Progress report of the independent Review of British offshore financial centres

April 2009

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Foreword

Text of a letter from Michael Foot to the Chancellor of the Exchequer

You asked me to conduct a review of the long-term opportunities and challenges facing the British Crown Dependencies and Overseas Territories as financial centres.

The Review to date has taken place against the backdrop of discussion in the G20 of measures to strengthen financial supervision and regulation and to encourage implementation of international standards for the exchange of tax information. I will take full account of the action initiated by the G20 on 2 April 2009 as my Review progresses.

There are significant differences in the size of the financial centres covered by my Review, the nature of the business being conducted, and the reasons why the centres have developed in a certain way. There are, however, a number of themes – set out in this progress report – which apply to each of them.

Many of the themes revolve around the inter-dependence between the UK and the financial centres which is manifest, for example, in the substantial flows of business from the UK to many of them and vice versa. Defining and understanding the implications of these mutual dependencies and any related contingent liabilities will be a key theme of my Review.

The most immediate issue facing the financial centres is how they can best deal with the current downturn in financial services business, particularly if it becomes prolonged. In some cases, the financial services industry is the largest employer and generator of GDP in the jurisdiction. In every case, the financial services industry represents a significant proportion of GDP and, in most cases, employment.

Even in a downturn, new opportunities may arise to offset retraction in certain areas of financial services business. Managing toxic assets from the banking sector may be an example of one such area. In other areas of business such as property and casualty insurance, underlying profitability remains strong. But, because of global events, the business environment for the foreseeable future is likely to be more difficult than the financial centres have been used to.

The regulatory regimes in the financial centres have received broadly favourable reviews from the International Monetary Fund and there is a willingness to match developing international standards. But concerted action to implement new standards will put pressure on regulatory resources. My Review will explore whether more could be done to share technical expertise with the financial centres and to support their efforts in other ways to meet high standards.

I am grateful for the co-operation I have so far received from governments, regulators and industry during a continuing programme of visits to the Crown Dependencies and Overseas Territories. I wish to reflect on the information gathered and receive input from a wider range of interested parties before reaching conclusions.

I am also grateful for the co-operation I have received from HM Treasury, the Foreign and Commonwealth Office and the Ministry of Justice in the UK.

I expect to deliver a final report in the fourth quarter of 2009.

Michael Foot
April 2009

1 Overview

A challenging economic environment

1.1 This Review is taking place against a backdrop of a synchronised global recession and turmoil in the financial sector. How to respond to these events has been the focus of discussion in the G20, and many governments around the world have taken steps to stimulate their domestic economies and provide support to the financial sector.

1.2 The United Kingdom's Crown Dependencies and Overseas Territories covered by the Review (referred to collectively as *the financial centres* throughout this document) are not immune from these events. Budget statements made in a number of the centres recently have acknowledged the challenge of coping with a period of retrenchment by the financial sector, a point which has also been acknowledged during initial visits by the Review team.

1.3 The challenge will be particularly acute in the event of a significant and protracted downturn in business in the financial sector. The success of the financial centres in attracting business means they are heavily reliant for revenue and employment on the financial sector. In relative terms, that reliance is much higher than in the UK, in some cases over five times higher. Added to that, the policy tools the financial centres have at their disposal to deal with economic volatility are generally more limited than those available to a sovereign state.

1.4 However, it would be wrong to assume that no opportunities will flow from recent events, particularly as the global economy begins to recover. The financial centres are well used to operating in a competitive market place and to adjusting to changes in the economic and regulatory landscape.

1.5 Important questions for this Review are the ability of each financial centre to weather the downturn and to remain competitive in the future, and the implications both for the centre and for the UK if they cannot or if there were significant failures of individual firms located in these jurisdictions.

Responding to regulatory challenges

1.6 A number of factors come into play when considering these questions. First, financial regulators everywhere face the prospect of substantial additional demands on their resources to implement wide-ranging changes to international regulatory standards. Meeting regulatory standards is not only important for the integrity of the financial system, but also for attracting financial services business from centres which are unable to do so.

