3.8 Deputy G.P. Southern of the Minister for Treasury and Resources regarding alternatives to charges levied under the Regulation of Undertakings and Development (Jersey) Law 1973, as amended:

Would the Minister advise what progress, if any, has been made in examining alternatives to the Regulation of Undertakings and Development Law charge, the so-called "R.U.D.L. charge" for raising revenue from non-Jersey owned companies under the Zero/Ten tax proposals, particularly the Blampied proposals recommended in the Corporate Services Report S.R.4 published in September 2006? If none, will he explain why and inform Members when he will report on this issue?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

I have given careful consideration to this matter, bearing in mind the advice received from B.D.O., which is a firm of international accountants who were appointed by the Corporate Affairs Scrutiny Panel, that the original proposal would not achieve tax credit status in the United Kingdom; it was mooted for it. It is doubtful whether that original proposal, and the revised proposal that was later suggested, would be an appropriate measure to proceed with. Nevertheless, I have asked for and received from O.X.E.R.A. (Oxford Economic Research Associates) a paper on the economic impact of the Blampied proposals which I will be considering in due course, and I will share the conclusions with the Assembly later this year in the course of my comments on the detailed shareholder regulations.

3.8.1 Deputy G.P. Southern:

Granted that he has a fresh paper from O.X.E.R.A. under consideration, will he agree to release that information to the Corporate Services Panel in due course before he presents his conclusions to the States?

Senator T.A. Le Sueur:

Yes, Sir, I will, and I have.

3.8.2 Senator J.L. Perchard:

A supplementary, if I may? Does the Minister accept that the Corporate Services Panel were looking in the right direction with regards to this matter in order to create a level playing field? There is concern that non-locally owned businesses trading in Jersey under Zero/Ten will be at a commercial advantage over locally owned businesses trading in Jersey under Zero/Ten, and does the Minister recognise if it is not the Blampied proposal, we have got to find a method to correct this imbalance?

Senator T.A. Le Sueur:

Yes, Sir, I share the concerns of that Panel and I appreciate the work that they have done in helping me to try to find a solution to what appears to be an insoluble problem. All I can say is that while we are still looking, and various alternatives have been considered, no clear alternative has yet been found which seems to fit all the requirements. But, Sir, that is something which I hope to discuss with the Corporate Affairs Scrutiny Panel, for whose help I am grateful, and will need to be discussed when we debate the detailed shareholder regulations later this year.

The Bailiff:

A final supplementary, Deputy.

3.8.3 Deputy G.P. Southern:

Thank you, Sir. Given that no solution has been found to this particular problem, does the Treasury Minister not consider that with hindsight a rapid jump to Zero/Ten in fact will cause the so-called black hole to be continually increasing, given global trends of multi-national ownership in the

Island which will mean an increasing deficit in terms of a lack of tax stake from a foreign-owned company?

Senator T.A. Le Sueur:

No, Sir, although that is one aspect clearly of the fiscal deficit, it is relatively small in the overall scheme of things and is not one which gives me undue concern, although if we can deal with it in an effective way, I would be glad to do so.