



Mr David Sassoli
President of the European Parliament
Rue Wiertz 60
B-1047 Brussels

19 February 2020

Dear President,

EP RESOLUTION 2020/2557: GUERNSEY, JERSEY AND THE ISLE OF MAN: TAX COOPERATION WITH THE EU

We are writing to you concerning EP Resolution 2020/2557 of 12 February on the proposed mandate for negotiations for a new partnership with the UK, and specifically regarding para 21 which reads:

*Strongly believes that the UK should adhere to the evolving standards on taxation and anti-money laundering legislation within the EU acquis, including tax transparency, the exchange of information on tax matters and anti-tax avoidance measures, **and should address the respective situation of its Overseas Territories, its Sovereign Base Areas and its Crown Dependencies and their non-compliance with EU good governance criteria and transparency requirements.***

As their elected representatives, we wish respectfully to make clear that with regard to Guernsey, Jersey and the Isle of Man, it is incorrect to imply that our jurisdictions are non-compliant with EU good governance criteria and transparency requirements.

On 12 March 2019, EU Finance Ministers (ECOFIN) formally confirmed Guernsey, Jersey and the Isle of Man's position as cooperative jurisdictions. This followed a two-year process of very detailed discussions with the European Commission that started in 2016 when the EU approved tax good governance criteria for establishing an EU list of "non-cooperative jurisdictions for tax purposes". The tax regimes of over 90 jurisdictions were to be assessed by the EU's Code of Conduct Group (CoCG).

In response to concerns identified by the CoCG, we each introduced a comprehensive Economic Substance Regime, enshrined in domestic law, with effect from 1 January 2019. Our status as cooperative jurisdictions was reaffirmed by ECOFIN on 18 February 2020 in its latest annual review.

We are committed to maintaining this position and to continuing to be good neighbours to the EU on tax matters. As evidence of this, we have taken two important additional voluntary steps to further enhance transparency over and above that required under the EU's current criteria.

Firstly, we have introduced domestic legislation implementing mandatory disclosure rules for Common Reporting Standard (CRS) avoidance arrangements and opaque offshore structures aligned with international best practices developed by the OECD. We hope that EU Member States will join us in being early signatories of the new OECD Multilateral Competent Authority Agreement (MCAA) so that exchanges of information can take place.

Secondly, in December 2018, our jurisdictions committed to work with the EU to ensure reciprocal sharing of company beneficial ownership information (BOI) with EU tax and law enforcement authorities. In June 2019, we made a joint policy announcement that we wished to further develop the accessibility and transparency of our existing BOI company registers. The approach taken will be in line with the principles

of the EU fifth Anti-Money Laundering Directive (AMLD 5) regarding public access to the beneficial ownership of companies. We have offered to work with the EU on the interconnection of our central registers with the registers in the EU. Our officials are already in contact with the Commission on this matter and hope that initial technical discussions can soon begin.

On the international level, our jurisdictions have a longstanding policy of compliance with standards on transparency and information exchange and have developed extensive networks of tax agreements to support this. As members of the OECD's Global Forum, we have been peer reviewed and account for three out of only 14 jurisdictions that have been found, in the latest round of reviews, to be fully compliant when assessed on the standard of exchange of information on request.

We were also among the first signatories to the MCAA on Automatic Exchange of Financial Account Information and have been exchanging CRS data pursuant to this agreement since 2017.

In respect of anti-avoidance, we fully support the actions being taken under the OECD's Base Erosion and Profit Shifting (BEPS) initiative to reach a globally fair and modern international tax system.

Our jurisdictions are BEPS Associates and have implemented the four minimum standards of the BEPS package, undertaking first exchanges in relation to tax rulings (Action 5) in 2017 and country by country reporting (Action 13) in 2018. We were also among the first wave of jurisdictions to sign and ratify the multilateral treaty (MLI) to implement BEPS treaty related measures.

As members of the BEPS Inclusive Framework, we are also actively contributing to the current work of the Task Force on the Digital Economy (TFDE). Our officials participated in the important recent BEPS Inclusive Framework meeting focusing on pillar 1 and pillar 2 of the TFDE workstreams.

Guernsey, Jersey and the Isle of Man are, by the EU's own assessment, cooperative jurisdictions, fully meeting EU tax good governance criteria (and in some respects going beyond them) as well as having a consistent track record of constructive and active engagement in the development and implementation of international tax standards.

We have regular engagement in Brussels on tax and other matters at both political and senior official level. We also have representative offices (respectively the Channel Islands Brussels Office and the Isle of Man Government Office). Over the years we have shown a consistent willingness to engage with the EP and we would be happy to meet and discuss any of the matters highlighted in this letter in further detail.

In conclusion, it is unfortunate that the EP appears to have relied upon incomplete and inaccurate information concerning Guernsey, Jersey and the Isle of Man. We hope that the EP will in the future seek to rely upon full and factual information regarding our jurisdictions in order to avoid the incorrect statements that appeared in para 21 of the 12 February Resolution.

We are copying this letter to Paolo Gentiloni, European Commissioner for the Economy, and to Her Excellency Irena Andrassy, Permanent Representative of Croatia to the EU, as current Presidency.

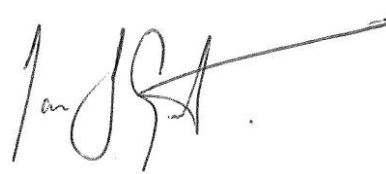
Yours sincerely,



Deputy Gavin St Pier
Chief Minister
Government of Guernsey



Hon Howard Quayle MHK
Chief Minister
Isle of Man Government



Senator Ian Gorst
Minister for External Relations
Government of Jersey