

3.7 The Connétable of St. John of the Minister for Treasury and Resources regarding agricultural tax revenues:

Following the recent purchase by off-Island concerns of Jersey farming companies and areas of land, are there any large scale farms left paying Jersey tax, or is tax on agricultural revenues going to H.M. Treasury?

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

The Connétable of St. John has a permanent request for questions to be answered by the Minister, however, on this occasion I have a conflict of interest as a landowner, which is on my declaration of interests, and I have agreed with the Connétable that my Assistant Minister should answer the question, but I declare an interest in the matter.

Deputy E.J. Noel (Assistant Minister for Treasury and Resources - rapporteur):

As Members will be well aware, all Jersey non-finance and utility-type companies pay income tax at zero per cent. The question is not clear as to whether it relates to potato farmers exclusively or to farmers trading in the Island. It is also not apparent quite what level of activity the Constable would consider as: "large scale." For the purposes of this reply, I can advise that the tax office has produced data at the end of May on all farmers, irrespective of their specific farming activity, with a turnover of greater than £300,000 per annum. Their research reveals the following information: (1) that there are currently 44 Jersey farming companies that have a turnover of greater than £300,000 per annum; (2) that these Jersey farming companies are chargeable for tax on their farming profits at the standard corporation rate of zero per cent; (3) of the 44 Jersey companies trading as farmers, 43 are wholly owned by Jersey residents and one is partially owned by Jersey residents. There are none which are wholly-owned by non-residents; (4) finally, where Jersey companies are wholly or partly owned by Jersey residents, the Jersey resident shareholders will be liable to pay Jersey income tax on the distributions that they receive from their farming companies.

3.7.1 The Connétable of St. John:

Can the Minister estimate how much revenue from large Jersey farming businesses pay to Her Majesty's Government, or other external governments, instead of going to the States Treasury?

Deputy E.J. Noel:

Zero per cent is zero per cent, so there is no Jersey company paying tax to either our own coffers or H.M. Treasury's coffers.

3.7.2 Deputy T.A. Vallois of St. Saviour:

Can the Assistant Minister confirm whether there will be, either for this year's tax assessments or next year's, any companies paying tax overseas?

Deputy E.J. Noel:

I am sure that there are a number of companies operating within the Island that have operations outside the Island and therefore potentially have tax due in those other jurisdictions. That information I do not have to hand, and I am sure it will be quite difficult to establish.

3.7.3 Deputy T.A. Vallois:

Can I just make it a little bit more clear for the Assistant Minister: of the 44 companies he has just mentioned, will any of those be paying, as of this year's or next year's tax assessments, money to Her Majesty's Treasury or a zero per cent in Jersey?

Deputy E.J. Noel:

The individual tax affairs of individual taxpayers in the Island are not, nor should they be, provided to either the Minister or myself. I would not be able to answer, of those 44 entities, whether or not they pay tax in any other jurisdictions.

3.7.4 Deputy J.H. Young:

The Minister spoke of 44 entities; have I understood him correctly that these are registered for G.S.T. (Goods and Services Tax) and that the tax he is talking about is G.S.T. on the income they receive for that produce from wholesale? Firstly, could he confirm if that is correct or not and, if it is correct, can he tell us the total amount of money that comes into our exchequer from this source?

Deputy E.J. Noel:

The £300,000 limit was taken from the G.S.T. database because it was an easy way of identifying what we consider to be large companies. The amount of G.S.T. from these companies, I do not have to hand, and I am sure that officers may be able to find that information and I can distribute it to Members.

3.7.5 Deputy M.R. Higgins:

Can the Assistant Minister tell us how much tax these 44, or other Jersey farming companies, are paying into the Exchequer in the Island and how much they are getting in subsidies from the Island? Do the subsidies outweigh the taxes that we are receiving?

Deputy E.J. Noel:

As I have already explained, in terms of income tax, they are taxed at zero per cent. They will be paying collected monies through the G.S.T. system and they will be paying Social Security contributions on behalf of the staff that they employ. Again, I have not got that information to hand of what their economic value is to the Island, but I am happy to get that information and circulate it to Members.

3.7.6 The Connétable of St. John:

I might be able to help the last speaker, just before putting my question. The amount of tax paid by agriculture and horticulture last year, given in an answer to a question at the last Assembly, was £739,000 in total across that industry and, in fact, just a tad shy of £2 million was paid out in grants. Will the Minister confirm that in the future, within the grants pages on the Treasury annex that was produced a few weeks ago, for former Jersey limited companies who no longer pay taxes, will they be taken out of this particular book? Because I see names within that document that, in fact, have been sold-off out of the Island.

Deputy E.J. Noel:

The information that we provide in the annex to the annual financial statements for the States of Jersey, and indeed in the actual financial statements themselves, are widely published. The information that the Connétable is requesting, the Treasury Department do not provide those grants, it is the Minister for Economic Development that provides grants and, I think this question is probably better asked of that Minister.