

Dr Werner Langen  
The Chair  
Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion (PANA)  
European Parliament  
60 Rue Wiertz  
Altiero Spinelli 13E105  
B-1047 Brussels  
Belgium

10 April 2017

Dear Dr Langen,

Thank you for your letters to us of 4 April 2017 inviting us to have an exchange of views with the PANA Committee at its session on 9 May 2017.

Guernsey and Jersey have long sought to strengthen our engagement with the European Parliament on the issues being addressed by the PANA Committee. In May 2015 we met with the Chair of the TAXE 1 Committee and we subsequently made a written submission to that Committee. As you know, in March 2016, our representatives participated in a hearing of the TAXE 2 Committee. Over the past two years we have also taken advantage of our regular visits to Brussels to have a valuable informal exchange of views with MEPs from a range of political groupings and nationalities.

We value this engagement, and we hope that it has been of mutual benefit. We are keen to sustain it and build upon it. We therefore accept your invitation and, as notified already to the Secretariat, we have asked our senior officials responsible for international tax and financial crime policy to represent Guernsey and Jersey at the session. They are:

Guernsey

Rob Gray, Director of International Tax Policy,  
Richard Walker, Director of Financial Crime Policy

Jersey

Colin Powell, Adviser on International Affairs to the Chief Minister  
George Pearmain, Lead Policy Adviser: Financial Crime

All four officials have extensive experience.

We are annexing as part of this letter a note prepared by the Channel Islands Brussels Office which we hope will be useful background in advance of the Committee's exchange of views with the Guernsey and Jersey representatives. We understand that you will be providing us with a set of questions on which you would wish to have our answers ahead of the hearing and we would be pleased to have these questions as soon as possible.

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No doubt the questions will give a guide to what your Committee will wish to focus on but the following highlights some key points taken from the attached note as evidence of our compliance with the relevant international standards and initiatives –

1. Transparency and exchange of information on request: both Guernsey and Jersey are rated by the Global Forum on Transparency and Exchange of Information for Tax Purposes as largely compliant, a rating shared with amongst others Germany, Italy, the UK and the USA;
2. Automatic Exchange of Information (AEOI) of financial account information: both Guernsey and Jersey were “early adopters” of the Common Reporting Standard on AEOI approved by the OECD Council on 15 July 2014, and passed domestic legislation to bring the standard into effect from 1 January 2016;
3. Fair tax competition: both Guernsey and Jersey have been assessed by the Code of Conduct Group on Business Taxation and their tax systems were found not to be harmful according to the Code criteria;
4. G20/OECD BEPS Standards: both Guernsey and Jersey are committed to the BEPS standards, are part of the BEPS Inclusive Framework, and have taken early action on Country by Country Reporting (BEPS Action 13);
5. AML/CFT standards: both Guernsey and Jersey are active areas of MONEYVAL (the European Regional body of the FATF) and have recently been assessed against the FATF Recommendation. Both jurisdictions were rated in the highest tier of jurisdictions assessed under the last round of assessments against the FATF Recommendations, and particularly so regarding the identification of beneficial owners and controllers of legal persons and legal arrangements.
6. Exchange of Beneficial Ownership information with other jurisdictions: both Guernsey and Jersey have a strong record of exchanging information on beneficial ownership and control of legal persons and legal arrangements with law enforcement and tax authorities in other jurisdictions to their declared satisfaction. In 2016, Guernsey and Jersey signed an ‘Exchange of Notes’ with the UK Government to enhance beneficial ownership information exchange between Guernsey and Jersey and the United Kingdom, this will come into effect on 30 June 2017 and will provide for information exchange in 24 hours (on a normal request) or 1 hour where the matter is urgent.

We would also draw your attention to the reference in para 12 of the attached note to the quote from Commissioner Moscovici after his meeting with us on 13 January 2016. The Commissioner stated:

*"I very much welcome the continued active engagement of Guernsey and Jersey in the key international initiatives for fighting tax evasion, fraud and abusive tax avoidance, in which they are important partners of the EU. Their implementation of the Common Reporting Standard on automatic exchange of information from the 1st January, and their support of the BEPS programme, alongside the EU Member States, are particularly noteworthy and reinforce their standing as cooperative jurisdictions."*

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That sense of partnership is certainly how we also see it. The statement also reflects two key principles to which we attach great importance - compliance with relevant international standards and pursuing a good neighbour policy in our relationship with the EU. We hope that the Commissioner's assessment of us as cooperative jurisdictions is one shared by you and the members of your Committee, and we believe that the exchange of views at the hearing on 9 May will help contribute to this understanding.