1.7 Second, the financial centres will need to review their current legal structures to ensure that they have the legal framework and institutional infrastructure in place to deal with major shocks. Some of the financial centres already have depositor, policyholder and investor compensation schemes in place to provide a 'safety net'. Those that do not will need to consider the extent to which such safety nets are considered vital for the business proposition. All will need to consider the funding implications of a major call on a compensation scheme and the range of tools available to deal with the local consequences of the failure of a major firm in their jurisdiction.

Taxation

1.8 Recent developments, particularly in the run up to the G20 London Summit, have moved tax issues up the political agenda. The renewed focus on tax transparency and tax avoidance will have implications for the financial centres covered by the Review.

1.9 All of the financial centres have committed to the internationally agreed standard on the exchange of tax information developed by the OECD. However, the progress report published by the OECD on 2 April 2009 following the G20 Summit shows that a number of the financial centres have more to do to implement the international standard.

1.10 More broadly, the growing focus on tax avoidance and the emergence of national initiatives such as the US Stop Tax Haven Abuse Bill will continue to shape international opinion in the short to medium term. Each centre will need to take this into account in balancing the real or perceived competitive advantages of current tax regimes with the need to generate sufficient revenue to support its domestic economy.

Taking forward the Review

1.11 The Review starts from the Terms of Reference (which can be found in Annex A) which make clear that the constitutional position of the financial centres is not within scope.

1.12 The Review will not replicate the detailed assessment of regulation in each of the centres undertaken by the International Monetary Fund (IMF) and the Financial Action Task Force (FATF). Those assessments will, however, provide an important source of material for the Review.

1.13 The assessments to be made by the IMF and the Financial Stability Board (FSB) of jurisdictions' adherence to international prudential regulatory and supervisory standards called for by the G20 will also be relevant to the extent that they become available before the Review is complete.

1.14 The Review does intend to analyse the conflicting pressures which the financial centres face as they navigate the fallout from, and the international response to, recent financial and economic events.

1.15 In particular, the Review will consider:

- the degree of interdependence between the financial centres and the UK;
- the impact on the financial centres and on the UK if the prospects of some or all of them are adversely affected; and
- whether the way in which the UK and the regulatory authorities in each financial centre currently interrelate might be changed to the benefit of both parties.

1.16 The Review hopes to provide insights into:

- the quantum and nature of business flows between the financial centres and the UK;
- what factors, other than tax, impact upon the choice of financial firms to use the financial centres within the scope of this Review; and
- the track record of the financial centres in meeting international minimum standards in areas such as financial regulation, anti-money laundering, the sharing of financial and tax information, and what practical steps might have a high future priority.

Consultation

1.17 The Review will continue to work closely with the nine financial centres within scope and will also welcome the views of interested parties on the consultation questions set out in Chapter 2 of this document. Comments should be sent by 5 June 2009 to ofcreview@hm-treasury.gov.uk or by post to:

OFC Review Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Further details about the consultation process can be found at www.hm-treasury.gov.uk/ofcreview.

2 Focus of the Review

2.1 Each of the financial centres covered by the Review has distinct characteristics and different areas of comparative strength. They are of varying size and significance in the global financial system and their constitutional relationship with the UK varies. Whilst these differences must be understood and acknowledged, consideration of the opportunities and challenges faced by the financial centres highlights common themes. The themes for the Review are explained in this chapter, which also poses a number of questions on which views are sought.

Mutual dependence

2.2 There is no agreed definition of what constitutes an offshore financial centre, but most definitions tend to focus on centres which provide financial services primarily to non-residents. There is also no agreement on who may gain or lose from the existence of offshore centres.

2.3 What is clear is that, at least for the larger centres covered by this Review, business flows both ways between them and the UK. Some also see significant business flows to and from other jurisdictions, particularly the United States. Defining these business flows will provide evidence to analyse the impact on the City of London should the viability of any of this business in future be called into question.

2.4 The close relationship the centres have with the UK also gives the UK Government a direct interest in understanding each centre's ability to remain viable, both economically and in terms of complying with international regulatory standards, during the current global economic downturn.

2.5 Understanding the nature and degree of these mutual dependencies will provide an overarching theme for the Review.

Opportunities and risks

2.6 The Review is working with the financial centres to analyse their assessment of the risks flowing from the current and forecast macro-economic environment. The aim will be to improve understanding of:

- economic risks, particularly given the significant contribution the financial sector makes to local government revenue and employment;
- financial sector regulatory risks; and
- reputational risks.

