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LOW-TAX critic Richard Murphy has hit out at Guernsey's efforts in combating money laundering.

The Tax Research UK founder has responded on his website to the findings of the International Monetary Fund and its assessment of the island's stability as a finance centre.

Mr Murphy said the report, which showed that there was a 'disconnect between the number of money laundering cases Investigated locally and the number of prosecutions, showed that claims Guernsey had to being well regulated were 'utterly hollow', despite the report being largely positive about its financial supervision.

'The IMF is saying Guernsey has put all the right bits of paper in place, but has little inclination to use them.

'Second, it means those bits of paper are no real deterre it.

'Third, it means that the risk of money laundering remains real.

'Fourth, if the risk of money laundering Is real; the risk of tax evasion is even higher'

Mr Murphy said the report indicated that places such as Guernsey remained too secretive, 'The leopards have not changed their spots. They've just put on a nice overcoat to hide them. The reality is that the risks remain as real as ever — and the deliberate veil of secrecy that Guernsey and similar locations create ensures that we have no real idea what is happening in these places — but the IMF is saying whatever It is, the associated risks are high because there remains a willingness to turn a blind eye.'

Mr Murphy was in Jersey earlier this week speaking at a Jersey Democratic Alliance event on Monday and to deputies on Tuesday - although only four politicians turned up to listen at the second event. While in the island, he repeated his criticisms of offshore finance centres. He argued that offshore tax havens were a cancer which would eat away at the heart of, and ultimately destroy, free-market capitalism.

'Jersey and a great many of the tax havens of the world — and let me be unambiguous when I say Jersey is a tax haven because I mean it, Jersey is a tax haven — have gone out of their way to abuse this principle of openness, honesty and accountability by those who take advantage of the privileges granted to them by society.

'Your politicians are helping people to play games so that they don't have to pay tax where they should.'