We understand that letters of invitation to PANA hearings and the replies to those letters (with any annexes) are published on the PANA website.

Yours sincerely,



Deputy Gavin St Pier  
Chief Minister  
States of Guernsey



Senator Ian Gorst  
Chief Minister  
Government of Jersey

## THE CHANNEL ISLANDS AND THE EUROPEAN UNION

### TAX COOPERATION

#### Executive Summary

*"I very much welcome the continued active engagement of Guernsey and Jersey in the key international initiatives for fighting tax evasion, fraud and abusive tax avoidance, in which they are important partners of the EU [...] and reinforce their standing as cooperative jurisdictions." (Pierre Moscovici, EU Commissioner, January 2016)*

*"I congratulate Guernsey and Jersey on their efforts toward implementing the BEPS package, and on their important role in advancing greater international tax cooperation and transparency." (Angel Gurría, OECD Secretary General, October 2016)*

Guernsey and Jersey (the Channel Islands) have been recognised through their actions to be reliable, active and cooperative partners of the EU and of the wider international community. Guernsey and Jersey have:

- Corporate tax policies based on two key principles: non-discrimination between resident and non-resident owned companies; and tax neutrality combined with transparency and information exchange. Both principles are underpinned by strong general anti-avoidance rules (GAAR).
- Voluntarily committed to EU Code of Conduct on Business Taxation since 2003. Their corporate tax regimes were assessed by the Code peer review process. They agreed to change domestic legislation to remove elements identified as harmful by the Code Group to ensure continued compliance with the Code, and were accepted as being Code compliant in 2011/2012. The Code Group thus confirmed that Guernsey and Jersey's tax regimes are not harmful as defined by the Code because the zero rate of corporate tax applies to resident and non-resident companies and because zero is the level of corporate taxation which generally applies.
- Voluntarily entered into equivalent bilateral arrangements with all Member States under the EU Savings Directive (EUSD) in 2004. Committed to the early adoption of the global Common Reporting Standard (CRS) on automatic exchange of information (AEOI), which was implemented into domestic legislation with effect from 1 January 2016 (and supersedes EUSD arrangements following repeal of EUSD).
- Accepted an invitation to join OECD and G20 nations in the Base Erosion and Profit Shifting (BEPS) Inclusive Framework at its inaugural meeting in June 2016. Both are committed to implementing the BEPS minimum standards, and have already introduced into domestic law the OECD standard for country by country reporting (CBCR) by large multinational corporations (BEPS Action 13).
- Been assessed by MONEYVAL, in reports published in 2016, as being amongst the best jurisdictions in the world when measured against international standards for tackling money laundering and terrorist financing.

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- Been internationally recognised as leaders in the provision of accurate, adequate and timely information on the beneficial ownership of companies; and are among those jurisdictions, including all EU Member States, that have committed to the new initiative to develop and implement a new global standard for the automatic exchange of beneficial ownership information.
- Internationally respected systems of financial regulation. Assessed in the top tier by the Financial Stability Board.
- Data protection regimes which the Commission has assessed as meeting EU standards.

### Introduction

1. The Channel Islands (“the Islands”) consist of the Bailiwicks of Guernsey and Jersey. They are British Crown Dependencies. They are not part of the United Kingdom, but the UK has ultimate responsibility for their external affairs and defence. The Islands enjoy a high degree of autonomy, including their own fiscal and judicial systems, and receive no financial subsidy from the UK or the EU. By virtue of Protocol 3 of the UK’s Accession Treaty, the Islands are part of the Customs Union and within the Single Market for the purposes of trade in goods, but are third countries (i.e. outside the EU) in all other respects.
2. The UK referendum in June 2016 means that when the UK leaves the EU, Protocol 3 will no longer apply. However the relationship and the cooperation between the Islands and the EU in areas outside Protocol 3, including tax and financial services, are unaffected by the UK referendum result as the Islands’ existing status as third countries is unchanged.
3. The OECD Convention was extended to Guernsey and Jersey in 1990 and they are part of the UK for the purposes of its membership of the OECD. OECD Decisions and Recommendations apply to Guernsey and Jersey to the same extent as they do to the UK unless the contrary is specifically stated in a particular case.

