



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

The Hon. Everard T. Richards, JP, MP

Minister of Finance

Finance Minister's visit to Europe

Date: 26th June, 2015

Mr. Speaker, I am pleased to report to this Honourable House, highlights of my recent visit to Paris and Brussels. I was accompanied by Alastair Sutton, Bermuda's Advisor in Brussels' and part of our "competent authority" there.

France

Mr. Speaker, On Tuesday, 23rd June, 2015, we met with Mr. Angel Gurría (Secretary General of the OECD), Pascal Saint Amans (Head of Taxation at the OECD, and the principal official responsible for the BEPS project) and Monika Bhatia (Head of the Secretariat of the Global Forum).

We were advised that Bermuda is highly regarded, and held as a "shining example" of cooperation and transparency, and is a "leader in the field" in the Global Forum. Mr. Gurría congratulated Bermuda on being one of the first Early Adopters for the automatic exchange project. This is not only due to the good work of this and former Parliaments, but particularly the excellent work by the Ministry of Finance's Mr. Wayne Brown, our chief representative at the Global Forum.

Bermuda's absence of taxation on companies' and individuals' revenues and profits is "not a problem" for the OECD. Transparency and cooperation were the key issues and here Bermuda was "top of the class".

The OECD is "extremely unhappy" with the "listing" by the EU last Wednesday. Mr. Gurría has taken the unprecedented step of writing a letter to EU Tax Commissioner Moscovici, to express his (and the OECD's) serious disappointment at the Commission's move, which he said tended to undermine all the work the OECD and the Global Forum have done to promote a "single standard" for blacklisting throughout the world - namely fiscal transparency. The variety of national measures now in the Commission's list ran counter to the OECD's aim of having a single standard.

In that letter, Mr. Gurría stated that even though the EU had confirmed that it was not their intent to do so, it was very unfortunate that the exercise looked like the establishment of a list.

Mr. Pascal Saint Amans said that the OECD was "100% behind the Government of Bermuda" in its protest about this listing, and in its efforts to obtain de-listing. He has spoken on the record to the media, and offered whatever help the OECD could provide in assisting Bermuda in its efforts to obtain de-listing.

On BEPS, (Base Erosion Profit Shifting) Mr. Gurría and Mr. Saint Amans said that the BEPS project did not "target" Bermuda, although some businesses now established in Bermuda may feel the consequences of BEPS if/when its "outcomes" are implemented.

European Commission

In Brussels we met a senior official in the office of European Commissioner Hill (responsible for the equivalence assessment of Bermuda). The official expressed sympathy with Bermuda's predicament, and undertook to raise the matter with the Moscovici Cabinet, in order to explore how Bermuda could be de-listed quickly. Most importantly, he said there would be no spillover effect as far as Solvency II equivalence was concerned.

We also met with the ad hoc TAXE Committee of the European Parliament. In attendance was the Chairman Alain Lamassoure, the 2 rapporteurs (Mr. Theurer and Ms. Ferreira) and a number of heads of political groups. This was an opportunity to "tell the Bermuda story" to a significant number of influential MEPs, most of whom are members of the powerful Economic and Monetary Affairs (ECON) Committee, which will play an important role in the equivalence decision. We were able to tell the MEPs about the very positive reception on Bermuda's track-record in the Global Forum given by the Secretary General of the OECD. We also explained the wholly unjustified inclusion of Bermuda on the Commission's list, and the efforts we are making to obtain de-listing in the shortest possible time.

The questions asked reflected the fact that most of those present were from the Socialist or Liberal wings of the Parliament. The MEPs were visibly surprised to hear that Bermuda led the way on central registers for company interests, and included the ultimate beneficial owners of trusts in its register (unlike the UK).

We were able to clarify our constitutional relationship with the UK, especially as regards to the areas where Bermuda benefits from "entrustments" to deal on its

own behalf with third countries (such as the EU and its Member States)- in areas such as financial services and taxation. We were also able to explain the background to Bermuda's leading role in international insurance/ re-insurance markets and the fact that the close ties between the French insurance industry and Bermuda had helped to obtain Bermuda's de-listing in France at the end of 2013.

The take away message from this briefing was that MEP's are very susceptible to stereotyping all dots on the map and the only way to combat this stereotyping is the kind of engagement that we engaged in this week.

Briefing of ABIR

At the end of my visit, I was able to brief attendees at the ABIR annual conference in Brussels on the issues raised and the broad (and largely positive) outcomes of my visit.

Conclusion

This visit was timely in two respects. First, we were able to strengthen Bermuda's already excellent relationship with the OECD and Global Forum. Secondly however, coming days after the Commission's surprise publication of a list erroneously containing Bermuda's name, we were able to engage directly with the EU Commission (at the highest level), as well as, with the European Parliament TAXE Committee with a view not only to informing them about Bermuda, but also laying the groundwork for getting Bermuda off the Commission's list in the shortest possible time.

Thank you Mr. Speaker.