

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 14TH FEBRUARY 2017**

Question

Will the Chief Minister advise what assessment, if any, his Department has made of the likelihood that Jersey could be placed on a new blacklist of 'tax havens' due to the Island's zero-ten tax policy once the United Kingdom has left the European Union?

Answer

On the matter of the proposed listing of non-cooperative jurisdictions by the European Union, we have now received a letter from the Chair of the EU Code of Conduct Group on Business Taxation. The jurisdictions that have been written to by the Chair are those identified through a set of objective indicators (such as strength of economic ties with the EU, financial activity and stability factors) used by the EU Commission in its scoreboarding exercise last September.

The first step will be for the Code Group to undertake a preliminary analysis of the information already available such as information in the public domain, reports in the context of the Global Forum on Transparency and Exchange of Information for Tax Purposes and the OECD Inclusive Framework for Tackling Base Erosion and Profit Shifting.

Should it prove necessary, we will be given the opportunity to engage in a dialogue with experts nominated by the Code Group on Business Taxation which will allow us to defend our tax system. If called upon to do so, we believe we will be able to convince the Code Group that our tax system is not harmful, as was the case when it was previously considered by the Code Group in 2011, and if so we do not see any reason for the Code Group to change that decision as a result of the United Kingdom leaving the European Union. We will be in a better position to assess our position later this year whereupon, if we need to, we will consider what steps, if any, we would need to take to protect the Island's best interests when the United Kingdom leaves the European Union.

Our relationship with the EU is built on the good neighbour policy that we have pursued for many years. Jersey is not in the EU but it recognises that it is part of Europe. A desire to strengthen this relationship led to the setting up of a Channel Islands office in Brussels 5 years ago, ably led by Steve Williams. It is also reflected in an active engagement with EU institutions at both political and official level. Together with the Chief Minister of Guernsey I have visited three times in the past two years, which emphasises the importance we attach to developing our engagement with the European Union.

EU Commissioner Moscovici has commended the Islands for their cooperation and referred to them as important partners of the EU. Our voluntary support of the EU Directive on the Taxation of Savings Income, and in meeting the criteria of the Code Group on Business Taxation, are just two examples of that cooperation which also goes beyond tax matters. Our active cooperation on sanctions implementation, which has been noted and appreciated by the European External Action Service, is another example.