

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 18th JANUARY 2011**

Question

Will the Minister advise members of the total revenue received to date by the Treasury from deemed distribution provisions introduced under the zero/ten income tax regime, specifying clearly the tax years concerned and identifying the estimated loss of revenue that is likely to occur during 2011 and 2012 if the Island is forced to abandon this source of revenue?

Answer

Deemed distributions are a personal tax anti-avoidance provision. The question assumes that by removing this all of the related tax will be lost. There are other anti-avoidance provisions that could be used to prevent unacceptable tax avoidance and so mitigate any tax loss.

The number of assessments raised for the year of assessment 2009 in relation to deemed final dividends was 145. The amount of income assessed as deemed final dividends was £4,642,839. It is not possible to give an exact figure for the tax yield but, assuming an effective tax rate of 15%, the tax yield would be some £697,000.

It is not possible to give any figures for the year of assessment 2010 as the Tax Returns for that year are being issued to taxpayers this month. 2010 will be the first full year of assessment when both deemed interim and final dividends will be declared, so it is not possible to give an accurate picture of the tax revenues from this source until the figures for that full year are available.

By way of explanation, 2009 year of assessment was the first year that any deemed dividends would have been disclosed by shareholders under 0/10. In this first year only deemed final dividends have been disclosed as these are deemed payable immediately. No deemed interim dividends have been disclosed as these are deemed payable only at the end of the financial period following the 2009 financial period, ie, in 2010 year of assessment. A deemed final dividend in 2009 would have been triggered by a specific event such as the sale of the shareholding in the company, death of the shareholder or the shareholder leaving the Island.