



JSCCA Conference

Domestic Tax update session

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Important notice

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Tax rules are subject to change on a regular basis, both retroactively and prospectively; although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.

No one should act or fail to act on such information without appropriate professional advice delivered after a thorough examination of the particular situation.

Agenda

01 2027 Budget

02 2026 Budget - amendments

03 Update on States Assembly tax business

04 Update on domestic tax matters

05 Q&A



2027 Budget

Common Strategic Plan (CSP) 2026-2030

The Proposed Common Strategic Policy (CSP) 2026 to 2030 sets out the Council of Ministers' priorities for the next 4 years and the actions it will take to:

- improve Islanders' quality of life
- strengthen the economy
- invest in Jersey's future

It focuses on the issues that Islanders have told us matter most and is built around 4 pillars:

- taking targeted action on the cost of living
- restoring Jersey's competitiveness
- investing in homes and infrastructure
- maintaining financial stability

Debate on 10 November 2026



Common Strategic Plan (CSP) 2026-2030 (cont'd)

The Proposed CSP includes commitments to:

- reduce regulation and red tape
- reform the planning system
- support lifelong learning
- improve community safety and resilience
- strengthen healthcare services
- regenerate town and community spaces
- maintain Jersey's commitment to a practical and affordable transition to net zero by 2050

Common Strategic Plan (CSP) 2026-2030 (cont'd)

“We will deliver the Time to Win programme to ensure Jersey remains one of the world’s leading international finance centres.

Financial services account for around half of Jersey’s economy and generate a substantial proportion of Government revenues, making the sector fundamental to Jersey’s prosperity and the funding of public services. This matters to all Islanders because a successful finance industry supports thousands of jobs directly and indirectly, and provides the revenues that help pay for health, education, infrastructure and other public services.

We will work with industry and the regulator to implement the ‘Time to Win’ programme and ensure Jersey remains competitive, innovative and internationally respected. We will focus on an appropriate regulatory environment, modern digital infrastructure, access to skills and markets, and a clear proposition for attracting new business and investment.”

2027 Budget

Snippets from 2027 Budget introduction:

“There are limits to how much additional revenue Government can reasonably raise from households and businesses. We therefore need to make choices about what Government does, what we prioritise and how public money is spent. Those choices will not always be easy, but they are necessary if we are to maintain sustainable public finances. For that reason, the 2027 Budget takes a measured and responsible approach. It provides stability while the Council of Ministers develops a more strategic three-year programme for 2028–2030.”

“Budget 2027 is the first Budget informed by actual receipts from Jersey’s OECD Pillar Two regime. We have deliberately taken a cautious approach to windfall receipts that may be temporary or uncertain. Income above the approved base case level will not be used to create permanent increases in day-to-day expenditure. Any windfall receipts will only be used for the new hospital at Overdale or to replenish reserves. The principle is important: we should not fund permanent promises from temporary revenues.”