2.7 The Review will also analyse the extent to which this stress testing identifies risks for the UK, and the nature of those risks.

2.8 The Review will also work with the financial centres to understand opportunities for the financial sector and what steps might be taken in the financial centres, by the UK or internationally, in order to realise these opportunities.

2.9 An understanding of the balance of the risks and opportunities, and where those risks and opportunities lie, will provide a basis for an informed consideration of the specific themes set out in the Terms of Reference for the Review.

2.10 In particular, the Review is discussing the following questions with the financial centres:

- without action on their part, what are the prospects for local revenue and employment? To which parts of the current disruption in the financial sector are the financial centres most vulnerable?;
- what measures could the financial centres take to reduce financial, regulatory and reputational risk? What opportunities are likely to arise from the current problems as global markets recover?; and
- how well placed is each financial centre to deal with any likely knock-on effects on revenue and employment, particularly if the recovery in global financial markets is slow?

Consultation

The Review would welcome comments from interested parties on the following questions:

- what is the short to medium term outlook for the financial centres covered by this Review?; and
- what are the implications of this outlook and how could downside risks be minimised?

Financial supervision and transparency

2.11 The financial centres are subject to an assessment process by the IMF which was launched in 2001 following a report by a working group of the Financial Stability Forum (now re-established as the Financial Stability Board) into jurisdictions it considered to be offshore financial centres. The programme assessed the centres against the international standards set by the Basel Committee on Banking Supervision, the International Organisation of Securities Commissions and the International Association of Insurance Supervisors; and the anti-money laundering standards published by the FATF.

2.12 The initial phase of the assessment programme, which was completed in 2005, concluded that the offshore financial centres' compliance levels with the four main international standards against which they were assessed were broadly comparable to those of other jurisdictions, and in some cases were better. The IMF noted that compliance levels were generally stronger in the banking sector than in the securities and insurance sectors.

2.13 The results of the second phase assessments of Gibraltar and Bermuda were published in 2007 and 2008 respectively and second stage assessments of a number of the other financial centres covered by the Review are underway. The G20 agreed on 2 April 2009 that the IMF and FSB in cooperation with international standard-setters would provide an assessment of adherence to international prudential regulatory and supervisory standards.

2.14 Whilst the IMF and FATF evaluations have shown a positive trend in compliance with international standards, the financial centres recognise that there is no room for complacency. Indeed, each sees maintaining regulatory standards as an important aspect of a competitive business model.

2.15 However, international standards do not stand still. The G20 is implementing a series of measures to strengthen financial supervision, including a renewed focus on the ability and willingness of jurisdictions to provide the information and level of co-operation needed if cross-border financial crime is to be combated effectively.

2.16 Taken together, this adds up to a considerable resource challenge for smaller jurisdictions such as the financial centres covered by this Review.

2.17 The Review is:

- discussing with the financial centres whether more should be done to strengthen regulatory co-operation and the sharing of technical expertise, particularly between themselves and the Financial Services Authority (FSA) in the UK;
- exploring whether the financial centres themselves could work more closely together, to share experience and information and/or in preparing to implement further major changes in international regulation; and
- considering whether more should be done to facilitate the exchange of information with law enforcement bodies in other countries.

2.18 There is an additional and separate issue that has been raised with us in respect of the sale of retail financial products into the UK from Crown Dependencies. We shall need to review how such products are regulated in the financial centres, in comparison with similar products provided by a UK regulated firm to a UK retail consumer.

Consultation

The Review would welcome comments from interested parties on the following questions:

- given the close links between the UK and these jurisdictions, should more be done to strengthen regulatory co-operation between the UK FSA and the local regulators?; and
- in respect of retail products sold into the UK from some of the financial centres, is there a level playing field between UK suppliers and those operating from the financial centres and, if not, is change necessary?

Crisis management and resolution arrangements

2.19 Many countries have found that their legal framework and institutional infrastructure has not been fully adequate to deal with major shocks, such as the collapse of Lehman Brothers or the failure of the main Icelandic banks. Many (including the UK) have responded by proposing or enacting changes to legislation or by looking to improve the institutional infrastructure to enhance the ability of the authorities to deal with crises in the banking system in particular.

