

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th NOVEMBER 2012**

Question

If, as stated in the statement by the Ministers of Economic Development and Treasury and Resources on 9th November 2012, Jersey does indeed “*meet the highest international standards of financial regulation, including anti-money laundering and ‘know your customer’ regulations*” and “*the Jersey Financial Services Commission (..) is equipped with all the necessary powers and resources to ensure compliance*” will the Chief Minister explain why Jersey financial institutions, and HSBC in particular, have been involved in allegations of money laundering/countering of the financing of terrorism (AML/CFT) for known criminals and terrorists twice in the last 3 months?

Does the Chief Minister accept that the operation of the European Savings Tax Directive withholding tax, whereby tax on savings held in Jersey bank accounts is deducted at 35% meets the needs of those seeking to use the island for tax evasion as this rate is less than all the UK higher rates of tax, and the UK HMRC are not told anything about the account?

Does the Chief Ministers accept that the purpose of the European Savings Tax Directive is to tackle tax evasion and, if so, given that Jersey does not fully comply with it, the island is effectively assisting in tax evasion?

Answer

No international finance centre is able to avoid entirely the risk of being used by those determined to engage in money laundering. The media is often referring to cases that have been identified in London or New York. What is important is the measures in place to deal with such cases and how they are dealt with by the relevant authorities. Jersey has a proven track record of cooperating with other jurisdictions and acting on suspected criminal activities. This has been favourably commented on by the IMF and others. A US government spokesperson, on presenting a cheque for £2million to the Attorney General, commented “I look forward to continuing our strong partnership with the Bailiwick of Jersey — along with our other law enforcement partners throughout the world — in disrupting and dismantling criminal organizations”.

I am fully confident that our high standards will be maintained by the Jersey Financial Services Commission through the exercising of its considerable powers.

I agree that the purpose of the EU Savings Directive (EUSD) is to tackle tax evasion. We recognised this when in 2002 we agreed voluntarily to enter into agreements with all 27 EU Member States to help them achieve their objectives. Through those agreements we have made a significant contribution through the transfer of retention tax payments. Also it should be recognised that of all the interest payments that are paid to individuals resident in the EU Member States which are in the scope of the EUSD, the lion's share is reported under the voluntary disclosure option. We have made it clear that we are committed to engage in automatic disclosure of information as soon as the EU Member States themselves have reached agreement that this will apply to all the Member States.

In the light of our actions to-date, not only on the EUSD but also through the negotiation of tax information exchange agreements and our response to requests for information, I cannot agree with the Deputy's suggestion that Jersey is currently effectively assisting in tax evasion. Quite the opposite.