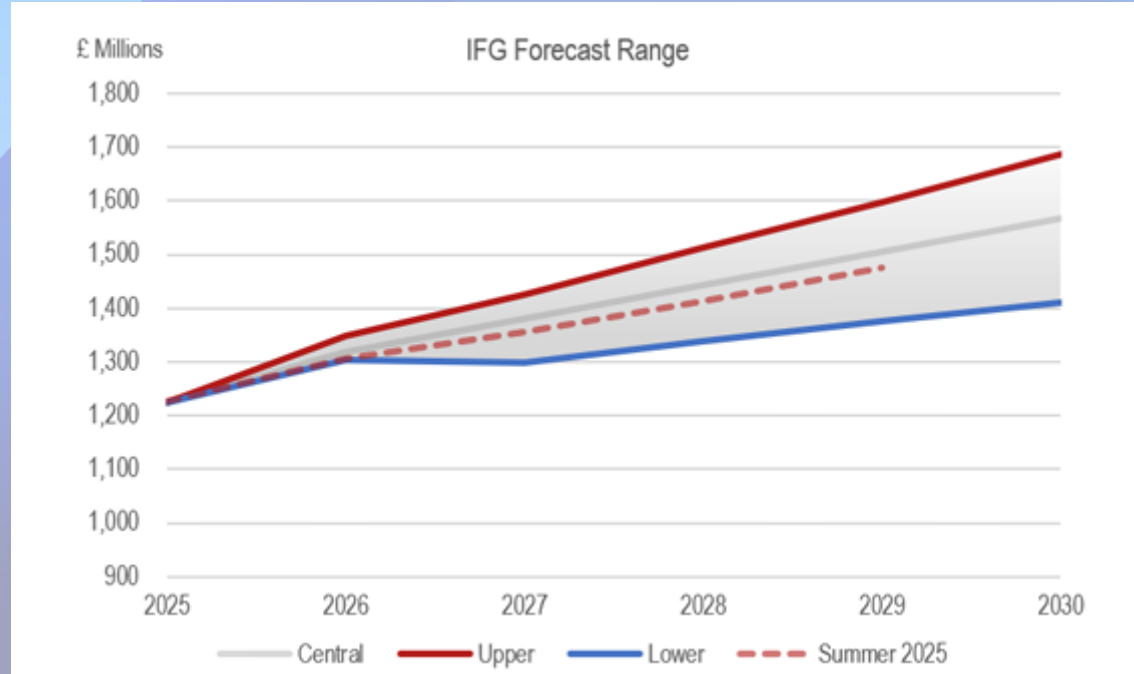
2027 Budget – income forecasts

IFG Income Forecast					
2026		2027	2028	2029	2030
Estimate	£'000	Estimate	Estimate	Estimate	Estimate
759,000	Personal Income Tax	805,000	846,000	887,000	925,000
225,000	Corporate Income Taxes (including Pillar Two base)	236,000	250,000	268,000	282,000
135,000	Goods and Services Tax (GST)	140,000	144,000	148,000	153,000
65,000	Impôts Duties	65,000	66,000	65,000	66,000
57,000	Stamp Duty	55,000	55,000	56,000	56,000
1,241,000	General Tax Revenue - IFG Forecast	1,301,000	1,361,000	1,424,000	1,482,000
	Other Income				
18,000	Island-Wide Rates	19,000	20,000	20,000	21,000
13,000	Dividend Income	13,000	13,000	13,000	14,000
28,000	Income from Andium Homes	28,000	29,000	29,000	30,000
19,000	Other Non-dividend Income	24,000	19,000	20,000	20,000
1,319,000	States Income - IFG Forecast	1,385,000	1,442,000	1,506,000	1,567,000
1,307,274	States Income - IFG Summer 25 Forecast	1,355,740	1,413,051	1,475,485	-
0.9%	General Tax Revenue - IFG Forecast Variation %	2.2%	2.0%	2.1%	0.0%

Table 2: IFG Income Forecast

2027 Budget – income forecasts (cont'd)

- Full report on the States Assembly website (R.157/2026)
- Relatively minor amendments – up from IFG Summer 2025 forecast: 2026 up 0.9%, remainder of forecast up by c.2%



2027 Budget – income forecasts (cont'd)

“Forecasting the future revenue impact of Pillar Two remains inherently complex and subject to significant uncertainty across all 147 jurisdictions participating in the OECD Inclusive Framework. In recognition of this, the Budget continues to adopt a prudent approach, using a central "base case" forecast for the additional corporate income tax expected to be generated from in-scope multinational groups following the implementation of Pillar Two.

The base case represents the level of recurring revenue that the Government can reasonably expect to receive on a sustainable basis over the medium term, based on the best information currently available. Given the evolving international tax environment, the Government will continue to monitor developments and refine its forecasts as further evidence emerges over the coming months and years.”

2027 Budget – income forecasts (cont'd)

Principles for Pillar Two income in excess of the Base Case

Previous Budgets explained that a prudent approach to forecasting revenues from the implementation of Pillar Two has been adopted, and that there was upside potential for receipts, but:

- A new global tax regime that fundamentally changes the position of all in-scope groups.
- Pillar Two revenues received in Jersey are contingent on the implementation of Pillar Two by other jurisdictions and the behavioural response of multinational groups affected by Pillar Two.
- Growing geopolitical uncertainty is increasing the likelihood of business restructuring and relocation globally.

