 and they have got an 80 per cent mortgage, they are really not looking after their financial affairs in a sensible way. If you can afford a very valuable house, you are daft to have an 80 per cent mortgage. I do not believe there are many people with low incomes occupying a house which has a rental value in excess of £15,000.

Senator B.E. Shenton:

Well, what would you call a low income?

Jurat P.G. Blampied:

Well, I think the 20 means 20, there is a threshold on that, and I do not know whether that has ever been agreed.

Senator J.L. Perchard:

No. We have agreed in principle. We have not seen the legislation.

Jurat P.G. Blampied:

Yes, but there must be a threshold before the 20/20 kicks in.

Senator B.E. Shenton:

Yes, which I think is going to be around £30,000 or £40,000.

Jurat P.G. Blampied:

Yes. So, I think that the person who struggles - and there are a lot of them - to buy his house and have a mortgage will not be buying a house with a rental value above £15,000 a year.

Deputy P.J.D. Ryan:

That is based on a sort of a 4 per cent rental value, Peter, is it? There is a number of 4 per cent in here somewhere. No, it is not in here. I think I got that from one of the Constables.

Jurat P.G. Blampied:

My paper, if I may just comment, refers to an original system of adjusting the rental value to the quarters; now the rental value is now the same as the quarters.

Senator J.L. Perchard:

Oh, right. Which page refers to it?

Jurat P.G. Blampied:

It is on the back of the first page.

Senator J.L. Perchard:

Oh, the first page, the pages are numbered at the bottom.

Jurat P.G. Blampied:

Oh, it is 2.

Senator J.L. Perchard:

Right, 2.

Jurat P.G. Blampied:

“It appears that the rates data could be adapted to deal with this tax. Although quarters are based on

historic values, the intention is that they be revised on a rolling basis so that quarters reflect ... It would, therefore, be a simple matter to publish an annual multiplier that converts quarters into market rent.” They assess a rental value and they have not revised it for a bit.

Senator J.L. Perchard:

I must have a different paper in front of me. I am sorry. I have printed off my own computer, that is why. Sorry, under “Practicalities”?

Jurat P.G. Blampied:

Yes. I do not know whether the multiplier is referring to the historic value. It is? Not the quarters, yes, right. I do not know where the 4 per cent comes from but I think the -- I think the rental values are ... they are certainly not low. I do not think anybody would rent my house for £22,400 and I own a house in the (...inaudible) Estate. That is the one that is assessed at £10,580 rental value. I actually charge less rent for it but, I mean, I think some of the rents that are charged in Jersey are -- flats, really, are unattractive, but certainly the rental value is not -- the rental values I do not think are low when the parishes assess them, but they have -- what the parishes did some years ago, they tried to adopt a consistent basis for assessing all the rental values. In England, when schedule A existed, there used to be a quinquennial valuation. The values were revised every five years.

Senator J.L. Perchard:

Any idea of the yield, if we add a £15,000 threshold?

Jurat P.G. Blampied:

No, I have not.

Senator J.L. Perchard:

No. How does one calculate that?

Jurat P.G. Blampied:

Well, I did mention it in my paper, but I think really that it is a matter of somebody in the Treasury - it is not a difficult thing to do - going through all the parish returns and listing the rental values. With a computer, it is easy to establish the values below rental values of £10,000, those between £10,000 and £15,000 and those £15,000 and above, and to assess the tax that would be collected. I had a look at the St. Clements rating, which is the only one I had, and there would be a chunky bit of rent payable by individuals, but most of the -- most of the individuals there who have properties at a rental value certainly in excess of £15,000 are people who could - and I believe should - pay for the benefit in kind which they enjoy from occupying those properties.

Senator J.L. Perchard:

Can I ask you a question about your daughter's situation in Sussex? The question with regards to thresholds there, the community tax, how is that levied?

Jurat P.G. Blampied:

It is on bands.

Senator J.L. Perchard:

Right.

Jurat P.G. Blampied:

They are bands from A to H and in Wales, for some reason which I do not understand, there is another band, I, but ... so my daughter's house is assessed between £120,000 and £320,000.

Senator J.L. Perchard:

Right. Any idea what band that is?

Jurat P.G. Blampied:

That is G.

Senator J.L. Perchard:

Oh, just one before the top.

Jurat P.G. Blampied:

Pardon?

Senator J.L. Perchard:

One before the top.

Jurat P.G. Blampied:

One before the top -- 2 before the top. After £320,000 it does not matter what value it is, you say --

Senator J.L. Perchard:

Band A is the most humble of properties, is it?

Jurat P.G. Blampied:

Yes, but everybody pays in England. I believe that it would be fairer in Jersey, where wealthy people do not contribute as much as they do in England to the Revenue of the Island, should contribute a bit more.

They are people -- it is the principal benefit in kind that people have and the parish rates are very small compared with the council tax which is payable in England.

Deputy P.J.D. Ryan:

It begs the question, what would the parishes do with all this money, if it were to be a -- and I know where you are going because it would be an income tax, it would not actually be a parish rate tax, but in the UK I am pretty sure that all of this extra money that they get through their council tax goes for many things that would be paid for -- is used for many things that would be paid for out of central tax revenues here. Am I right in that thinking?

Jurat P.G. Blampied:

Yes, absolutely. The council tax is used to pay ...

Deputy P.J.D. Ryan:

I mean things like education and ...?

Jurat P.G. Blampied:

No. I think education is national.

Deputy P.J.D. Ryan:

Is it?

Jurat P.G. Blampied:

But it pays for the fire service, the police, parks and gardens, a measure of social benefit, not all of it.

Deputy P.J.D. Ryan:

Right and, of course, this is all central.

Jurat P.G. Blampied:

Libraries.

Senator J.L. Perchard:

Waste management?

Jurat P.G. Blampied:

Waste management. In Jersey that is paid for by central government.

Deputy P.J.D. Ryan:

Right. So, this is where the difference is, really.

Jurat P.G. Blampied:

This is where the difference is, and so the council tax is a form of taxation in England. In Jersey -- so that because you own and occupy a house, you pay more tax in England. You used to pay schedule A. Jersey has removed schedule A and they do not.

Deputy P.J.D. Ryan:

But not replaced it with anything, effectively.

Jurat P.G. Blampied:

Not replaced it.

Deputy P.J.D. Ryan:

Whereas in England they have?

Jurat P.G. Blampied:

They have.

Senator J.L. Perchard:

If we were to pursue this, how would we manage the new rating structure? Where the parishes are now contributing to central funds, would the idea be to take the rates down to the skeleton necessary to fund the parish services?

Jurat P.G. Blampied:

The contribution to the central funds is, I think, for welfare, which the parishes used to pay.

Senator J.L. Perchard:

But it would be hard to justify, if you were using another mechanism in which to tax or create revenue, schedule A, why would we maintain the position that we have?

Jurat P.G. Blampied:

I do not think the rates go up above what they are at the moment.

Senator J.L. Perchard:

No. The point is they could come down and allow schedule A to kick in. I am just trying to think how you would do it.

Jurat P.G. Blampied:

No, I do not think -- no, I think it would be --

Senator J.L. Perchard:

How it would be politically acceptable.

Jurat P.G. Blampied:

Well, the parish rates on domestic property are £1.44. I pay in St. Clements £645 and that is on the revised basis of payment. It is a tiny amount and it does not include paying for police, welfare, libraries, waste management and the other things.

Senator J.L. Perchard:

Yes, I am aware of that.

Jurat P.G. Blampied:

The principal benefit in kind that -- I am sorry to talk about myself but I am talking about myself because I can without breaking confidences.

Deputy P.J.D. Ryan:

No, it is a very useful illustration.

Jurat P.G. Blampied:

If it was assessed with a threshold of £15,000, I would have to pay tax on £7,000-odd, £1,500. I would still be paying less than my daughter pays in England on a modest income in a modest house. It ...

Senator J.L. Perchard:

You would be paying £1,500 plus the £600 and ...

Jurat P.G. Blampied:

I would be paying £2,200-odd.

Senator J.L. Perchard:

Yes.

Jurat P.G. Blampied:

My daughter is paying £2,347. She told me on the phone it was about £3,000 when I drafted the paper.

Senator B.E. Shenton:

They do not have a threshold in the UK, do they, for paying?

Jurat P.G. Blampied:

No, they do not.

Senator B.E. Shenton:

So why have one in Jersey, bearing in mind 40-odd per cent of the public do not pay any tax at all anyway?

Jurat P.G. Blampied:

Because I think that -- I use the words "social justice" again. I think that equity means that the more wealthy individuals should contribute a spot more to the Revenue of the Island than they do at the moment.

Senator B.E. Shenton:

But is it equitable that 40-odd per cent do not contribute anything for the services they receive?

Jurat P.G. Blampied:

The simple answer to that is yes. 40 per cent, I think that it is a question of where you draw the line. Clearly, there are lots of people who should not contribute anything.

