

4.11 Deputy G.P. Southern of the Chief Minister regarding the exact terms of the Organisation for Economic Co-operation and Development (O.E.C.D) agreement on tax information exchange:

Yes, I hope Members are not busy reading the side and a half related to this question that has just arrived on our desks. I will try not to impinge upon that. Will the Chief Minister inform members of the exact terms of the O.E.C.D. (Organisation for Economic Co-operation and Development) agreement on tax information exchange which has been put to the Crown Dependencies and British Overseas Territories by the U.K. Prime Minister and under what terms he has agreed or will agree to ratify the agreement?

Senator I.J. Gorst (The Chief Minister):

The main terms of the O.E.C.D. multilateral convention on an administrative assistance in tax matters are to provide for exchange of information and to assist in the recovery of tax claims. As the convention can only be signed by sovereign states, Jersey will join the convention through the U.K. issuing an agreed letter of declaration that will provide for the extension to the Island of the U.K.'s existing ratification of the convention. The implementation of the convention will be subject to the States approving the necessary Regulations.

4.11.1 Deputy G.P. Southern:

Could the Chief Minister inform Members whether the exchange of tax information is automatic or on request only?

Senator I.J. Gorst:

As the Deputy should know from having looked at the convention, regulations will give effect to the ability to transfer information automatically. Although it is a multilateral agreement there have to be bilateral agreements or documents agreed with each country underneath that.

4.11.2 Deputy M.R. Higgins:

Just having quickly read the statement, I know this is pre-empting in a sense, you have mentioned the fact that Jersey does have a register of beneficial ownership. But, this is not a public document. It is held by the Financial Services Commission and the information is given on request. Will that now become a public document so everyone can see it? Secondly, is the Minister also committing to moving away from a system where the knowledge of who owns trusts is held by the trust companies to having a central register held by the Financial Services Commission, which will contain that information? Will that also be a public document?

Senator I.J. Gorst:

I cannot see how that question arises from the O.E.C.D. convention. It does arise, of course, from my statement which I will be making in due course.

The Bailiff:

I do not know enough about the convention to know whether it arises out of it or not.

Deputy M.R. Higgins:

I think he could just give us an inkling now before later.

Senator I.J. Gorst:

The central register is not covered by the O.E.C.D. convention. That is a separate issue. I am looking forward to reminding Members of this particular area, because it is one where we lead the world.

The Bailiff:

We do have a statement on this, so perhaps we will deal with it then.

4.11.3 Deputy T.M. Pitman:

It is fine for the Minister to talk about the register and it is available on request. Is it not a fact that you almost have to know what is in there before you can ask about it? Is it not subject to what people might term fishing expeditions? If that is the case, how useful is it?

Senator I.J. Gorst:

I am not trying to be obstructive. But, I have at least another question on these related matters. If I answer in regard to every single issue that I have been involved in over the last number of weeks and commitments that I have given each time I stand up then we will be here all week.

The Bailiff:

Deputy, perhaps you can repeat the question, because I found it difficult to follow. Was it relating to registers or was it relating to the conventions ...

Deputy T.M. Pitman:

Yes, Sir. I was saying the Minister is making fairly big play out of the register, we have heard. All I am asking: do you almost have to know everything that is in that register ...

The Bailiff:

I think I have already said, the register apparently does not arise out of this convention, so we will deal with that when we get to the next matter. So, final question, Deputy Southern.

Deputy G.P. Southern:

I do not know what I can and cannot ask.

The Bailiff:

You can ask about ...

Deputy G.P. Southern:

I will ask about the automatic exchange of information, Sir.

The Bailiff:

Deputy, please do not continue talking when I am talking.

Deputy G.P. Southern:

Sorry.

The Bailiff:

You can ask questions which relate to your question.

4.11.4 Deputy G.P. Southern:

Right then, what consideration was given at these talks over the weekend or otherwise to country-by-country reporting for companies?

Senator I.J. Gorst:

I am afraid I would have expected the Deputy to have understood what he was asking in his question with regard to the convention. Of course, the convention does not cover country-by-country reporting either. There was no discussion in the meeting with the Prime Minister with regard to country-by-country reports, but as I am sure Members would expect, there was indeed discussion of that subject at the Open for Growth G8 meeting on Saturday afternoon. While it makes for an interesting proposal there are some issues which would need to be considered very carefully. Some companies are already providing information on that basis and there are arguments about how that should be done in the future.

Deputy G.P. Southern:

Supplementary, if I may, Sir. It relates to the answer.

The Bailiff:

The answer does not relate to the question originally posed, because your supplementary question apparently did not.

4.11.5 Deputy G.P. Southern:

Never mind. Does the Minister accept that country-by country-reporting is an essential step along the way to true transparency?

Senator L.J. Gorst:

That is a debate which is yet to be had. From my past experience, I know that it is indeed very difficult to get common accounting standards across Europe. It was a whole other issue when we introduced the American accounting standards. There is work that needs to be done there, because there is no point having country-by-country reporting unless the accounting basis upon which it is reported is, again, universal and is global in its application. Having said that, of course, some countries are already producing information on a country-by-country basis. Of course, part of the discussion on Saturday - totally unrelated to the original question, I hasten to add again - was about building capacity in developing countries. That is something that Jersey again is absolutely committed to.