2027 Budget – income forecasts (cont'd)

“Based on payments received as of September 2026, the Government expects to receive at least £160 million above the income forecast for 2026. However, the full payment profile is not yet known as Pillar Two payment deadlines are aligned with each group’s financial year end.

As outlined above, there is significant uncertainty as to both the scale of the total extra receipts and how long Jersey can expect to receive such receipts. It is therefore prudent to treat a fair proportion of these additional revenues as potentially one-off “windfall” receipts. Consistent with prudent fiscal management, such revenues will not be used to fund recurring expenditure or create ongoing spending commitments.”

2027 Budget – income forecasts (cont'd)

Prioritise the use of excess Pillar Two receipts to meet the outstanding funding requirement for Phase 1 of the New Healthcare Facilities Programme - expected receipts will be transferred to the Jersey Capital Investment Fund to meet the costs of the project in 2027 and to repay borrowing it incurred in 2026.

£15 million of excess receipts will be allocated to the Jersey Capital Investment Fund in this Budget to support the development of the Investing in Jersey programme.

Any further Pillar Two receipts above those required for funding the Acute hospital at Overdale will be used to strengthen the Island's balance sheet, including rebuilding the Stabilisation Fund, increasing the Strategic Reserve and, where appropriate, reducing borrowing requirements.

2027 Budget – standard measures

- Exemption threshold (low-income threshold) increased to £21,850 (June 2026 RPI)
- Will they increase the “numbers” shown in Article 99 – or phasing out of compensatory allowance?
- Tobacco increased by 7.8% (RPI plus 5%) – Cigars up 10.8%
- Vaping liquid – no increase in 2027 – see the impact of year one
- Alcohol – RPI increase
- Motor fuel – Frozen again (after being increased last year)
- Vehicle Emissions Duty – RPI increases on all bands

2027 Budget – standard measures (cont'd)

- Non-main residence stamp duty surcharge held at 2%

“The Fiscal Policy Panel’s Economic Assumptions (May 2026) forecast property transactions are likely to remain subdued, with minimal price growth. In light of the changing conditions, it is proposed that the temporary reduction in the higher rate from 3-percentage points above the standard rate to 2-percentage points, implemented for 2026, is extended for 2027. The longer-term position will be reviewed for the next Budget.”

- International Services Entity fee for all entities administered under a service contract by a licensed Jersey service provider reduced from £4,700 to £950

2027 Budget – financial impact of Budget measures

Summary of Budget Proposals

£'000	Proposed vs forecast	Proposed vs no adjustment
New tax measures		
ISE fee reductions	(200)	(200)
Annual tax adjustments		
Personal allowances	-	(9,900)
Reduced higher rate of stamp duty – non-main residence properties	(500)	(500)
Alcohol duty, increase with inflation	-	600
Tobacco duty, increase with inflation + escalator	-	1,000
Fuel duty, freeze	(700)	-
Vehicle Emissions Duty increases	-	100
Budget proposals	(1,400)	(8,900)

Table 6: Summary of Budget Proposals

2027 Budget – initiatives

- Tax warehouse for investment assets – storage / transfer of certain investment assets without triggering GST and customs and excise duties provided they do not enter the domestic market.
- “An increase in the de minimis exemption from reporting of Jersey resident shareholders in Jersey companies from 2% to 5% to reduce the cost for companies of complying with their annual filing obligations.”
- Pillar 2: targeted technical amendments to the MCIT and IIR legislation, including the implementation of the Side-by-Side package and other internationally agreed simplifications
- Expense version of RegTech Super-Deduction extended to groups within scope of the MCIT.

