

## Tax havens are not tax neutral, Jersey please note

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Senator Philip Ozouf, the finance minister of Jersey, has claimed [in this interview with Channel TV](#) that Jersey is 'tax neutral'. His claim is that no tax in Jersey simply allows tax to be paid where a source of income arises and where it goes to but not in Jersey. It is this, he says, that Deputy Tadier does not understand.

Philip Ozouf is wrong. The legitimate use of Jersey has at least one of four goals. They are to:

- 1) Change the person who is taxed on a source of income ( putting a Jersey structure in place is bound to do this);
- 2) Delay the time when tax is paid on a source of income (and this is a major objective of avoidance, since delaying payment has real cash value and it can often be done almost indefinitely by using Jersey);
- 3) To change where the tax is paid - by diverting it via Jersey to another location from that which it would otherwise have gone to;
- 4) Reduce the amount of tax paid - by any of the first three means.

If tax compliance is seeking to pay the right amount of tax (but no more) in the right place at the right time where right means that the economic substance of the transactions undertaken coincides with the place and form in which they are reported for taxation purposes then it is glaringly obvious that Jersey seeks to help the wrong person pay the wrong amount of tax at the wrong time in the wrong place.

That's not tax neutrality. That's a gross abuse of the world's tax system, assisted by secrecy, that in combination undermines the smooth operation of the world's markets resulting in misallocation of economic resources and so an overall loss of well being for the world.

There's nothing tax neutral about that: there's just economic harm. And Philip Ozouf continues to pretend people can't see that.