

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 2nd JULY 2013**

**Question**

Following his discussions with the UK Prime Minister and others, his statement on 18th June 2013 and the publication of the “action plan on beneficial ownership”, will the Chief Minister clarify -

- (a) in relation to ‘an enhanced tax information exchange agreement with the U.K’ does this refer to a FATCA-style transfer of tax information?
- (b) is the ‘multilateral approach’ advocated by the U.K. Prime Minister the same as Jersey’s “level playing field” whereby there would be agreement by all to any change before Jersey will act?
- (c) does “accurate information on the ownership” of Jersey trusts, mean a person, or might it include ownership by a different trust or company registered elsewhere in the world?
- (d) does “all information held in the Island is available to tax authorities on request” mean that the information will not be exchanged “automatically” but only as a result of a TIEA or double-tax agreement with that country?

Does he accept that as a result of this intense recent activity there has been no change in the way that Jersey conducts its business, especially with tax competition, and the Island is free to encourage companies to register in Jersey to avoid tax?

**Answer**

- a) Yes, the 'enhanced tax information exchange agreement' referred to is an agreement based on the US FATCA.
- b) The multilateral approach advocated by the UK Prime Minister is a reference to the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Jersey has informed the UK Government that it wishes to become a party to the Convention. In doing so it will be joined with its main competitors such as Luxembourg and Singapore. This is in accord with our level playing field requirement which is that there is an internationally agreed standard that will have global application and where our position is matched by that of our main competitors. Jersey in complying with international standards on financial regulation, AML or tax information exchange has never required agreement by every country to any change before agreeing to act.
- c) In accordance with the requirements of anti-money laundering legislation, the trust law, the financial services law and common law those acting as trustees in the Island are obliged to know who the settlor is and who the beneficiaries are in respect of the trusts for which they act. If a trust is part of a structure involving other trusts or companies these obligations

extend to having a full knowledge of the structure which will include looking through the structures to the originating settlor and/or the ultimate beneficiaries.

- d) At the present time the only international standard that has global application is the provision of tax information on request. However automatic exchange of information is being extended through a number of bilateral arrangements. Thus automatic exchange of information will occur in due course with the implementation of the US FATCA agreement, the similar agreement being negotiated with the UK, and the EUSD. Parties to the OECD Multilateral Convention also have the opportunity to engage in automatic exchange of information on a bilateral basis. The expectation is that the OECD, working with the G20, will come forward later this year with a single standard for automatic exchange of information which it is intended should have global application.

Finally, I do not accept that the recent international activity to which we have responded positively is without effect on the way Jersey conducts its business. We have shared with the UK a desire to enhance further the action to be taken to combat tax evasion and aggressive tax avoidance. In this we are confident that we have the full support of the representative bodies making up the finance industry. We are continuing to work with the industry and the regulator on finding the best way to ensure that Jersey is not party to such activity that all agree can be damaging to the Island's reputation as a responsible well regulated quality international finance centre.

At the same time Jersey shares the view expressed by the UK Prime Minister that it is the right of every jurisdiction to manage its own fiscal affairs and be tax competitive providing it is also complying with the international standards of transparency and exchange of information. Jersey will continue to be compliant with the international standards and to encourage business that legitimately is able to take full advantage of our tax neutrality.