

2018.11.06

**9 Deputy M.R. Higgins of the Minister for External Relations regarding discussions with European Union officials in respect of economic substance requirements for companies based in Jersey: [OQ.183/2018]**

In relation to the Minister's proposals to meet the E.U.'s substance requirements for companies based in Jersey, will he explain whether these proposals have been discussed with E.U. officials and, if so, what their response to them has been?

**The Connétable of St. Ouen (Assistant Minister for External Relations - rapporteur):**

I thank the Deputy for his question. In response, officials in our government have been in close discussion with counterparts in the E.U. throughout last year, discussing the development of Jersey's response to the Code of Conduct Group on Economic Substance. This has included multiple meetings in Brussels with European Commission department officials responsible for taxes in this area, TAXUD, as well as conference calls and email correspondence. It is fair to say these discussions have been challenging but constructive with the intended result to both parties always being to draft the legislation that would address the Code of Conduct's concern on Economic Substance within Jersey, and the result of these discussions can be seen in P.132. This of course is in line with Senator Gorst's commitment to the States on November 2017, committing Jersey to address these concerns. Members will note that any final decision on the Code of Conduct Group process is made by the E.U.'s Economic and Financial Affairs Council, known as Ecofin. Ecofin is made up of the economists and finance ministers for all member states of the E.U. and is therefore a political council. The final decision of Ecofin is one that is ultimately up to the members of the council, but the Assembly should rest assured that this legislation is specifically designed to reach a positive conclusion in this process.

**4.9.1 Deputy M.R. Higgins:**

Can the Assistant Minister tell us whether the specific proposals in the proposition have been put to and discussed with the group in Europe? I know you have outlined all the discussions that have been going on for over a year; I am talking about a specific proposal and what the reaction has been to date.

**The Connétable of St. Ouen:**

I thank the Deputy for his question. The legislation that we have to be discussed in a few weeks' time has been specifically shared with E.U. officials and they are content that it will satisfy the requirements of the substance test.

**4.9.2 Deputy G.P. Southern:**

Could the Assistant Minister inform Members when he expects that approval to be granted from Ecofin; when will he be back in this House saying we have approval?

**The Connétable of St. Ouen:**

I thank the Deputy and it is one of his "when" questions. It is not a particularly easy answer. Jersey has until the end of this year to approve the legislation and at some stage in the early part of the new year the council will meet and will either approve it or not approve it. I am not able to give the Minister a specific date at the moment, but I will share that date with the Assembly as soon as I am aware of it.

**4.9.3 Deputy M.R. Higgins:**

Is the Assistant Minister able to tell us whether the proposals we are putting forward are also the same proposals being put forward by Guernsey and the Isle of Man and whether they have had any discussions with the European Commission as to the acceptability?

**The Connétable of St. Ouen:**

I thank the Deputy for his question. Jersey has been working with the other Crown Dependencies who have been developing their own legislation in this respect. They have also had discussions with the same groups and we believe their legislation is very similar to ours and will address the concerns in the same way. I have not read the Isle of Man or Guernsey's legislation but I am led to believe it is pretty similar to ours and does satisfy the concerns of the E.U. Commission as well.