2.20 The Review is discussing with the financial centres what tools they have in place to deal with the local consequences of the failure of a major firm in their jurisdiction and, to the extent that there are gaps, what steps are being taken to address these, whether in terms of additional intervention and resolution powers or funding to provide emergency financial support. Bermuda has, for example, increased its debt ceiling beyond its immediate needs to give the option of a strategic response to any problems in the financial sector that pose a systemic threat or risks to Bermuda's economy.

2.21 Gibraltar provides compensation schemes for depositors and investors consistent with the requirements of European Directives. The Isle of Man has had a bank deposit protection scheme in place for some time and Guernsey has recently moved to introduce one. The other financial centres covered by this Review do not currently have 'safety nets' in place, but some are actively considering whether to introduce them. Should they do so, the most likely focus would be on deposit protection.

2.22 Any financial centre considering setting up a deposit protection scheme carefully needs to consider the coverage of the scheme and the mechanism for funding it. The ability to fund a scheme in the event of a significant failure in their jurisdiction is a relevant question for all of the financial centres and, by extension given their relationship with the UK, to this country as well.

2.23 The Review notes that the Treasury Select Committee concluded in their Report *Banking Crisis: the impact of the failure of the Icelandic Banks* (HC402, 4 April 2009) that "… the overarching principle should be that the UK Government cannot provide cover for deposits held by British citizens in jurisdictions outside the direct control of the United Kingdom".

Consultation

The Review would welcome comments from interested parties on the following questions:

- is the extent of the 'safety net' in place for retail consumers a material factor in the attractiveness of a financial centre as a location for financial services firms and consumers of financial services?;
- are current resolution and intervention powers sufficient to maintain the confidence of providers of financial services in the financial centres covered by this Review and that of institutional and retail consumers of these services?; and
- what action might be taken by the UK or internationally to assist in closing any gaps?

Taxation

2.24 Recent economic and financial events have encouraged a renewed focus on the issues of tax evasion, tax transparency and tax avoidance. This change in political climate will have implications for the financial centres covered by this Review.

2.25 The G20 London Summit has already offered greater clarity around the issues of tax evasion and tax transparency. On 2 April 2009 the OECD published a list of jurisdictions assessed by the Global Forum against the international standard for exchange of information (reproduced in Annex C).

2.26 The Crown Dependencies were judged to have substantially implemented the agreed standard. The Overseas Territories covered by this Review were judged to have committed to the internationally agreed standard, but not yet substantially implemented it. Of these, some have made significant progress towards the standard whilst others have yet to enter into any agreements to exchange information on tax matters. In the run up to the G20 Summit, several of the financial centres reaffirmed their commitment to this process.

2.27 The Review is discussing the following questions with the financial centres:

- what steps are they taking to further the exchange of tax information?;
- when do those centres that have not yet implemented the international standard expect to be able to do so?; and
- what are the impediments to rapid implementation of the standard and what practical steps could be taken to mitigate these?

2.28 While there is less clarity around the likely outcomes on tax avoidance, there is undoubtedly strong political pressure in favour of international action to address harmful tax practices. As the debate in the G20, the OECD and elsewhere develops, it will be important for the financial centres covered by this Review to be able to respond positively to the emerging consensus.

2.29 The Review will also discuss with the financial centres whether pressure on their respective public finances as a result of the global economic downturn might encourage diversification of existing taxation systems which are summarised in Annex D. The Review will not, however, make recommendations on specific tax regimes and rates which are a matter for the governments concerned.

2.30 The Review should also, to the extent possible, like to clarify the importance of existing tax regimes as a factor in attracting and retaining financial services business and in supporting the current economic models of the financial centres.

Consultation

The Review would welcome comments from interested parties on the following questions:

- to what extent are the economic models in the financial centres covered by this Review reliant on being low tax jurisdictions?; and
- how can the financial centres ensure that their tax models remain sustainable in the light of changing international standards and attitudes on tax evasion and avoidance?

A Terms of reference

A.1 The UK Government's decision to commission an independent review of British offshore financial centres; their role in the global economy; and their long-term business strategies was announced in the 2008 Pre-Budget Report.

