



**OFFICE OF THE
COMPTROLLER OF TAXES**

**OPERATIONAL BUSINESS
PLAN 2010**

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INTRODUCTION BY THE COMPTROLLER OF TAXES

We are still facing major challenges at the Taxes Office for 2010 and, indeed, for the foreseeable future.

The new 0/10 corporate tax changes are now operational but there is currently a review being undertaken of that regime and there is the possibility that we may need to implement some post 0/10 reforms in 2010 and later years. What this means is that, come 2011, we may be running 3 different corporate tax structures in tandem. The old 20% system, the 0/10 system, and whatever system, if any, arises out of the current review.

The Goods and Services Tax (GST) is now fully operational but significant changes were introduced in the December 2009 Budget which will need to be handled and administered in 2010. In addition, we will need to implement the remaining recommendations of the post – implementation review of GST.

20% means 20% progresses as anticipated and there are no new changes planned to this major initiative.

In 2010, we will be into our fourth year of the very successful implementation of the EUSD Bilateral Agreements with 27 European Union countries.

We have now signed 15 OECD Tax Information Exchange Agreement with a range of OECD and G20 countries world-wide, including the USA, the Netherlands, the UK, France, Germany and Australia. More such Agreements are expected to be formally signed in 2010. Jersey is also scheduled, in 2010, to have both a Phase 1 and a Phase 2 review by the Global Forum Peer Review Group to monitor and review progress towards transparency and exchange of information for tax purposes.

These existing Agreements will all go ‘live’ and become operational in 2010 and they are likely to prove a major challenge. To assist with this international tax workload, and to ensure that, for the first time ever, we have a qualified tax accountant to handle technical accountancy and tax related matters for GST and Business Tax, a new post was approved in the States Business Plan for the Taxes Office and we anticipate recruiting somebody into that post in 2010.

In addition to handling all these important initiatives, we also have to face the administrative, legal and operational challenges of servicing our 75,000 personal, business and corporate taxpayers.

As in the past, I am certain that we will all rise to the challenges placed before us in 2010 to deliver the entire key operational and business as usual objectives set out in this Business Plan.

As always I am very appreciative of all the commitment and dedication I get from all staff within the Taxes Office to deliver our business objectives. The work we do will ensure we continue to deliver a first class service to all our customers, whether they are taxpayers, professionals, the Treasury and Resources Minister, other politicians and colleagues within other States Departments.

Malcolm Campbell BA., FTII., FCMI
Comptroller of Taxes

WHAT WE DO

Administration of the Income Tax and Goods and Services Tax Laws are entrusted to the Office of the Comptroller of Taxes. Annually the Comptroller of Taxes collects approximately 80% of total States' revenues from 75,000+ personal and corporate taxpayers.

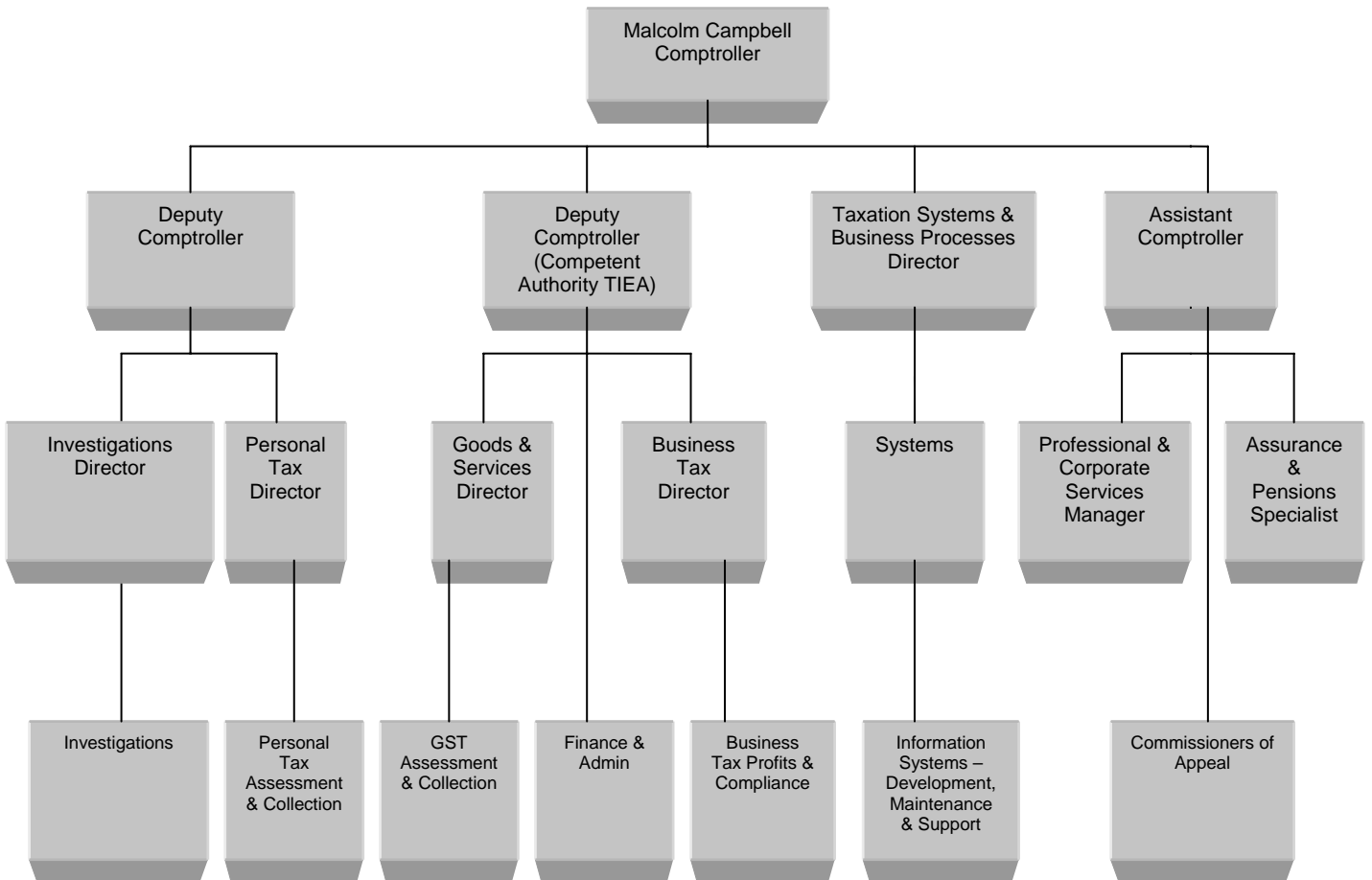
Administration of the European Union Savings Directive Bilateral Agreements with 27 European Union countries and the Island's Tax Information Exchange Agreements with OECD and G20 countries worldwide are also entrusted to the Comptroller, as Jersey's Competent Authority.