Senator B.E. Shenton:

My problem with social taxation like this is that instead of pulling people up, it drags people down, and I look at the UK and the UK is just a nation of poor people.

Jurat P.G. Blampied:

Pardon?

Senator B.E. Shenton:

Look at the UK and it is a nation of poor people and, surely, if you have this sort of structure, all you are doing is pulling people down because you are removing incentives.

Jurat P.G. Blampied:

In England they have a system of personal allowances and reliefs, so that if you are a married man, you pay less tax than a single person. If you have got children, you pay less; if you have a housekeeper to look after an infirm relative, you pay less; if your income is earned income, you pay less. Earned income relief has gone now, has it?

Mr. R. Teather:

So is married man's relief.

Jurat P.G. Blampied:

But there are allowances, reliefs and allowances?

Mr. R. Teather:

For children.

Jurat P.G. Blampied:

Yes. So, the person who is not well off does not pay and I do not see how you could expect people who are not well off to pay. I mean, the 20/20 does something to ...

Senator B.E. Shenton:

Make it progressive.

Jurat P.G. Blampied:

Yes.

Senator B.E. Shenton:

So, the 40 per cent over here that contribute nothing, in the UK they do contribute through VAT.

Jurat P.G. Blampied:

Yes, I have seen that, yes. On the other hand, you know, the cost of living is higher in Jersey, rents are higher.

Senator J.L. Perchard:

How do you equate your proposal, Peter, with 2 properties: one a £1 million luxury, convenient sort of second home/apartment type property dripping with opulence, valued at £1 million, easily sold in Jersey in our current economic climate; and the other £1 million property that has not had a coat of paint for 30 years, Mrs. Blampied, your great-great-aunt that you have never met, is living there, her husband passed away 20 years, she has not got a penny but she has got this lovely property but it is desperately in need of refurbishment. How do you put those 2 in the same tax category?

Jurat P.G. Blampied:

Well, the parish welfare authorities have this problem because you get people who are not well off who own their own house and they have got no mortgage on it. They are not houses worth £1 million.

Senator J.L. Perchard:

They could be. The scenario I painted could easily happen.

Jurat P.G. Blampied:

Some parishes give welfare and take a charge on the house. Others do not, but they give the welfare. I know that because I did 2 reports on parish rates with Geoffrey Grime. But I think the difficulty with taxation is that it is impossible to find something which is absolutely fair to everyone. You will always find the exception, but my aunt living in a £1 million house, if she cannot afford to pay- and it is not an enormous amount - she cannot afford to pay schedule A tax because ... and she would not if she is below the 20/20 threshold, she would not pay tax, she would not pay the schedule A tax. Schedule A tax is a form of -- it is a taxation; it forms part of an individual's income tax assessment.

Senator J.L. Perchard:

Yes. Oh, right.

Jurat P.G. Blampied:

It is no -- it is not rents. It is taxation.

Senator J.L. Perchard:

So, her deemed rental income plus her old age pension are her only forms of income and she has ...

Jurat P.G. Blampied:

She will not pay schedule A tax.

Senator B.E. Shenton:

Well, she will because her rental income on a £1 million property will be assessed at...

Senator J.L. Perchard:

Well, that is right.

Jurat P.G. Blampied:

Well, there will be a threshold.

Senator B.E. Shenton:

£20,000, £25,000, £30,000.

Senator J.L. Perchard:

But even with a threshold of £15,000 on a £1 million property, what would her deemed income be?

Jurat P.G. Blampied:

Well, I think a £1 million property is likely to have a rental value of...

Deputy P.J.D. Ryan:

£25,000?

Jurat P.G. Blampied:

That sort of amount, yes, yes.

Deputy P.J.D. Ryan:

Are we going to make the calculation here, Peter, a purely mathematical one? £1 million equals 'x'; £500,000 equals 'y' or are we actually going to take into account the reality of the rental marketplace where because it is a rental marketplace you would find even a £2 million house might only have a rental value of £30,000 whereas a £1 million --

Jurat P.G. Blampied:

I think the only way -- the only way to look at it is to take the parish rating assessments because that is fixed by an assessment committee of each parish. They have tried to be consistent and it is so easy to deal with because everyone knows the rental value on which his property is assessed, and can put it on their tax return. I think there is a case for allowing relief for rates, insurance and repairs if that exceeds the threshold, but they are not -- if it is -- if the threshold is £15,000, that is £10,000. I cannot think that -- if this -- if my aunt living in a £1 million house, if her only income is her old age pension and that is added on to the £10,000, she is hardly likely to be above the threshold for 20 means 20.

Senator J.L. Perchard:

I am not sure. She is starting to get very close, is she not, because she has got no children?

Jurat P.G. Blampied:

Yes, but if her income is -- if the threshold is £20,000 and she just tips over it ...

Deputy P.J.D. Ryan:

She would pay a very small amount of tax.

Jurat P.G. Blampied:

I think one is looking at the extreme cases, but I think there is something to be said for looking at the principle. The schedule A tax is no different to the tax that people pay on bank interest that they receive.

Senator B.E. Shenton:

This would only be payable by owner/occupiers?

Jurat P.G. Blampied:

Yes, and they -- I mean, they are in a much better position than a person who pays rent. You get no relief for the rent that you pay.

Senator B.E. Shenton:

So, I need to put my house into a Guernsey trust.

Senator J.L. Perchard:

Well, there we go. Is that what happens?

Jurat P.G. Blampied:

Put it into a Guernsey trust?

Senator J.L. Perchard:

Well, put it into an offshore trust to avoid this, because one has to consider - you know the game better than we do - opportunities for avoidance.

Jurat P.G. Blampied:

If I was in charge of income tax, I would set it aside under the provisions of 134A, avoidance provisions.

Deputy P.J.D. Ryan:

Deliberate avoidance.

Jurat P.G. Blampied:

We are talking about people who have substantial means. Now, the tax is relatively small. If they are going to put it into a Guernsey trust, they have got to set up the trust, they have got to pay trustees' fees in Guernsey, they have got the cost of conveying it, all to save ...

Deputy P.J.D. Ryan:

And I know it would be fairly obvious, would it not?

Jurat P.G. Blampied:

Well, the controller would see it disappear.

Deputy P.J.D. Ryan:

Yes. I mean, it would be very obvious because your person with your Guernsey -- "Where do you live, Senator? Oh, do you not own that?" [Laughter]

Senator B.E. Shenton:

It was just an idea because I was thinking of my children and all the tax implications.

Senator J.L. Perchard:

Yes, it is a bit like point A of your notes here, if you have got a good relationship with them and there are some ...

Deputy P.J.D. Ryan:

Do you think that the absence of assessment to schedule A on owner/occupiers of property is, and has, and continues to have, an inflationary effect on house prices, property prices locally, domestic housing generally?

Jurat P.G. Blampied:

The absence of schedule A?

Deputy P.J.D. Ryan:

The absence of schedule A assessment, the fact that we do not have that?

Jurat P.G. Blampied:

I would doubt it, Patrick. I mean, people strive to own their own house. If the schedule A -- if there is a threshold, and I really do believe that is important, it will not have any effect on the supply and demand.

Deputy P.J.D. Ryan:

Well, would it be likely to bring house prices down? Would it have an adverse effect on house prices if we introduce this? Would some of the steam in the housing market ...?

Jurat P.G. Blampied:

I do not understand why prices have been increasing so much in Jersey. What amazes me is if you read the *Evening Post* and you look at the rents that are being asked for one-bedroom flats and 2-bedroom apartments, it seems crazy to me, and I know of one developer who has had enormous difficulty in shifting the flats that he built. I think if the flat has a -- is a deluxe apartment, the ones like Dandara built on the West Park building site, people will pay a premium for those but, of course, those are well-off people. I would not have thought it would make any difference, particularly if there is a threshold. Can I raise one other thing, Chairman? I have suggested - I do not think it is in this paper but I think I

suggested it before - that tax should be deducted from rent when it is paid.

Deputy P.J.D. Ryan:

Sorry, tax should be deducted from rent when it is paid?

Jurat P.G. Blampied:

Yes.

Deputy P.J.D. Ryan:

Are we talking about commercial rents now or on the domestic side?

Jurat P.G. Blampied:

All rents.

Deputy P.J.D. Ryan:

All rents.

Jurat P.G. Blampied:

Because the person who receives the rent has to pay tax on it. If he gets a dividend, at the moment it is taxed at source. If he gets interest on a loan, tax is deducted at source. Normans has just been sold; the business has been sold but the family has kept the property. They^[2] have to pay tax on the rent but the new owner would deduct tax and pay it to the state.

Senator J.L. Perchard:

I do not understand why the French owner would deduct ...

Jurat P.G. Blampied:

The French owner is no longer liable for tax on his profits.

Senator J.L. Perchard:

Yes.

Jurat P.G. Blampied:

He has to pay rent, I imagine.

Senator J.L. Perchard:

To Normans, who will pay tax on that rent.

