

Rt Hon David Cameron MP  
Prime Minister  
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1 May 2013



Guernsey welcomes the recent announcement by the UK, along with France, Germany, Italy and Spain, to pilot multi-lateral automatic information exchange based on the FATCA agreements with the USA (the 'G5 Pilot') and we support your efforts to ensure that the OECD adopt multi-lateral automatic information exchange as a new global standard.

We strongly support the rapid adoption of multi-lateral automatic information exchange as a new global standard. Guernsey firmly believes that common global standards are the most effective method of fighting fraud and tax evasion. We also welcome the communiqué issued by the finance ministers of the G20 on 19th April 2013 urging all jurisdictions to move towards automatic exchange of information with their treaty partners.

Guernsey was on the original OECD 'white list' and by resolution of our Parliamentary Assembly we have a clear policy objective to continue to meet international standards on tax transparency. Maintaining OECD 'tier one' status is a policy commitment and is publicly reported on in our annual Strategic Monitoring Report.

This clear political commitment to tax transparency, and what we do to deliver against that commitment, underpins the actions that we take, and the decisions that we make. It is why the UK Government continues to apply the highest rating on tax transparency to Guernsey. It is why Guernsey made an early announcement of its intent to enter into an Inter-Governmental Agreement (IGA) with the US to enable our firms to comply with FATCA. It is also why Guernsey chose to automatically exchange information under measures equivalent to the European Union Savings Tax Directive, a practice still not met by some EU Member States.

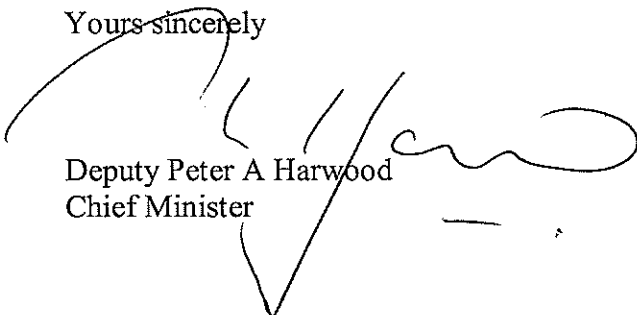
Our commitment to tax transparency can be, and has been independently benchmarked. Guernsey meets the standards of 'good global governance' in tax issues as recommended by the European Commission in December 2012. Guernsey voluntarily adopted and complies with the European Union's Code of Conduct on Business Tax. We have forty-one tax information exchange agreements in place and we are building a network of double tax agreements that will lay the foundation for moving towards participation in a multi-lateral automatic exchange program. We meet the key FATF recommendations on anti-money laundering; tax crimes are a predicate offence for AML purposes and have been for more than a decade. Last month the OECD Global Forum's Peer Review of Guernsey reported that we have all of the key elements in place that were assessed.

Guernsey also remains committed to meeting all international standards on beneficial ownership, as demonstrated by our implementation of the FATF recommendations. The actions we have taken in Guernsey emphasise that we fully support international co-operation on the transparency of and access to beneficial ownership information.

Earlier this year I was able to announce Guernsey's intention to finalise a draft agreement on a proposed 'tax package' with the UK. That package included an agreement in principle to enhanced reporting of tax information along FATCA principles through an IGA, with alternative reporting arrangements for non-domiciled UK tax residents, and an agreement to negotiate a revised Double Taxation Agreement.

Our IGAs with the UK and the US will be subject to the proper decision-making process of our Parliamentary Assembly and will be presented to them for approval later this year. At that juncture I would be willing to present a report and a recommendation on joining the G5 Pilot on the assumption that there is sufficient information and detail on the pilot to inform that report and decision.

Yours sincerely



Deputy Peter A Harwood  
Chief Minister