

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 26TH SEPTEMBER 2017**

Question

Will the Chief Minister provide members with a breakdown, by local / non-local ownership, of the companies in the eleven sectors of the economy listed in Table 1 of the publication ‘Measuring the Jersey Economy: GVA and GDP 2015’; and, if not, will he explain why not?

Will he, following consultation with the Minister for Treasury and Resources, also state what tax revenues are generated in total by the companies in each sector, again differentiating between local and non-local ownership, either directly from taxable profits or through Income Tax charged on local beneficial owners?

Answer

Answer Part 1

The allocation of “business entities” between the eleven sectors of the economy is based on sectorial information held by the Population Office. For the avoidance of doubt the term “business entities” is broader than just companies (e.g. it also includes sole traders and partnerships). Table 1 below therefore sets out:

- 1) the total of “business entities” in each sector
- 2) the number of companies in each sector; and
- 3) the tax rate applied to companies in each sector

Table 1 – sectorial analysis of business entities, companies and applicable company tax rates

Sector	Number of business entities	Number of companies	Tax rate applied to company profits
Agriculture	334	140	0%
Manufacture	285	117	0%
Electricity, gas & water	5	5	20%
Construction	1,434	682	Note 1
Wholesale & retail	1,302	708	0%
Hotels, restaurants & Bars	616	449	0%
Transportation, storage & Communications	385	137	Note 2
Financial services entities	567	428	Note 3
Other business activities	3,857	1,441	0%
Rental income of private houses	0	0	Note 4
Public administration	1	0	Note 5
Total	8,786	4,107	

Note 1: “Construction” includes property development and general building. Profits from property development are subject to tax at 20%. Companies engaged solely in general building are subject to tax at 0%.

Note 2: Companies licensed to run part or all of a public telecommunications system under the Telecommunications (Jersey) Law 2002 are subject to tax at 20%.

Note 3: The term “financial services company” is specifically defined within the Income Tax Law. *Prima facie* companies that fall within the definition are subject to tax at 10%. However not all the companies categorised as “finance services entities” by the Population Office will be within the definition of “financial services company” for the purposes of the Income Tax Law. Those companies that fall outside the definition in the Income Tax Law will be subject to standard 0% rate.

Note 4: This component of GVA comprises actual rent, paid by households living in private sector rental accommodation (entitled and registered) and also an *imputed* rent for owner-occupier households. Companies paying income tax at 20% on any profits from actual Jersey property rental activities.

Note 5: The States of Jersey are exempt from tax under Article 115(e) of the Income Tax Law.

A list of the names of the companies in each sector has been provided to the Taxes Office. The Taxes Office will subsequently undertake an exercise to analyse the companies shown in Table 1 into two further groups namely:

- a) those companies where a Jersey resident individual ultimately owns more than 2% of the ordinary share capital; and
- b) all other companies

This is a manual process and will take some time to complete. The analysis will be provided to States Members as soon as it is available.

Answer Part 2

Table 2 below sets out the amount of income tax from those companies which are charged at a positive rate of tax for the year of assessment 2015.

Table 2 – analysis of 2015 company income tax based on company activity

Company activity	Tax for year of assessment 2015
Utility companies/quarrying companies/suppliers of hydro-carbon oil	£5m
Companies receiving property rental income/property development	£19m
Financial services companies	£70m
Total	£94m

When undertaking the additional work in relation to Part 1, the Taxes Office will also analyse the figures shown in Table 2 between:

- a) those companies where a Jersey resident individual ultimately owns more than 2% of the ordinary share capital; and
- b) all other companies

The total income assessed on individuals from distributions from Jersey companies for the year of assessment 2015 was £178,823,973.

It is not possible to specifically identify how much personal income tax has been paid on these distributions. Distributions are just one component of a number of components which make up the calculation of an individual's income tax liability (e.g. the individual may have other sources of income such as employment income). In addition some individuals receiving distributions will be entitled to a credit to reduce the personal income tax payable, this is because the profits out of which the distribution has been paid have previously been taxed in the company.