Jurat P.G. Blampied:

Who will pay tax on that rent.

Senator J.L. Perchard:

I do not understand how the French owners, how we can catch them, for want of a better word than catch, but you are suggesting there is a mechanism ...?

Jurat P.G. Blampied:

Well, I think it applies, probably not to Normans, but where the owner is resident in England and the Jersey commercial enterprise pays rent, at the moment ... assume, for example, that you have got, say, de Gruchy's, and I think de Gruchy's own their own property, but say that the property was owned by the parent company in England or another English concern, at the moment, de Gruchy's pays rent -- would pay, I do not know what the exact position is, but say it pays rent of £600,000 a year, under the provisions of the proposed law (the Zero-Ten) nobody would get the tax on the £600,000. That is right, is it not?

Senator J.L. Perchard:

That is the original proposal, though, Richard, is it not? [**Aside**]

Jurat P.G. Blampied:

Yes, so it is no different, but it is anticipated at the moment, so perhaps in those circumstances it does not matter, but provided there is a withholding tax for non-resident landlords.

Senator J.L. Perchard:

But then you have a different view with regard to superannuation funds and pension investments?

Jurat P.G. Blampied:

Yes, because I think that would affect the commercial value of property in Jersey.

Deputy P.J.D. Ryan:

Would that be a good thing or a bad thing?

Jurat P.G. Blampied:

I think it would be a bad thing because a lot of development is taking place, I think, for the benefit of the Island, in buildings. And also, I mean, charities are exempt in Jersey and pension funds are exempt in Jersey, and I think it would be consistent to exempt them.

Deputy P.J.D. Ryan:

From the perspective of the business entrepreneur, he feels that rents are inflated in Jersey, commercial rents.

Senator J.L. Perchard:

This is not only commercial; a lot of this is residential, Patrick.

Deputy P.J.D. Ryan:

Yes, we were just talking about commercial rents, though.

Jurat P.G. Blampied:

I do not know, Patrick.

Deputy P.J.D. Ryan:

Do not know the answer to that.

Senator B.E. Shenton:

I think it also gives the superannuation funds an unfair advantage.

Deputy P.J.D. Ryan:

But, overall, what you are saying is that the value of commercial property, it is not in our interests to take some of the value out of that market overall?

Jurat P.G. Blampied:

I would not have thought so, no, overall.

Senator J.L. Perchard:

Some of the demand, which effectively would influence the value because the demand would drop if you did tax the rental income from that.

Jurat P.G. Blampied:

I think it would.

Senator J.L. Perchard:

But you do mention it twice at 6.6 and somewhere else later in the document.

Senator B.E. Shenton:

9.2.

Senator J.L. Perchard:

9.2 and it is an area that has confused a few of us, really, that ... they have dropped the proposal to --

Jurat P.G. Blampied:

I see they have dropped it.

Senator J.L. Perchard:

They have in the latest draft.

Jurat P.G. Blampied:

Yes, and most of the evidence that you had was ...

Senator J.L. Perchard:

It was not evidence; it was people in the business saying: "Hang on, be careful here, you will affect the business."

Senator B.E. Shenton:

We saw no evidence on it, no evidence as such. It was submissions and hearsay.

Senator J.L. Perchard:

Really from self-interested parties, which is fine, but we did not see the evidence.

Jurat P.G. Blampied:

I think I have a self-interest as well.

Senator J.L. Perchard:

I am not sure about commercial property, as Patrick was saying. I do not know but, certainly, big wads or swathes of flats that are getting built at the moment are being bought up by superannuation funds and charitable trusts, and it must affect the availability and price in the Jersey market for prospective young Jersey buyers. It must jack the prices up.

Jurat P.G. Blampied:

I would have thought the principal thing it affected would be supply and demand. I am surprised that the value, the cost of flats, is not going down in Jersey, if it is only built ...

Senator J.L. Perchard:

There are a few empty still, is there not?

Jurat P.G. Blampied:

There are a lot empty and I know of one developer who had problems. And you have got empty office accommodation, the roundabout by the tunnel there; the site has been empty a long time.

Deputy P.J.D. Ryan:

So, the counter is that, of course, if you were to change your mind on that, are you saying then that you would be less likely to have new commercial property being built, so it would adversely affect the supply, so that because the supply was reduced and the demand was still the same, you would have the prices going up anyway? Is that the counter to the ...?

Jurat P.G. Blampied:

I think the thing is supply and demand. I mean, the office buildings have got to find a tenant, and the value of the property is based on the rent that the tenant is prepared to pay. And you really want a property chap, not me.

Deputy P.J.D. Ryan:

I think I can see in my own mind the answer to the thinking on keeping the exemption for superannuation funds and charities is more to do with the supply side.

Jurat P.G. Blampied:

Yes, I think that is probably right, Patrick.

Deputy P.J.D. Ryan:

I am not saying that I absolutely agree with that argument, but I can see where it comes from.

Jurat P.G. Blampied:

Yes. It does not, of course, affect the commercial investor because he gets double taxation relief under the double taxation agreement.

Senator B.E. Shenton:

Changing the subject very slightly, we are increasing the taxation on the individual through 20 means 20, through GST (Goods and Services Tax) and so on and so forth. Do you think this movement towards more and more taxation will have a detrimental effect on the economy over the longer term, or do you think we are moving towards a much higher taxation and economy?

Jurat P.G. Blampied:

Those are difficult questions. If somebody has a substantial income, 20 per cent tax is not an enormous amount.

Senator B.E. Shenton:

No, but if you have a substantial income, you are very, very mobile.

Jurat P.G. Blampied:

Yes, but, of course, the principal reason people come to Jersey is to avoid inheritance tax. That is the real reason. I mean, in Jersey, the stamp duty payable on value of estate is nominal. In England, anything over -- I think it is now £283,000, anything over that, you pay 40 per cent. Now, half -- virtually half of your estate. If you come to Jersey with £10 million, you are avoiding £4 million in inheritance tax.

Senator B.E. Shenton:

But if you come to Jersey with £10 million, you would have probably done a deal with the taxman.

Jurat P.G. Blampied:

Not on inheritance tax.

Senator B.E. Shenton:

No, no, when you come to Jersey.

Jurat P.G. Blampied:

You have probably done a deal with the taxman.

Senator B.E. Shenton:

So, would those people pay this tax anyway because they have probably got a set amount that they are paying, full stop?

Jurat P.G. Blampied:

Well, they probably would not.

Senator B.E. Shenton:

So, they probably would not get caught by this?

Jurat P.G. Blampied:

No.

Deputy P.J.D. Ryan:

So, the 11K that you are talking about would not be affected by this, probably, anyway? Well, actually,

there are rules now, the deals with taxman.

Jurat P.G. Blampied:

You would not be affected by schedule A, Patrick, being introduced, because the point I think I should emphasise is that income is assessed or it used to be assessed under schedules A, B, C, D, and E. Now, schedule A was on the rents you got or the benefit of occupying a property; schedule D, case 1, was on trading profits, so each form of income was assessed under a different schedule. Now, part of schedule A tax, which I believe should be brought back, included a tax on the benefit of owning and occupying the property. The law was amended by adding, I think, sub-clause 4 to article 51. It is just a matter of deleting that clause. It really is as simple as that and it is not difficult to administer. If there is a threshold, it is, say, a relatively small amount of income tax, but cumulatively over the whole Island, it would be a lot. On commercial property, I do not think there should be a threshold. Anybody who pays tax under schedule D, which is his trading profits, there should be no deduction for the schedule A, the net annual value under schedule A on which the tax is paid. In your paper, there is reference to the problem of a trading loss. The law used to be that if you incurred a loss under schedule D, a trading loss, you could set that loss off in the year of assessment against the schedule A. That is a fact. So, if you have got a small builder who owns his builder's yard and he makes a loss, he would have a schedule A assessment raised. If his schedule D computation shows a loss; and the loss is set off against the schedule A, so he is in no worse position. The schedule A assessment is used as a deduction in computing the trading profit. Am I making sense, more or less?

Senator J.L. Perchard:

Yes.

Deputy P.J.D. Ryan:

So, he will be no worse off or better off either way?

Jurat P.G. Blampied:

Either way. It makes no difference to him. That is the small individual trader. The person who will be worse off is the large organisation which owns the property and is wholly owned outside, and there are a number of them.

Deputy P.J.D. Ryan:

If they are owned outside by a UK entity, there would be double taxation relief, though?

Jurat P.G. Blampied:

Well, not if ... if you have got English shareholders, take the Guiton Group, for example, or a company like that which is now wholly owned outside Jersey, they will not pay any tax. They own the property

in which they trade and they will, therefore, pay schedule A tax. Now, I do not think there would be double taxation relief for the English resident shareholders because they will get their income through a dividend. Whatever relief they get in England will be applied to the dividend and not the schedule A tax, but they^[3] will retain profits, not distribute their income, and they will have other ways of minimising their UK tax liability. But I do not think that is a problem for Jersey and I do not think it is a problem if the law is consistent and standard throughout, so that all owner/occupiers of properties in which they trade are assessed under schedule A. It is not giving preference to Jersey or to somebody who is not ...