Additional duties also include:-

- advise the Treasury and Resources Minister, as required, on tax policy and proposed amendments to the Income Tax Law and Goods and Services Tax law and implement that policy efficiently and effectively;
- continue compliance activities and the investigation of taxpayers who try to either avoid or evade tax properly due under the Income Tax Law. Ensure that the taxes properly due are paid, in addition to any interest or penalties that the Comptroller has the power to levy under the Law;
- ensure the prompt issuing of rulings to professionals and taxpayers to facilitate transactions with a tax content;
- ensure the efficient and effective administration of the Income Tax and Goods and Services Tax Laws through the most proficient use of resources by training and developing staff to their fullest potential and utilising information technology to its fullest extent;
- administration of all private occupational and retirement annuity pension schemes;
- ensure that we continue to provide high quality service to all customers of the Taxes Office, whether they are taxpayers, professionals, the Treasury and Resources Minister, other politicians and officers in other States departments.

WHO WE ARE

The functions of the Office of the Comptroller of Taxes are discharged with the invaluable assistance and expertise of some 97 full time staff, organised to deliver services as follows:



OUR VISION

We are an Office:

sTriving
AAfter
eXcellence

OUR MISSION

The effective administration of the Income Tax Law, the Goods and Services Tax Law and all our international tax agreements, together with the efficient assessment and collection of tax whilst delivering excellent service to our taxpayers and other customers.

OUR VALUES

We believe that the following six values are fundamental to how the Taxes Office must develop. We will strive to deliver these values every day for our customers (the public), our partners and ourselves.

Our Core Values reflect the values of the States.

Our Values are:-

- we put the customer at the heart of everything we do;
- we take pride in delivering an effective public service for Jersey;
- we relentlessly drive out waste and inefficiency;
- we will always be fair and honest and act with integrity;
- we constantly look for ways to improve what we do and are flexible and open to change; and
- we will achieve success in all we do by working together.

MAJOR PROJECTS FOR 2010

- a. Implementation of and delivery under new Tax Information Exchange Agreements with the UK, France, Ireland, Germany, Norway, Denmark, Sweden, Finland, Greenland, Iceland, Faroes, Australia, New Zealand and, potentially, subject to States approval, Italy and Mexico, and, a Double Taxation Agreement with Malta.
- b. Prepare for and handle effectively the International Global Forum Peer Review process which Jersey will undergo in 2010 to monitor and review progress towards transparency and exchange of information for tax purposes.
- c. Implementation of any remaining minor revisions to the 0/10% corporate tax reforms and undertake the necessary preparatory work on any post 0/10 reforms.
- d. Implementation of the remaining recommendations of the post-implementation Goods and Services Tax review.
- e. Ensure the new targets for investigations, and the collection of back taxes and penalties from our two new tax investigators, are met, as well as progressing a joint anti-fraud office with Social Security.
- f. Undertake preparatory work on administrative and operational requirements for the electronic filing of Income Tax Returns due in 2012.