Terms of reference

A.2 HM Treasury published the terms of reference for the independent review on 2 December 2008. These are set out below:

Purpose

A.3 The Chancellor of the Exchequer has asked Michael Foot to conduct an independent review of the long-term opportunities and challenges facing the British Crown Dependencies and Overseas Territories as financial centres, which have been brought into focus by recent financial and economic events.

Scope

A.4 The review will work first with Crown Dependencies then Overseas Territories with significant financial centres to identify opportunities and current and future risks (and mitigation strategies) to their long-term financial services sector, including:

- financial supervision and transparency;
- taxation, in relation to financial stability, sustainability and future competitiveness;
- financial crisis management and resolution arrangement; and
- international co-operation.

A.5 The review will take account of Crown Dependencies' and Overseas Territories' respective constitutional relationships with the UK. Changes to the UK's constitutional relationship with Crown Dependencies and Overseas Territories are out of scope for the review.

Timing

A.6 The Review will report to the Chancellor of the Exchequer, copied to the Lord Chancellor, Foreign Secretary, and the Governments of the UK's Crown Dependencies and Overseas Territories; and will produce interim conclusions for Budget 2009; with fuller conclusions later in the year.

Financial centres covered

A.7 Only those Crown Dependencies and Overseas Territories with significant financial centres are included within the scope of the review. These are:

Crown Dependencies

- Guernsey;
- Jersey; and
- Isle of Man.

Overseas Territories

- Anguilla;
- Bermuda;
- British Virgin Islands;
- Cayman Islands;
- Gibraltar; and
- Turks and Caicos Islands.

B Economic contribution of the financial sector by jurisdiction

B.1 The table below sets out the direct contribution of financial services to Gross Domestic Product (GDP) and employment for each of the jurisdictions.

B.2 The majority of GDP and employment for most of the jurisdictions arises from tourism and financial services. The public sector is also a significant employer.

B.3 The sources utilised are official local government statistics for 2007, unless stated otherwise. GDP figures not measured in sterling have been converted using the average rate for the year of measurement. It should be noted that the categorisation of financial services for GDP and employment is not consistent between the jurisdictions.

Jurisdiction	GDP	Financial services GDP (% of total)	Financial Services employment (% of total)
Anguilla[1]	£104m	£12m (12%)	250 (4%)
Bermuda[2]	£2,925m	£1,207m[3] (41%)	7,600 (19%)
British Virgin Islands[4]	£571m	£206m[5] (36%)	2,100[6] (13%)
Cayman Islands[7]	£1,283m	£465m (36%)	7,500 (21%)
Gibraltar[8]	£740m	£145m (20%)	2,400 (12%)
Guernsey[9]	£1,666m	£528m (32%)	7,500 (24%)
Jersey[10]	£4,089m	£2,177m (53%)	13,300 (23%)
Isle of Man[11]	£1,817m	£721m (40%)	8,000 (14%)
Turks & Caicos Islands[12]	£414m	£44m (11%)	500 (3%)

[1] Source*: National Accounts Statistics Report 200, 2001 Employment Census.* Average exchange rate (2007): £1:EC$5.450.

[2] Source*: 2008 Economic Report, Facts & Figures 2008.* Average exchange rate (2007): £1:US$2.002.

[3] Includes 'International business' and 'financial intermediation' sectors.

[4] Source: *Government Budget 2008, www.dpu.gov.vg*. Average exchange rate (2007): £1:US$2.002.

[5] Includes 'Financial services' and 'Real estate, renting & business services'.

[6] 2005 figures, includes 'Financial services' and 'Real estate, renting & business services'.

[7] Source: *Economics & Statistics office, Oxford Economics Analysis*. Average exchange rate (2007): £1:CI$1.668.

[8] Source: *Chief Ministers Budget Speech June 2008.*

[9] Source: *Guernsey Facts & Figures 2008.*

[10] Source: *Jersey Economic Digest 2008*. Figures are Gross Value Added (not GDP).

[11] Source: *2008 Digest of Economic & Social Statistics,* Government statistics.

