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3.13 Deputy G.P. Southern of the Chief Minister regarding the potential impact of the abolition of non-domicile status in the U.K. on Jersey's economy:

We are on the finishing straight now on the first question time. What estimate, if any, does the Minister have for the potential impact of the abolition of non-domicile status in the U.K. on Jersey's economy and in particular on sub-sectors for the financial services industry?

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

Could I ask Senator Ozouf to answer this please?

Senator P.F.C. Ozouf (Assistant Chief Minister - rapporteur):

The details of the proposals to amend the non-domicile status in the U.K. are not yet known in detail. Until those details are known it is therefore not possible to assess any impact on such changes on the Jersey economy. It would, of course, depend on the actions of the people affected by the change in the U.K. in their own arrangements as to the extent to which Jersey may benefit or otherwise. It is worth saying that many non-domiciles, of course, use Jersey Financial Services for reasons that are not tax related and accordingly they are not expected to change these arrangements as a result of, necessarily, changes in the non-domicile regime that has been speculated and put in various manifestos.

Deputy G.P. Southern:

I thank the Minister for that answer but since it says there is nothing that we know concrete it would seem to be foolish to waste the Assembly's time by trying to pursue aspects of something we do not know quite what it is yet so I will come back to that at some future date.

3.13.1 Deputy S.Y. Mézec:

The proposition to abolish the status of non-domicile status comes from the Labour Party's manifesto which was released in its entirety yesterday. Has the Assistant Minister had the opportunity to look at this manifesto to, (a) see more details on this particular proposition but also other propositions which may end up affecting the Island in future, and (b) just to learn lessons about what a proper manifesto looks like?

Senator P.F.C. Ozouf:

I do not know whether or not I need lessons on manifesto. I can happily send mine to the Deputy if that is helpful. This is not a competition. We are independent politicians and many of us do not stand for party politics.

Deputy S.Y. Mézec:

He speaks for himself.

Senator P.F.C. Ozouf:

I am sorry?

The Deputy Bailiff:

Perhaps we will just let the Senator answer the question please.

Senator P.F.C. Ozouf:

Yes, we have looked in detail as we are assessing all of the party manifestos when they are being looked at and, of course, it must be said that Jersey has enjoyed good relations with Labour Governments, Conservative Governments, Coalition Governments, over many decades and clearly there is a U.K. political process underway. It is a matter for the U.K. population to elect a government and perhaps a coalition to be formed and I know that the Minister for External

Relations and the extent to which other Ministers are involved will, of course, be with the Chief Minister building good relations, positive productive relations, with any new incoming government. If there are issues in any of the manifestos, which we need to explain, we have, of course, been very successful in explaining the value of Jersey to Britain. I think there are many Labour M.P.s (Members of Parliament) and many Labour peers that understand the value of Jersey to Britain and the good work that we do in supporting the U.K. economy and international economy and of course we look forward to working with whoever the people of the United Kingdom elect as their government.

3.13.2 Deputy D. Johnson of St. Mary:

I think it is important to recognise the proposals of the Labour Party in their proper context. My understanding is that they relate to changing the remittance basis on which income is charged so that non-domiciles who in future pay tax on their worldwide income, not purely on the extent on which such income is remitted or the extent to which such capital gains are remitted. Those measures do not therefore, as I understand it, apply to inheritance tax and I venture to suggest that many non-domiciles and foreign nationals using the services of Jersey use those services primarily for that reason and not purely for income and capital gains tax.

Senator P.F.C. Ozouf:

Presumably: "Would the Minister agree" was the question. Yes, I agree with that and the Deputy makes the excellent point that many of the reasons why non-doms will be using Jersey will not be for some of the effervescent comments that are made in the media about the pejorative nature of certain aspects of financial services, *et cetera*. I think it is probably worth adding that of course I imagine any incoming government in the United Kingdom will be looking at the issue of competitiveness. It must be said of course that the City of London, as the European undisputed financial services centre, has been successful because of official arrangements that allow foreigners to come into the U.K. and serve either long or short periods of time in employment, whether that is the Bank of England Governor or whether or not it is leading members of international banks. No doubt a Labour Party, which has been very supportive of the City in the past, Mr. Balls particularly, of course I am sure that they will be looking carefully at the economic implications of any changes that we will make. But we will of course be constructive partners in that, and as and when appropriate explain our position on any impacts, but ultimately it is a matter for the U.K. Parliament and U.K. Ministers to decide, and we will always comply.

3.13.3 Deputy M. Tadier:

Is the Assistant Minister aware that now the public discourse with both major parties, including the Tories, is to move towards a publicly available register of beneficial ownership, and if so, what will the consequences of this be on the Island?

Senator P.F.C. Ozouf:

You are allowing wide questions, but I am happy to answer it, of course, in the general context of manifestos, but there is probably a link into the ... yes, of course we are aware of that issue and the Minister for External Relations, the Chief Minister, the Minister for Treasury and Resources have all been very clear about this issue. It is that we believe that our system of tough, effective trust and company regulation, the existence of a central registry, which we have had - unlike the United Kingdom - for decades which is accessible by law enforcement agencies, together with the oversight of our financial services industry which regulates trusts, unlike other places, is at least, if not better, a solution to dealing with the underlying issue, which is underlying the cause for a central beneficial ownership register. I would remind the Deputy of course, as he will know, that Jersey has been assisting the United Kingdom in providing technical assistance on building their central registry, which of course they do not have.

We welcomed their statement of a central registry when they announced it in May of 2013 and we engage actively with the U.K. on this important issue, but we believe our system is better. We believe it is more effective. We have had it for a long time and I think that our systems in relation to this matter stand up to international scrutiny and comply. The United Kingdom is the only country at the moment that is saying that they are going to have a public register of beneficial ownership; other countries have not agreed.

Deputy G.P. Southern:

I wanted to avoid the fluffy answer that we just had from the Minister and so I will not be pursuing this any further. As I said earlier, I will come back to it. For the enlightenment of Members, if I may, Sir, may I point out and congratulate the Chair on getting through Question Time in exactly 90 minutes? We have still got half an hour; we could have had a few more supplementaries. For future lessons perhaps we might learn about the pace at which questions go. We were cut short, some of us, on supplementaries today.

The Deputy Bailiff:

Thank you, Deputy. This is still part of Question Time and there was not really a question there at all.

Senator P.F.C. Ozouf:

I did not know whether I could ask a question as to whether or not the Deputy could explain why my answer was fluffy.

The Deputy Bailiff:

No, this is not possible in these circumstances.