

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P.
SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 11th MARCH 2008

Question

- “(i) Will the Minister inform members of any differences between Liechtenstein and Jersey, which justify his confidence in the face of increased pressure from Germany over offshore tax, in terms of -
- (a) overall approach
 - (b) withholding tax
 - (c) regulation of trusts
 - (d) registration of trusts?
- (ii) In particular, in his answer, will he illustrate the capability of our own trust entities to hold assets anonymously and to withhold the names of beneficiaries or trustees?
- (iii) Will he further state whether this position will be altered by measures proposed in the new law on foundations due to be put out to consultation soon?”

Answer

There is a very significant difference between Jersey and Liechtenstein. Jersey is committed to the OECD principles of transparency and exchange of information on tax matters and Liechtenstein is not. As a result Jersey has been prepared to enter into negotiation of a Tax Information Exchange Agreement with the Federal Republic of Germany and a date is in the process of being agreed by Ministers when that Agreement will be signed. Subsequently the Agreement will be submitted to the States for ratification following which it will come into force. This Agreement will enable information to be obtained on request in respect of individuals, companies, trusts and foundations in accordance with the terms of the Agreement. However this does not mean that service providers are vulnerable to ‘fishing expeditions’, as information on specific individuals is only available on application. In this respect the German Agreement will be in the same terms as those signed with the United States in 2002 and with the Netherlands in 2007 both of which the States have ratified. The German authorities would like Liechtenstein to adopt the same approach, but to date they have had no success.

To bring the Tax Information Exchange of Information Agreements into force the States have made Regulations (e.g. the Taxation (United States of America) (Jersey) Regulations 2006) and these Regulations require the provision of the information that can be requested under the Agreements. In this respect Jersey is in a stronger position than many countries including OECD member states because we regulate trust and company service providers and as regulated entities they are required to know their customer and hold information on the beneficial ownership of companies and the settlers and beneficiaries of trusts. Any proposals for Foundations will include equivalent provisions.