JSCCA Annual Conference

Domestic Tax update

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10 September 2025

2026 Budget

Pillar 2

Adopted legislation

- Two pieces of legislation have been approved by the States Assembly
- Multinational Taxation (Global Anti-Base Erosion – IIR Tax) (Jersey) Law 2025 ("IIR Law")
- Multinational Corporate Income Tax (Jersey) Law 2025 ("MCIT Law")
- Legislation only applies where an entity is part of a Pillar 2 group
- If not part of a Pillar 2 group, carry on as before

IIR Law

- Applies to fiscal years commencing on or after 1 January 2025
- This legislation applies where the ultimate parent entity ("UPE") or the intermediate parent entity ("IPE") is located in Jersey
- Legislation under which top-up tax (IIR Tax) applicable on profits arising in *other* jurisdictions is charged
- Expectation is that this will be infrequently seen in practice
- Definitely seek advice if you think that there is a risk that an entity could be liable to IIR Tax

MCIT Law

- Applies to fiscal years commencing on or after 1 January 2025
- This legislation applies to any/all constituent entities of a MNE Group which are located in Jersey
- Can elect to be exempt from MCIT if average GloBE revenue of Jersey is less than €10m and average GloBE income or loss of Jersey is less than €1m
- Can also elect to be exempt if MCIT liability for the fiscal year is less then £100,000
- This is not a top-up tax – does not bridge the gap between 0/10 company income tax and minimum required tax contribution
- If an entity is within the scope of MCIT it is removed from the income tax regime
- Hopefully there should be no double reporting (i.e. both MCIT reporting and income tax reporting)

MCIT: practical matters

- Where more than one constituent entity located in Jersey, appoint a "reporting entity" which will take on the reporting obligations and be liable to pay the MCIT due
- First registration obligations – end of the first fiscal year in which the MCIT applies to the MNE Group
- Where an entity subsequently becomes a Jersey constituent entity – 6 months from the date on which it became a Jersey constituent entity
- Not yet possible to register – facility not available
- Expectation that this will be available in Q3 of 2025

MCIT: practical matters (cont'd)

- Obliged to file MCIT return within 12 months of the end of the fiscal year
- MCIT return has not yet been developed and hence content of that return is not yet clear
- Single MCIT return will cover all of the constituent entities of the MNE Group located in Jersey (remember Pillar 2 adopts a jurisdictional approach)
- Will likely contain disclosures in respect of the GloBE income of each entity and then sum them together to reach the "group's MCIT net GloBE income for the fiscal year" – multiply that figure by 15% to calculate the MCIT due for that fiscal year
- The MCIT return will be a "self-assessment" of the MCIT due - ability to amend return for 5 years after return due date
- Amendment by Revenue Jersey within 2 years, 5 years if person is careless, unlimited period if deliberate act or omission

MCIT: practical matters (cont'd)

Penalty regime

- Failure to register - £3,000 per fiscal year
- Failure to submit an MCIT return - £300 if late, then £100 per additional month, up to a maximum penalty of £1,200
- Can be upgraded to an "offence" which is subject to a fine if failure persists
- Inaccurate MCIT return – tax geared penalty determined by reference to behaviour

IIR: practical matters

- Reporting entity will need to notify Revenue Jersey whether it is going to submit a GloBE Information Return ("GIR") and IIR return (broadly it will if it's the UPE/IPE)
- If not, state which entity is going to, where that entity is located and where the GIR is going to be file
- Notification must be filed within 15 months after the end of the fiscal year (18 months in relation to the first fiscal year in which the MNE Group falls in-scope of the IIR)
- If UPE/IPE: GIR and IIR return must be submitted within 15 months after the end of the fiscal year (18 months in relation to the first fiscal year in which the MNE Group falls in-scope of the IIR)
- Any IIR tax will be due on the date that the IIR return is due
- Penalties for failure to notify (capped at £3,000), failure to submit (£1,000 then £1,000 per additional month, up to a maximum penalty of £12,000 per return) & inaccurate returns

Practical matters

Calendar Year 2025 (assuming 31 December year-end)

1. File income tax returns in the normal manner – by 30 November 2026
2. Determine whether you have a Jersey constituent entity of MNE Group
3. If yes, register for MCIT purposes by 31 December 2026

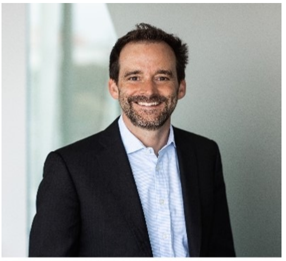
Calendar Year 2026 (assuming 31 December year-end)

1. Pay 50% MCIT instalment payment by 31 May 2026
2. Notify Revenue Jersey under IIR law of GIR submitter by 30 June 2026
3. Submit MCIT return by 31 December 2026
4. Pay outstanding MCIT by 31 December 2026

Remember Revenue Jersey's Pillar 2 FAQs: Interim guidance on Jersey's approach to Pillar Two

Any questions?

With you today



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