

### **3.6 Deputy G.P. Southern of the Minister for Treasury and Resources regarding :**

Will the Minister inform Members how many private equity companies are registered in Jersey, and explain whether the tax position in Jersey in relation to these companies compares favourably with the U.K., and what measures are in place in Jersey to ensure protection for Jersey employees' pension funds and that tax revenues are maximised following the takeover of a local company by a private equity, either foreign or locally owned?

#### **Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

I do not know the number of private equity companies registered in Jersey, and the Comptroller of Income Tax does not keep a specific list of such companies. The Jersey Income Tax Law is very different indeed to the U.K. Tax Law and it would take an inordinate amount of time and resource to give a comprehensive and detailed answer which would also address a tax position of individual shareholders within such funds. What I can say is that the tax assessment of a private equity company in Jersey is determined on exactly the same basis as for any other company in Jersey, depending on whether it had income tax, international business, or its own company status. There are no special rules, concessions, or practices, applicable to private equity companies. Protecting employees' pension schemes is not directly a matter for me to answer. That question needs to be addressed to the trustees of the pension schemes themselves, or to the employees, or to the Social Security Minister in the context of employment legislation. However, for what it is worth, my view is the change in ownership of a local company's shareholding does not change the pension rights or other contractual obligations of those company's employees. Finally, Sir, I am not sure what the Deputy is seeking to ascertain in relation to his query on the tax implications of a takeover of a local company by a private equity group, or indeed a U.K. company, or by an individual. As I have already said, tax revenues generated by a private equity company will be assessed and collected on exactly the same basis as for any other company in Jersey. So, it is not possible to maximise tax revenues for these companies any more than it is possible to maximise them from any other tax payer. The same provisions of the Income Tax Law apply to them all.

#### **3.6.1 Deputy G.P. Southern:**

Is the Minister content that a private equity company may be the company that offers the highest bid to takeover Jersey Telecom in the near future?

#### **Senator T.A. Le Sueur:**

That, Sir, would be determined on a number of factors, and one of those factors might indeed be the relative tax revenues that we might get in the future as a result of the purchaser. I think all I would say is at the moment because the different competing qualities of different sorts of purchasers have different criteria none would be ruled out, but none would necessarily be favoured either.

#### **The Bailiff:**

Final supplementary, please, Deputy.

#### **3.6.2 Deputy G.P. Southern:**

Will the Minister assure Members that this particular issue about the differing nature of potential bidders will be absolutely fully examined by the investigation taking place currently due to report on 13th July?

#### **Senator T.A. Le Sueur:**

I cannot speak for that particular report, Sir, because that was dealing with the economic impact on the sale. The question to which the Deputy refers appears to be talking about the fiscal impact, which is slightly different, but certainly in the context of the debate, when we ever have it, on the sale of Jersey Telecom, I shall make sure that all the information that is required in order for the House to make an informed decision is made available to them.

