

# Supplementary sheet ITRC – Shareholder Taxation 2009 to 2012

**2.10 Shareholder taxation** – [see Section 2.10 in the notes before completing this section]

**2.10 (a) Income received from cash and stock dividends**

Company name	‘Self’ or ‘Wife’	Jersey tax deducted	Gross dividend before tax
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	£ £ £ £ £ £ £	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	£ £ £ £ £ £ £	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	£ £ £ £ £ £ £	£ £ £ £ £ £ £

**2.10 (b) Deemed Interim and Deemed Final dividends from Trading Companies**

Deemed final dividends do not apply from 1 January 2012. (see notes)

Company name	‘Self’ or ‘Wife’	(tick the appropriate boxes)		Deemed dividend
		Interim or Final	Estimated or Actual	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	I F	E A	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	I F	E A	£ £ £ £ £ £ £

**2.10 (c) Attribution of profits from investment holding companies and personal services companies**

This section does not apply from 1 January 2012. (see notes) (tick the appropriate box)

Company name	‘Self’ or ‘Wife’	Estimated or Actual	Jersey tax deducted	Gross profits attributed
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	E A	£ £ £ £ £ £ £	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	E A	£ £ £ £ £ £ £	£ £ £ £ £ £ £

**2.10 (d) Deemed dividends from financial services companies**

This section does not apply from 1 January 2012. (see notes)

Company name	‘Self’ or ‘Wife’	(tick the appropriate box)		Gross deemed dividend
		Estimated or Actual	Estimated or Actual	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	E A	E A	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	E A	E A	£ £ £ £ £ £ £

**2.10 (e) Shareholder loans**

Company name	‘Self’ or ‘Wife’	(tick the appropriate box)		Amount borrowed
		Estimated or Actual	Estimated or Actual	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	E A	E A	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	E A	E A	£ £ £ £ £ £ £

**2.10 (f) Shareholder tax credit** – enclose details of the credit calculation with this income tax return

Company name	‘Self’ or ‘Wife’	Dividends credit	Shareholder loan credit
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	£ £ £ £ £ £ £	£ £ £ £ £ £ £
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	£ £ £ £ £ £ £	£ £ £ £ £ £ £

## Notes on shareholder taxation 2009 to 2012

Due to the repeal of certain articles of the Income Tax Law relating to shareholder taxation the following will no longer apply from 2012:

- Deemed final dividends (in respect of a trading company subject to tax at 0%)
- Attribution of profits (in respect of a non-trading company subject to tax at 0%)
- Deemed dividends (in respect of a financial services company subject to tax at 10%)

Full details about the affect of these repeal provisions can be found at [www.gov.je/taxesmoney](http://www.gov.je/taxesmoney)

### 2.10 Shareholder taxation

All Cash and Stock dividends must be entered in Section 2.10(a).

Sections 2.10(b) to 2.10(f) should only be completed where you have held (at any time during the year) more than 2% of the ordinary share capital of a company that is resident for Jersey income tax and is charged to tax at the corporate tax rate of either 0% or 10%.

An individual is deemed to own shares in a company if he has any interest in them, whether equitable, legal or contractual, other than an interest as a bare nominee or bare trustee. Such ownership will be deemed to exist even if the individual owns the shares through one, or a series of, bodies corporate or trusts.

Specifically, an individual will be deemed to own shares if:

1. they have any right to acquire or dispose of the shares
2. they have any right to vote in respect of the shares
3. they have any right to acquire, to receive, or participate in distributions of the company, or,
4. they have to give their consent for the exercise of any right of any other person interested in the shares, or if other persons interested in the shares can be required, or are accustomed to exercise their rights in accordance with the individual's instructions.

The following *must* be submitted in support of the declaration:

- dividend warrants or shareholder statements
- a copy of the accounts of the company
- a computation showing the calculation of deemed dividends, final dividends and attributed profits as appropriate.

All of the above should be obtained from the company secretary.

