

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST HELIER
ANSWER TO BE TABLED ON TUESDAY 1st APRIL 2014**

Question

Does the Chief Minister accept that in signing up to the OECD Common Reporting Standard (CRS), rather than simply “committing ourselves to early adoption of the highest standards in tax transparency” and “inviting others to join us” Jersey has been reluctantly forced by the UK and US authorities into automatic tax information exchange, otherwise known as “a level playing field” which the Island has hitherto refused to recognise?

Does the Chief Minister further accept that, whilst the agreement refers to tax evasion, the Common Reporting Standard in fact covers a broad scope of financial assets and institutions and account holders, including individuals and corporate entities such as shell companies, which will limit the scope for “tax avoidance” activities, in which the Island specialises as well as “evasion” activities?

Answer

Jersey has not been reluctantly forced by the UK or the US authorities into automatic exchange of information (AEOI). Jersey has been waiting for evidence of the existence of a level playing field in the global application of a common standard.

Jersey had no difficulty in entering into an agreement with the USA on a FATCA intergovernmental agreement (IGA) because this is an agreement that has global application. This is why Jersey was one of the first countries to enter into an IGA with the USA.

The Common Reporting Standard (CRS) issued by the OECD and endorsed by G20 Finance Ministers has also been welcomed by Jersey because of its global application. We are one of the 44 countries that are in the "early adopters group" which issued a joint statement of commitment two weeks ago.

The CRS follows the IGAs in focussing on tax evasion. To quote from the CRS: "Cooperation between tax administrations is critical in the fight against tax evasion and in protecting the integrity of tax systems. A key aspect of that cooperation is exchange of information".

In June 2013 OECD Ministers called on "all jurisdictions to move towards automatic exchange of information and to improve the availability, the quality and the accuracy of information on beneficial ownership, in order to effectively act against tax fraud and evasion". Jersey is fully supportive of these initiatives and has been recognised for the action it has taken.

It is expected that, with automatic exchange of information, jurisdictions will have information that will prompt requests for further information, using the exchange of information on request provisions in the TIEAs, the DTAs and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, of which Jersey will be a party.

Jersey will continue to respond positively to such requests, which may well relate to "abusive" tax planning schemes. If so, this information will also be helpful to us in seeking to ensure Jersey is not involved in such schemes. The assistance of HMRC has already been sought in their identification.