2027 Budget – initiatives

- Let's talk LTC contributions!
- Budget does not propose an increase in the rate of LTC contributions *per se*
- “The 2026 Budget provided estimates for 2027 onwards based on an increase in the Long-term care contribution rate from 1.5% to 2.5%.”
- “Taking account of the cost-of-living pressures being felt by many families at present, the increase in contribution rate will be deferred until 2028 and the full one percentage point increase is proposed to be phased in over three years. Contribution rates will rise as follows:
 - 2027: 1.5% no increase
 - 2028: 1.8% 0.3 percentage point increase
 - 2029: 2.2% 0.4 percentage point increase
 - 2030: 2.5% 0.3 percentage point increase”

2027 Budget – reviews

- A review of aspects of Jersey's personal tax residence regime is underway, intended to ensure that the Island's regime is straightforward to understand and administer. A consultation will be held over the winter, with the expectation that legislation will be brought forward in next year
- Work is being undertaken to review the rules on the creation of taxable permanent establishments in Jersey, including through home working arrangements.
- Further work will continue to simplify and streamline the annual tax compliance process for businesses.

2027 Budget – reviews

- Fuel Duty replacement policy – commence policy development work in 2027 with a focus on vehicle ownership charge
- “The Government has concluded that a stamp duty holiday for those who are purchasing properties to down-size would not be the most appropriate mechanism through which to encourage Islanders to right-size. Further consideration will be given to non-tax measures to assist and encourage movement.”
- Examine the case for removing Stamp Duty on registering a mortgage for Budget 2028
- Budget includes an estimate of £10 million to be raised through liquid waste charging in 2028 onwards – still no details

2027 Budget – reviews

- Revenue Jersey continues to develop its annual published compliance programme additional collections are expected to contribute £31.5 million in each year of the Budget
- “Minister for Treasury and Resources is keen to look at further ways of encouraging Islanders to give to charity”
- “Minister for Treasury and Resources wishes to explore whether it is feasible to introduce measures to encourage saving by and for young people. A Jersey Individual Savings Account (ISA) type product will be assessed for possible inclusion in Budget 2028.”
- “Further consideration will be given to the pension market to create a strategy for growth, by commissioning a focussed international pensions, savings, and employee benefits competitiveness review.”

2027 Budget – overall financial impact

Total States Income					
2026 Estimate	£'000	2027 Estimate	2028 Estimate	2029 Estimate	2030 Estimate
1,319,000	States Income - IFG Forecast	1,385,000	1,442,000	1,506,000	1,567,000
31,500	Increased Collections: Domestic Compliance	31,500	31,500	31,500	31,500
-	Budget Measures	(1,400)	(900)	(900)	(900)
160,000	Windfall Pillar Two Income	-	-	-	-
1,510,500	States Income after Income Measures (GRF)	1,415,100	1,472,600	1,536,600	1,597,600
-	Liquid Waste Charges (JCIF)	-	10,000	10,000	10,000
1,510,500	Total States Income after Income Measures	1,415,100	1,482,600	1,546,600	1,607,600

Table 7: Income Forecast, including additional income measures



2026 Budget - amendment s

2026 Budget Late Amendments

- **Amendment 1** – lodged by Deputy Kovacs
- Development Levies Feasibility Study – rejected: Contre 27 / Pour 15
- **Amendment 5** – lodged by Deputy Coles
- Removal of upper earnings limited for Social Security and LTC contributions - rejected: Contre 30 / Pour 13
- **Amendment 6** – lodged by Deputy Coles
- Investigation of Stamp Duty holiday for right-sizing homes – adopted: standing vote (no timeframe to complete investigation)

2026 Budget Late Amendments (cont'd)

- **Amendment 11** – lodged by Health and Social Security Panel
- Commit the Minister for Social Security to bring forward proposals in the next Proposed Budget 2027-2030 to ensure that the issue of overpayments for social security contributions is addressed and a solution provided for the approximately 50 individuals affected who have reached a full contribution record – adopted: Contre 0 / Pour 43
- **Amendment 14** – lodged by Deputy Warr
- Reintroduce mortgage interest tax relief – rejected: Contre 26 / Pour 13

