

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 19th FEBRUARY 2013**

Question

Has the Chief Minister examined the Action Aid (AA) report 'Sweet Nothings' on the structure of Associated British Foods (ABF) which avoids the payment of tax to the Zambian authorities through the widespread use of subsidiaries including some based in Jersey?

Does he accept that the structures outlined in this report and Jersey's involvement, constitute "aggressive tax avoidance" and, if so, will he condemn such activities?

Answer

The Action Aid report "Sweet Nothings" on the structure of Associated British Foods includes a chart that identifies a number of companies of which one, Illovo Project Services, is a Jersey company. In the report it is stated that Action Aid had been told that the company ceased to be active some time ago and is in the process of being dissolved.

Associated British Foods have issued a statement strongly denying that it is engaged in aggressive tax planning. On the information presented, Jersey is not in a position to judge whether or not the structures outlined in the Action Aid report or Jersey's limited involvement to-date constitute "aggressive tax avoidance".

However, what is agreed is that jurisdictions such as Zambia need assistance in tackling the issues to which the Action Aid report has drawn attention and on this Jersey has sought to make a positive contribution. In February 2010 a conference was held in Jersey hosted by the Chief Minister's Department which was attended by delegates from 26 developing countries of which Zambia was one. One of the conclusions drawn was that priority should be given to assisting developing countries to build up their capacity to deal with matters such as those covered by the Action Aid report. We have followed up on this with offers of assistance through meetings with representatives from the African Tax Administration Forum, the UK Department for International Development, the Norwegian Agency for Development Cooperation and the OECD who have indicated that we would be welcome to attend meetings of their Task Force on Tax and Development.

We believe that we can make a very positive contribution through offering assistance to jurisdictions such as Zambia to help them in building up their own defences against harmful tax measures, including aggressive tax avoidance, when these are identified by the international community. We also will continue to look to our financial community to reflect in their business activities our policy statement last year that Jersey has no wish or need to accommodate those business activities that threaten our reputation as a well regulated and reputable international finance centre.