

# STATES OF JERSEY



## **DRAFT BUDGET STATEMENT 2017 (P.109/2016): FOURTH AMENDMENT**

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**Lodged au Greffe on 29th November 2016  
by Senator S.C. Ferguson**

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**STATES GREFFE**

**PAGE 2 –**

After paragraph (d) insert the following new paragraph –

- “(e) to agree in principle that from 2018 a 20% tax on profit should be applied to all large retail businesses operating in Jersey, whether owned by Jersey resident companies or by non-resident companies, where taxable profits are above GBP 500,000 per annum providing this does not pose a risk to the zero-ten regime and to direct the Minister for Treasury and Resources to bring forward the necessary legislative changes for debate by the Assembly during 2017;”.

SENATOR S.C. FERGUSON

## **REPORT**

This amendment is intended to expedite taxation legislation equivalent to that existing in Guernsey and the Isle of Man. It should solve the conundrum of inequitable taxation between all retail organisations owned by local residents and those owned by corporations outside the island.

This has been a matter of concern for Islanders from some time and this particular piece of legislation should go some way to assuaging that concern. The Guernsey proposition is attached as an Appendix. It can be seen that this is a simple piece of legislation.

The BEPS (Base Erosion and Profit) Project initiated by the OECD and to which the Crown Dependencies are signatories may well affect the taxation income from these sources in the future. In the meantime this particular amendment will make a level playing field in the retail sector.

### **Financial and manpower implications**

There are no manpower implications. The financial implications will simply be an increase in States income which is difficult to define at this time.

**BILLET D'ÉTAT**

**TUESDAY, 27th OCTOBER, 2015**

**XIX 2015**

Proposed Guernsey legislation for the retail sector

To extend the company higher income tax rate (20%) to income from retail business carried on in Guernsey, in the manner outlined in paragraphs 3.7 to 3.9 of this Report, where the company has a taxable profit of more than £500,000 in a year from such business, and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2016.

**2016 BUDGET REPORT (Guernsey)**

**Extension of 20% rate to retail business carried on in Guernsey where the company has a taxable profit of more than £500,000 in a year from such business**

- 3.7 It is proposed that, with effect from 2016, the 20% rate is extended to retail business carried on in Guernsey, where the company has a taxable profit of more than £500,000 in a year from such business. This would be similar (albeit at a rate of 20%, rather than 10%) to the tax on large retailers that was introduced in the Isle of Man in April 2013.
- 3.8 The relevant limit of £500,000 per annum would apply to the aggregated profits of associated companies which also carry on retail business in Guernsey. The £500,000 would be reduced proportionately where the accounting period is less than twelve months.
- 3.9 “Retail business” will include, for example, supermarkets and convenience stores, car sales, petrol sales and online sales, but not the provision of a service nor profits from wholesale trade where goods are sold to other businesses. Any retail business which has more than 95% of its customers outside Guernsey would not be considered to be carrying on retail business in Guernsey and therefore would not be subject to the 20% rate.

It is prudently estimated to raise additional income of £1.5 million per annum.

[Billet XIX \(States Meeting 27th October 2015\) Guernsey](#)