

**WRITTEN QUESTION TO THE PRESIDENT OF THE FINANCE AND ECONOMICS COMMITTEE
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 23rd NOVEMBER 2004

Question

Would the President provide members with further details and an explanation of the following matters relating to income tax proposals referred to on page xvii of the 2005 Budget book –

- (a) profits from property development;
- (b) enhanced anti-avoidance measures under Art. 134A; and,
- (c) new information and enforcement powers?

Answer

(a) The reference to taxation of profits from property development contained on page xvii is in respect of non-residents seeking to use the terms of a Double Taxation Agreement to avoid Income Tax legitimately and morally payable in Jersey. This will be dealt with by Part 4 of the Draft Income Tax (Amendment No. 24) (Jersey) Law 200-, lodged by the Committee today.

(b) and (c)

Enhanced anti-avoidance measures, which are likely to include an enhanced Article 134A and new information and enforcement powers, will be required as taxpayers find more and more esoteric ways of seeking to avoid their obligations and also for ensuring that Jersey complies with its international obligations under OECD Tax Information Exchange Agreements. In particular, we will need these powers in respect of 'look through' provisions when they are introduced following the move to 0/10 corporate tax arrangements. It is envisaged that the relevant legislation will be brought forward at the time of the 2006 Budget.