

8. The Chief Minister will make a statement regarding discussions with the Prime Minister of the United Kingdom

The Bailiff:

Very well. So we come next to a statement which the Chief Minister will make regarding discussions with the Prime Minister of the United Kingdom. Chief Minister.

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

As Members know, I attended a private meeting at Downing Street at the weekend as part of the G8 ‘Open for Growth’ Meeting at Lancaster House. David Cameron invited Chief Ministers from all the Crown Dependencies in overseas territories to the meeting, where we discussed global information exchange and tax transparency in the run-up to the G8 summit. After the meeting, David Cameron commended the leadership we had shown in these areas, saying it would enable the U.K. to speak with a stronger voice at the G8 summit. Members will be aware that Jersey has a long track record of commitment to meeting global standards on tax transparency. We have already agreed to an enhanced tax information exchange agreement with the U.K. We have joined the pilot project, now embracing 17 E.U. states, that with the O.E.C.D. is seeking to achieve a single international standard for automatic exchange of information. We have agreed to join the Multilateral Convention on Mutual Assistance in Tax Matters, which will offer an accessible route to increase the number of jurisdictions able to benefit from information exchange. I firmly believe that if changes are to be made to the international financial system, then these should be done by all the key economic players, including the G8. I therefore support the multilateral approach that the U.K. Prime Minister is advocating and look forward to hearing of the action to be taken by the G8. To coincide with the G8 summit and to share in the G8 action to enhance transparency on beneficial ownership of companies, Jersey is publishing its own action plan today. This builds on Jersey’s existing leading position on beneficial ownership information, recognised by the World Bank, which forms a key part of our continuing commitment to tackling tax evasion and fraud. Jersey already holds a central Register of Beneficial Ownership of Companies. In addition, we regulate those who form and administer companies and trusts. They are required by statute to maintain up-to-date and accurate information on the ownership of those for whom they act. All the information held in the Island is available to tax authorities and law enforcement agencies on request. I am confident that the quality of this information meets current international standards and will allow us to meet any new international standards which are agreed by the G8 and applied globally. Jersey is committed to implementing the revised Financial Action Task Force standards in order to improve the transparency of beneficial ownership. This is a matter of good governance, as a means to tackle a wide range of illicit activity. The International Monetary Fund found Jersey to be fully or largely compliant with the earlier F.A.T.F. (Financial Action Task Force) standards and we are confident of a similar outcome when Jersey is next independently assessed in 2015. Our action plan makes it clear that Jersey will support improvements in international co-operation, including the timely and effective exchange of beneficial ownership information, in compliance with international standards. We also hope to be directly involved in the work necessary to develop these new international standards, particularly through our role as advice chair of the peer review group of the O.E.C.D. Global Forum on Transparency and Exchange of Information for Tax Purposes. At the G8 Open for Growth event on Saturday, presidents of African countries spoke of their need for assistance. I believe we can use our own experience to be part of the solution for improving global standards. Last year, we contacted the African Tax Administration Forum, the U.K. Department for International Development and others, offering to provide technical assistance to developing countries to help improve the capacity of their tax administrations in combating tax evasion and avoidance. We will continue to comply with international standards, respond promptly and effectively to requests for information from tax authorities or law enforcement agencies and give every assistance to developing countries. As

Members will be aware, we have fully signed-up to the G8 agenda on beneficial ownership and I have welcomed the Prime Minister's leadership and willingness to work in partnership with us in seeking a step change in international standards through the U.K.'s G8 presidency. Taken together, the events of the last few days mark an important turning point for the Island. There is now, perhaps for the first time, recognition of what Jersey has already achieved in financial regulation and this has put beyond doubt the Island's commitment to combating tax evasion. On the basis that the international community moves ahead together on a new global standard for tax information exchange, our financial services sector can look forward to a positive and confident future. I thank Members for their continued support on this vital agenda.

The Bailiff:

Very well. Members have the opportunity to question the Chief Minister. Deputy Higgins.

8.1.1 Deputy M.R. Higgins:

Would the Chief Minister tell us, the Register of Beneficial Ownership that we have at the present time is a closed document, it is not available to the public, it is available to the Financial Services Commission, and equally, trust company ownership is not known to the Financial Services Commission, it is only revealed if the Commission goes to a trust company and asks who the beneficial owners are of a particular trust. Is that information now going to become a public document, so in other words, is the existing register we have now going to be open to the public to see rather than have to apply for? Secondly, will there be a central register of trusts as opposed to the current system?

Senator I.J. Gorst:

Let me just start by being absolutely clear on the position we find ourselves in in this regard. We are at the forefront. I fail to be aware of any jurisdiction that already has the Central Register of Beneficial Ownership as we have in Jersey. In fact, many jurisdictions across Europe do not even have that information available by corporate service providers and therefore we should be congratulating previous Governments, the Jersey Financial Services Commission and Jersey Finance for the work that we have done and the lead that we are providing in this area. What we see proposed over the last few days is jurisdictions, including the United Kingdom, proposing to meet the same standards that we meet. It is not, as the Deputy suggests, proposed that the United Kingdom will have a public register. What is being proposed and what will be discussed today at the G8 is a central register which mirrors Jersey's model, which is why I was able to talk about that in my meeting with the Prime Minister on Saturday.