[12] Source: *Department of Economic Planning & Statistics.*

C OECD progress report

C.1 On 2 April 2009 the OECD published a list of jurisdictions assessed by the Global Forum against the international standard for exchange of information. This is reproduced below.

C.2 The OECD announced on 7 April 2009 that Costa Rica, Malaysia, the Philippines and Uruguay had committed to the international standard.

Jurisdictions that have substantially implemented the internationally agreed tax standard[1]			
Argentina	Germany	Korea	Seychelles
Australia	Greece	Malta	Slovak Republic
Barbados	Guernsey	Mauritius	South Africa
Canada	Hungary	Mexico	Spain
China[2]	Iceland	Netherlands	Sweden
Cyprus	Ireland	New Zealand	Turkey
Czech Republic	Isle of Man	Norway	United Arab Emirates
Denmark	Italy	Poland	United Kingdom
Finland	Japan	Portugal	United States
France	Jersey	Russian Federation	US Virgin Islands

Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented					
Jurisdiction	Year of Commitment	Number of Agreements	Jurisdiction	Year of Commitment	Number of Agreements
Tax Havens[3]					
Andorra	2009	(0)	Marshall Islands	2007	(1)
Anguilla	2002	(0)	Monaco	2009	(1)
Antigua and Barbuda	2002	(7)	Montserrat	2002	(0)
Aruba	2002	(4)	Nauru	2003	(0)
Bahamas	2002	(1)	Neth. Antilles	2000	(7)
Bahrain	2001	(6)	Niue	2002	(0)
Belize	2002	(0)	Panama	2002	(0)
Bermuda	2000	(3)	St Kitts and Nevis	2002	(0)
British Virgin Islands	2002	(3)	St Lucia	2002	(0)
Cayman Islands[4]	2000	(8)	St Vincent & Grenadines	2002	(0)
Cook Islands	2002	(0)	Samoa		
Dominica	2002	(1)	San Marino	2002	(0)
Gibraltar	2002	(1)	Turks and Caicos Islands	2000	(0)
Grenada	2002	(1)	Vanuatu	2002	(0)
Liberia	2007	(0)			
Liechtenstein	2009	(1)		2003	(0)
Other Financial Centres					
Austria[5]	2009	(0)	Guatemala	2009	(0)
Belgium[5]	2009	(1)	Luxembourg[5]	2009	(0)
Brunei	2009	(5)	Singapore	2009	(0)
Chile	2009	(0)	Switzerland[5]	2009	(0)

Jurisdictions that have not committed to the internationally agreed tax standard			
Jurisdiction	Number of Agreements	Jurisdiction	Number of Agreements
Costa Rica	(0)	Philippines	(0)
Malaysia (Labuan)	(0)	Uruguay	(0)

[1] The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

[2] Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

[3] These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

[4] The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 12 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

[5] Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

D Summary of taxation systems of financial centres

D.1 The following table provides a summary of the main taxes and fees in each financial centre, based on information published by the local governments. It is not intended to provide an exhaustive description of each tax system.

Anguilla	
Corporate Income Tax	No taxes on income, dividends, royalties, profits, capital gains or wealth. No sales or value-added taxes.
Personal Income Tax	
VAT/Sales Tax	
Capital Gains Tax	
Social Security Contributions	Social Security contribution rate is 10% (5% employer, 5% employee).
Property Tax/Stamp Duties	Transfer of real estate attracts a stamp duty of 5%. An additional 12.5% is imposed on real estate transferred to a foreigner. Property tax applied on the assessed value of buildings at a rate of 0.075%.
Import Duties	Customs duties range from 0% to 25% on imported goods. Foodstuff is usually 5% to 10%, building materials 20%, and electronic, electrical, vehicles, etc. 25%.
Other fees and charges	Employers must pay an annual work permit fee for each non-Anguillian person working. The annual fee varies from US$300 for unskilled workers to US$5,580 for self-employed professional.