A copy of the accounts and computation may be submitted at a later date in support of the declaration if they are not available at the time the Income Tax Return is being submitted.

For more information go to [www.gov.je/taxesmoney](http://www.gov.je/taxesmoney)

#### 2.10(a) Income received from cash and stock dividends

##### Cash dividends

Enter the total **Gross** cash dividends received. Gross means **before** the deduction of any tax. It is important to also enter the Jersey tax deducted as shown on the dividend warrants so that any tax relief can be calculated.

## Stock dividends

Stock dividends arise where the shareholder either:

- receives his dividend in the form of extra shares; or
- has a choice to receive a cash dividend or alternatively the dividend in the form of extra shares.

Enter the total **Gross** cash equivalent of the extra ordinary shares received. It is important to also enter the Jersey tax deducted as shown on the dividend warrants so that any tax relief can be calculated.

### 2.10(b) Deemed interim and deemed final dividends from trading companies

A Jersey trading company is a company taxed at 0% and which is not a company subject to full attribution [see Section 2.10(c)].

'Trading company' means a company carrying on trading activities whose activities do not include to a substantial extent activities other than trading activities.

#### Deemed interim dividend

A deemed interim dividend is a dividend that is deemed to have been paid i.e. it is a dividend that has not actually been paid as a cash dividend or as a stock dividend.

A dividend is deemed to have been paid out of the profits of a financial period where the amount of the cash dividends paid and stock dividends issued out of those profits on or before;

- a) If the last day of the following financial period is 31st December, that day or
- b) In any other case 31 December next after the end of the following financial period

but, in either case no later than 31 December 2011 (known collectively as relevant dividends) by the company is less than 60% of the amount of the relevant profits (periods up to and including periods ending 31 December 2011 only)

Relevant profits means the balance of the income taxed at 0% after;

- deducting allowable deductions, reliefs and allowances, and
- deducting dividends paid on preference shares paid before the last day of the following financial period.

For further details specific to the declaration of deemed interim dividends and the 2012 tax return please refer to the website [www.gov.je/taxesmoney](http://www.gov.je/taxesmoney)

#### Deemed final dividend (no longer applies from 1 January 2012)

A deemed final dividend is only deemed to be paid upon the occurrence of one of the following trigger events:

- the individual disposing of any shares comprised in the ordinary share capital of a Jersey trading company (whether or not the individual continues to own shares in the company);
- the winding up of the company;
- the death of the individual;
- where the company is treated as a company subject to full attribution for the following year;
- the owner of the shares ceasing to be resident in Jersey.

#### Further details

The details required to complete section 2.10(b) are contained in the deemed Interim dividend statement and /or the deemed Final dividend statement provided by the company secretary. It is important you indicate whether the

deemed dividend figure is 'interim' or 'final' and 'estimated' or 'actual' by ticking the appropriate boxes. You should apply in writing to the company secretary if you have not been provided with a statement.

Pro forma deemed dividend statements are displayed on the Income Tax website [www.gov.je/taxesmoney](http://www.gov.je/taxesmoney)

**2.10(c) Attribution of profits from investment holding companies and personal service companies** (no longer applies from 1 January 2012)

An individual resident in Jersey who owns more than 2% of the ordinary share capital in a company that is subject to full attribution is liable to pay tax on their portion of the company's relevant profits as if that portion was the individual's own profits.

There are two kinds of company subject to full attribution:

- a non-trading company or investment holding company taxed at 0%;
- a company that supplies the services of owners of shares in it, or persons connected with them, to a third person in circumstances in which the share owner or connected person would otherwise be the employee of the third person.

The relevant profits of the company must be attributed to each shareholder in proportion to the number of ordinary shares they hold. Relevant profits means the balance of the income taxed at 0% after:

- deducting allowable deductions, reliefs and allowances;
- deducting dividends paid on preference shares paid before the last day of the following financial period.

