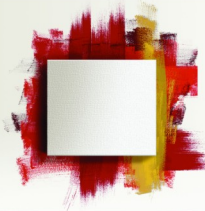


Original thinking



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Zero/Ten approved by Europe

Robert Christensen, Managing Director of Volaw, welcomes the announcement that Jersey's tax system has been found compliant with the European Union's Code of Conduct on Business Taxation.

In June 2008 the States of Jersey introduced changes to Jersey's system of corporate taxation in the form of its 'Zero-Ten' tax regime.

The new regime was formulated to comply with the EU Code of Conduct on Business Taxation, while retaining Jersey's competitive position as a leading international finance centre. The standard rate of corporate income tax was fixed at 0%, with most financial service companies taxed at a rate of 10%.

European criticism that the 'deemed distribution' provision of Zero/Ten did not comply with the 'spirit' of the Code led the States of Jersey to amend the Income Tax Law to remove the controversial element.

On 14 September 2011, Jersey's Chief Minister, Senator Terry Le Sueur, confirmed that Jersey's tax structure has now found favour in Europe:

"Following the ongoing Review of our Business Tax Regime, the Treasury Minister proposed, and the States then agreed, legislative amendments which aimed to remove elements of our legislation that were considered harmful by the Code Group.

"At its meeting yesterday, 13 September, which was attended by Jersey officials, I am pleased to report the Code of Conduct Group accepted that our rollback proposal would remove the harmfulness of our regime. This has to be ratified by ECOFIN in December at the end of the Polish Presidency. This is excellent news for Jersey, and vindicates the consistent stance maintained by the Treasury Minister and myself over a long period.

"We must not underestimate the assistance of Senator Cohen, Assistant Chief Minister for External Relations, who has been invaluable in communicating the Island's position with the UK. I would like to thank our advisor on International Affairs and the director of Tax Policy who both presented the Island's case at the Code Group and have supported ministers over many months.

"In these challenging times it is good to be able to present members with some very positive news which should serve to significantly strengthen confidence in our Island's future."

For further details about how Volaw can structure entities using Jersey's tax system for international business and wealth structuring purposes, please contact Robert Christensen.

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