2026 Budget Late Amendments (cont'd)

- **Amendment 15** – lodged by Deputy Warr
- Removal of 3% stamp duty surcharge for one year – rejected: Contre 42 / Pour 2
- **Amendment 31** – lodged by Environment, Housing and Infrastructure Panel
- £250,000 of the Cabinet Office Head of Expenditure for 2026 should be reserved as a ring-fenced budget line for the development of policy mechanisms to address empty residential properties (no doubt going to include some tax measures) – adopted: Contre 3 / Pour 41

Late Finance Law Amendments

- **Amendment 1** – lodged by T&R Minister
- Government implementing the delivery of a universal 2-3-year-old childcare offer by way of direct payments to parents and carers.
- To ensure that parents and carers are not “over-compensated” – by receiving tax relief on the amount paid by government – a change to the Income Tax (Jersey) Law 1961 is required.
- Any amount paid by government directly to parents and carers will be deducted for the purposes of calculating the childcare tax relief due.
- Adopted: standing vote
- Couple of other small drafting errors



Update on States Assembly tax business

New Government

- **Proposition P60/2026:** temporary 10p reduction in excise duty on 1 litre of road fuel (1 October 2026 – 31 December 2026)
- Impact estimated at £900,000 of reduced tax revenues
- “This would be offset by an increased tax take in GST as a result of the significantly higher prices.” Some logic, but not significant.
- “It will be up to ministers to decide how to accommodate the reduced income in light of the detailed figures they will have available on the GST offset.”
- Debate was scheduled for 8 September 2026 – withdrawn by proposer

Update on States Assembly tax business

- **P51/2026:** Removal of interest tax relief for Buy-To-Let mortgages
- Frustrated by delays in progressing the work on interest tax relief
- Highlighted published response to consultation process
- Rejected: 21 Contre / 18 Pour
- But beware consultation response says: “Ministers will continue to discuss the matter, considering this wider impact alongside the responses to the consultation. Any proposed changes will be included in the 2027 Budget.”

Update on States Assembly tax business (cont'd)

- **P19/2026:** Capping the number of High-Net-Worth individuals granted entitled status via Regulation 2(1)(e)
- Limit to 15 per year, calculated on a rolling 5 year basis
- Rejected: 34 Contre / 7 Pour
- CoM comments: “In addition, they must make a £100,000 charitable contribution per year.”
- Hansard – Deputy Renouf: “I know many H.V.R.s contribute to charities, and the Government is attempting to make the £100,000 a year charitable contribution as close to compulsory as it can. However, it is wrong to say in its report that they must make a £100,000 contribution, as the email from the Community Foundation that was circulated earlier today makes clear it is voluntary. There is nothing in law that can hold that contribution to be compulsory.”

Update on States Assembly tax business (cont'd)

- **P17/2026:** ratify the DTA between Jersey and the Kingdom of Bahrain
- Adopted: 0 Contre / 42 Pour
- Bahrain also completed their ratification process and hence treaty entered into force on 3 June 2026
- The treaty generally applies from 1 January 2027 for withholding and other taxes

Update on States Assembly tax business (cont'd)

- **P3/2026:** correction to a layout error in Schedule 1 of the Customs and Excise (Jersey) Law 1999, following the adoption of the Finance (2026 Budget) (Jersey) Law 202- by the States Assembly on 12 December 2025
- Adopted: 0 Contre / 41 Pour
- The error concerns the misalignment of the "lower emission vehicle" column in the VED table for commercial vehicles by established CO mass emission figure. As a result of this misalignment, the rates appearing in the Law do not accurately reflect the increase in rates with RPI inflation, approved in Budget 2026–2029, including the omission of the intended highest rate.
- “Customs officials will be required under law to give the benefit of the incorrect (lower) rate for the period 1 January to 23 January 2026. There is likely to be a negligible loss of revenue depending on the number of registrations of lower emissions commercial vehicles for that period.”

