

2025.02.04

**Deputy K.M. Wilson of St. Clement of the Minister for External Relations regarding the Organisation for Economic Cooperation and Development's Global Tax Deal (OQ.18/2025):**

Will the Minister advise how the Government is responding to the statement by President Trump that the O.E.C.D. (Organisation for Economic Co-operation and Development) Global Tax Deal has "no force or effect within the United States" and whether, in his assessment, it will affect companies registered for tax in Jersey whose business is with the United States of America and the impact, if any, on tax receipts in Jersey?

**Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter (The Minister for External Relations):**

The U.S. (United States) President's executive orders are directed at taxes in other jurisdictions which are characterised as being discriminatory and extraterritorial. Informed U.S. and global commentators interpret this to mean digital services taxes and the Pillar Two under-tax profit rule. Jersey's multinational corporate income tax was specifically designed to support U.S. groups given the mismatch between the U.S. tax system and the O.E.C.D. Pillar Two rules. It is a domestic Jersey tax on Jersey profits, which is not discriminatory or extraterritorial. As with other jurisdictions globally, we await the publication of further information about the US Treasury's review in 60 days' time, which will provide a better understanding of their focus. But the Government remains confident that our Pillar Two framework is appropriate.

**4.8.1 Deputy K.M. Wilson:**

Could the Minister give some detail to what assessment he has made about the potential for any regulatory change?

**Deputy I.J. Gorst:**

I wonder if the Deputy could just give a little bit more clarity?

**Deputy K.M. Wilson:**

We are actually trading with America and Europe and I wondered whether the Minister could explain how we might balance those and whether there will be any changes to our current regulatory arrangements?

**Deputy I.J. Gorst:**

I am quite happy to do that. It is not directly connected with Pillar Two, but the Deputy raises an interesting point whereby we are currently used, particularly in the fund sector and increasingly, and we hope increasingly, in the private wealth sector for American funds who are investing globally, some of those in the E.U. (European Union). Although it is not the Pillar Two work because that is dealt with by the O.E.C.D., the other executive order about American trade first and what we see in regard to tariffs may have implications in due course that we will have to understand and manage when again there is further clarity on that.

#### **4.8.2 Deputy J. Renouf of St. Brelade:**

Is the Minister concerned that behind President Trump's specific executive orders lies a wider desire to repatriate business to the United States to enhance U.S. tax revenues? For example, the Republic of Ireland has highlighted the danger that some of their large American corporations may be persuaded to repatriate to the United States. Is he worried about that wider point that may arise as a result of the continuing development of President Trump's thinking beyond the executive orders?

#### **Deputy I.J. Gorst:**

Of course, we know that the new President made great play about putting America first and delivering on his policy aims, and we have seen that playing out very publicly in regard to his near neighbours over the last 24, 48 hours. The reality is that we in Jersey must hold our nerve, because in times of global uncertainty we are a safe harbour and we can be used to garner investments and offer security and stability right at the core of our economy and facilitate those who want to invest globally, be they European businesses, be they U.S. businesses or be they global businesses. We actually can help facilitate some of the policy aims of President Trump by offering access into Europe and more globally, and offering certainty, stability and a safe harbour.

#### **4.8.3 Deputy P.F.C. Ozouf of St. Saviour:**

I am mindful of the fact that the U.S.A. never actually signed up to the O.E.C.D. Pillar One in the first place. They had, as the Minister will know, the G.I.L.T.I., (Global Intangible Low-Taxed Income) version. Jersey did not seek to try and get double tax in the arrangements that were debated before this Assembly. Still, subject to all of those positive caveats, does the Minister have any concern about the likelihood of the profits from the revenues from Pillar Two actually being remitted and collected by Jersey, and I say that because of the importance of funding the hospital if we do not get it. Is he happy that we can still rely upon that income in this global world?

#### **Deputy I.J. Gorst:**

The Deputy is absolutely right of course. The U.S. Government did not change its tax code to deal with the O.E.C.D. global tax initiative. Rather it felt initially that its G.I.L.T.I. was just going to be accepted as compliant. That was not the case and that is why we see the situation that we are in now. It does not come as a surprise to us here in Jersey because we have engaged with both Republicans and Democrats in the House over the course of the last couple of years so we knew what Democrats were thinking. There will be more certainty when U.S. Treasury have published their report in 60 days. We remain confident about our overall framework but we have to be careful that we are equally not over confident. We gave a very cautious projection about our base case. We know that there are only 1,400 in-scope companies anyway. There is a small subset of U.S. companies. Until we understand what the U.S. Treasury says in its report and how the O.E.C.D. responds to it, we remain confident. But there could in due course be implications, and that is why for us it is important that we maintain those relationships in Washington, we maintain those relationships in the O.E.C.D. But when it comes to Pillar Two, as the Deputy next to him asked about how we straddle those 2 things, we will need to continue to do that.