Bermuda	
Corporate Income Tax	No taxes on income, dividends, royalties, profits, capital gains or wealth. No sales or value-added taxes.
Personal Income Tax	
VAT/Sales Tax	
Capital Gains Tax	
Payroll Taxes	Payroll tax is levied at variable rates depending on type and size of company. Rates vary from 4.75% (mainly government institutions) to 14% (taxpayers with annual payroll greater than BM$1,000,000 and exempt undertakings).
Social Security Contributions	Social Security Contributions are charged at a flat fee of BM$60.80 per week, half payable by the employer and employee.
Property Tax/Stamp Duties	Stamp duty on property transactions are charged at rates of between 2% and 6%. Property tax is levied on a progressive scale (there are six annual rental value bands). The tax rate ranges from 0.6% to 18.23%. Commercial properties are taxed at a single rate of 4.4%.
Import Duties	Customs duties are imposed on almost all imports. Import duties are typically charged at 22.25% although lower rates (mainly on food stuffs) and higher rates are also applicable on certain goods (e.g. electrical goods).

British Virgin Islands	
Corporate Income Tax	No taxes on income, dividends, royalties, profits, capital gains or wealth. No sales or value-added taxes.
Personal Income Tax	
VAT/Sales Tax	
Capital Gains Tax	
Payroll Taxes	Payroll tax is levied at a rate of 14%; 8% paid by the employee and the remainder by the employee. The contribution for small business (employing less than seven people) is 2%.
Social Security Contributions	Social Security contribution rate is 8.5% (4.5% employer and 4% employee).
Property Tax/Stamp Duties	Stamp duty on property transactions is charged at 4% of the sales price (12% if sale is to non-residents). A land tax is payable annually as is a house tax imposed at a flat rate of 1.5% of the assessed annual rental value (ARV).
Import Duties	Customs Duties are imposed on most imports, at rates between 5% and 20%.
Other fees and charges	All Business Companies are statutorily exempt from BVI taxes. Such companies must pay an annual licence fee. Annual licence fees for companies are around US$350 / US$1,100 depending on size. General banking licence fees are US$20,000.

Cayman Islands	
Corporate Income Tax	No taxes on income, dividends, royalties, profits, capital gains or wealth. No sales or value-added taxes.
Personal Income Tax	
VAT/Sales Tax	
Capital Gains Tax	
Social Security Contributions	A national health insurance system is mandatory for all private sector employees. Employers must also have a pension plan for their employees (foreign workers employed for less than 9 months are exempt).
Property Tax/Stamp Duties	Stamp duty on transfers of real estate is charged at rates up to 7.5%. Mortgages also attract stamp duty (of 1.5%).
Import Duties	Import duties are typically charged at 0%, 15% and 20%. Higher rates apply for certain products (e.g. motor vehicles 27.5%-40%).
Other fees and charges[1]	Unless exempted, every person or company carrying out a business must have an annual licence. Fees depend on type and location of business, as well as number of employees. Licence renewal fees for insurance companies range from $US 9,146-US$48,780 and US$45,121-US$487,480 for banking corporations.

[1] Correct as of 2006

Gibraltar	
Corporate Income Tax	27% (20% for SMEs with profits not in excess of £ 35,000).
Personal Income Tax[2]	Progressive, top rate 40%.
VAT/Sales Tax	None.
Capital Gains Tax	Gains in hands of individuals not subject to capital gains and not included in ordinary taxable income. Gains on disposal of business assets liable to corporation tax at the standard rate.
Social Security Contributions	Contributions for employees are levied at 10% of gross earnings (20% for self employed). Employer's contribution is 20% of gross earnings.
Property Tax/Stamp Duties	Stamp duty on transfers of real estate is charged at rates up to 2.5%. Mortgages also attract stamp duty (0.13%, 0.2% depending on amount).
Import Duties	Most goods subject to import duty at rate of 12%. Motor vehicles suffer rates of 25%-30% according to engine capacity.
Other fees and charges	Businesses established in Gibraltar require a licence. Fees are £40 with a renewal fee of £25.

Guernsey	
Corporate Income Tax	0%,10% – regulated financial services, 20% – income from Guernsey property, 20% – regulated utilities.
Personal Income Tax	20% flat rate.
VAT/Sales Tax	None.
Capital Gains Tax	None.
Social Security Contributions	Employees: 6% on earnings between GB£485.33 and GB£5,759 per month. Employers: 6.5% on earnings up to GB£5,408 per month (deductible from profits as business expense).
Property Tax/Stamp Duties	Stamp duty levied on the purchase of real estate and on certain documents. Rates range from 0% to 3%. Tax on Real Property (TRP) is calculated using, among other things, property unit values. Rates, payable by occupier (owner or a tenant) to the parish council in which property is situated.
Import Duties	Guernsey applies the common external tariff of the EU; as part of the single market, there are no tariff barriers between Guernsey and the rest of the EU.
Other fees and charges	Annual validation fee. Amount payable depends on activities of company. Fees range from GB£250 to GB£1,000.

