

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 30th NOVEMBER 2010**

**Question**

Will the Chief Minister inform members whether he has received the results of the EU Code of Conduct group investigation into the Island's zero/ten tax regime, either directly or through the UK government, and if so, can he confirm whether zero/ten has failed the first three elements assessed under paragraph B of the EU Code on Business Taxation and will he make the results public, along with his response to the findings and if not, will he state when he expects to do so?

**Answer**

At this stage there is little or nothing more than I can add to the Press Release issued on the 23rd November. We have been informed that the Code Group at its meeting on the 19th November reached a consensus that our present business tax regime gives rise to harmful effects based on the view of the EU Commission that our deemed distribution provision was business not personal taxation, and was discriminatory, a view that we have contested. However we have also been informed that there has not been a formal assessment by the Code Group as yet and that there is a further process to go through before a final conclusion is reached. The Code Group apparently is to recommend that a EU Council High Level Working Group should be asked to review what is covered by business taxation.

The next step is for the Code Group to report on its activities to the Council of Finance Ministers (ECOFIN) and for the Council to consider that report at its meeting next month. We understand that the reference to our regime will be a short statement and that will be the only document on the public record. The views expressed to the Code Group by the Commission are confidential and would only be made public by them. If ECOFIN agree that the Council High Level Working Group should undertake the review recommended by the Code Group it is expected that the results of that review will be available for the Code Group to consider at its next meeting in February. Only then will it be possible to say for certain what action if any we need to take in respect of the deemed distribution provision or what the implications of that action might be.