

2.4 Deputy G.P. Southern of St. Helier of the Chief Minister regarding the impact of a Foreign Account Tax Compliance Act on Jersey's finance sector:

Will the Chief Minister state why he is prepared to accede to the US Foreign Account Tax Compliance Act (F.A.T.C.A.), inform Members whether he is willing to agree to a U.K. equivalent and will he outline what the impact of a U.K. F.A.T.C.A. style agreement would be on Jersey's finance sector?

Senator I.J. Gorst (The Chief Minister):

Following consultation with the finance industry, it was agreed that it would be in the best interests of the Island for provisions to be made for compliance with the U.S. (United States) F.A.T.C.A. through the signing of an inter-governmental agreement. The negotiation of this agreement is well advanced. We have made it clear to the U.K. that we share with them a commitment to combat tax evasion and that we want to work with them in discouraging U.K. residents from using Jersey to evade U.K. tax. This is not business that Jersey wishes to be associated with and it has been openly discouraged over the years. As a result, the number of U.K. residents evading tax using Jersey is not thought to be great and their loss, as a result of any inter-governmental agreement with the U.K., would be positive for the Island's reputation.

2.4.1 Deputy G.P. Southern:

Would the Minister inform Members what the phrase: "level playing field", which he used in answer to written question 4 today, means when applied to a U.S. or U.K. F.A.T.C.A. agreement?

Senator I.J. Gorst:

Quite simply, the U.S. F.A.T.C.A is global in its application and the potential agreement that we are discussing and negotiating with the United Kingdom is not global and therefore cannot be considered to be a level playing field.

2.4.2 Deputy T.M. Pitman:

Could the Chief Minister tell us how confident he is that these negotiations will result in us being allowed to opt out, if you like, from the U.K.'s requests?

Senator I.J. Gorst:

It is neither a position of opting in or opting out; we have made it quite clear that we share with the U.K. a desire to ensure that Jersey is not used for U.K. tax evasion. The point of the negotiations is to come to an agreement on how we can achieve that end.

2.4.3 Deputy M. Tadier:

Does the Chief Minister not think that he is giving out duplicitous and mixed messages? On the one hand saying we want a level playing field, even though we are a Crown Dependency, unlike some of the rest of the world, and on the other hand saying we are not in the business of encouraging tax evaders from the U.K.? Because if that is the case, if the last point is the case, we should have no problem signing up to a treaty or an agreement which gives information so the U.K. can stop tax evaders using Jersey for those purposes. Surely there is nothing to hide.

Senator I.J. Gorst:

Indeed. I have made it quite clear. We share with the United Kingdom a desire to ensure that Jersey is not used for U.K. residents to evade tax and, as I am sure the Deputy would expect, governments enter into negotiations around agreements that might best achieve the common aims of both jurisdictions.

2.4.4. Deputy M. Tadier:

If the Chief Minister really wants to have a level playing field, why not make the bold step of letting Jersey and perhaps the other Crown Dependencies be the first part of the field to be levelled?

Senator I.J. Gorst:

I am not quite sure what the Deputy is asking when it comes to levelness or not of fields. We do not want to get into discussions about controls and that sort of thing. I have made it quite clear and I would expect that Members of this Assembly expect me to negotiate on behalf of our community in the best interests of our community and that is what I will do.

2.4.5 Connétable P.J. Rondel of St. John:

Does the Chief Minister consider that his team, who attend the British-Irish Council, are in part sometimes too close to their U.K. counterparts and their civil servants? Those people are drawing information from our representatives and using it against us at a later date. As we see quite frequently now, the U.K. is targeting a great number of areas, whether it is in finance and other areas, within this Island. If I recall correctly, in Lord Coutanche's memoirs, he said that he did not know where Whitehall was and he wanted to keep it that way.

Senator I.J. Gorst:

Unfortunately, in the world that I inhabit today, it is absolutely imperative that I know where Whitehall is, that I know where Westminster is. I would disagree with the Connétable when it comes to my team. My team go out to bat on behalf of Jersey and I am proud of the effort that they put in. What sometimes concerns me is that it appears that, occasionally, Members of this Assembly do not act in the same way.

2.4.6 Deputy G.P. Southern:

The enemy within, I believe. A 3-parter, if I may, Sir? To whom would a U.K. F.A.T.C.A. apply? What is the remit of a F.A.T.C.A.? Does it include trusts and business accounts and would it apply to the 20 per cent of bank deposits in Jersey which remain undeclared in Jersey banks as in question 8?

The Bailiff:

I am sorry, Deputy, that is far too complicated for one oral question, 3 parts, so could you just perhaps confine yourself to the first part?

Deputy G.P. Southern:

To whom would a U.K. F.A.T.C.A. apply and what is the F.A.T.C.A.'s remit?

Senator I.J. Gorst:

That is a very good question. Perhaps I could invite the Deputy to move from his position whereby he seems to take advice from those who are critical of Jersey and come to my side of the fence and help in the negotiations, because they are very real questions. U.S. F.A.T.C.A., as he knows, relates to all U.S. citizens. Of course, that description is not quite so straightforward when one is trying to enter into negotiation and agreement with the United Kingdom, because that description does not translate across for taxation purposes for U.K. residents.

2.4.7 Deputy G.P. Southern:

And to whom would a U.K. F.A.T.C.A. apply, which was the question, and any time he wishes to appoint me Assistant Minister for Taxation, he is welcome. **[Laughter]**

Senator I.J. Gorst:

Even I might find that a step too far. **[Laughter]**

Deputy G.P. Southern:

He has so far.

Senator I.J. Gorst:

As I said earlier, I do not believe that the majority of Members in this Assembly would wish me to outline detail by detail about ongoing negotiations that we are entering into in order to safeguard and protect the best interests of Jersey and I am not prepared to do so.