

Opposition Press Release 138/2008

Caruana's Corporate Tax Confusion Condemned

Once again, when cornered on a difficult issue of substance, Peter Caruana avoids dealing with the issue and tries to raise a multitude of new and irrelevant points to deflect the public's attention from the important, relevant and topical concerns that are being raised in the finance centre generally.

In particular, in relation to the implementation of the Government's new low corporate tax proposal, Mr Caruana has in his continued and increasingly vitriolic attacks on the Opposition failed to address the confusion that he gave rise to by announcing one date for implementation of the new corporate tax rate in his statement in London at the Gibraltar Finance Centre Lunch and referring to other dates on GBC less than 36 hours later. In fact the Government has not, until last month, even nailed its colours to the mast to confirm exactly what the low rate of tax to be implemented will be, although it has given "indications" that Mr Caruana "strongly prefers" a rate of 10% instead of a rate of 12%. That is the type of lack of certainty and confusion as to timing that the Government is trying to ensure that practitioners in the finance centre forget by attempting to re-argue the detail of policies debated during the 2003 General Election.

Also now shifting is the Government's position as to how many individuals in the finance centre had advised the Government to pursue low tax instead of no tax in the very early days when the new tax proposals were being put together in 2002. Peter Caruana has now moved from his assertions that only one person in the finance centre had advised him to go for low tax (Mr Reville) to saying that only one person in the Finance Centre Council had advised him in this way. This is a massive shift by Mr Caruana and arises after his more careful reading of Mr Picardo's statement of 27th October 2008 in which the Opposition was very clear in setting out the difference between the Finance Centre Council (a body made up of representative professionals in the finance centre) and the finance centre

generally. The Opposition accepts that there may only have been one person in the Finance Centre Council who advised Mr Caruana to go for low tax, as we did in our press release of 27th October 2008. What the Opposition will not accept is that this was the position of the finance centre generally.

Commenting on this matter, Opposition spokesperson for financial services, Fabian Picardo, said:

"The latest vitriolic and acerbic attack on me by Mr Caruana comes as no surprise. I see him reacting like a nervous jack-in-the-box on this issue for the past couple of weeks because he realises that he is now seriously lacking on credibility on this issue. The Times has recently described (see article November 26th) the recent statement of the Treasury in relation to financial services provided from the Overseas Territories as "a clampdown". Instead of concentrating on trying to think up colourful insults to throw at me, Mr Caruana should:

- (1) clarify exactly what his position will be in relation to the review of financial services in the Crown Dependencies and Overseas Territories announced in the Pre-Budget Report; and*
- (2) clarify the confusion that he has created as a result of his contradictory statements in London and on GBC as to the date for implementation of the low tax proposals.*

For further information and comment: Fabian Picardo, 200 47786.

ENDS