Jersey complies with the European Union Savings Tax Dir...

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The European Union Savings Tax Directive has just one goal - which is the beating of tax evasion. Introduced in 2005, the aim was to share information between tax authorities on interest paid to individuals so that tax could not be evaded by people from one state saving in another without their home state knowing.

The tax havens objected on introduction. As a compromise, interim measure to get things going the European Union agreed that tax havens (the Crown Dependencies, some British Overseas Territories - all covered because the UK s responsible for them - and some EU states such as Austria, Luxembourg and Belgium) did not need to information exchange bit could instead deduct interest at source from payments made to those who asked that their tax information not be sent to their home state.

Now, this option could only have been of use to tax evaders. There was no other explanation for suffering such deduction. And in most cases it was not, of course, tax on the interest that was being evaded but tax on the capital sum saved in the tax haven location. The states that opted for tax withholding knew that: it was impossible that they did not.

Over time some of the withholding states gave up that option and went for full information exchange, Guernsey, the Isle of Man and Belgium being the most notable. Jersey held out. It remained as a deliberate haven for tax evasion. Until yesterday, when a press release was issued by the States of Jersey saying:

The Council of Ministers is to ask the States of Jersey to make Regulations that will make it mandatory, from 1 January 2015, for Jersey to automatically exchange tax information for EU Savings Tax Agreements. The Regulations will repeal the present retention tax provisions for the Savings Tax Agreements that were entered into in 2005 with the Member States of the European Union.

A decade of abuse after this should have happened Jersey has finally been coerced into some basic information exchange - for that is all the European Union Savings Tax Directive is since it does not cover companies or trusts. The usual weasel words came out of Jersey:

The Chief Minister, Senator Ian Gorst, said: "We have been waiting for the position of the European Union to be clarified. Having regard for the outcome of the European Union Council meeting in June this year, and the call of the G20 Finance Ministers at their meeting in July on all jurisdictions to commit to automatic exchange of information, we consider this is now the right time to announce the proposed change from the retention tax. Also of relevance is that, with the increase in the retention tax rate to 35% in July 2012, a significant majority of those subject to the tax have already taken advantage of the voluntary disclosure option in the agreements."

There was no clarification needed. It was provided in 2005. And Jersey even has the gall to admit it's only changing because the scheme has already achieved many of its aims.

EU Tax Commissioner Semeta said: "Automatic exchange of information has long been a cornerstone in the EU's fight against tax evasion and is now set to become the international standard. It is the best way of ensuring that every country can collect the revenues it is rightfully due. I welcome Jersey's decision to join the global move towards more openness and greater information exchange. This will help facilitate fairer and more effective taxation, in Europe and globally."

He did not add, but should have done:

"*I would have been happier still if Jersey had not helped tax evaders for the last ten years.*"

Because that is what it has done. In which case this change is no reason to celebrate at all. It is just further evidence that Jersey will do all it can to resist real change to beat tax evasion, as has been its policy to date.