

## **5.1 Deputy D.J.A. Wimberley of St. Mary of the Minister for Economic Development regarding reputational damage to Jersey's tax regime:**

I think my confusion arose from the amazing circumstance of getting the wrong answer. My question is, can the Minister give Members an assessment of the reputational damage, if any, to Jersey and in particular to our export industries caused by the recent adverse publicity surrounding the tax affairs of a notable U.K. (United Kingdom) retailer, and the related use of a Jersey-based holding company?

### **Senator A.J.H. Maclean (The Minister for Economic Development):**

Many individuals have their financial or commercial interests domiciled in Jersey. Indeed, this forms part of the bedrock of the Island's financial services sector and given the globally recognised strength of our regulatory regime it is unlikely that there is any immediate threat of reputational damage to the Island.

#### **5.1.1 The Deputy of St. Mary:**

The Minister takes refuge in the notion that the Jersey finance industry is well regulated. I do not have any doubt that it is well regulated but the reason that this gentleman is all over the newspapers, or certainly was before Christmas, is that people find it unsavoury that his wife gets vast dividends from his company which are free of tax.

#### **The Bailiff:**

Deputy, these are the personal tax affairs of people who are not before the Assembly. Can you just concentrate on matters of principle.

#### **The Deputy of St. Mary:**

I am setting out the context and I am going to ask the Minister to ...

#### **The Bailiff:**

No, not about the individual tax affairs of people who are not before the Assembly. You can ask about the principles which arise in that but not about a person's individual tax affairs.

#### **The Deputy of St. Mary:**

The context is extremely high notoriety and the question is what reputational damage has there been? I will put a specific question about what reputational damage might mean; maybe the Minister will come up with an answer. I know that Tourism looked at the experience of holiday makers in Jersey, when they depart, and quite rightly so, to see what would bring them back, but do they do research into the reasons for people coming and the possible reasons for them not coming?

### **Senator A.J.H. Maclean:**

This seems to have strayed quite a way from the original but nevertheless we are talking about a tourism issue. Yes, we do extensive research as Members would expect. Clearly we need to know where our customers come from and, indeed, their experiences while on the Island so that the proposition can be refined and we improve the tourism offering as a whole.

#### **5.1.2 Deputy G.P Southern:**

Notwithstanding the presumed tax advantage given to this particular individual or any individual, what is the tax advantage - tax return - to Jersey produced by the presence

of these Jersey-based holding companies? Does the Minister for Economic Development know and, if not, will he ask the Minister for Treasury and Resources?

**Senator A.J.H. Maclean:**

The Deputy is well aware of the strength of our financial services industry. As I have already said in my answer, this forms part of the bedrock of the finance industry. We get companies within the Island offering professional services, employing people and generating something to the tune of 65 per cent of our tax revenues. I would have thought this is fairly clear to the Deputy.

### **5.1.3 The Deputy of St. Mary:**

I must say I am very disappointed with the Minister's overall approach to this. Can I just quote what the Deputy Prime Minister has said on the subject, which is what we are talking about, and this is from the BBC Isle of Man website: "Tax jurisdictions should not create perverse incentives to investors and so deprive exchequers of legitimate income." I am talking about risk to Jersey, and he continues: "We will continue to promote and defend the Crown Dependencies but only within the context of wider moves within the E.U. (European Union) in order to make sure there is full transparency." That is 16th December, and I just put it to the Minister, and I would ask him, whether or not he will take a more open approach to these threats, listen to them and try to ensure that our finance industry has a viable future? Would he care to comment?

**Senator A.J.H. Maclean:**

It is very interesting to hear the views of the Deputy Prime Minister of the United Kingdom, which I think the Deputy was referring to. I think I have laid out exactly what my views are and with my responsibilities as the Minister for Economic Development in Jersey. As far as the finance industry is concerned, I have every confidence in the way in which the finance industry operates and the value that it brings to the Island.