### The Channel Islands as international financial centres

4. Both Guernsey and Jersey are significant net providers of liquidity and investment funds to the European economy, as has been demonstrated by various independent studies. For both Islands combined the level of banking deposits is around £207 billion and of funds is around £466 billion. These deposits and funds are drawn into the UK and the rest of Europe largely from the rest of the world and the Islands’ marketing efforts are directed at increasing this flow from the Far East, Gulf and other wealth creating countries outside of Europe.

### Tax policy in the Channel Islands

5. Public finances around Europe remain under pressure and EU Member States are seeking to maximise tax revenues, including by reducing tax evasion and fraud, and to prevent abusive tax avoidance. The Chief Ministers of Guernsey and Jersey have both made clear that the Islands have no desire or need to harbour abusive schemes and will continue to work with international tax authorities to eliminate them.

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6. The Islands have the same need as EU Member States to protect their public finances, which are also totally dependent on direct and indirect taxation regimes designed to meet the domestic economic needs of each jurisdiction. For individuals the standard and maximum rate of income tax is 20%. Since 2008 the standard corporate rate of tax has been 0%, certain financial service activities are taxed at 10% and utilities (e.g. providers of telephone services) and companies deriving income from an interest in local property are taxed at 20% (as are large retailers in Guernsey, from 2016).
7. The tax policy of each Island is underpinned by strong general anti-avoidance rules (GAAR). In addition there are no allowances or exemptions of the sort found in many other countries which have the effect of producing effective rates of corporate tax much lower than the headline rate. With their relatively simple tax structures the Islands also have no call for tax rulings of the kind found in many other jurisdictions.
8. Although it is sometimes argued that the very existence of a standard rate of 0% corporate tax is harmful and contributes to tax avoidance, it should be recalled that the OECD itself has confirmed that “low or no taxation” is not of itself harmful – it is only harmful if it is discriminatory and is combined with lack of transparency and information exchange, neither of which is the case in either Guernsey or Jersey.
9. The standard rate of 0% corporate tax is based on two key principles. One is the Code Group principle of non-discrimination between resident and non-resident owned companies. The other is the principle of tax neutrality combined with transparency. As international finance centres, Guernsey and Jersey act as “financial entrepôts” in facilitating the investment of funds drawn from around the world into European financial markets. The return to the investors should be taxed in their home country and the business activity generated by the investment in Europe should be taxed in the jurisdiction where that activity takes place.
10. Because Guernsey and Jersey do not have many Double Taxation Agreements (DTAs) with EU Member States, there is a need to adopt a tax neutral regime - i.e. one which avoids additional taxation simply because of the use of a fund structure – in order to avoid discouraging these investment flows which in turn contribute to jobs and growth in the EU. The Guernsey and Jersey governments recognise however that for tax to be levied where it is properly due, it is necessary for the countries concerned to have information to help them with their tax assessments.
11. With this in mind Guernsey and Jersey have given their full support for the transparency principles central to the current G20, OECD and EU tax initiatives. The Islands have common cause with the EU in tackling tax evasion, fraud and aggressive tax avoidance and believe these objectives are best achieved by working in partnership, as part of the wider international community, in the development and effective implementation of internationally agreed standards, including those set by the FATF and the OECD.

#### The Channel Islands as partners of the international community

12. The Islands believe they have shown themselves by their actions to be reliable, active and cooperative partners of the EU and of the wider international community. This idea of partnership was shared by Pierre Moscovici, the EU Commissioner for Economic and Financial Affairs, Taxation and Customs. After meeting with the Chief Ministers of Guernsey and Jersey on 13 January 2016, the Commissioner commented publicly:

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*"I very much welcome the continued active engagement of Guernsey and Jersey in the key international initiatives for fighting tax evasion, fraud and abusive tax avoidance, in which they are important partners of the EU. Their implementation of the Common Reporting Standard on automatic exchange of information from the 1st January, and their support of the BEPS programme, alongside the EU Member States, are particularly noteworthy and reinforce their standing as cooperative jurisdictions."*

#### The development of cooperation with the EU

13. The cooperation with the EU goes back to 2003 when the Islands voluntarily committed to the EU's Code of Conduct on Business Taxation. The Guernsey and Jersey corporate tax regimes have both been assessed by the Code peer review process (most recently Jersey in 2011, and Guernsey in 2012). The rollback measures to remove the harmful elements identified by the Group were speedily implemented to ensure continuing compliance of the regimes with the Code.
14. In 2004 Guernsey and Jersey voluntarily entered into bilateral arrangements with all Member States under the EU Savings Directive (EUSD) and they each have many Tax Information Exchange Agreements (TIEAs) and Double Taxation Agreements (DTAs) signed. All are in force with the exception of those that are waiting for ratification by the partner jurisdiction, and a small number that have been recently signed.
15. Guernsey and Jersey thus have legal frameworks for exchange of information on request (EOIR) with all Member States, either through a TIEA or DTA or through the Council of Europe/OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Guernsey and Jersey are rated largely compliant by the OECD Global Forum in respect of EOIR (the same rating as the UK and Germany),

