

2.15 Deputy G.P. Southern of the Minister for Treasury and Resources regarding sums held in Jersey accounts which were liable to European Union Savings Tax Directives and any US Foreign Account Tax Compliance Act Agreement, when signed:

Will the Minister advise Members how much of the sums held in Jersey accounts is held by E.U. subjects and liable to the E.U. Savings Tax Directive? How much is held by U.K. residents and how much is exempt from E.U. S.T.D. (Savings Tax Directive) and how much is held by U.S. citizens and would be subject to any U.S. Foreign Account Tax Compliance Act agreement when signed?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

This is rather complicated and I will do my best to summarise what the position is. Under the European Savings Directive, the Jersey Taxes Office does have access to 2 sources of information: either for E.U. resident taxpayers who have opted for the voluntary disclosure information the amount of interest per taxpayer. Alternatively, for E.U. taxpayers who are subject to the Retention Tax, i.e., who do not choose to voluntarily disclose the paying agent must disclose an aggregated amount of the tax retained per country on the interest arising.

[11:15]

In neither case is the sum, as the Deputy asks, generating the interest disclosed. It is the actual interest so there is no requirement for the information on interest received or capital sums to be disclosed to the Taxes Office in relation to accounts held by persons not in residence in the E.U. In the event of an inter-governmental agreement being reached between Jersey and the United States of America, then it is likely that Regulations would be brought to the Assembly for agreement along the same lines to Regulations for E.U.S.D. (European Union Savings Directive) but again, this relates not to sums but to the actual income arising. So in answer to the Deputy's question, no information is held by government departments or the J.F.S.C. (Jersey Financial Services Commission) as his question asked on E.U. subjects, U.K. residents and U.S. citizens. I am also not aware of any jurisdiction that does that.

2.15.1 Deputy G.P. Southern:

What impact does the Minister believe the arrival of a U.K. F.A.T.C.A. compliance agreement would have since the U.S. F.A.T.C.A. applies to all business accounts and trusts and the beneficial owners thereof?

Senator P.F.C. Ozouf:

If the Deputy is asking about an equivalent worldwide U.K. F.A.T.C.A., which would be effectively the same requirements as the U.S. which is across all jurisdictions, then very little. If the U.K. is asking us to do something exceptional that they are not asking some competitor jurisdictions, then obviously that is an issue but obviously the issue is one of detail and it depends on exactly what the information that the U.K. F.A.T.C.A. will agree to. I fully accept that the Deputy is correct in saying that the U.S. F.A.T.C.A. does agree a wider definition of income arising, again not sums, and includes trusts and other activities. Certainly, we are aware that there are discussions within the E.U. to extend the European Savings Directive to cover other issues apart from just income interest arising on bank deposits.

2.15.2 Deputy G.P. Southern:

It is probably a repeat question but perhaps not and I will get a new slant on it. Why is what is good enough for the Isle of Man Government not good enough for ours?

Senator P.F.C. Ozouf:

I am not sure that there is a big difference effectively between what the Isle of Man Government is saying and the statement that was issued by the Chief Ministers of Jersey and Guernsey. The U.K. officials are holding negotiations and discussions with the U.K. I think the Jersey position

is that we will comply with international standards. Jersey has absolutely no desire, and has not had for many years, to be involved in tax evasion. If the U.K. wants to deal with tax evasion, then Jersey will co-operate but where Jersey finds a difficulty in responding is when there is an unlevel playing field when the U.K. are asking us to do something which they are not asking other competitor jurisdictions to do, and that is obviously the difficulty that Ministers have. Certainly, as far as withholding any requirement, we want to sign an I.T.A. with the United States of America as indeed the U.K. and everybody else is and the 2 things should certainly not be linked.