Senator J.L. Perchard:

No, I appreciate that and that sort of conveniently brings us into an area that I hope we can explore as well, and that is specifically how we can get -- you mentioned the Guiton Group, the likes of those types of businesses, trading and enjoying the benefits of Jersey but not contributing to the Island, specifically targeting at non-Jersey-owned businesses.

Jurat P.G. Blampied:

Well, there are lots of them. I mean, the de Gruchy's.

Senator J.L. Perchard:

Yes, this is what motivated you in the first place is the alternative to the RUDL (Regulation of Undertakings and Development) charge, we need to find an alternative.

Jurat P.G. Blampied:

No, I think originally -- and I did write some years ago - I think it was to Frank Walker then - suggesting that there should be a schedule A for the owner/occupiers, and I got a reply saying that they had looked at it but it would be difficult to administer. First of all, I do not accept that. I think it is easy to administer. You can put it^[4] on your tax return.

Senator J.L. Perchard:

How many years ago would this have been?

Jurat P.G. Blampied:

Well, I think he was President of the Finance Committee then.

Senator J.L. Perchard:

So, it is really before the full implications of the EU's pressure on us to --

Jurat P.G. Blampied:

I would guess so. It was not --

Senator J.L. Perchard:

So, it was not on the radar?

Jurat P.G. Blampied:

No. It was because, I think, that the present system where wealthy individuals living in wealthy properties are not assessed to a benefit in kind. It was possibly at the time when Jersey introduced the benefit in kind taxation system and this is the principal benefit in kind that anybody has, is the ownership and occupation of their own property. So it was not originally directed to the RUDL but it now has a spin-off from the RUDL because the large Jersey business owning and occupying its own property on the Island would have to pay tax. I do not know who owns the de Gruchy's business, but I suspect it is ...

Senator J.L. Perchard:

It is non-Jersey.

Jurat P.G. Blampied:

Pardon?

Senator J.L. Perchard:

It is non-Jersey owned. It is a part of a bigger UK group.

Jurat P.G. Blampied:

Yes, the company?

Senator J.L. Perchard:

Yes.

Jurat P.G. Blampied:

But I suspect the company is actually -- owns the property in which it trades. It certainly used to. Now, the rental value of the de Gruchy's site, I said £600,000; it is probably more like £1 million. But whatever it is, if it is £1 million, they would pay £100,000 in tax to Jersey on £500,000 rental. It must be more than that. At the moment, they pay nothing and they would pay nothing under the Zero-Ten proposal, so a spin-off of what I believe to be socially desirable, so that the wealthy individual pays a bit more tax, and it is only a spot more, but the large companies occupying very valuable properties would contribute to the Island revenue, whereas under the -- if the RUDL charge is removed, that has got problems.

Senator J.L. Perchard:

Yes, the RUDL charge, I confirm in the latest draft of Zero-Ten it has gone, it is history.

Jurat P.G. Blampied:

So these companies would ...

Senator J.L. Perchard:

Pay nothing, contribute nothing.

Jurat P.G. Blampied:

Would contribute nothing. There is a withholding tax in the paper and I think that is essential for non-resident landlords, but there is a case for applying -- for anybody paying rent to deduct tax from it. That would be --

Senator J.L. Perchard:

I am quite keen at this stage if we could focus on - having heard how the deemed rent proposals would work across all Jersey society - how it would work just in the commercial sector with regard to business. Would we be able to manage to draw a line between commercial and residential? Can we do that?

Jurat P.G. Blampied:

Yes, you can. Yes, it is easy, because if it is commercial, it is those companies or individuals who are assessed under schedule D on trading profits derived from the place in which they usually trade.

Senator J.L. Perchard:

Well, that is right. That is the advice that we ... so not a problem in creating this division. What I am talking about really is perhaps starting with a deemed rent proposal with the business sector and, depending on the success of that, one in years to come could evolve that principle?

Jurat P.G. Blampied:

Yes. That is easy. I mean, just say that any individual, partnership or company trading in properties which they own and occupy and which is assessed under the provisions of schedule D of the income tax law, would also be assessed under schedule A on the rental value of that property.

Senator J.L. Perchard:

How does that affect Jersey and businesses trading here?

Jurat P.G. Blampied:

Well, the guesthouse.

Senator J.L. Perchard:

The farm or the small Jersey business.

Jurat P.G. Blampied:

Yes, and they would have a schedule A assessment without any threshold, and if it is a schedule A assessment of £20,000, that schedule A assessment of £20,000 would be allowed as a deduction in computing their trading profit. So, you have got a builder who makes £50,000 a year before a deduction of the net annual value assessment in schedule A. If the net annual value assessed under schedule A is £20,000, then his schedule D profit, his trading profit, is reduced from £50,000 to £30,000. So he is in exactly the same position. If he only makes £10,000 profit and his schedule D is £20,000, he has a schedule D loss of £10,000 and that schedule D loss of £10,000 is set off against the schedule A so he pays tax on £10,000. So he is in exactly the same position.

Senator J.L. Perchard:

Which is fine, and the proposal where the beneficial owners of a company trading on Jersey are not on the Island?

Jurat P.G. Blampied:

They will have a schedule A assessment raised and they will just pay tax on it.

Senator J.L. Perchard:

They will pay tax on it. Is it going to be, in your opinion, creditable against their tax at the point of origin, whether in France or in UK?

Jurat P.G. Blampied:

I doubt it because it ... they are assessed under -- they would have been assessed in Jersey under schedule D. In England, it is an overseas company and I am not sure to what extent the look through provisions would apply.

Mr. R. Teather:

If it is an individual shareholder, you are right, but if it is a corporate shareholder, they can claim underlying tax relief.

Jurat P.G. Blampied:

On the dividend.

Mr. R. Teather:

Against the dividend on the profit payment.

Jurat P.G. Blampied:

Yes, but they would have to pay a dividend?

Mr. R. Teather:

Yes.

Jurat P.G. Blampied:

So they would have to pay a dividend. Now, they probably will not pay the whole of their profit -- they will not pay the whole of their profit in dividend. That is one of the flaws with the Zero-Ten provisions because companies, if they are going to continue to trade, have to retain profit to invest, to increase their stock if they expand. So, they will retain a measure of their profit. I do not think the double taxation agreement would apply, but I guess that the tax paid in Jersey would be allowed as an expense except, of course, it is only paid on the dividend so they would pay tax on the dividend in England and they would get -- if it is held by a corporation they would get double tax, they would get relief. Can I go back and try and summarise what I said?

Senator J.L. Perchard:

Yes, this is quite an important point.

Jurat P.G. Blampied:

Yes. You have got a company wholly owned by English shareholders. If they are individuals, they will get no double taxation relief because the double taxation agreement extends to all income other than dividends and debenture interest. So, if somebody living in Manchester owned shares in CI Traders and CI Traders pays tax under schedule A ... well, actually, I think-

Senator J.L. Perchard:

That is probably not the right one.

Jurat P.G. Blampied:

It is probably not the right one because they have got a mixture of shares.

Senator J.L. Perchard:

And shares in Boots.

Jurat P.G. Blampied:

Boots? Boots would be owned -- Boots has got a subsidiary over here. They would pay schedule A tax because they own the property. They will pay a dividend and they will get double taxation relief to the extent that tax has been paid on the dividend but no tax will be paid on the dividend so they will not get any double taxation relief. No?

Mr. R. Teather:

Corporate shareholders can claim what is called underlying tax.

Jurat P.G. Blampied:

But you think that was an underlying tax on income, yes, so they would get double taxation relief.

Senator B.E. Shenton:

I got contrary advice yesterday.

Deputy P.J.D. Ryan:

If there was, then we have talked about a possible move that those companies could make in order to ensure that they got double taxation relief, which was to form a separate property holding.

Senator J.L. Perchard:

A subsidiary that owns the property and rents it to a trading company; a subsidiary of Boots that would own the property and rent it to the trading company, Boots, so effectively you could achieve the same thing.

Jurat P.G. Blampied:

Yes, but of course they would then have to pay rent and if there is a withholding tax on the rent, the tax would be paid so, broadly speaking, it makes no difference.

Mr. R. Teather:

But then they would get double tax relief in England.

Jurat P.G. Blampied:

They would get double taxation relief.

Senator J.L. Perchard:

Yes, because it is rent. It is converted from income tax to a rent.

Jurat P.G. Blampied:

They would get double taxation relief but that is ... so be it. I mean, Jersey would be getting its share of the tax on the --

Senator J.L. Perchard:

The important thing, and one of the reasons why people objected to the RUDL proposal, is that it would be inflationary in the sense that the UK companies trading on the Island would have to probably up their prices in order to fund the RUDL charge because that was not creditable against their UK contributions.

