STATES OF JERSEY



DEEMED RENTAL CHARGE ON NON-FINANCE NON-JERSEY-OWNED COMPANIES: GREEN PAPER JULY 2008

Presented to the States on 25th July 2008 by the Minister for Treasury and Resources

STATES GREFFE

Treasury and Resources Department



Green Paper

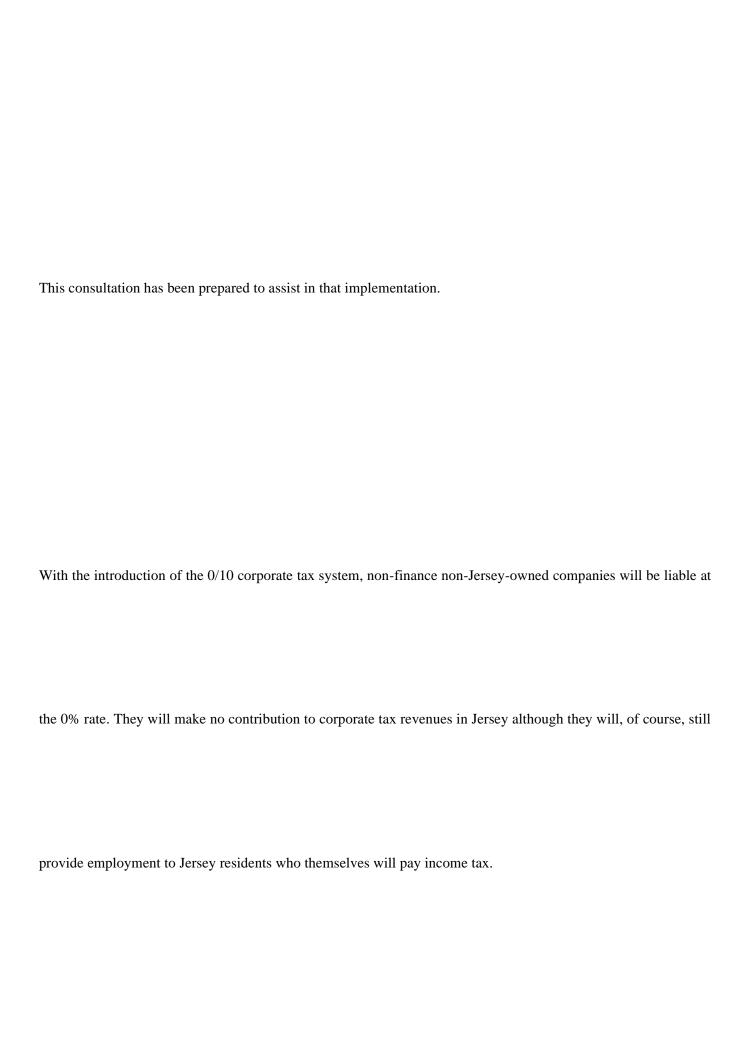
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23rd July 2008

PURPOSE OF CONSULTATION
The Minister for Tressum, and Descurees is minded to introduce a deemed rental charge on all non finance non
The Minister for Treasury and Resources is minded to introduce a deemed rental charge on all non-finance non
Jersey-owned companies so as to ensure that these 0% rate companies contribute to Jersey tax revenues under the
new zero/ten corporate tax structure.

He welcomes your views on this prop	oosed change to the Inco	ome Tax (Jersey) Law 1961.
DEADLINE FOR RESPONSES		12th September 2008

