

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY SENATOR P.F.C. OZOUF  
ANSWER TO BE TABLED ON MONDAY 9th APRIL 2018**

**Question**

What information, if any, does the Minister have on whether the retail operations of the Co-op in the U.K. are liable to U.K. corporation tax and what was the basis for the Minister's statement made in comments on my amendment to the Draft Budget Statement 2018 (P.90/2017 Amd.(7)) that mutual organisations are not taxed in the UK?

**Answer**

There are two parts to the question:-

1) What information, if any, does the Minister have on whether the retail operations of the Co-op in the U.K. are liable to U.K. corporation tax?

The Minister does not have any specific information as to whether the retail operations of the Co-op in the UK are liable to UK corporation tax.

However the principle that a person cannot trade with themselves (i.e. mutual trading) is applied to organisations engaged in mutual trading in the UK ( <https://www.gov.uk/hmrc-internal-manuals/business-income-manual/bim24015> ).

2) What was the basis for the Minister's statement made in comments on my amendment to the Draft Budget Statement 2018 (P.90/2017 Amd.(7)) that mutual organisations are not taxed in the UK?

The comments to P.90/2017 Amd (7) (Appendix I) do not say that mutual organisations are not taxed in the UK.

The comment only refers to the longstanding principle applied in Jersey that persons cannot trade with themselves and hence any profits arising from that activity is outside the scope of income tax.

Furthermore the footnote says that the principle that no taxable profits arise, and hence no tax is payable, is also applied in a number of jurisdiction including the UK and Ireland.

At the request of the Assembly the principle of not taxing mutual trading in Jersey will be the subject of a review by the Treasury. On completion of this review, consideration will be given as to whether legislative changes should be made.