Update on States Assembly tax business (cont'd)

- **P106/2025:** amendments to the Companies (Jersey) Law 1991
- Adopted: 0 Contre / 45 Pour
- Not an expert and hence no analysis
- Just be aware that Companies (Jersey) Amendment Law 2026 and Amendment No. 2 Law 2026 came into force on 1 June 2026 and 19 June 2026
- “The proposed amendments are largely technical or clarificatory in nature and are aimed at maintaining the flexibility of the Law and enhancing the ease of doing business, in the context of evolving industry practice within an appropriate and legitimate framework.”

Update on States Assembly tax business (cont'd)

- **P99 & 100/2025**: amendments to the CRS and introduction of Crypto-Asset Reporting Framework (“CARF”)
- Adopted: 0 Contre / 43 Pour
- The CRS Addendum represents the first comprehensive update to the CRS since its inception. It expands the scope of the CRS to cover new financial products, entities, and certain virtual asset service providers, as well as enhancing due diligence and reporting obligations. Few additional data points to report.
- The CARF establishes a new global minimum standard for transparency in crypto-asset transactions, addressing challenges posed by crypto-assets to existing tax transparency frameworks. Only apply to Crypto-Asset Service providers – not expected to be many in Jersey.
- These Regulations seek to implement the CARF and CRS Addendum domestically, ensuring that Jersey's legislation remains fully compliant with international standards ahead of the first reporting period commencing on 1 January 2026

Update on States Assembly tax business (cont'd)



Income Tax (Exempt Entities) (Jersey) Order 2026: income derived from the property of the following entities is exempt from income tax

- Andium Homes Limited
- Parish of St Martin Housing Association



CRS/FATCA Decision published in Royal Court case of G Finance Limited v Comptroller of Revenue (6 May 2026) – application of “managed by” test where directors are provided by a TCSP, provision of individual directors by TCSP results in entity being “managed by” the TCSP for classification purposes (more likely to be “FI” / investment entity)



Decision published in Royal Court case of Imperium Trustees (Jersey) Limited v Jersey Competent Authority (29 April 2026) - judicial review of the issue of the Notice seeking information on a trust by the Competent Authority on 22 February 2022

Update on States Assembly tax business (cont'd)

- Comptroller and Auditor General published report on performance of Revenue Jersey (**R116/2026**)
- Revenue Jersey has a stated aim to be among the best of smaller tax administrations.
- Revenue Jersey has made significant improvements in its approach to compliance work in the last five years which has resulted in substantial benefits in the form of additional revenue and avoidance of lost revenue. Since 2022, it is estimated that additional revenue generated is over £225 million with £95 million of this being cash banked in each year following compliance interventions related to prior years of assessment.
- Revenue Jersey maintains detailed records of customer feedback within the Customer Feedback Management System database. In the 12 months to March 2026, 95 complaint cases were recorded on the database with 129 associated underlying reasons for the feedback.
- The States Assembly voted on amendments to independent taxation in 2023 without consideration of the increased costs of implementation. The votes were contradictory and were resolved through a further proposition in 2024. In addition to the delay, the increase in implementation costs was subsequently estimated at £347,000.

Update on States Assembly tax business

- The percentage of personal taxpayers filing online in Jersey is low at 54% when compared to other jurisdictions. A 2024 survey by the OECD shows that the global average is over 90%. Many other jurisdictions, including smaller ones, have mandated online personal tax filing as well as corporate tax. Evidence shows that online filing can reduce costs as well as increasing yields and reducing the risk of fraud and error. Despite current filing rates, the target remains at 50%. This target is not challenging for Revenue Jersey and conflicts with its published aspiration.
- Revenue Jersey also relies on postal communication with taxpayers for much of its business including making refunds by cheque. The cost of processing postal communication associated with the tax and social security base of £1,597 million is over £250,000 each year.

