

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 16TH JANUARY 2018**

Question

With regard to the European Union's requirement for companies and, if applicable, trusts and foundations, to have real substance within the jurisdictions in which they reside for tax purposes, will the Chief Minister advise members –

- (a) if the E.U. has advised the relevant Jersey authorities how they have defined the 'substance test', and if so what that test is; and
- (b) if the E.U. does not have a common test, what test Jersey is proposing to use in this regard; and
- (c) what knowledge he has of the test being used by Guernsey and the Isle of Man?

Answer

- (a) The EU has not advised their definition of a substance test;
- (b) This will need to be the subject of further discussion with EU Code of Conduct Group on Business Taxation ("Code Group") in the weeks and months ahead. There is no established international standard despite the best effort of bodies such as the OECD Forum on Harmful Tax Practices.
- (c) I am not aware of any prescribed test in Guernsey or the Isle of Man and would re-affirm the difficulties encountered by the international community in determining such a test.