

3.7 Deputy G.P. Southern of the Chief Minister regarding his proposals to reform Jersey's tax system: [1(647)]

Given Jersey has been placed on the E.U. (European Union) "grey list" of tax jurisdictions, will the Chief Minister explain how he proposes to reform Jersey's tax system to ensure, for example, that the tax regime does not facilitate offshore structures which attract profits without real economic activity? Will he state further which company structures he proposes should be affected by any such reforms?

Senator I.J. Gorst (The Chief Minister):

Jersey has committed to the O.E.C.D. (Organisation for Economic Co-operation and Development) common reporting standard, to the O.E.C.D. multilateral instrument on base erosion and profit shifting and to the exchange of notes with the U.K. (United Kingdom) Government on sharing beneficial ownership information. This Government has an excellent track record of meeting international standards and will continue to do so. It would, however, be wholly inappropriate for me to prejudice our interests by speculating on solutions at this stage.

3.7.1 Deputy G.P. Southern:

In that case, far from speculation, will the Chief Minister lay out a clear timetable for the reforms required to meet the E.U. needs specifying exactly what each change might be and when it might happen? Will he do that?

Senator I.J. Gorst:

The Deputy will be aware that I am due to make a statement later this afternoon on this issue. With that statement, I will be including a copy of the letter that I have sent to the chairman of the Code of Conduct Group together with a timeline of working together and entering into dialogue with the code group to address their concerns, something which is wholly different from what the Deputy is trying to suggest.

The Deputy of Grouville:

Sir, perhaps you can help me with this or the Chief Minister. Is there such a thing as a grey list? Because if there is not, surely the question is hypothetical.

The Bailiff:

Well, it has been put in inverted commas and is, therefore, something closer to a euphemism, not quite on the white list as I understood it.

Senator I.J. Gorst:

Of course, I am not the one that authorises questions. There is no grey list.

The Bailiff:

Sometimes I am not either.

Senator I.J. Gorst:

I have been quite clear there is a black list. The Deputy should know that but, of course, he is siding with our detractors by trying to refer to it as such.

3.7.2 Deputy M. Tadier:

In a previous answer by the Chief Minister, he stated that there are circa 45,000 companies considered to be resident in Jersey and he goes on to say that data was available in respect of 13 per cent of the companies considered to be resident in Jersey.

[15:15]

If we do not know what profits are made and where by 87 per cent of companies in Jersey, how can we perform due diligence and sharing information when we only know about 13 per cent, not the other 87 per cent?

Senator I.J. Gorst:

I believe we are following international standards around country-by-country reporting and the B.E.P.S. (base erosion and profit shifting) agenda, and that is what we will continue to do. We are meeting those requirements for the exchange of profits information. We are meeting the requirements under the common reporting standard for exchange of information automatically and, of course, we are gathering more and more information around these issues as well to ensure that we can deal with questions as they arise. But the Deputy should know that the concerns are around trading companies and not investment holding companies. It is that area where we will be working, I think, particularly with the E.U.

3.7.3 Deputy G.P. Southern:

Despite his false allegations, I would put to him the question to respond as to what future he sees for the Zero/Ten tax policy since the E.U. Code of Conduct Group (Business Taxation) are now very clearly signalling it is unacceptable to them. We have ducked this issue once when we went to Zero/Ten. Does this not mean the end of Zero/Ten one way or another?

Senator I.J. Gorst:

I would have expected that the Deputy had read the documentation as he has asked a question on it. He will know that there is a gateway in the screening process criteria which is around zero, but he will also know that it was not a criteria in itself. The criteria was around economic substance and that is the commitment that I have given because, as I have said in this Assembly previously, as I have said in the public domain, work around economic substance is already undertaken by the regulator when it is issuing a licence to a regulated entity. We will also explore notification regimes as well. That is not about the zero, but yet again the Deputy will groan and shout at me across this Assembly but he sides himself with our detractors who suggest that we are not meeting the relevant international standards that shows a lack of understanding of what happens in our financial services industry. I do not think that is acceptable.

Deputy G.P. Southern:

Sir, can I have a ruling on his I believe intentional impugning of my integrity saying that I line myself up with our opponents?

The Bailiff:

Deputy, I do not see that as being something which impugns your integrity. There will be people who are detractors of the Island who might be right in that and there will be people who are detractors of the Island who might be wrong in that. This is a matter for political debate.

Deputy G.P. Southern:

I thank the Chair. I am very relieved.