Update on States Assembly tax business (cont'd)

Exhibit 2: Revenue Jersey operational budget 2026 to 2029

Operational expenditure	2026 £000	2027 £000	2028 £000	2029 £000
Net revenue expenditure	17,404	18,779	18,461	18,466

Source: Government of Jersey Budget 2026-2029 Annex

Exhibit 3: Revenue Jersey estimated capital expenditure on major projects to 2029

Capital expenditure	Project total £000	Spend to 2025 £000	Budget 2026 £000	Budget 2027 £000	Budget 2028 £000	Budget 2029 £000
Revenue transformation Phase 3	10,531	9,423	1,108			
Revenue transformation Phase 4	10,168	3,777	3,322	3,069		
Pillar Two	11,210	1,760	5,350	3,400	350	350
Total major projects	31,909	14,960	9,780	6,469	350	350

Source: Government of Jersey Budget 2026-2029

Update on States Assembly tax business (cont'd)

- Overall conclusions:
- Revenue Jersey operates as an independent tax administration with its functions and key roles set out in statute. The governance structures, clear roles and responsibilities together with reporting arrangements are effective in ensuring that the integrity of the independent role is not compromised. Governance processes and systems are thoroughly and comprehensively documented and kept under review.
- Where there are areas of inefficiency, these are understood but progress to improve and deliver greater efficiencies is slow due to constraints on resources and capacity. There is evidence that Revenue Jersey is inefficient due to digital immaturity which increases cost and increases risk.
- Major projects on independent taxation and implementation of Pillar Two are supported by detailed business cases and project plans. Implementation is on track.



Update on domestic tax matters

Update on domestic tax matters

- Residence – temporarily resident abroad – Article 126
- Guidance issued by Revenue Jersey on their interpretation of Article 126
- Normally considered non-resident if you meet three conditions:
 - Individual lives outside Jersey for entire tax year (holidays to the Island are permitted)
 - Individual is in full-time (35 hours a week) employment abroad, with employment duties conducted outside of Jersey
 - Individual no longer has a home/accommodation available for use in Jersey

“Accommodation is usually considered available to you if you own, rent, or have regular access to a home in Jersey, even if you don’t stay there often. If your partner, spouse or a parent owns the property and you can stay there without permission, and you keep significant personal effects there (particularly if you have no other home of your own), it will normally still be regarded as available for your use.

If you’ve sold or rented out your Jersey property or are making a genuine and active effort to do so, it’s not usually treated as available accommodation. In the case of a family home, if you’ve removed your significant personal possessions and it has been converted into a guest room used only for occasional holidaymaking visits, it will generally not be considered available to you.”

Update on domestic tax matters (cont'd)

- Residence – temporarily resident abroad – Article 126

“If you don’t meet all three of the conditions above, your residence status will depend on your circumstances. This includes the overall pattern of your life in Jersey while abroad (the extent to which you retained social and economic connections) to determine whether you genuinely left the Island to live abroad for a settled purpose. “

- Need to complete a Multi-factorial inquiry

Update on domestic tax matters (cont'd)

- Scenario 1: Long-term remote worker – temporarily resident abroad
- Scenario 2: University Student – temporarily resident abroad
- Scenario 3: Retired Expat – not temporarily resident abroad
- Scenario 4: Executive Director – not temporarily resident abroad
- Scenario 5A: Seconded who previously lived with his parents and settles abroad for a fixed term – not temporarily resident abroad
- Scenario 5B: Seconded who previously lived with his parents and settles abroad for a fixed term – temporarily resident abroad

Update on domestic tax matters (cont'd)

- Schedule A expenses and interest relief for companies
- Changes were made to Article 90AB with effect from the 2022 tax year
- Previously interest was deductible on a paid basis
- Revenue Jersey's view is that post the law change (i.e. from the 2022 tax year onwards) interest is deductible on an accruals basis
- No transitional rules for interest accrued but not paid as at 31 December 2021
- Revenue Jersey has issued guidance regarding how to obtain tax relief for interest not deducted to date
- Error or mistake claim / claim relief for balancing amount in the 2025 tax return

Update on domestic tax matters (cont'd)

- Relief for expenses
- Be careful where providing for amounts / contingencies in financial statements
- Revenue Jersey may question whether an amount has been “incurred”
- Definition of “incurred” is on their website

Update on domestic tax matters (cont'd)

- Shareholder loan credits

The legislation at Article 81O(6) Income Tax (Jersey) Law 1961 allows relief in the form of tax credit when a shareholder loan is subsequently repaid, in whole or part, to the company.