Jurat P.G. Blampied:

But I think the RUDL charge was more difficult than that because it was not going to be related to income. It was going to be related to the number of individuals that you had licensed and that would bear very heavily on the traders in Jersey and there was a suggestion they should transfer their business into a limited liability partnership, which would be horrendously expensive. So it --

Senator J.L. Perchard:

Yes. It is where it rightly should be, in the bin, but we are looking and we want to find an alternative that expects UK businesses, trading in Jersey, to contribute.

Jurat P.G. Blampied:

Well, let us go back. Take the simple case of a Jersey company, incorporated in Jersey, trading in Jersey but owned by English shareholders. It owns and occupies its own property. It pays schedule A tax and the additional revenue would be really very substantial to the Island. That is simple and straightforward. I do not know the affairs of de Gruchy's, but say de Gruchy's owns its own property. It would, under the Zero-Ten, pay no income tax but it would have to pay schedule A tax because it owns and occupies. And if that is applied consistently, I do not see that any -- it would be in conflict with the NEU(?) because it would be applied across the board.

Senator J.L. Perchard:

It does not seek to discriminate.

Jurat P.G. Blampied:

It is not selective. It does not discriminate, so every Jersey trading company would pay it and, instead of paying nothing, de Gruchy's, for example, possibly would have to pay £100,000, £200,000 in tax. Now, what is the position of the English shareholder? The individual holding shares in a company like de Gruchy's, if the shares are spread around, it would have to pay -- it would have to pay a dividend.

Senator J.L. Perchard:

Sorry to interrupt you, but before we get to the English shareholder, the company, the UK company,

what is their position? So, they have left £100,000, for example, in Jersey, which was part of their profits. They have taken the rest of their profits off Island. So, is that £100,000 creditable straightaway against their bottom line? Or do they have to invent a complex structure, as Patrick has just described, to use that £100,000 against their profits? Can they write it off against their profits? There must be a proper way of saying what I am trying to say.

Jurat P.G. Blampied:

Yes, I understand. They will pay -- the English company, owning a company trading in Jersey, wholly owned, which would have to pay schedule A tax, the English company will receive a dividend and, as I understand it (and I do not know enough about English taxation) the English company would get the dividend, it would be paid gross because it is only paying schedule A tax. It would get relief for the schedule A tax paid in Jersey. That is what I am not sure about.

Deputy P.J.D. Ryan:

Yes, that is what we are not sure about.

Jurat P.G. Blampied:

I actually doubt it.

Senator B.E. Shenton:

I was advised that they would not because this is a charge and not a tax. Now, I do not fully understand that, but evidently the poll tax was not a tax, it was a charge.

Jurat P.G. Blampied:

Well, yes. I think that is -- I think actually it is a tax. It is a form of income tax and not a charge because it would be the same -- as the law was in England for schedule A tax. It is no different but they are not actually getting rent. It is on the benefit of the occupation, so it is a tax on the benefit of an occupation. I do not think it matters if they do not get relief for it because they have got profit in Jersey on which they are paying ...

Deputy P.J.D. Ryan:

Schedule A tax.

Jurat P.G. Blampied:

They are only paying schedule A. They are not paying schedule D^[5].

Senator J.L. Perchard:

I hope they get relief on it because it is just another inflationary nail, is it not?

Jurat P.G. Blampied:

No, it is not because if they are making £1 million profit, they are suddenly going to pay no tax on it at all. At the moment, they are paying 20 per cent tax on it.

Senator B.E. Shenton:

But under the old system, they would pay, what was it, 30 per cent UK tax, and if they paid 20 per cent in Jersey they would offset that, would they not? Whereas here they would pay 30 per cent UK tax plus the --

Jurat P.G. Blampied:

But only on the dividends. Only on the dividends. Now, these companies retain profit.

Senator B.E. Shenton:

So they would retain profit in Jersey?

Jurat P.G. Blampied:

So they would retain profit. No Jersey trading company, unless it is a family company, distributes all its profits. They retain about a third. Dividends are generally twice covered, so they keep a third of the profit. So, a third of the profit is escaping tax totally.

Deputy P.J.D. Ryan:

At the moment or after Zero-Ten?

Jurat P.G. Blampied:

No, after the Zero-Ten. The English parent company will not pay tax on the whole of the Jersey profit. It pays tax on the dividend that is paid.

Deputy P.J.D. Ryan:

And you are saying the dividend is likely to be two-thirds of the profit?

Jurat P.G. Blampied:

Yes, because the Jersey company needs to retain profit. It does not -- you look at any company. I am sounding pompous, but look at the accounts of any trading company, CI Traders, any of them. They all retain profit. Now, that retained profit suffers no tax at all. All they will be paying would be a schedule A tax. They are in a better position than a company which is paying rent.

Senator J.L. Perchard:

I am making an assumption here, and I assume it is a correct one; are all UK names on the High Street here, the Boots, the Next, the Monsoon, the Burtons, one thing they have in common is they set up a Jersey subsidiary to trade here or can they administer the retail shop face from the UK company? Have they all got the same vehicle --

Jurat P.G. Blampied:

There are some which are branches but they are very limited in number. Barclays Bank, for example, in Library Place, is a branch and I am sure Barclays owns its own --

Senator J.L. Perchard:

How would that change things with regard to this de Gruchy(?) proposal then?

Jurat P.G. Blampied:

Well, I think that tax deducted from rent paid is an income tax and I would have thought that they would get double taxation relief because the double taxation agreement extends to all income other than dividends and debenture interest. It is not a charge like rates, so I would think they would get relief.

Senator J.L. Perchard:

Okay, so is that another opportunity for them to ensure that they do? Patrick suggested one method there that they set up a subsidiary property holding company. Another opportunity would be for them just to have a Jersey branch of Next rather than their own company here as a subsidiary of the parent.

Jurat P.G. Blampied:

The trouble with a branch is that the whole of the profits are assessed to UK tax.

Senator J.L. Perchard:

Oh, right. Of course. Yes.

Deputy P.J.D. Ryan:

So you cannot retain profit in Jersey when --

Senator J.L. Perchard:

Well, no, not with a branch, yes. So, they are unlikely to do that, are they not?

Jurat P.G. Blampied:

Yes, yes.

Senator B.E. Shenton:

No, I think a lot of them are branches.

Senator J.L. Perchard:

Are they?

Jurat P.G. Blampied:

If they are branches, they pay UK tax on their profits at the moment.

Senator J.L. Perchard:

So, if they are branches the deemed rent proposals would definitely be off-settable against their profits?

Jurat P.G. Blampied:

I am not saying definitely. I think it would be.

Senator J.L. Perchard:

More likely to be?

Jurat P.G. Blampied:

More likely to be, yes. I mean, the quotation, if you remember, I quoted, it is on 7.4: "Subject to the provision of the law of the United Kingdom regarding the last credit against income tax payable, Jersey tax, payable whether directly or by deduction in respect of income from sources within Jersey, other than dividends or debenture interest payable by a company resident in Jersey should be allowed as a credit against any United Kingdom tax payable." I would have thought that schedule A would have been allowed as a ...

Mr. R. Teather:

The danger is that last clause in respect of that income, in that they are paying tax in Jersey on deemed rental income and paying tax in the UK on trading profits. So, it is a question of whether it is the same income.

Senator B.E. Shenton:

This is a bit off the wall, but do you think that someone like Barclays may then be discouraged from moving down to the waterfront or moving to much higher value buildings by this?

Jurat P.G. Blampied:

I think one has to get it in --

Senator J.L. Perchard:

But if they are, then the buildings become lower value.

Jurat P.G. Blampied:

I think one has to get it in perspective.

Senator J.L. Perchard:

The market will level it all out somewhere, will it not?

Jurat P.G. Blampied:

We are talking about not large amounts of money in relation to the total profits.

Senator J.L. Perchard:

Okay. Well, I think we certainly, in the scrutiny sub-panel here, are very keen to pursue your proposal for deemed rents on business property. We really want to push the Treasury hard on this and, albeit in the Zero-Ten design proposal mark 2, which you have probably had a copy of, have you not? Sam, I think you sent a copy. It came out in this form.

Jurat P.G. Blampied:

How long ago was that?

Senator J.L. Perchard:

This was lodged on 10th October. It is the successor to this.

Jurat P.G. Blampied:

I think I may. I am not sure.

Senator J.L. Perchard:

It drops a few of the proposals that were in here, in the original document, and one of the areas that it has moved away from at this stage is the RUDL proposal, but it does accept that we must find a mechanism to try and extract some tax contribution from the aforementioned non-locally owned trading companies. So, we are going to have to pick this up and keep pushing the Treasury to ensure that they do not let it go, and I think it is an area that we want to pursue. I certainly do not want to let it go. I think it is a great opportunity for scrutiny to really impose itself.

