

2.13 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the replacement of lost income tax revenue from non-finance companies:

Unlucky for some. Will the Minister inform Members what mechanisms he has under consideration to replace the income tax revenue from non-finance companies lost through the replacement of the 20 per cent rate by the zero-tax rate?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I would refer the Deputy to the response to the oral question on 18th January 2011, in Hansard, which was substantially the same to the numerous occasions I have answered similar questions and made statements and also specifically to the debate on the Deputy of Grouville's amendment to the 2011 budget. So I have nothing further to add from those statements.

2.13.1 Deputy G.P. Southern:

In the meantime, the position with relation to Zero/Ten and deemed distribution and attribution has been resolved. Will the Minister state when he will be in a position to come to the House with measures to recoup this tax because this hole in our tax revenue is current?

Senator P.F.C. Ozouf:

There is nothing that has changed in relation to the statement of deemed distribution and attribution, and I am pleased the Deputy recognises the fact that this has now dealt with the issue. I have to be candid to the Deputy, while I do not mind answering questions my officials would be better employed in continuing to research the appropriate measures to address this issue rather than having to spend time answering the same questions time over time again.

[11:00]

Statements on taxation matters happen at the budget. I have said that in the Assembly before, and I will say it again now. It is a matter that will be brought forward in the budget.

2.13.2 Deputy G.P. Southern:

Does the Minister accept that the figure from the 2007 financial report and accounts, that the tax lost or the tax in 2007 from non-finance sector amounted to some £82 million? Does he accept that figure and does he accept the loss due to zero-rate is of that order and not of the £10 million or £30 million that he is referring to in other estimates?

Senator P.F.C. Ozouf:

The Deputy is becoming a master of conflation, of dealing with suggesting 2 bits of information are somehow linked. It is absolutely clear the implications of the original introduction of Zero/Ten, the consequences of the economic downturn, which sadly has depressed our corporate tax revenues. I have answered oral questions, he sent me a barrage of oral questions in relation to ... I will attempt to answer them as soon as we can, all of the information on corporate tax revenue has been rehearsed and published in this Assembly many times and I do not think he is going to get anything new by point-scoring today.

2.13.3 Deputy G.P. Southern:

It is not point-scoring, it is a matter of fact. The 2007 financial report and accounts has a table that contains the tax revenue produced by industry, which shows that the non-finance sector was responsible for some £82 million worth of tax revenue. That is no longer accessed by this Government because of the zero rate. What is he going to do to replace that £82 million of missing taxation?

Senator P.F.C. Ozouf:

Again he conflates 2 completely different issues. Nothing has changed in relation to any information on corporate tax revenues since the debates that we have had on the introduction of Zero/Ten. He is conflating 2 issues about the potential deferment of revenue of deemed distribution and attribution, the issue of non-finance, non-locally-owned entities and the competitive issues that we lost revenue because of the need to move to a competitive 10 per cent special rate for financial services. There are a whole load of issues and you cannot stand here asking me questions in a way that gives the impression to the public that listens that the cost of Zero/Ten has been anything else than we have already said.

2.13.4 Deputy A.E. Jeune:

Given that a U.K. registered company does not pay taxes in Jersey under the Zero/Ten, would it apply to the hospital M.D.'s company if it was registered in the U.K. that we would not be getting taxes on that in Jersey?

Senator P.F.C. Ozouf:

I do not want to deal with any individual person's circumstances because I would not know, but I would just say 2 things, if I may. The first thing of course is all companies have a general rate of tax of zero and there is only a special rate for financial services entities regulated by the Financial Services Commission of 10 per cent and utilities at 20 per cent. Of course locally-owned businesses in terms of their current arrangement distribution on their personal tax return will need to make an appropriate return, and anybody spending a significant amount of time in the Island will of course have to submit a return to the Comptroller.

2.13.5 Deputy G.P. Southern:

In an attempt to get the Minister on to the real world, does the Minister accept the figure for £82.5 million for 2007 was the tax revenue produced by the non-finance sector, as given in the financial report and accounts?

Senator P.F.C. Ozouf:

Probably, but I do not carry the 2007 accounts with me, but it would also be important to point out that there has been a change in relation to the way that we report our accounts in terms of G.A.A.P. (Generally Accepted Accounting Principles) compliance and there is an important issue between the period of time when tax is paid and when it is due to be paid in relation to our assessment. He is shaking his head and looking as though he thinks he has made a point but he has not, there is nothing new in anything in terms of the information that he has asked me in oral questions today. Nothing new.