

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON MONDAY 15th JULY 2013**

Question

Does the Chief Minister accept the figures contained in the report 'The Value of Jersey to Britain' that the United Kingdom loses around £150 million in tax evasion through Jersey channels and a total of £600 million in tax "leakage" (avoidance and evasion)?

What measures, if any, has the Chief Minister in hand to reduce these sums in the short term?

Answer

The estimates of tax loss produced by Capital Economics are the very best estimates we have. They are based on much more comprehensive analysis than that of other estimates. The report suggests that this is the maximum level of tax evasion plausible although the report states that the actual level is probably much lower.

The tax evasion figure of £150 million (which is included in the tax leakage total of £600 million) is expected to be significantly reduced as a result of the Disclosure Facility offered by the UK, and recently presented to the States, and the automatic exchange of information with the implementation of the intergovernmental agreement based on the US FATCA that is currently being negotiated.

The tax avoidance figure is also expected to be reduced as a result of the intergovernmental agreement. Again the report estimates that in all probability the actual number is much lower.

In addition it will be reduced by our own policies directed at discouraging the use of the Island for those aggressive avoidance schemes that would be damaging to Jersey's reputation as a quality international finance centre. One of the recommendations of McKinsey was that there should be set up a Sound Business Practice Committee, comprised of representatives of government, the industry and the regulator, and this Committee is already up and running.