

2.1 Deputy G.P. Southern of St. Helier of the Minister for Treasury and Resources regarding the EU Savings Tax Directive:

What calculations and assumptions underlie the Minister's recent statement that the total of £13 million raised by the application of the EU STD (Savings Tax Directive) is broadly in line with expectations? In particular, what figures were used for the total sums held by UK and EU depositors, and the interest that should have been paid on these sums during the relevant period, 1st July to 31st December 2005?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

The total of retention tax that it was thought would be lucky to be raised was determined by informal discussions with, and comments made by, those in the financial services industry, and were not based on any formal and detailed calculations. As I told the Deputy in an answer on 20th June there was no indication at all of what the likely yield would be with the provisional £10 million estimates having been made some time ago on the basis of verbal opinion to some members of leading financial institutions. It would have been virtually impossible to have tried to identify every single individual from an EU Member State with deposits in Jersey, and then try to determine whether or not that individual was going to opt for exchange of information or suffer retention tax just to try to reach a calculated figure for retention tax. Any such tax revenue was likely to decline over time and given the above circumstances there is no reason whatsoever why such an exercise should have been carried out.

2.1.2 Deputy G.P. Southern:

Does the Minister not accept that in the period in question there was some £65 million held on deposit by UK and EU based depositors in the Island on which a more reasonable sum to expect in withholding tax should have been something of the order of £107 million?

Senator T.A. Le Sueur:

I accept that a figure of £65 million on deposit is a reasonable figure. Those deposits are made up of deposits by companies, by trusts, and by individuals. Some of those individuals will have been domiciled and not resident. Others would be resident and not domiciled. The same directive only affects a minority of depositors. That is why the amount of revenue is far less than the Deputy's question might suggest.

2.1.3 Deputy G.P. Southern:

Does the Minister similarly accept that the figures suggest that only 12 per cent of monies held in deposit in Jersey are subject to EU STD (Savings Tax Directive), or that substantial tax avoidance, to put it at its best, is taking place?

Senator T.A. Le Sueur:

I agree that of the money on deposits in Jersey only about 12 per cent is subject to the same directive for the reasons I have just given. That is not tax avoidance. That is just complying with the European Savings Directive.

2.1.4 Deputy G.P. Southern:

Is the Minister satisfied that the figure he produces of some 30 per cent complying with the EU Savings Tax Directive is an adequate figure for the reputation of this Island?

Senator T.A. Le Sueur:

No, Sir, I do not see where the Deputy gets his figure of 30 per cent complying. The Island is complying with a directive and all those people who have not opted for disclosure are liable for retention tax, and that tax has been collected, and has been paid over to the relevant authorities in something like 20 different countries.