[2] Gibraltar: Individuals may choose to be taxed using either the Allowance Based System (ABS) or the Gross Income Based (GIB) System. Under the ABS the rates are: 17% (up to £4,000); 30% (4,001 to £16,000); 40% over £16,000. Under the GIB, tax is charged on gross income (without allowances and deductions), at the following rates: 20% (up to £25,000); 30% (25,001 to £100,000); 38% over £100,000.

Isle of Man	
Corporate Income Tax	0%, 10% – income from banking business, 10% – property income.
Personal Income Tax[3]	Progressive. 10% – standard rate (up to £10,500), 18% – top rate (over £10,500) [see notes].
VAT/Sales Tax	17.5% (standard rate) 0%, 5% (reduced rates).
Capital Gains Tax	None.
Social Security Contributions	Employee (class 1) contributions (for 2009-10) are nil on first GB£110 of weekly earnings and 10% on income up to upper earnings limit of GB£730 per week. Employer's contribution rate is 12.8% on earnings above GB£110 per week.
Property Tax/Stamp Duties	No stamp duties. Rates are levied on the ownership or occupation of real estate on the island and are based on the annual rental value of the property varying according to the area in which the property is situated.
Import Duties	VAT and customs and excise duties are collected together with those of the UK and the proceeds then shared between the two. The Isle of Man applies the common external tariff of the EU.
Other fees and charges	Annual Corporate Charge of £250 applies to all resident companies.

Jersey	
Corporate Income Tax	0%, 10% – income from banking business, 10% – companies regulated by the Financial Services Commission, 20% – income from Jersey property.
Personal Income Tax	20% flat rate.
VAT/Sales Tax[4]	3% (standard rate), 0% (reduced rate).
Capital Gains Tax	None.
Social Security Contributions	Employee: 6%, based on a maximum monthly earning of GB£3,540. Employer: 6.5% of remuneration, up to GB£3,540 per employee per month (52% deductible from profits as business expense).
Property Tax/Stamp Duties	Stamp duty levied on the purchase of Jersey real estate and on certain documents. Rates of duty range from 0% to 3%. Rates vary according to area (deductible from trading profits and rental income).
Import Duties	Jersey applies the common external tariff of the EU; as part of the single market, there are no tariff barriers between Jersey and the rest of the EU.

[3] The Isle of Man applies a tax cap. The maximum liability for any one individual is £100,000 of income tax a year. The cap applies even for non-Manx source income.

[4] Jersey's Goods Service Tax (GST) has been fixed at 3% starting May 1 2008. Regulations have been included that place the finance industry and its clients beyond the scope of GST on payment of annual fees.

Turks and Caicos Islands	
Corporate Income Tax	No taxes on income, dividends, royalties, profits, capital gains or wealth. No sales or value-added taxes.
Personal Income Tax	
VAT/Sales Tax	
Capital Gains Tax	
Social Security Contributions	Social Security contribution rate is 8% for the private sector (4.6% employer and 3.4% employee).
Property Tax/Stamp Duties	Stamp duty is liable on transfers of real estate and some official documents. The applicable stamp duty rate on property depends upon the value of the property transferred and the island where it is located (ranges from 0% to 9.75%).
Import Duties	Import duties are imposed on most products: Processed foods 25%; Certain building materials 10.25%; Motor vehicles 5%-100% depending on the description and size (generally 25% to 45%). Most other goods 30%.
Other fees and charges	Banking licence fees range from US$12,500 (Overseas Banking licence only) to US$17,500 (National Banking licence only). Annual renewal fees are US$12,500 (Overseas Banking licence only) to US$10,000 (National Banking licence only). Joint licences carry licence fees of US$22,300 and annual renewal fee of US$19,500.

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