

Practice Note | Self-storage businesses

Revenue Jersey has been asked on a number of occasions to confirm whether profits from a self-storage business should be assessed as Schedule A or Schedule D Case I.

Fundamentally, self-storage business involves the renting out of Jersey land for a period of time. The length of time items are stored is irrelevant.

Revenue Jersey acknowledges there may come a point where the bundle of services made available to a customer become so substantial that the totality of those services on offer (whether or not customers actually use all of those services) moves beyond the rental of land to a business that is trading in the provision of that *bundle of services as a coherent whole*. The most obvious example is a hotel that makes available to its customers a suite of services over-and-above a bed/ bathroom for the night. Similarly, we acknowledge that a removals business that offers to pick up and store furniture etc. until those items can be delivered to the end-destination, but also makes surplus storage facilities available to other customers, may amount to a trading concern, depending on the relative income attributable to removal and storage activities. These matters are very much fact-specific.

Revenue Jersey does not accept, however, that activities such as the maintenance and security of premises, advertising and general back-office support of themselves mean a self-storage business is anything other than a rental activity. This is supported by UK case law (for example *Salisbury House Estate Limited v Fry (HM Inspector of Taxes) (1930) 15 TC 266*).

Revenue Jersey's view therefore is that income from self-storage business is chargeable to income tax under Schedule A unless there is compelling evidence to suggest otherwise.

From 1 January 2024, Revenue Jersey therefore expects all self-storage businesses to apply Part 8 (Schedule A and principal provisions relating thereto) of Income Tax (Jersey) Law 1961 to the income and expenses of that business unless they have agreed with us *after the date of this Practice Note* that the business is properly assessable under Schedule D Case I.

Next steps

If you operate a self-storage business that is currently being assessed under Schedule D Case I, please contact JerseyTaxRulings@gov.je if you consider your business should continue to be taxed on that basis after year of assessment 2023. Your submission should explain why you believe the activities are not assessable under Schedule A and should include full details of what value-added activities your business undertakes over-and-above the storage of items on behalf of your customers. These details should include (but not be limited to):

- A description of the value-added activities offered.
- The income and costs attributable to those value-added activities.
- The income and costs attributable to pure self-storage activities.
- Copies of a typical contract(s) with customers and invoices raised.
- Anything else you believe supports your contention that the business is a trading activity.