

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P.
SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 13th MAY 2008

Question

1. Will the Minister explain to members why the tax receipts from International Business Companies (IBCs) and Exempt Companies (ExcOs) (estimated as £61m for 2006) are not included in Figure 2.2 of Jersey In Figures 2007, "Sources of income tax receipts", when they were in previous editions (e.g. Jersey In Figures 2005, p.4)?

Answer

The aim of 'Jersey in Figures' is to provide a summary of a wide range of information that is produced annually about Jersey. As such, the data and charts included in the publication, produced by the Statistics Unit, do vary from year to year. This year, in figure 2.2, "International Business Companies and Exempt Companies" are included under the heading of "Companies" as this is how the data is presented in the 2006 Financial Report and Accounts.

Question

2. Will he inform members what the level of these tax receipts were in 2006?

Answer

The tax receipts from International Business Companies in 2006 were £62 million and from exempt companies £10.5 million.

Question

3. Will he further inform members what are the estimates for coming years, and especially will he explain what the impact of the zero/ten proposals will be on these receipts?

Answer

In 2007 and 2008 the estimated receipts from the exempt company are £11.7 million for each year. In 2009 all tax receipts from the exempt company will disappear completely due to the move to 'zero/ten'. The International Business Company estimated receipts in 2007 are £65 million, for 2008 are £66.6 million and for 2009 are £68.3 million. These International Business Company receipts will gradually reduce over the period 2010 to 2013 with a probable final total net loss estimated at £16 million, due to the impact of zero/ten. Members will appreciate that the net loss is relatively small since in most cases the lost IBC receipts will be replaced by tax receipts from those companies assessed at the 10% rate.

These estimates come with the caveat that there was no examination of every single case and every single sector, so must be treated with a degree of caution. It will only be in 2013 that the full and complete effect of the zero/ten legislation will be known.