

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST HELIER
ANSWER TO BE TABLED ON TUESDAY 1st APRIL 2014**

Question

Notwithstanding his response to a question on 18th March 2014 on tax schemes (8190), what action, if any, will the Chief Minister take on the actions of PFI companies such as Alder Hey (Special Purpose Vehicle) Ltd to avoid paying UK corporation tax via the payment of high interest rates on loans from its Jersey-based owners Henderson Infrastructure?

Is the Chief Minister content that Jersey should be used as a base for company structures such as these which allow a company to move its profits around to avoid legitimate tax elsewhere and is this regarded by the Jersey authorities as “abusive” tax planning or merely normal commercial practice?

Answer

Jersey will continue to have regard for the international action being taken on matters such as that referred to in the question.

Jersey has expressed its support for the comprehensive Action Plan being progressed by the OECD to address base erosion and profit shifting. One of the Actions is the development of rules to prevent base erosion through the use of interest expense.

Until these rules are known it would be premature and inappropriate to comment on any particular business practice.