Jurat P.G. Blampied:

It does not -- it does not affect the Jersey taxpayer because, as I have explained, we are just dealing with commercial rates. He is in no better nor worse position. The English-owned company contributes -- well, it does not at the moment, and I do not think it bears unduly harshly on them because if it is a

trading company, they retain their profits. If it is a branch and it is a real problem, they can convert it into a limited liability company. I mentioned Barclays, Library Place. I used to be Chairman of Barclays Bank Finance and Barclays Private Bank and Trust Limited. They were not branches. They were subsidiaries. So, they are not all branches.

Senator B.E. Shenton:

But you would apply it to finance companies and utilities and everyone else because, of course, it was the --

Jurat P.G. Blampied:

Well, with the Jersey companies they are going to be taxed at 20 per cent so they are going to be paying tax under schedule D.

Senator B.E. Shenton:

But financial companies are going to be taxed at 10 per cent so ...

Jurat P.G. Blampied:

Yes, but can I just deal with the utility companies? I mean, it makes no difference to the Waterworks, for example, because they would get a schedule A assessment and the net annual value on which the schedule A is paid is deducted from their profits. So, it is as broad as it is long. It makes no difference to them. The 10 per cent company, yes, there is a difference and if they assessed under the rules of schedule D to calculate their 10 per cent, then the schedule A would be a deduction. So, they will not get relief for 50 per cent of the schedule A that they pay.

Senator B.E. Shenton:

Well, what about the gas company?

Jurat P.G. Blampied:

Well, the gas company is now wholly owned outside Jersey and they will pay schedule A tax and they will retain two-thirds of their profit.

Senator B.E. Shenton:

They will pay 20 per cent as well.

Senator J.L. Perchard:

The gas company will be like de Gruchy's, be like Boots.

Senator B.E. Shenton:

No, it is a utility.

Jurat P.G. Blampied:

Yes, a utility.

Senator B.E. Shenton:

It is a utility.

Senator J.L. Perchard:

Of course it is, yes.

Jurat P.G. Blampied:

Yes. Well, they will be like Waterworks.

Senator J.L. Perchard:

Is it, though? You know, they do everything differently.

Jurat P.G. Blampied:

But they would be no worse off or no better. It would be offset, yes. It is not the amount that is paid that is offset. The deemed rent is deemed to be an expense in computing the trading profit. Does that make sense?

Senator J.L. Perchard:

Mm hmm.

Jurat P.G. Blampied:

So, you get a -- if the gas company is making £500,000 and they have got a deemed rent of £100,000, their taxable profit under schedule D goes down to £400,000 and they pay schedule A on £100,000, so they are in the same position. The finance companies would pay that spot more.

Deputy P.J.D. Ryan:

£500,000 in profit, £100,000, so they would pay 10 per cent of £500,000 without schedule A?

Jurat P.G. Blampied:

Who?

Deputy P.J.D. Ryan:

The finance company that has the same --

Jurat P.G. Blampied:

The finance company -- if the schedule A is -- if the net annual value of the schedule A assessment is £100,000, that £100,000 would be deducted from the £500,000 and they would pay tax at 10 per cent on £400,000.

Senator B.E. Shenton:

So they would pay £140,000.

Jurat P.G. Blampied:

So they would pay 10 per cent on --

Deputy P.J.D. Ryan:

£400,000.

Senator B.E. Shenton:

Which is £40,000 plus the £100,000.

Deputy P.J.D. Ryan:

Tax on £100,000.

Jurat P.G. Blampied:

No, can we go back?

Senator J.L. Perchard:

Yes, start again. What is the value of the property?

Jurat P.G. Blampied:

Well, let us say the schedule A tax is £100,000 and the profits are £500,000 before deducting the net annual value of £100,000.

Deputy P.J.D. Ryan:

Sorry, is the tax £100,000 for schedule A or is the deemed rent £100,000?

Jurat P.G. Blampied:

No, this is -- well, it is what is deductible. It is not the tax payable. It is the net annual value. It is the £100,000.

Deputy P.J.D. Ryan:

Which is the annual value, yes.

Jurat P.G. Blampied:

Which is the annual value. So, you have got an annual value rent of £100,000, taxable profit of £500,000. The £100,000 to compute the 10 per cent comes off the £500,000, so it goes down to £400,000. So, they pay £40,000.

Senator B.E. Shenton:

So, you have just reduced the tax burden.

Jurat P.G. Blampied:

It reduces the 10 per cent but they have got to pay tax on £100,000.

Senator J.L. Perchard:

On 20 per cent of 100.

Jurat P.G. Blampied:

20 per cent of 100.

Senator J.L. Perchard:

Yes. In fact, they are only paying 10 per cent of 100 because half of the 20 per cent is already --

Senator B.E. Shenton:

So, in fact they pay 60 instead of 50?

Deputy P.J.D. Ryan:

60 instead of 50, yes.

Jurat P.G. Blampied:

That is it, yes, but you have to remember that is a finance company which owns and occupies its property. Now, they are in a favourable position compared with a company which pays rent and they are in a much better position than the company which is paying a large amount of rent.

Senator B.E. Shenton:

So, the gas company, for example, would pay more tax?

Jurat P.G. Blampied:

No.

Deputy P.J.D. Ryan:

Because that is a utility.

Jurat P.G. Blampied:

The gas company pays 20 per cent.

Senator B.E. Shenton:

So, using the same model, if the gas company has got land £100,000, income £500,000, it will pay 20 per cent of £400,000 plus 20 per cent. Okay.

Deputy P.J.D. Ryan:

No difference.

Jurat P.G. Blampied:

No difference. But I think it is important in considering this to consider the position of the finance company which is paying rent compared with the company which owns and occupies their own property. It is only a marginal amount extra for the benefit in kind which it enjoys from owning and occupying its own property.

Senator J.L. Perchard:

Interesting to do a couple of models on the owner/occupier finance company and the rental --

Jurat P.G. Blampied:

Most of them pay rent.

Senator J.L. Perchard:

Do they?

Jurat P.G. Blampied:

Yes. There are very few trust companies in Jersey which own their own property. There may be one or 2 but most of them pay rent and if the rent is paid as a withholding tax ...

Senator J.L. Perchard:

Specific financial services companies that are going to be rated 10 per cent, it will drive their costs up fractionally, we have agreed that?

Jurat P.G. Blampied:

Not compared to the present position because, at the moment, they are paying 20 per cent. They are going to pay a reduced tax bill.

Senator J.L. Perchard:

Yes, but compared to other jurisdictions that are introducing Zero-Ten or something similar to Zero-Ten, we want to be competitive. Do you think we will still be in a competitive position comparatively to other jurisdictions?

Jurat P.G. Blampied:

I do not know. I would have thought they were. I mean, I do not know what Guernsey is doing on finance companies.

Senator J.L. Perchard:

We are not sure. They are not there yet, I do not think.

Jurat P.G. Blampied:

It is a pity you cannot harmonise it with Guernsey. I think Jersey has an advantage. I have no doubt that Jersey has an advantage over many other jurisdictions because of the quality of the services it provides and also because of the rules and regulations that control it. It is respected as a finance centre.

Deputy P.J.D. Ryan:

Would you agree that, standing back and looking at what you are proposing there, it will be looked at, as I believe it will be, in saying: "Well, that is quite fair"? Generally from the outside, decision makers in larger business will look at schedule A and say: "Well, that is quite fair"?

Jurat P.G. Blampied:

I think it is fair because what I think is unfair is that businesses trading in Jersey owned by non-residents are going to pay no tax at all, and that is unfortunate.

Senator J.L. Perchard:

Well, it is more than that.

Jurat P.G. Blampied:

Yes, it is more than that. But I see no way round it and this is a method of --

Deputy P.J.D. Ryan:

Putting some of the equity back into it.

Senator J.L. Perchard:

Absolutely. This is why I am delighted that you came up with the suggestion originally and we are pursuing it. I intend to.

Jurat P.G. Blampied:

There is an anti-avoidance point which I have mentioned. It is a company which puts a rent payable to its non-resident parent at an artificially low amount, and the Comptroller needs to have the right to raise a schedule A assessment even though rent is being paid.

Senator J.L. Perchard:

You do cover it in here, do you not?

Jurat P.G. Blampied:

Yes, I do.

Deputy P.J.D. Ryan:

Realistic commercial rent.

Jurat P.G. Blampied:

Yes.

Deputy P.J.D. Ryan:

Market rent.

Jurat P.G. Blampied:

Market rent, because if the rent is pitched low, I mean, that is an obvious device to ...

Senator B.E. Shenton:

Do you think there are many entities commercial owner/occupied?

Jurat P.G. Blampied:

Many?

Senator B.E. Shenton:

I mean is there many Boots and de Gruchy's over here?

Jurat P.G. Blampied:

There is the Guiton Group. There is CI Traders. CI Traders, the shares are spread all around the place. Now, a large amount of the shares are held outside Jersey. The Jersey shareholder with the look through provisions would pay tax on the rent that CI Traders receives, but there are a lot who will escape and CI Traders is the company that pays a dividend. It has to because it is listed. It will retain a third of its profits. CI Traders is more than a property company. I am overstating it, but it is now very much involved in property.