KEY OPERATIONAL AND BUSINESS PLAN OBJECTIVES 2010

| ACTIVITY | KEY PERFORMANCE INDICATORS | TARGET | IMPLEMENTATION YEAR | KEY RISK |
|--|---|--|----------------------------|--|
| Further review of resource implications resulting from 2009 Goods and Services Tax post implementation review and legal changes in 2009 – legal and staffing | Complete review and commence implementation of revised structure | June 2011 | 2010/2011 | Lack of suitable resources Lack of funding |
| Implement any necessary revisions to the 0/10% corporate tax reforms and implement any post 0/10 reforms | Legislation approved by the States Assembly in 2010 | December 2010 | On going | None identified |
| Undertake preparatory work on administrative and operational requirements for electronic filing of Income tax Returns, to enable electronic self assessment for personal taxpayers, in order to go 'live' in January 2012 | | December 2010 | 2012 | Limit of resources exceeded |
| Ensure all new domestic and international pensions provisions legislated for and administrative and operational requirements are completed | Legislation approved by the States Assembly in 2010 | December 2010 | On going | Failure of stakeholders to agree a common and agreed way forward |
| Undertake compliance with existing and new international Tax Information Exchange Agreements and the European Union Savings Directive Bilateral Agreements through meetings with relevant Competent Authorities and the submission of specific exchange of information and retention tax | All information exchanged and retention tax reconciled with appropriate international authorities and ensure Global Forum Peer Review handled effectively | Within 40 working days of specific Tax Information Exchange Agreement request 30 th June 2010 for the EU Savings Directive Bilateral Agreements | On going | Reporting requirements not met by paying agents. |
| Ensure the continued practice of quick and pertinent tax rulings to professionals on new lines of business and innovative | Tax rulings to be made within three days | 100% | On going | None identified |

TAXES OFFICE BUSINESS PLAN 2010

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| business transactions | | | | |
| <p>Assess and collect tax revenues arising from :</p> <ul style="list-style-type: none"> • 75,000 + personal and non company business taxpayers including taxation of shareholders under 0/10 provisions • Corporate entities charged under the new 0/10 taxation regime • The imposition of the Goods and Services Tax Law | <p>Taxation collected during 2010 and % of 2009 tax collected by the end of 2010</p> <p>Error rate on personal tax assessments</p> <p>Company tax assessments (where corporate tax rate >0%) closed and issued</p> <p>Cheques over £15,000 banked on day of receipt</p> <p>Personal and Business tax assessments closed and issued</p> | <p>£448 million in income tax, goods and services tax and retention tax</p> <p>95% of 2009 income tax collected by 31 December 2010 <5%</p> <p>100% by end February 2010</p> <p>100%</p> <p>100% by end November 2010</p> | On going | Lack of trained staff and resources |
| <p>Continue compliance activities in areas such as claiming of non tax deductible expenses in business accounts and attempts to convert income into capital</p> <p>Investigate and collect back taxes and penalties from those who evade tax</p> <p>Prepare prosecution files for HM Attorney General in cases of heinous fraud and evasion</p> | <p>Yearly statistics published</p> <p>Number of cases investigated, amount of settlement tax per annum</p> | <p>Statistics published by 31st December 2010</p> <p>£2 million in back taxes and penalties</p> | On going | None identified |
| Continue to list delay and contentious appeals at six to eight meetings a year for the hearing and determination of the independent Commissioners of Appeal | | Number of cases listed | On going | <p>Insufficient number of Commissioners available</p> <p>Increase in number and complexity of appeals</p> |
| Fully migrate from the current manual risk based visit / audit selection programme for GST to the fully automated module | <p>Produce computer generated monthly selection lists</p> <p>All authorisation (of assessments) and approval (reports) to be performed on line</p> | <p>March 2010</p> <p>July 2010</p> | 2010 | Linked to delivery of IT audit module (and problems when testing) |
| Ensure the smooth | Produce management | December 2010 | On going | Agents not complying |

TAXES OFFICE BUSINESS PLAN 2010

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| implementation of the Non Resident Landlord scheme | reports on performance | | | |
| Administer and monitor compliance of the Land Transaction Tax. Assess procedures and processes are running smoothly and modify as required | Collection of Land Transaction Tax Feedback from customers | December 2010 | 2010 | None identified |
| Implement new compliance practices and procedures in relation to the 0/10 corporate tax regime and shareholder taxation | Produce management reports on issues arising throughout implementation | December 2010 | On going | None identified |
| Continue programme of anonymous feedback from taxpayers and professionals on the quality of our service at the Help Desk, by post and through telephone contact | Anonymous feedback on level of service given | Improvement on level of service in previous years | On going | None identified |
| Contribute, together with colleagues from the Economic Development Department, to increase the tax take from high net worth individuals | Number of new cases per annum | Statistics published by 31 st December 2010 | On going | Other jurisdictions appearing more attractive |