

Treasury and Resources Minister

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To all States Members

29 October 2007

Our Ref: TLES/CMD/JM

Dear States Member

Isle of Man and the Distributable Profits Charge

You will have seen a copy of an e-mail enclosing comments from Richard Murphy, a regular critic, of the news of the rejection by the EU of the Distributable Profits Charge legislation which the Isle of Man had proposed as part of its 0/10 arrangements. We have now received a copy of the Isle of Man's alternative proposals, which we are currently studying and on which we may comment further in due course.

It is important to separate the facts from the opinions which Mr. Murphy and others may hold. The facts, not disputed by Mr. Murphy, are these:

1. The 0/10 proposals of the Isle of Man, and those of Jersey and Guernsey, are fully compliant with EU requirements.
2. Jersey had never gone down the route of the Distributable Profits Charge since we felt that it would not meet the principles of the EU requirements.
3. Jersey's proposals have been shared informally with U.K. officials and as a result we believe that they are fully EU Code compliant.

We make no comment on the latest Isle of Man proposals, and it is not our place to do so. We remain absolutely confident that the route we have taken consistently over recent years, since understanding the need to revise our corporate tax arrangements, is fully compliant with EU requirements.

Mr. Murphy's comments have their usual negative stance, and there is nothing new in his comments, which seek to denigrate the Island, as well as many other jurisdictions, offshore and onshore.

Yours sincerely



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Treasury and Resources Minister

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