

**2.3 Deputy P.V.F. Le Claire of the Minister for Treasury and Resources regarding the potential purchase of confidential client details by foreign Governments to identify tax evasion:**

The recent purchase of confidential client details by the German Government to identify tax evasion in Liechtenstein has raised a number of issues internationally. What is the position in Jersey in this regard, please?

**Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

Unlike Liechtenstein, Jersey is fully committed to the principles of the O.E.C.D. (Organisation for Economic Co-operation and Development) on transparency and information exchange. That is why we have signed a tax information exchange agreement with the United States of America and with the Netherlands and we are very close to signing an agreement with Germany. When that agreement is signed there will be an accompanying political declaration in which Germany will welcome Jersey as a member of the community of nations committed to co-operation and information exchange on tax matters and assuring Jersey that it will be fully and equally treated as such by the German authorities. Germany also recognises Jersey's commitment to a good neighbour policy, reflected *inter alia* in the signing by Jersey of an agreement on the taxation of savings income with Germany and other E.U. (European Union) member states. As with other E.U. countries, we have agreed a programme of deducting income tax at source from interest earned by German residents from bank deposits made in Jersey and remitting the bulk of that tax to the German authorities. The Council of Ministers is convinced that our approach to these tax agreements is in the best long-term interests of the Island.

**Deputy P.V.F. Le Claire:**

I thank the Minister.

**2.3.1 Deputy R.G. Le Hérissier of St. Saviour:**

The British Government is pursuing a more aggressive policy towards non-domiciled residents and part of that policy is to pursue funds into offshore sectors, if necessary, that are being decanted from Britain. How up to speed is the Minister and his Ministry in keeping an eye on this development and what steps are they taking to co-operate with the Government?

**Senator T.A. Le Sueur:**

In relation to non-domicility, yesterday I sent a letter to representatives of Her Majesty's Treasury setting out Jersey's response to the consultation they are doing on non-domiciles and expressing our concern about certain matters relating to the Island's activities. Other than that, I would point out that Jersey does have an existing double-taxation agreement with the United Kingdom, of limited scope, which does allow for some transfer of information in certain circumstances.

**2.3.2 Deputy R.G. Le Hérissier:**

So the Minister can then reassure the House that there need be no fear on the part of the Island authorities in terms of action taken by the U.K. (United Kingdom) authorities in this regard, that everything is well and that there will be no hounding of the Island authorities?

**Senator T.A. Le Sueur:**

I do not think there will be any hounding of the Island authorities but certainly any U.K. taxpayer who does not comply with the U.K. tax legislation can expect the wrath of the Inland Revenue to descend upon them and we will do what we need to do to co-operate with the Revenue should that occur.

**2.3.3 Deputy G.P. Southern:**

Does the Minister not agree that signs of such aggressive action on the part of the German Government bode very badly for the prospects of our own taxation in terms of the E.U. Code of Business Taxation?

**Senator T.A. Le Sueur:**

No, not at all because, as I said in my introduction, the approach of Liechtenstein is far different from the approach of Jersey which has been one of co-operation and acceptance of transparency and information exchange. That is not the case of Liechtenstein, which may be why Germany took the action it did. They have no cause to take similar action in respect of Jersey which has already demonstrated its willingness to co-operate.