

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

ANSWER TO BE TABLED ON TUESDAY, 7th NOVEMBER 2006

Question

- (a) Would the Minister inform members whether he has sought advice on whether the latest changes to the zero/ten proposals, made in the light of the scrutiny report, cause the measures to conflict with the EU Code of Conduct on Business Taxation in that under the deemed/actual distribution rules, a company could be seen as acting as agent for the beneficial owners and, if not, why not?
- (b) What progress, if any, has been made in assessing the 'Blampied proposal' to recoup tax on non-local companies as put forward as a replacement of the 'RUDL' charge by the scrutiny panel and, in particular, has he researched whether the proposals would be accountable against UK company profits tax and be acceptable under the EU Code of Conduct on Business Taxation?

Answer

- (a) Yes, I did receive advice before proposing the actual/deemed distribution rules, and I would not be proposing them if I did not believe they were acceptable.
- (b) The 'Blampied proposals' are not part of the 0 / 10 proposals to be lodged shortly as there has been too little time to give them the careful and considered examination that they merit. However, they will be considered separately once the 0 / 10 draft law has been debated by the States Assembly in January. If they are then thought to be a desirable route to proceed, they could be brought to the States for approval in the 2008 Budget in December next year, so there is still plenty of time to consider the question of whether such a tax charge would be creditable against UK tax and would accord with the EU Code of Conduct.