1240/5(3432)

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

ANSWER TO BE TABLED ON MONDAY 16th JULY 2007

Question

(a) Will the Minister inform members, in respect of a private equity company operating in Jersey and subject to Jersey tax -

(i) whether the profits accruing to the company from the onward sale of any acquired business would be tax-free in Jersey?

(ii) the motivation for the usual three to five year gap between acquisition and sale of businesses by private equity to minimise Capital Gains Tax in the United Kingdom would not exist in Jersey and could produce shorter term turnarounds?

(b) Will the Minister outline to members what powers, if any, he, or other Minister, has to control the level of 'gearing' used to minimise tax on operating profits by private equity companies?

Answer

(a) (i) Yes. It would be a capital gain. Jersey income tax is only levied on revenue profits.

(ii) It could, though the period between acquisition and sale is most likely to be determined by other factors.

(b) I have no powers to control the level of gearing of any company which is currently not owned by the States. The JCRA can exercise powers to control the gearing of regulated companies.