

Economic Affairs Scrutiny Panel – Aircraft Registry Review

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The broad idea of an Aircraft Registry and the potential associated economic activity is good, and may be attractive to individuals with private aircraft and commercial business looking at or already using Jersey companies - if there are suitable economic benefits. It should be noted that as a rough rule of thumb each aircraft whether private or commercial is usually owned through a SPV.

It isn't clear (see below for examples) as to what Jersey's unique selling point would be. Additionally, although not insurmountable, certain key tax issues would need to be resolved to make it attractive to such individuals to register/locate aircraft here:

- It is a complication and disincentive to some aircraft owners that Jersey's GST is not linked to the European VAT regime, putting it at a disadvantage to the Isle of Man whose VAT system is (and who already have an established Aircraft Registry). It could be an opportunity for Jersey to harmonise with the EU in this area. Note Jersey is already considered part of the EU for customs duty.
- Guernsey does not have GST/VAT and is therefore already at a competitive advantage to Jersey. How can Jersey and Guernsey realistically work together on this project given this misalignment? Indeed, given the competitive nature of the Registry and associated economic activity, why would Jersey not want to pursue it alone?

Possible tax areas to explore:

As previously mentioned, it may be a solution for Jersey to align with the EU for VAT purposes (as per the Isle of Man). Alternatively, Jersey could consider zero rating GST on luxury items such as private aircraft which would allow alignment with Guernsey and provide customers with a choice of operating within the EU via the IOM and others or outside of the EU via a CI registry.