

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

ANSWER TO BE TABLED ON TUESDAY 14th FEBRUARY 2006

Question

In answer to a question on taxation of new companies with non-local principals asked on 11th May 2004, the Minister, as then President of the Finance and Economics Committee, stated that the minimum tax contribution required to satisfy the economic benefit test applied by the Comptroller of Income Tax was as follows -

£15,000 p.a. if no staff employed
£25,000 p.a. per employee without (j) cat
£40,000 p.a. per (j) cat employee.

He further stated that the economic test would continue to be used for non-financial companies even if the zero tax base applied, although no formal decision on the matter had been made up to that time.

Would the Minister inform members whether such a decision has now been made and, if so, what its content is and, if not, the reasons why? In particular, would he explain how such taxes will be collected on new non-financial companies with non-locally resident principals, subject to zero tax rates?

Answer

A decision was made by the former Economic Development Committee on 13th October 2004, to abolish the economic benefit test as outlined in the Deputy's question as it was felt by the Committee to be detrimental to the achievement of States Strategic objectives, which charged the former Committee with actively supporting the promotion, diversification and further development of the financial services industry in the Island. In essence, the requirement for a minimum tax contribution from the employer for taking up office space and staff resources in Jersey was inhibiting economic growth opportunities and had the potential to stop businesses setting up in Jersey.

As this test has now been abolished the question of how this tax will be collected is redundant.