

## The Tax Justice Network - Press release

### Jersey - still a tax haven

#### For immediate release

26 June 2007

The Tax Justice Network is submitting written evidence to the US Senate Finance Committee on 28 June. The submission, entitled 'Jersey - Still a Tax Haven', is a response to the submission made by the Chief Minister of that Island to the US Senate Finance Committee as part of its hearings entitled "Offshore Tax Evasion: Stashing Cash Overseas".

Jersey claimed in its submission that it was:

*a long standing international finance centre providing a wide range of financial and professional services and in compliance with international standards. It is no part of Jersey's policy to assist directly or indirectly the evasion of taxes properly payable in other jurisdictions. Such business is actively discouraged.*

In its submission the Tax Justice Network shows that this is not true. It does instead show that Jersey remains dedicated to all the hallmarks of tax haven activity as identified by the OECD.

More worryingly, the six authors of the report, three of them UK based professors, identify a significant trend in recent changes in law and regulation that suggests that Jersey is doing all it can to make life harder for regulatory authorities seeking to obtain information on what happens there. At the same time it is making life for the tax evader a whole lot easier.

Richard Murphy, principal author of the report said:

"Jersey's claims do not stack. It's heading for 0% corporation tax. It's exempting its financial services industry from its new sales taxes. It's got just five tax treaties, all of them inconsequential and little used. And it's changing its money laundering rules so that the States of Jersey no longer need to know the beneficial owners of companies. In addition banks in the Island will soon not need to prove a person's address before opening an account for them".

John Christensen of the Tax Justice Network added:

"Most worrying, Jersey has introduced a whole range of new opportunities for the tax dodger. Jersey trusts are now legitimised sham arrangements. Protected cell companies incorporated in the island are claimed by some to be 'an impenetrable wall against creditors and prying eyes' and Jersey's new redomiciliation laws mean that companies subject to enquiry can flee to another jurisdiction before any action can be taken against them."

Richard Murphy suggested that redomiciliation is particularly worrying:

"We have been worried about capital flight for a long time. Now we have to worry about corporate flight as well. As pressure mounts for tax havens to exchange information they are ensuring that they either do not have that information, or by

providing mechanisms that make it both harder to secure, and easier for it to flee. The result is that corruption in places like Jersey can no longer be tackled at the transaction level because that data will soon be unavailable or in perpetual transit between tax haven locations. As such, offshore corruption can now only be tackled at the systemic level. This requires a changed approach. The corrupt user of tax haven services is no longer the problem; the corruption of the tax havens is the problem now. And Jersey is a key player in this process of degradation."

**Ends**

**Contact:**

Richard Murphy      0777 552 1797

[richard.murphy@taxresearch.org.uk](mailto:richard.murphy@taxresearch.org.uk)

Nick Shaxson      [shaxson@gmail.com](mailto:shaxson@gmail.com)

00 31 62 852 4998

**Note to Editors**

The US Senate Hearings are a response to two bills presented to the Senate to tackle tax haven abuse that is estimated to cost the US \$100 billion a year. One of those bills has been promoted by US Presidential candidate Senator Barack Obama.

The Tax Justice Network is an international coalition of professional people, academics, members of civil society, trade unions and churches who campaign for fairer taxation levied in the interest of all people around the world.