8.1.2 Deputy M.R. Higgins:

The Chief Minister has a habit of waffling on about lots of things to minimise the amount of time he answers questions. The question simply was our register at the moment... yes, we have a register and it is something that we should be proud of. It is not open to the public. You cannot just walk into the Commission and just look at a company and see who owns it. Is that information now going to be totally transparent and available to the public? Secondly, is the Prime Minister and the U.K. trying to get a central register of trusts where the same information is contained?

Senator I.J. Gorst:

I did answer the Deputy's question, and I am enjoying answering the Deputy's questions, because what we have heard over the last number of weeks and days is other jurisdictions saying that they are going to commit to a central register of beneficial ownership and thereby following the Jersey model. There is not a proposal, as far as I am aware, to go beyond what Jersey already does.

8.1.3 Deputy G.P. Southern:

I think we are due to have a redefinition of the word “automatic” the way we used to have the redefinition of the word “sustainable” so that just to summarise, who would have access and under what conditions to the Central Register of Beneficial Ownership of Companies? Will it be automatic? I believe it seems to be, as we are now, on request, which leaves us to go on with tax competition and tax avoidance in this offshore finance sector.

Senator I.J. Gorst:

Standards are evolving and they are evolving very quickly. The O.E.C.D. convention, as I said, is about automatic exchange of information, but while it is called a multilateral convention, obviously formal agreement - if I might use that term - will need to be agreed between countries once this Assembly has agreed the Regulations, should they do so, to bring it into effect. But information will be then available automatically to tax authorities and law enforcement agencies in those countries. Of course, what we know at the same time is that the United States has produced something called F.A.T.C.A. (Foreign Account Tax Compliance Act) and the United Kingdom is trying to engage in F.A.T.C.A.-type agreements with other jurisdictions. We have got the G5 pilot, which now 17 E.U. states have agreed to join, and what they are doing is looking at a new standard altogether, possibly based on F.A.T.C.A., but more likely delivered through the O.E.C.D. So it is a changing situation, and to some extent - I do not want to use the word “competition” - the Americans would like to see one standard, the U.K. is looking at another standard, the Europeans potentially would like to see an extension of the E.U.S.D. (European Union Savings Directive) and the O.E.C.D. are of course the international standard setter, and so therefore they are involved as well.

8.1.4 Deputy G.P. Southern:

A supplementary, Sir. We are still in the area of defining “automatic.” Does that “automatic” mean by request, as it does in the fifth paragraph, or does it mean otherwise? Is there a timescale for the publishing, making public the Register of Beneficial Ownership?

Senator I.J. Gorst:

Perhaps the Deputy has not been listening to the answers that I have given to his question and previous questions with regard to the Central Register of Beneficial Ownership of corporations. The register is not public and at this point, other jurisdictions are quite simply making proposals that would bring them up to the Jersey standard, which would not be public either.

8.1.5 Senator L.J. Farnham:

Can I congratulate the Chief Minister and the Minister for Treasury and Resources for their strong representation of the Island in London at the weekend, and can I ask the Chief Minister what assurances he received from the Prime Minister on the subject of an even playing field, and given Britain’s position with their dependencies and territories, were they not to receive the same amount of commitment from the other G8 members, what would be the position?

Senator I.J. Gorst:

I thank the Senator for his words there, and perhaps I would like to publicly thank the Minister for Treasury and Resources and my official that accompanied me on Saturday in London. The reason I have confidently been able to support the United Kingdom Prime Minister’s approach and his agenda for the G8 summit is because it is in Jersey’s best interests to see standards globally applied and for standards to be global standards, and I believe that, I hope, the Prime Minister is successful in his conversations with other G8 members today and that they will indeed produce action plans which will be able to be delivered in due course, because I believe it will increase Jersey’s competitive advantage if all comply and have the same high standards that we currently have.

8.1.6 Deputy M. Tadier:

Does the Chief Minister agree that tax is not simply a budgetary consideration, but that it is also a moral issue?

Senator I.J. Gorst:

It seems I am trying to be drawn on a number of areas, which I do not think effectively are my competency.

[12:45]

I do not see it in those terms. Tax allows governments to provide services for the community, and each government makes sometimes difficult decisions about its tax rates, where it will gather tax from and then therefore where it will apply them to. Therefore, I suppose in that regard it is about social cohesion and one could argue that there is a moral implication to how governments and communities approach tax.

Deputy M. Tadier:

A supplementary, Sir, if I may. It was ...

The Bailiff:

I am sorry, Deputy, time has run out.

Deputy M. Tadier:

I was trying to put in the good training that the Solicitor General gave us.

The Bailiff:

Oh, I see.

Deputy M. Tadier:

That is a shame.

The Bailiff:

There will be other occasions, no doubt, when you can put it into practice. Very well.