#### Automatic exchange of information

16. Guernsey and Jersey committed in May 2013 to join the initiative of the G5 countries on establishing and piloting an international standard for automatic exchange of information (AEOI) between tax authorities. In late 2013 they signed intergovernmental agreements (IGAs) with the US (under FATCA) and with the UK (based on FATCA). In 2014 they acceded to the Multilateral Convention.
17. Building on the G5 initiative, the Islands joined in the joint statement on 19 March 2014 committing to the early adoption of the global Common Reporting Standard (CRS) on AEOI with the first exchange of information in relation to new accounts and pre-existing individual high value accounts taking place by the end of September 2017. Guernsey and Jersey have been closely involved in progressing this work under the auspices of the OECD. Jersey is a vice-chair of the AEOI working group of the Global Forum on Tax Transparency, of which Guernsey is also a member. Guernsey is also a member of the Peer Review Group of the Global Forum.
18. On 29 October 2014 Guernsey and Jersey were among over 50 jurisdictions to sign the Multilateral Competent Authority Agreement (MCAA) in Berlin as a further step towards implementation of the CRS. Following the repeal of the EUSD by the EU on 10 November 2015, the existing arrangements between the Islands and EU Member States under the EUSD, which are limited to the interest income of individuals, have been replaced by

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automatic exchange of information from 2016 under the CRS in respect of a much wider range of entities and financial information.

19. Guernsey and Jersey sent letters to all Member States within one week of the repeal of the EUSD to confirm the suspension of the bilateral EUSD arrangements and to give the required notice of their termination, and to confirm the move to AEOI under the CRS from 1 January 2016 (with first exchange by September 2017, except in the case of Austria which will be one year later). Domestic legislation implementing the CRS was in force in both Islands by the end of 2015. In substance this delivers the same outcome as that achieved by the EU's new agreements on AEOI with Andorra, Liechtenstein, Monaco, San Marino and Switzerland,
20. Guernsey and Jersey have developed active dialogue with the European Parliament on tax issues. The Chief Ministers of Guernsey and Jersey met with the Chair of the European Parliament's special Committee on tax rulings (TAXE 1) in May 2015 and both Islands voluntarily provided written submissions to the Committee. In March 2016 officials from the Islands gave evidence at a hearing of the second special Committee (TAXE 2).

### Blacklists

21. Some EU Member States include within their tax legislation a list of third country jurisdictions in regard to whom the Member State applies predefined tax measures or tax policies (e.g. a higher rate of withholding tax or enhanced due diligence procedures by financial institutions). These so-called "national blacklists" are based on assorted criteria – in some cases linked to rates of taxation and in other cases to non-cooperation (itself defined in different ways – most commonly linked to the existence of a TIEA or similar exchange of information instrument).
22. The Commission, in its Recommendation to Member States of December 2012, defined good governance in tax matters by third countries in relation to adherence to international standards of transparency and cooperation, and the absence of harmful tax measures as set out in the EU's Code of Conduct. The Commission recommended that Member States should remove jurisdictions from their national blacklists which meet these good governance standards.
23. With the combination of Agreements for Exchange of Information on Request, support for AEOI as an "early adopter" of the CRS, and general support for international tax initiatives and the EU principles of good governance, Guernsey and Jersey believe there are no grounds for their inclusion in any blacklists of so-called "non-cooperative jurisdictions". They are actively working with those Member States that still include them on their national list to achieve de-listing.
24. The Islands believe that jurisdictions identified by Member States solely on the basis of Controlled Foreign Corporation (CFC) legislation, or the need for enhanced reporting obligations based on tax rates, cannot be regarded as "black listed". This is because most countries which have CFC legislation do not see the need to have a list; and those that do have a list say they have it simply as information for the private sector.
25. On 8 November 2016 EU Finance Ministers (ECOFIN) adopted conclusions on the criteria for establishing a common EU blacklist by the end of 2017 of "non-cooperative" jurisdictions.

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These criteria relate to transparency and exchange of information; fair tax competition; and G20/OECD BEPS standards (see paragraph 29 below).

