

The Isle of Man is beginning to smell the coffee - and ...

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COULD there be a fresh threat to the Isle of Man from Europe as finance ministers from the world's leading economies prepare to launch their latest assault on tax havens? The European Council has announced it wants real progress at next week's G20 summit in Cannes on 'combating the existence of tax havens'. This agenda item is shown completely separate from another that seeks progress on 'identifying and publicly listing non-cooperative jurisdictions'.

And as they note, this looks ominous:

Island-based lawyer Jonathan Smalley believes this separation of the two issues is a major new development, and one which sheds a new light on the real thrust of EU policy.

He said: 'If this is not a declaration of war, it sound very like it. It is likely that the EU and the G20 will interpret "tax havens" broadly. The term is likely to include low tax jurisdictions, offshore/international financial centres and the Isle of Man.'

'It seems in the modern world that being a cooperative jurisdiction is not enough. We may have outmanoeuvred the EU on the zero/10 debate by abolishing the attribution system, so that the island can keep its zero per cent corporate tax rate. The EU have now changed the game. It is our existence — along with other small jurisdictions and part of the UK's tax laws — that really concerns them and they intend to combat it.'

So you've realised 'smart moves' with the EU aren't enough? Well, welcome to the real world; the one where abuse is not appreciated and where it is realised that is all you are about.

I'm aware that the OECD is making soft noises - but as I'll note later today, they're now part of the problem on tax havens and it is clear the G20 is beginning to realise that the OECD toothless approach is no solution to the revenue loss EU and other countries are suffering to tax havens.

The Isle of Man is right to be worried.

And I welcome this lawyer's frank admission that they're a tax haven. A little honest self reflection might go a a long way in Douglas right now.