

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 11th MAY 2010**

Question

“Will the Minister inform members –

- (a) whether Jersey Finance commissioned the report “Transfer mispricing and child mortality” by Richard Teather and, if so, why;
- (b) how much did the report cost, and
- (c) to what extent, if any, is Jersey involved in the practice of transfer pricing (or mispricing) of goods and services?”

Answer

Jersey Finance Limited is charged with the role of promoting Jersey's financial services industry in a positive and accurate light. This includes, but is not limited to, addressing potentially inaccurate and unsubstantiated opinion that could, if unchallenged, have a significant negative impact on the Island's finance industry that employs 14,000 workers and, as a consequence of its collective tax contribution, funds the majority of the cost of the Island's public services.

Recent reports published by Christian Aid directly linked child mortality in the third world to transfer pricing and in doing so dressed up opinion as fact. It is self evident that the Jersey finance industry has been attacked both directly and implicitly in these campaigns and reports and that they will, in all probability, have a corrosive effect if left unchallenged. It is the role of Jersey Finance to promote and defend the reputation of Jersey's Finance industry and given the unfounded allegations and misleading information which have been widely disseminated as a result of these reports, it is entirely legitimate and indeed important and necessary that the body charged with promoting the Island's key sector makes informed comment on these matters.

JFL management sought approval for the report through their board approval process. The cost of the report is c.£6,000. The report's author, Richard Teather, is one of the very few Professors in the UK who teaches a pure tax degree, is an Oxford graduate, is both qualified in law and accountancy, and associated with eminent think tanks such as the Institute for Economic Affairs and the Adam Smith Institute, and is widely respected as a tax expert on both domestic and international tax matters.

Professor Teather's report clearly and accurately answers the question regarding the role of transfer pricing in international finance.

I believe that Jersey Finance Limited has acted to ensure the reputation of our finance industry is accurately reported.