26. Guernsey and Jersey are among over 90 jurisdictions to have received a letter from the EU in January 2017 inviting them to participate in the “screening” of jurisdictions by the EU. Both governments have confirmed their willingness to engage with this screening process and have stated that they are confident of being able to satisfy any objective evaluation against the EU’s tax good governance criteria, given their strong record of cooperation and of implementation of international standards.
27. Both islands fully satisfy the tax transparency and anti-BEPS criteria; and fair taxation is to be judged according to the existing Code Group criteria which Guernsey and Jersey have already been assessed as satisfying.

#### Base erosion and profit shifting (BEPS)

28. The Governments of Guernsey and Jersey have expressed clear and full support for the actions being taken under the BEPS initiative to reach a globally fair and modern international tax system. In 2016 Guernsey and Jersey accepted the OECD’s invitation to become BEPS Associates and Members of the newly-established OECD BEPS Inclusive Framework. The purpose of the Inclusive Framework is to ensure the effective implementation of BEPS on a global basis, similar to the role of the Global Forum on international tax transparency.
29. As BEPS Associates, the Islands are able to contribute to the overall development of the BEPS programme through policy dialogue and exchange of information – participating on an equal footing with OECD, G20 and many other countries and jurisdictions, including a significant number of developing countries.
30. BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations where there is little or no economic activity. The BEPS package provides 15 Actions that will equip governments with the domestic and international instruments needed to tackle BEPS. Countries will have the tools to ensure that profits are taxed where economic activities generating the profits are performed and where value is created. These tools will also give businesses greater certainty by reducing disputes over the application of international tax rules and standardising compliance requirements.
31. The basic proposal that profits should be taxed where the economic activity that generates the profits is carried out, and where value is created, fits well with Jersey and Guernsey’s historic policy of requiring regulated financial institutions such as the banks to have a real physical presence and to be of substance.
32. The Islands are watching closely the action being taken by members of the G20, the OECD and the EU to implement BEPS, particularly in respect of those parts of the package of measures developed under the BEPS project which are of greatest relevance for the Islands. The Islands have therefore noted the EU’s adoption in July 2016 of the Anti-Tax Avoidance Directive (ATAD).

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33. All BEPS Associates are committed to consistent implementation of the BEPS package, including its four minimum standards. Implementation of country by country reporting (CBCR) under Action 13 is one of the four minimum standards. Following industry and public consultations, Guernsey and Jersey have introduced legislation to implement into domestic law the OECD standard for extending the scope of AEOI to exchange of CBCR between tax authorities by large multinational corporations. In the EU this has been implemented through the further amendment to the Administrative Cooperation Directive (DAC4) adopted in May 2016.
34. In conjunction with the adoption of the domestic legislation, Guernsey and Jersey signed on 21 October 2016 the OECD multilateral CBCR instrument that opened for signature on 27 January 2016. Commenting on this, the OECD Secretary General, Angel Gurría, said: *“I congratulate Guernsey and Jersey on their efforts toward implementing the BEPS package, and on their important role in advancing greater international tax cooperation and transparency.”* Guernsey and Jersey are members of the ad hoc working group established by the OECD to monitor international implementation of CBCR, and Jersey is a member of the Steering Group of this body.
35. Guernsey and Jersey are members of the OECD ad hoc working group that has developed the multilateral treaty to implement BEPS treaty related measures and amend bilateral treaties. They will sign this Multilateral Instrument at the signing ceremony at the OECD on 7 June 2017. As BEPS Associates, Jersey and Guernsey participate actively in the various BEPS Working Groups, especially in areas that are most relevant to the Islands’ economies.

#### Tackling financial crime

36. Guernsey and Jersey have both been assessed as being amongst the best quality financial centres in the world when measured against the historic 2003 international standards for tackling money laundering and terrorist financing set by the Financial Action Task Force (FATF). Both have had tax crimes as a predicate offence for anti-money laundering purposes for more than a decade. Both Islands have recently been reviewed by MONEYVAL. The assessments were published on the MONEYVAL website in January 2016 (Guernsey) and March 2016 (Jersey). (As with other jurisdictions, these assessments were carried out by MONEYVAL against the 2003 FATF standards. The cycle of assessments against the new 2012 FATF standards has only just started. Guernsey and Jersey expect to be next assessed in 2020).
37. The Islands have been internationally recognised as leaders in the provision of accurate, adequate and timely information on the beneficial ownership of companies. This position is also reflected in the roles the Islands play in the work of the European Business Registry.
38. The Islands are committed to compliance with FATF Recommendations 24 and 25 on transparency and beneficial ownership of legal persons and legal arrangements, reflected also in the EU 4th AML Directive. Guernsey and Jersey are among those jurisdictions, including all EU Member States, to have committed to the initiative to develop and implement a new global standard for the automatic exchange of beneficial ownership information. This initiative was launched by the G5 countries in April 2016 following the Panama Papers scandal. It is being taken forward by the OECD and FATF at the request of the G20.