Senator B.E. Shenton:

It is, but the Checkers supermarket at, say, Redhouses, the property is owned by Compo, which is another subsidiary of the same company, but it is not owned by Checkers.

Jurat P.G. Blampied:

Well, the company that owns it, if it is resident in Jersey, it will have to pay tax on the rent that it pays. If the rent is not a commercial rent, the Comptroller would have the right to put it up. And so if they are paying a commercial rent, they are in a worse position than the owner/occupier. So, if Checkers at St. Brelade is owned by another company, CI Traders must pay a commercial rent, and if the company that owns it is resident in Jersey, it^[6] will have to pay tax under schedule A because schedule A still exists. You pay it on the rent. If it is a company resident in Guernsey, then the withholding tax provisions would apply.

Senator J.L. Perchard:

In the mark 2 Zero-Ten design proposal it says that the rate of 10 per cent corporate tax will be levied for specified financial service companies. Have you any idea what that means or what is a specified financial service company? How do we draw the line between Zero-Ten?

Jurat P.G. Blampied:

What is a financial services company?

Senator J.L. Perchard:

How do we draw the line between Zero-Ten?

Jurat P.G. Blampied:

In the proposals, the first lot, there are a lot of things that lack definition. I may have mentioned it in one of my earlier papers but it is not a ... I am trying to find the right words, but it is a short document dealing with --

Senator J.L. Perchard:

It is not definitive, but it is not the law. It is not the detail.

Jurat P.G. Blampied:

No, that is right.

Senator J.L. Perchard:

It is the principle. How would you define a financial services company or what is it exactly they want to define? How would you specify a financial services company?

Jurat P.G. Blampied:

One that deals with trust business, that administers companies, that deals with provision of investment advice, that takes loans, that runs funds. I would guess it has to embrace - but I do not know what they have in mind - the financial services companies.

Senator B.E. Shenton:

Could you not just say one that is regulated by the Jersey Financial Services Commission to conduct investment business?

Jurat P.G. Blampied:

Yes, you could say that, yes.

Senator J.L. Perchard:

Yes, that is right. Also, Richard just passed me a note here, trading companies will have the deemed distribution, the 60 per cent. Have you familiarised yourself with the latest proposal? It is not going to be the full look through.

Jurat P.G. Blampied:

It has come down, has it?

Senator J.L. Perchard:

Yes, it is not the full look through. It is the 60 per cent --

Jurat P.G. Blampied:

Yes. Well, I am pleased about that because that was one of the things that was worrying me that -- I think I illustrated Jersey Recreation Grounds where I would be paying more in tax than I got in dividend.

Senator J.L. Perchard:

But investment companies will be open to full look through.

Jurat P.G. Blampied:

Well, I think that is right. I did actually suggest in one of my papers that there was a case for granting investment companies a distribution status. In England if a company does not distribute I forget what percentage of its profits, an investment company, 90 per cent, something like that, then the individuals are taxed when they sell the company. And I think that it is a pity that these proposals do not seek to bring in a charge for investment companies which accumulate their income. I was at an investment meeting the other day and an investment adviser was suggesting 2 accumulation companies and the proposal was to put something over £1 million in these 2 companies to avoid tax. Now, the argument put forward is the Comptroller assesses them under 134(a) but he does not. He does not know about it, and I believe that investment companies should follow the -- Jersey should follow the English law and introduce a distribution status.

Mr. R. Teather:

I know what you mean.

Jurat P.G. Blampied:

You know what I mean?

Senator J.L. Perchard:

Basically it is an option to look through.

Jurat P.G. Blampied:

I think if investment companies distribute 90 per cent of the income, there is no need for look through. If they distribute less, then there is a case for look through.

Senator B.E. Shenton:

There is distributor status and non-distributor status.

Jurat P.G. Blampied:

Thank you very much, yes.

Senator B.E. Shenton:

Basically if you have not got distributor status your capital gains are assessed as income.

Jurat P.G. Blampied:

That is right.

Senator J.L. Perchard:

Are you satisfied that we can provide clarity between investment and trading companies?

Jurat P.G. Blampied:

Yes.

Senator J.L. Perchard:

The definition is clear?

Jurat P.G. Blampied:

Yes, the definition is clear because the income tax law assesses trading companies under the rules of case 1 of schedule D. Investment companies is cases III and IV. So, all trading companies are assessed under the rules of case 1 of schedule D.

Deputy P.J.D. Ryan:

There is a proposal in the latest things to do with undistributed profits on the sale or liquidation of a company. There is a proposal in there somewhere, in the latest version.

Senator J.L. Perchard:

Yes, but --

Deputy P. Ryan:

So this is the undistributed profits tax. Is that we are talking about here or is that a different thing?

Jurat P.G. Blampied:

No, it is not. I am talking about a thing like ...

Senator B.E. Shenton:

Well, there is quite a lot of abuse over here of people using roll-up funds.

Jurat P.G. Blampied:

That is it.

Senator B.E. Shenton:

And zero coupon bonds and so on and so forth.

Jurat P.G. Blampied:

Yes, there is a lot of abuse and I think it is --

Senator B.E. Shenton:

It is down to interpretation.

Jurat P.G. Blampied:

It should not happen. UK Select Trust, which is a listed company in Guernsey, you can take shares instead of a dividend and it is the gross dividend that is used for the individual to take shares. Now, that is not taxed and I think it should be.

Senator B.E. Shenton:

So, technically you should declare the value of those shares on your tax return? Although it is a bit of a moot point.

Jurat P.G. Blampied:

No, that is not right. No, it is exempt. It is.

Senator B.E. Shenton:

Yes, but I think the taxman would argue that you are taking shares to avoid tax and, therefore, it comes under the tax avoidance legislation.

Jurat P.G. Blampied:

It is a question of degree.

Senator B.E. Shenton:

It is a subjective thing.

Jurat P.G. Blampied:

I mean, I was a director of UK Select Trust in Guernsey and of another one, Jersey Phoenix, and they both -- Jersey Phoenix has been liquidated, but in both cases you could take shares instead of dividend. What is taxable, and this applies in England as well. In some companies in England you can take shares instead of a dividend and that is not taxed in Jersey.

Senator B.E. Shenton:

Yes, although some tax accountants will argue that you should put it on your tax return.

Jurat P.G. Blampied:

That is wrong then. I have got the ruling from the tax office. What they do tax --

Senator B.E. Shenton:

Because all the company are doing is re-investing the income for you into the shares.

Jurat P.G. Blampied:

No, what they do tax is if you have the right to -- some companies say: "We will use your dividend to buy shares." That is taxable. But if you take shares in Jersey in lieu of a dividend, in other words, additional shares are allotted in the company, that is exempt, and I do not think it should be.

Deputy P.J.D. Ryan:

That is something we could certainly ask the Treasury about, I think.

Jurat P.G. Blampied:

Yes. I mean, that is the position with it.

Senator B.E. Shenton:

It is like investing in zero coupon bonds. If you invest in zero coupon bonds as an investment, that is fine, but if you buy them to avoid tax, that is not fine.

Jurat P.G. Blampied:

Well, it is question of degree. I mean, most wealthy people in Jersey have portfolios of hundreds of different shares. A number of them will give you the option of instead of taking the dividend, taking additional shares. That is not taxed. Some of them say: "You can belong to a share purchase scheme and we will use your dividends to buy shares in the market", and that is taxable.

Senator J.L. Perchard:

Just changing tack again, with regards to the latest design proposal, it said, on the subject of anti-avoidance: "Further work will be undertaken." If you have not studied the latest proposal then obviously it is going to be a little bit difficult for you to answer this one. What opportunities or in what direction should the Treasury be looking? What opportunities does the latest proposal give for enhanced tax planning?

Jurat P.G. Blampied:

Well, I think the tax return needs to be tightened up so that people have to disclose interests in non-resident companies and non-resident trusts. Now, I know there was opposition to that, but when the Comptroller does not know what is happening he cannot bring in 134(a) and assess people. You have got Jersey residents who have overseas companies which, instead of getting dividends, they repay loans to them. You have got overseas trusts. I think that those sort of things should be disclosed on the tax return. I know there was sort of odd criticism about that.

Senator J.L. Perchard:

What would be the objection to obligating a resident from disclosing all investments that they have?
What would be the objection locally?

Jurat P.G. Blampied:

I think none. I mean, people talk about human rights and things like that, but you have an obligation to return your income. I do not myself see that as objectionable.

Senator B.E. Shenton:

I think it is fair to say Jersey is quite lax when you compare it with the IRS or Australia where worldwide income has to be disclosed.

Jurat P.G. Blampied:

Yes. The American authorities are very tough and Jersey is not. I think a full disclosure should be made ...

Senator J.L. Perchard:

Yes, that is right.