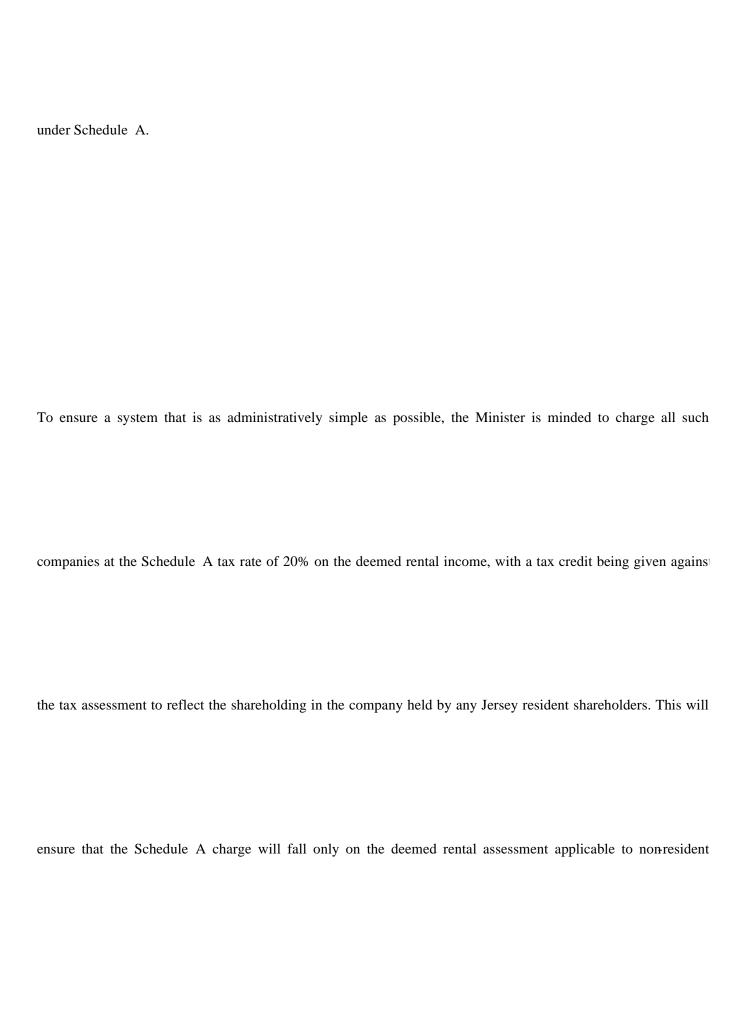
SUMMARY/QUESTIONS TO CONSIDER
The Minister for Treasury and Resources is minded to introduce a deemed rental charge on all non-finance non-
Jersey-owned companies to ensure that they contribute to Jersey tax revenues once the new zero/ten corporate tax
structure comes into force for all existing companies on 1st January 2009.



It is felt by some that it is unfair that such companies pay no tax in Jersey, notwithstanding that it is virtu	ually
certain all of them, at one time or another will pay tax in the UK on these profits when remitted by dividend.	
It is in the context of the aforementioned unfairness that these proposals have arisen.	

Based on some research at St. Helier Town Hall it has been determined, as best as is possible with the Da
Protection issues that arise, that the non-finance non-Jersey-owned companies, with assessed rental value over
£250,000 per annum each, had total assessed rental value of some£14 million, which would yield som
£3 million in tax if charged at the Schedule A 20% rate. However, company assessed rental value is froze
2003 values, so the true market value arising in 2008 is likely to be higher. Consequently, the tax yield would be
proportionately higher. So when all the non-finance non-Jersey-owned companies in St. Helier and all the other

parishes are	included, it is prol	oably true to say that t	he total assessed ma	rket value for 2008 i	s likely to be in t
region of £20	–£30 million, whic	ch would yield some£	4-£6 million in tax	x. There is a caveat	to all of this, tha
being that sor	me non-finance non-	-Jersey-owned compa	nies do not appear t	to be the legal owne	er of their Jersey
property but h	nave instead a Royal	Court lease – concess	ionaire – which mea	ns that they have a lo	ong lease and are
treated, for rat	tes purposes, as the o	owner. It is not clear w	hy this practice exist	ts, but if the yield me	entioned above is
to be achieved	l, such companies w	rould need to be the d	eemed owner for the	purposes of the pro	posed tax charge



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shareholders.
There is a potential problem with this proposed deemed rental charge on such companies. That is the current
Jersey tax exemption given to United Kingdom superannuation funds under Article 115(g) of the Income Tax
(Jersey) Law 1961. This is because all that these companies would need to do to avoid such a deemed rental
charge on the property they own in Jersey is to transfer it into their existing UK superannuation fund, or create

uch a fund just to own their Jersey property.
The Minister for Treasury and Resources is therefore minded to: (a) adopt the deemed rental charge; and (b)
bolish the current Jersey tax exemption for United Kingdom superannuation funds at Article 115(g).
He welcomes your views on what is being proposed.

FURTHER INFORMATION:	
SEND COMMENTS TO:	
SEND COMMENTS TO: The Minister for Treasury and Resources c/o Comptroller of Income Tax P.O. Box 56 Cyril Le Marquand House St. Helier JERSEY JE4 8UL	Tel: 01534 440323 e-mail: m.campbell1@gov.je

This consultation paper has been sent to the following individuals/organisations:	
Council of Ministers	
States Assembly Members	
Jersey Chamber of Commerce	

Institute of Directors	
Jersey Taxation Society	
Jersey Society of Chartered and Certified Accountants	
Jersey Society of Practicing Accountants	
Jersey Bankers Association	
Jersey Finance Limited	

Institute of Financial Services
Jersey Pensions and Financial Services Association
The Public Consultation Register