

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY M.R. HIGGINS OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 12th APRIL 2016**

Question

Will the Chief Minister advise members what effect, if any, the leak of confidential documents from Mossack Fonseca in Panama is likely to have on Jersey as an international finance centre?

Answer

As the Chief Executive of Jersey Finance Limited has said there will always be a risk of Jersey being caught up, albeit most unfairly, in any general reaction by the international community, or individual jurisdictions, to the “Panama Papers” revelations . However there is much comfort to be drawn from the response of the OECD Secretary General, and others, to the revelations in focussing on Panama as a jurisdiction that has failed to adopt the international standards on transparency and exchange of information in tax matters, standards that are designed to ensure that there is no hiding place for tax evaders and those engaged in abusive tax avoidance.

The following action taken by Jersey has been well recognised by the OECD, by the UK Government and by other jurisdictions, and is reflected in an increasingly positive view of Jersey’s standing as a compliant and cooperative jurisdiction in meeting the international standards on transparency and exchange of information –

- Jersey has been a party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters since June 2014. Together with the TIEAs and DTAs that have been entered into, Jersey is currently in a position to exchange information on request with some 80 countries;
- Jersey is fully committed, as an ‘early adopter’, to automatic exchange of information in accordance with the international Common Reporting Standard and next year will be providing information to over 50 countries;
- Jersey has received commendations from the Secretary General of the OECD and the EU Tax Commissioner on the extent of Jersey’s commitment to and compliance with the international standards on transparency and information exchange;
- Jersey has a Central Register of beneficial ownership backed by effective regulation of trust and company service providers which has provided law enforcement authorities with adequate, accurate and current information on the beneficial ownership of Jersey incorporated companies . Through the trust and company service providers beneficial ownership information is also available in respect of foreign incorporated companies and trusts being administered in Jersey.
- Jersey has gained international recognition of its leading position from the World Bank, the IMF and Moneyval (the FATF style regional body for Europe) for the standard of compliance with the international standards of transparency and information exchange.
- Jersey is supporting the OECD BEPS programme and is currently engaged in consultation on the arrangements for information exchange through country by country reporting by MNEs .
- Jersey has taken steps to discourage the use of Jersey by those engaged in tax evasion and abusive tax avoidance. Following a statement made by the Chief Minister in July 2014 Jersey has further tackled the issues of tax evasion and abusive tax avoidance on three fronts:
 - i) Jersey Finance Ltd has issued a best practice document to finance industry practitioners;
 - ii) the financial regulator (JFSC) is looking for evidence of tax schemes being administered when undertaking on-site examinations;
 - iii) the government is refusing applications for licenses for the setting up of a business and the employment of staff where the activities are considered to pose a risk to the Island’s international reputation.

Jersey has long adopted this policy of seeking to be among those jurisdictions that are in the forefront in the adoption of the international standards on transparency and information exchange. It is firmly believed that the continued pursuit of this policy will help to secure a successful future as an international finance centre upon which the employment and incomes of Island residents and the funding through tax revenues of high quality public services will continue to depend. The international recognition of Jersey as a cooperative jurisdiction complying with the international standards has stood the Island in good stead to-date and the benefits derived from this reputation are not expected to be diminished by the events in Panama.