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39. With respect to trusts and companies, Guernsey and Jersey have had legislation in place to regulate Trust and Company Service Providers (TCSPs) since 2000 and such persons are required to hold, and keep up to date, beneficial ownership information for all structures administered by the TCSPs. That information is then available to the financial regulator and law enforcement authorities and can be provided to competent authorities in other jurisdictions using gateways provided for in the legislation, as well as under the Islands' tax and mutual legal assistance (MLA) agreements.
40. MONEYVAL, in its March 2016 report on Jersey, stated that Jersey's combination of a central register of ultimate beneficial ownership with a high level of vetting and evaluation not found elsewhere and regulation of TCSPs of a standard found in few other jurisdictions "has been widely recognised by international organisations as placing Jersey in a leading position in meeting standards of beneficial ownership transparency."

#### Financial regulation

41. Guernsey and Jersey have robust and internationally respected systems of financial regulation. Banking secrecy does not exist in Guernsey or Jersey and, as noted above, both Islands are world leaders in the regulation of trust providers.
42. The Financial Stability Board (FSB) in November 2011 published the result of its assessment of jurisdictions' adherence to regulatory and supervisory standards on international cooperation and information exchange. Jurisdictions were placed in one of three groups, depending on their level of adherence and Guernsey and Jersey were placed in Group 1, the top group, which consists of those jurisdictions "demonstrating sufficiently strong adherence to the relevant international standards". This Group 1 status was re-confirmed in the 2014 update report published by the FSB.
43. The Islands' financial regulators have developed excellent regulatory cooperation with their EU counterparts, including with the new European Supervisory Authorities. Guernsey and Jersey were among the first jurisdictions whose regulators concluded Memoranda of Understanding with most EU/EEA states with respect to market access for national private placement regimes under the Alternative Investment Fund Managers Directive (AIFMD). These memoranda were negotiated by the European Securities and Markets Authority (ESMA). In July 2016 ESMA recommended to the Commission that passporting under AIFMD should be extended to Guernsey and Jersey – once again, as with their July 2015 advice, an unqualified positive recommendation.

#### Data protection

44. The protection of personal data is vital for public bodies, including tax and regulatory authorities. Guernsey and Jersey's domestic data protection legislation is based on EU law. Guernsey and Jersey are among a small group of third country jurisdictions that have been officially assessed as meeting current EU data protection standards and granted equivalence ('adequacy') through individual Commission Decisions. Following the adoption of the new EU General Data Protection Regulation (GDPR) in May 2016, the Islands are committed to implementing the new standards on the same timetable as EU Member States (by May 2018).

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### Tax and development

45. The Islands recognise the importance of tax issues for the international development agenda. They are actively exploring ways of helping developing countries to enhance their revenue raising capacity, working in collaboration with other international partners. Both Islands have put in place legislation designed to stop creditors, including so-called “Vulture Funds”, from pursuing inequitable payments from “heavily indebted poor countries” (as defined by the IMF/World Bank) through the Guernsey and Jersey courts.
46. They are actively engaged in international efforts to help developing countries recover assets illicitly moved out of their countries. Channel Islands authorities have assisted in prosecutions affecting jurisdictions as diverse as Brazil, Kenya, Indonesia, Nigeria, Norway, Denmark, South Africa and the United States, resulting in significant restraint of assets or their confiscation and repatriation.
47. Notable examples are Jersey’s identification and return of over US\$160 million to the Nigerian Government, following investigation into corruption involving General Abacha, and the case of Garnet in Guernsey, which is preventing the transfer of EUR 36m related to Tommy Suharto of Indonesia, and which the Guernsey authorities successfully defended under judicial review.
48. An independent report in 2014 (“Jersey’s value to Africa” by Capital Economics) highlighted the important role that the Islands can and are playing by providing a safe and well-regulated business environment which can facilitate access to the investment funds which Africa needs to fulfil its economic potential.

*Channel Islands Brussels Office, 10 April 2017*