The formula in legislation is designed to allow a level of relief, being that tax liability which arose in an earlier year of assessment on the portion of the loan now being repaid. This relief is however restricted to the tax liability arising in the repayment year of assessment, this will not generate a tax repayment or tax credit to set against other years of assessment.

The personal tax return allows a claim for such a tax credit to be made in the return. Where a claim is made in a tax return, the claim should be accurately made in line with the formula, and restricted in those circumstances where it would exceed the tax liability.

If there is any doubt as to the calculation of the tax credit, Revenue Jersey would expect that the tax return is submitted without the tax credit claim and a separate subsequent claim is made, on receipt by the individual of their tax assessment.

Where excessive claims are discovered, Revenue Jersey will reduce the claims, and reinstate any liabilities, including any consequential outcomes, for example, surcharges.

Update on domestic tax matters (cont'd)

- Updated CRS guidance notes published in March 2026 (**Automatic exchange of tax information: the Common Reporting Standard (CRS)**)
- Included a number of clarifications on areas of interpretation.
- Key points include:
 - Application of the 'gross-income test' when classifying entities, this is now strictly applied and the approach to look at the nature of assets held when classifying entities with e.g. no income no longer permitted
 - Reporting of non-arms length loans from trusts – Revenue Jersey now has a single approach they want trustees to take. which includes calculating and reporting the interest 'benefit' based on a published market rate of interest
 - Cash now clearly defined as not being a financial asset – previously some uncertainty on this

Update on domestic tax matters (cont'd)

- Skilled Higher Earner (“SHE”) License

Eligibility criteria

- The applicant cannot be ordinarily resident in Jersey, own residential property or hold an existing residential status at the time of application.
- The applicant must establish themselves “in business” in Jersey in order to be eligible for a Business Licence and the associated Licensed consent. There is no prescribed business type/format.
- The applicant must undertake their business activity ‘full-time’ in Jersey (more than 25 hours per week) AND be actively generating earned income through their business activity.

Criteria to be met

- Minimum earned income of £250,000 (passive income cannot be used to top-up)
- Generate Economic and/or Social benefit for Jersey

Ongoing criteria

- Annual taxable (in Jersey) income of £250,000 for 10 years, or until such time as the individual achieves Entitled status, whichever comes first.
- Maintain ‘full time’ employment through own business (to maintain eligibility for Licensed permission), ‘full time’ to mean more than 25 hours per week
- May only purchase or lease property valued at £2m or above

Update on domestic tax matters (cont'd)

- Relief for foreign tax
- Requirement for evidence to be provided in support of expense relief
- Timing of notices of assessment
- Baker Type Unit Trusts
- Beneficiary is immediately entitled to the trust income as it arises
- Will therefore be considered “fiscally transparent” in Jersey for Pillar 2 / MCIT purposes, notwithstanding the fact that the Jersey resident trustee is also taxable in Jersey (subject to Concession M1)

Update on domestic tax matters (cont'd)

- Independent taxation
- Everyone is now being independently taxed
- Advice in relation to payments on account due from Spouse B in November 2026 and May 2027 (Revenue Jersey say of course you can make voluntary payments!)
- Joint filing option election extended to end of this month
- Messy: not Revenue Jersey's "fault"
- Legally the "responsible partner" takes the responsibility to file the joint tax return and is liable for any penalties if it's late/wrong

JSCCA tax representations

- Standardisation of consultation process framework
- Shareholder loan rules – reintroduction of percentage shareholding threshold
- Uprating of monetary thresholds – with a particular focus on GST registration threshold and pension contributions
- Universal tax relief for pension contributions
- Concession I6: Tax relief for interest at level of property owning company
- Dedicated CRMs

Q&A & wrap up

The background of the slide features a series of overlapping, wavy, ribbon-like shapes in shades of blue and purple. These shapes are arranged in a way that creates a sense of depth and movement, with some elements appearing to curve and fold. The overall color palette is cool and modern, with the text box providing a solid dark blue contrast.



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