

MINISTERIAL STATEMENT

THE HONOURABLE PREMIER

13TH MARCH 2019

BERMUDA AND THE EU - BERMUDA MEETS THE REQUIRED STANDARD

Mr. Speaker, by now Honourable Members and the public will be aware of the decision of the European Council of Finance Ministers or ECOFIN to add Bermuda to the list of non-cooperative tax jurisdictions.

Mr. Speaker, let me say from the outset that this is a setback for Bermuda and it is for this reason that I, as the Premier and Leader of this Government, precede my colleague, the Honourable Minister of Finance in making this statement to this Honourable House and the public.

Honourable Members will know that for almost two years, the Government and a host of technical officers have been devoted to addressing external threats to our jurisdictional operations in the area of financial services. During my tenure as Minister of Finance and since then, we have been forced to sacrifice many domestic priorities to meet the requirements of, first, an assessment by the Caribbean Financial Action Task Force and most recently the EU's requirements on Economic Substance.

Mr. Speaker, Honourable Members will recall that the Legislature has been tasked with considering and passing almost fifty (50) pieces of legislation or other statutory instruments in support of both these efforts. This has taxed the operations of several Ministries and Departments within Government and has incurred numerous late nights and long weekends of detailed drafting and policy review.

Unfortunately, Mr. Speaker, at the end of this process on economic substance a minor technical omission in our regulations; essentially what appeared as a duplication in almost identical language in our drafts, was unintentionally omitted. Once the omission was discovered it was immediately addressed. Despite the good faith shown over the last year, and our immediate action, the reinsertion of the omitted line appears not to have been good enough for the EU.

Mr. Speaker, there is no value in recriminations and attempts to cast blame. Section 57(2) of our constitution states the following:

The Cabinet shall be collectively responsible to the Legislature for any advice given to the Governor by or under the general authority of the Cabinet and for all things done by or under the authority of any Minister in the execution of his office.

Mr. Speaker, this issue is one for which we must take responsibility and as the leader of this Government, in the legislature to whom the government I lead is collectively responsible, I have no difficulty in saying: “the buck stops at my desk”.

Mr. Speaker, Bermuda’s inclusion on the EU’s list of non-cooperative tax jurisdictions is only temporary. I wish to make it clear that as at today, 13th March 2019 and in fact, Mr. Speaker, even when this recommendation was made to Ministers on 6th March 2019, Bermuda was compliant then and remains so now. This is a technical issue which has already been remedied.

Mr. Speaker, I would invite Honourable Members and the public to take note that in just 8 weeks, or thereabouts, Bermuda will have the opportunity to be removed from the List and I have every expectation that this will be done as our existing laws meet the standard required by the EU. This is a view shared by Her Majesty’s Treasury in London who have also expressed to the Commission and publicly that they too expect Bermuda to be removed from this list based on our clear compliance with the required standard.

Mr. Speaker, this will be a short, but challenging period for Bermuda but I am confident that the bedrock of our decades-old reputation for sound regulation and conducting first rate business here will survive this latest threat.

When this Honourable House became aware of the recent Report of the Foreign Affairs Committee and the recommendations regarding Bermuda, there was significant force in the unanimity of our political approach to that threat.

Mr. Speaker, this is another one of those moments. We cannot let our partisan interests yield to any attempt to divide us as a jurisdiction. This is a “together” moment and I look forward to the support of Members opposite as we engage with the EU and continue to press Bermuda’s case for demonstrated compliance.

Mr. Speaker, let me close by saying clearly that this is not where we want to be; it is not where we intended to be and we are determined to secure our removal from the list of non-cooperative tax jurisdictions. Bermuda remains a jurisdiction of choice for the best of business to operate and this Government will do all that is required to preserve that position.

Thank you, Mr. Speaker