**Further details**

The details required to complete section 2.10(c) are contained in the full attribution statement provided by the company secretary. It is important you indicate whether the profits attributed figure is 'estimated' or 'actual' by ticking the appropriate box and enter the Jersey tax deducted as shown on the statement so that any tax relief can be calculated. You should apply in writing to the company secretary if you have not been provided with a statement. Pro forma attribution statements are displayed on the Income Tax website [www.gov.je/taxesmoney](http://www.gov.je/taxesmoney)

**2.10(d) Deemed dividends from financial services companies** (no longer applies from 1 January 2012)

A financial services company is a company taxed at 10%.

Financial services company means any company that:

- is registered under the Financial Services (Jersey) Law 1998 to carry out:
  - a) Investment business; or,
  - b) Trust company business; or,
  - c) Fund services business, as an administrator or custodian in relation to an unclassified fund or an unregulated fund; or,
- is registered under the Banking Business (Jersey) Law 1991, other than a company registered for business continuity under that Law, pursuant to Article 9A of the Banking Business (General Provisions) (Jersey) Order 2002; or,
- holds a permit under the Collective Investment Funds (Jersey) Law 1988 by virtue of being a functionary who is an administrator or custodian mentioned in Part 2 of the Schedule to that Law;

and has a permanent establishment in Jersey.

A deemed dividend is a dividend that is deemed to have been paid i.e. it is a dividend that has not actually been paid as a cash dividend or as a stock dividend.

The liability arises where the amount of cash dividends paid and stock dividends issued by the company out of its tax adjusted profits is less than the amount of those profits. The shareholder becomes liable to a single dividend, deemed to be paid on the occurrence of a trigger event, being the same events that trigger the payment of a deemed final dividend arising to the owner of shares in a Jersey trading company [see section 2.10(b) above].

### **Further details**

The details required to complete section 2.10(d) are contained in the deemed dividend statement provided by the company secretary. It is important you indicate whether the gross deemed dividend figure is 'estimated' or 'actual' by ticking the appropriate box. You should apply in writing to the company secretary if you have not been provided with a statement.

Pro forma deemed dividend statements are displayed on the Income Tax website [www.gov.je/taxesmoney](http://www.gov.je/taxesmoney)

### **2.10(e) Shareholder loans**

A loan made to a Jersey resident shareholder or to a member of their family or household is liable to income tax if:

- it is made by a company subject to tax at 0% or 10% (for years up to 2011 inclusive the shareholder loan provisions do not apply if the company was subject to the full attribution rules). From 1 January 2012 the shareholder loan provisions apply to all companies liable to tax at 0% or 10%. For the avoidance of doubt this includes a 0% or 10% company that has income derived from Jersey property, this source of income being taxed at 20% at the company, even if this is the sole income of the company;
- it is not a loan advanced at a commercial rate of interest by a company whose ordinary business is that of money lending.

A deduction of up to £1,000 may be deducted from the loan charged to tax. This is dependent upon the amount of the loan and whether the shareholder is in receipt of any taxable benefits in kind. You must declare the gross amount borrowed and any deduction will be applied by the Taxes Office. It is important you indicate whether the 'amount borrowed' figure is estimated or actual by ticking the appropriate box.

The shareholder is entitled to a tax credit when the loan is repaid, either in part or in whole [see section 2.10(f)]

### **2.10(f) Shareholder tax credit**

If tax has been paid on a deemed Interim, deemed Final, deemed dividend or attribution of profits, and a Cash or Stock dividend is subsequently paid out of the profits in respect of which the deemed dividend or attributed profit arose, you are entitled to a tax credit. This dividend credit is based on the tax already paid in previous years on the relevant deemed dividend or attributed profits.

Similarly, if tax has been previously paid on a shareholder loan [see section 2.10(e)], and you have either partly or wholly repaid that loan in the year of assessment, you are entitled to a credit against the liability to tax on that part of the loan actually repaid.

Full details of the calculation of the credit claimed must be submitted.