Funding the Future

Jersey could sue PWC

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Jersey now knows its zero-ten tax system will not comply with the requirements of the EU Code of Conduct on Business Taxation. I told them that in 2005, as did John Christensen. But we were ignored.

I cast my mind back to recall why that might have been the case and recalled the furious spat in 2004 between Senator Stuart Syvret and the States on this issue, about which I offered Stuart extensive advice at the time including considerable written comment. The States were unable to respond to the onslaught and bough in independent advice — at rumoured cost of £50,000 — from PricewaterhouseCoopers — in the form of John Whiting, then a partner in the firm, now technical director of the Chartered Institute of Tax.

Try as I might I couldn’t find a copy of his report on the web — so I’ve put one up myself. The pertinent paragraph is this:

6.1 Compliance with EU Code of Conduct

The first objective must be to ensure compliance with the code of conduct. The changes to the company tax regime achieve this: we comment below (in Section 8) on the company tax system.

Section 8 offers an analysis of why Jersey would be compliant with the EU Code — even in the early, more abusive form then proposed.

PWC were wrong.

I guess Jersey could sue. They’ve invested a great deal and have incurred massive cost (including a deficit of £100 million a year) to bring in this tax system which does not, despite PWC’s advice, comply with the requirements of the EU. When you get something so spectacularly wrong I guess you’re liable. And a claim is still well within time limits. What about it Jersey?