Jurat P.G. Blampied:

The trouble with taxation is the more complicated you make it, the more means there are of avoiding it. That follows. But you can never find a taxation system which is totally fair.

Senator J.L. Perchard:

I think we are getting there now. I just wanted to asked you, you are aware that they have dropped the proposal for deferred distribution and it will be a deemed distribution for trading companies of 60 per cent? Are you familiar with the latest?

Jurat P.G. Blampied:

Well, that seems fair to me, yes. If more is distributed, then they pay tax on what is distributed.

Senator J.L. Perchard:

Yes.

Jurat P.G. Blampied:

It is only on the look through provisions. That seems fair, yes.

Senator B.E. Shenton:

I personally was in favour of actual distribution, but do you think that is too lenient?

Jurat P.G. Blampied:

Yes. If it is actual distribution you are going to distribute less, are you not?

Senator B.E. Shenton:

Well, you might distribute eventually. **[Laughter]**

Jurat P.G. Blampied:

If it is a family company, you repay a loan. You lend money.

Senator J.L. Perchard:

Well, that is going to be tightened up, the opportunity to borrow from your own company.

Deputy P.J.D. Ryan:

Should that be a benefit in kind?

Jurat P.G. Blampied:

But if you borrow from your own company --

Senator J.L. Perchard:

Bit like the Labour Party funding for the last general election, borrowing with no repayment plan.

[Laughter]

Jurat P.G. Blampied:

Does that matter? If you are taxed on the deemed distributions, it does not really matter if you borrow from your own company.

Senator J.L. Perchard:

No.

Jurat P.G. Blampied:

And if you borrow to invest in something else you pay tax on income derived from your investment.

Senator J.L. Perchard:

But Ben was saying with an actual look through --

Senator B.E. Shenton:

Actual distribution.

Senator J.L. Perchard:

Actual distribution, beg your pardon --

Jurat P.G. Blampied:

You will reduce the distribution in a family company, will you not? You have got an investment company --

Senator J.L. Perchard:

But you would not distribute, you would borrow.

Jurat P.G. Blampied:

Well, whatever way, if you are only taxed on the distributions, then --

Senator B.E. Shenton:

You would do back-to-back facilities.

Jurat P.G. Blampied:

Yes. You would not -- I do not think -- for a company like CI Traders, which has to distribute its income because it is a credit company, I do not think there is a problem. You just pay tax on dividends. The people who avoid it, of course, are the people who are not resident in Jersey. That is why I think the schedule A on property owner/occupiers is so valid.

Deputy P.J.D. Ryan:

So you have not got any other better ideas than that sort of 60 per cent deemed distribution?

Jurat P.G. Blampied:

On?

Deputy P.J.D. Ryan:

On the distribution side?

Jurat P.G. Blampied:

Yes, I did a paper which I think you have got: "The majority of investment companies incorporated in Jersey which Jersey residents hold shares are family companies. The limited liability company exists to provide an artificial barrier between the shareholders and the underlying assets, whereas the trading

company, the principal object of the company is to provide protection to the shareholders ...” I sent this to Jim Perchard on 11 August.

Senator B.E. Shenton:

Yes, we have seen that.

Senator J.L. Perchard:

Yes, it is in the file, 11 August.

Jurat P.G. Blampied:

I will send this --

Deputy P.J.D. Ryan:

I think I have seen that, Peter. The Treasury have settled on the 60 per cent deemed distribution on an immediate basis. What I was asking was whether you -- because you made the statement before that was about right and that was okay.

Jurat P.G. Blampied:

Well, I think I would distinguish between a family company and a public company.

Deputy P.J.D. Ryan:

Could you have different rules anyway?

Jurat P.G. Blampied:

Yes.

Deputy P.J.D. Ryan:

You could do?

Jurat P.G. Blampied:

Yes, because in a family company the limited liability is an artificial barrier between the trade or investments and the family which owns it. It is there in an investment company so that the Jersey resident avoids inheritance tax. Because if he has a portfolio of English shares in his own name, he pays inheritance tax on them and that is the reason for it. The small trader does it to give himself the protection of a limited liability, so the barrier is artificial. It is not artificial in a public company. Would you like me to distinguish -- to send this paper out again?

Deputy P.J.D. Ryan:

No, I think I have got it. What page are you on there or what is your paragraph number?

Jurat P.G. Blampied:

I have not looked at this since August so ...

Deputy P.J.D. Ryan:

Family company, 2.5. Investment companies, 2.6. Yes.

Mr. R. Teather:

Can I just clarify, by family company you mean a family trading company or a family investment company?

Jurat P.G. Blampied:

No, I think I distinguish between -- it is a fairly long paper. I distinguish between investment companies and trading companies, yes.

Senator J.L. Perchard:

It has been distributed, I am sure, because it is my file and entered in properly, and that was one of our earlier entries, was it not? It is nearly 12.00 noon. Is there anything that we have missed that you think that we need to hone in on?

Jurat P.G. Blampied:

You might look at this paper again. Shall I send it out to each of you?

Senator J.L. Perchard:

No, we have got it. I think Sam can copy it. We have got 2 copies in front of us this end. Will you just make sure we have got it out again, Sam? This is the document that motivated us to look at deemed rent, really. It really got us excited. When did you come to our hearing last? What month was that before?

Jurat P.G. Blampied:

I cannot remember.

Senator J.L. Perchard:

Does it predate this document?

Jurat P.G. Blampied:

I think it came after. Yes, I sent it to you afterwards. I sent one before and one after, yes.

Senator B.E. Shenton:

Someone has described to me Zero-Ten as a tax accountant's charter. Would you agree with that statement? [Laughter]

Jurat P.G. Blampied:

I think probably I --

Senator B.E. Shenton:

It was a tax accountant that said it to me. [Laughter]

Jurat P.G. Blampied:

Yes. May I thank you for listening to me? My problem is I am moderately idle now. I should add one other thing. This is just Blampied. Although Coopers look after me and give me a room, which is a benefit in kind because they will not let me pay any rent for it, I have not discussed this with anyone so it is just me and I would not like you to think that I was speaking for somebody else.

Senator J.L. Perchard:

No, there has never been that confusion with that regard.

Senator B.E. Shenton:

And we have had official representation from Coopers anyway.

Jurat P.G. Blampied:

Yes.

Senator J.L. Perchard:

Yes. Well, I can only thank you again; it really is valuable to our panel. While Ben has got a little bit of experience, Patrick and I - particularly me - are starting from a long way behind and it has been a great help to have your contribution and the clarity that you have provided to what is an incredibly complex subject for ordinary mortals, and you have provided clarity. I think you have highlighted - and, as I say, we intend to work hard to pursue it - an opportunity to replace the unpopular RUDL charge with an effective alternative, and we will be pressing that hard in the first instance. I dare say that we will, albeit it is not my sub-panel that will be promoting, be looking in more depth at the bigger concept of deemed rents across all property in the future as a part of the fiscal strategies, a revisit. Is that right, Patrick?

Deputy P.J.D. Ryan:

I would certainly think so, yes.

Jurat P.G. Blampied:

I met him for the first time. He came up to me when I was going down the trades exhibition. I think he is Deputy Sean Power, and he said that Alan Breckon had been talking to you about taxation and Alan Breckon had suggested that he and I should come and see you. I know Alan Breckon well because he worked at the gas company. I told him that if he would like to phone me up, I would be pleased to have a chat with him. Should I not discuss this with --

Senator J.L. Perchard:

No, you can. It is in the public domain as far as we are concerned.

Jurat P.G. Blampied:

I do not know whether they will come but he --

Senator J.L. Perchard:

No, you discuss it. Bang as many drums as you can and we will do the same.

Jurat P.G. Blampied:

I have other things which I think I put in my earlier paper. I think the stamp duty on mortgages and on inheritance is unfair in Jersey because there is no threshold or, if there is a threshold, it is because the rate increases. In England and in Guernsey there is no stamp duty on mortgages. There is in Jersey. I think married women should no longer have additional personal loans in Jersey unless they are working independently.

Senator J.L. Perchard:

Unless they get their hands dirty. [Laughter]

Jurat P.G. Blampied:

Yes, because you get this --

Senator J.L. Perchard:

Yes, Well, that is right, you get this automatic sort of accounting allowance.

Jurat P.G. Blampied:

There are thousands of people who have got investment companies in Jersey and all the wives have a director's fee and they all get additional personal loans and they pay no tax on it.

Senator J.L. Perchard:

That is right.

Jurat P.G. Blampied:

Whereas if they have not got a company, you pay tax.

Senator J.L. Perchard:

Guilty. [Laughter]

Senator B.E. Shenton:

On a board of directors with all the women. [Laughter]

Senator J.L. Perchard:

Okay. Well, thank you very much again and I will draw our little hearing to a close.

(adjournment)

[1] And there should be a threshold below which they would not be assessed.

[2] The owners resident in Jersey

[3] the Jersey trading company

[4] the rental value

[5] In Jersey

[6] or its shareholders under the look through provisions