

2024.06.25

3.14 Deputy M. Tadier of the Minister for External Relations regarding a Double Taxation Agreement with Portugal (OQ.130/2024)

Will the Minister advise whether any work is currently being undertaken to create a Double Taxation Agreement with Portugal, and if no such work is being undertaken, please explain why?

Deputy I.J. Gorst (The Minister for External Relations):

The European relations team in my department hold regular discussions with Portuguese counterparts and have highlighted Jersey's interest in having a Double Taxation Agreement though we are realistic that this process can take some time. In the meantime, it should be noted that Jersey and Portugal already have in place a Tax Information Exchange Agreement in force since 2011 which enables closer collaboration between our respective competent authorities for the purposes of tax administration.

3.14.1 Deputy M. Tadier:

I was directed to put this to the Minister for External Relations but this is also a question which I think impacts on the Tax Department and also perhaps on the Minister for International Development with her culture and responsibility for Jersey diaspora. I ask this question in the context of former Jersey residents who are now living in Portugal to make sure that they are not being double taxed and to make sure that they know what steps are being taken and what resources are available for them in terms of their tax management, especially if they are on low tax. Will the Minister undertake to also speak to fellow Ministers, the 2 that I mentioned, to have a co-ordinated approach in this regard?

Deputy I.J. Gorst:

It is a desire of Jersey's Government, and it has been for many years, to have a Double Taxation Agreement with Portugal and with some other member states of the European Union but, as the Deputy knows and appreciates, that is not straightforward. We, unlike some other jurisdictions, do not have very many Double Taxation Agreements; it does not mean to say we do not mention them with all of our engagements with those member states for the reasons that he has said. It is a co-ordinated approach between the External Relations Department, the Treasury Department, particularly Revenue Jersey's International Division, and of course my Assistant Minister who has responsibility for engagement with those groups in Jersey and the problems that they may face. Of course, where there are no Double Taxation Agreements in place between Jersey and another jurisdiction, tax can potentially be charged in both places; that is the negative. Jersey's Income Tax Law does, however, allow for some release to be given for taxes paid overseas when calculating the amount of Jersey tax due and other countries have similar rules. The question I suppose is, are those individuals who are moving between jurisdictions aware of those and engage with Revenue Jersey, and that would be my first piece of advice to them.

3.14.2 Deputy J. Renouf:

The Minister says that we need to be realistic about the timetables, does he have any idea how long it would take to put a Double Taxation Agreement in place?

Deputy I.J. Gorst:

That really depends on the interlocutor. We follow the O.E.C.D. (Organisation for Economic Co-operation and Development) model Double Taxation Agreement, which can mean in some cases it can be done relatively quickly, but relatively quickly in the world of international agreements is 2, 3, 4 years. Where you do not have a willing partner as such, and you constantly have to make the case for why it is not only of benefit to Jersey, this is about free movement of people. Between those jurisdictions a case has to be made of benefit to the then host country; it can take decades.

3.14.3 Deputy J. Renouf:

Can I put it another way slightly then which is to say, where does Portugal sit in the list of priorities for Double Taxation Agreements that the Island is seeking?

Deputy I.J. Gorst:

That is a good question which is difficult to answer because there are a number of European member states that, from a Jersey perspective, would be a high priority for Double Taxation Agreements. When this question first was submitted it occurred to me that I have been talking to Portuguese interlocutors, as have previous occupiers of this office ever since it was created, around having a Double Taxation Agreement. It remains high on our agenda but I think we have to be realistic that it does not remain high on the agenda of other member states.

3.14.4 Deputy R.S. Kovacs of St. Saviour:

The Minister has said he is also seeking to have agreements then with other European Union member states and also that other states are on a high priority list for the department. Can the Minister mention which are those states?

Deputy I.J. Gorst:

Well, let us be clear, they should be obvious to us. They are countries which are either geographically close to us, so our nearest neighbour to the east, but also countries where we enjoy the benefit of large diaspora from member states.

3.14.5 Deputy M. Tadier:

Can I thank the Minister initially for his answer. Given the fact that we do have large and established immigrant populations here who are now residents of Jersey, would the Minister give an undertaking to liaise, not only with those Ministers I mentioned earlier but also with the consuls, for example, that represent Portugal, Romania, Poland and maybe other countries in Jersey, to raise these issues, both locally for discussion and also when the Minister and the consuls are meeting with ambassadors in international cultural diplomacy?

Deputy I.J. Gorst:

As I indicated, my Assistant Minister has responsibility for engagement with diaspora and consuls here. I know it is an issue which he takes very seriously and either has or will be raising in an ongoing nature the point about raising it when there are meetings between honorary consuls, and inbound or external visits of ambassadors is a good one and has been raised in the past and will continue to be raised. We also have to be unfortunately honest with ourselves that post-Brexit engagement with E.U. (European Union) member states, particularly in regard to these international treaties, even though we are entrusted to enter into them, have become much more challenging and they were difficult prior to Brexit.