#### **4.8.4 Deputy P.F.C. Ozouf:**

I do not want to take the fire away from my colleague Deputy here, who is absolutely right in answering the question. Could I say: is the Assistant Minister still content then, in this global tectonic changing world of needing to go for growth and getting business to Jersey, is he still going to stand by the fact that Jersey Finance's grant was cut?

**The Bailiff:**

I am not sure that stays within the parameters of the question.

**Deputy P.F.C. Ozouf:**

It does, Sir, because it is about going and selling Jersey, is it not?

**The Bailiff:**

In your view it does.

**Deputy P.F.C. Ozouf:**

It is fundamental.

**The Bailiff:**

Well, it may be fundamental to something but it is not fundamental to the question, Deputy, and I am afraid I do not allow it.

**Deputy I.J. Gorst:**

I think the question about remaining competitive and being a safe harbour and playing to our strengths of certainty and stability in a ...

**Deputy M. Tadier of St. Brelade:**

Can I raise a point of order?

**The Bailiff:**

You may raise a point of order, Deputy, yes.

**Deputy M. Tadier:**

If the question has not been ruled in order, is the answer allowed to be given?

**The Bailiff:**

My own view is no, it is not, and I was about to come to say that. It may be there are opportunities to say the sorts of things that need to be or wish to be said either here or in another place, but I have ruled the question out of order, yes.

#### **4.8.5 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:**

In fact, Deputy Ozouf asked my question regarding the fact that the Council of Ministers' budget referenced Pillar Two tax receipts and paying towards the hospital as part of that. Though the Minister has said that the policy at the moment is wait and see, will the Minister

and the Council of Ministers be discussing alternatives on how to fund the hospital if the Pillar Two tax receipts are not able to be retrieved from 2026?

**Deputy I.J. Gorst:**

As I said, U.S. potentially affected companies ... although we will not know until the U.S. Treasury publishes its report what its recommendations are to the O.E.C.D. around rule or order and, therefore, what the O.E.C.D.'s response will be about those requested or suggested changes. So despite it being a small subset of a small subset anyway, we remind ourselves that we were very, very cautious in our base-case analysis that went into the Budget, just over £50 million coming in from Pillar Two, so we reduced that down by the subset. In regard to the hospital, the allocation from that money was allocation to provide the interest on the funding of the hospital, not the funding directly.

[10:45]

So we will continue to, as I say, work with our partners. We remain confident at this point in time, but it is a highly uncertain world in which we live. We believe that we can continue to win business and, therefore, mitigate any downside or detrimental effects that might come in due course.

**4.8.6 Deputy H.L. Jeune:**

I would like to understand from the Minister and from his answer just then whether Jersey will join other partners in ensuring that Pillar Two is kept to the agreement of what it should be in ensuring that there is fairer taxation around the world and if Jersey will ensure that they will keep that message as they go forward in negotiations of the O.E.C.D.

**Deputy I.J. Gorst:**

So the Jersey Government will always put - be careful how I assign this - the people of Jersey first, and I think that is exactly what Members of this Assembly and Islanders would expect. By doing so we want to remain competitive and be attractive to business. At the same time, of course, we engage with international fora to make sure that we can play our part. The U.S., the main funder of the O.E.C.D., has through its new President said that it withdraws from this particular tax agenda. We have seen overnight it also withdrawing from the U.N. (United Nations) tax agenda. So that is not surprising. We will continue to engage. We will continue to make our case so that both the U.S. and the O.E.C.D. understand the nuances and the positivity of what Jersey offers as a centre for global investment around the world. That is the position that we will continue to take.

**4.8.7 Deputy K.M. Wilson:**

I thank the Minister for his response on that. I wonder if he could expand more on the statement he has just made about how he will put Jersey first and how the position that is currently being stated from the U.S. President will affect plans to grow and expand financial service provisions in the future.

**Deputy I.J. Gorst:**

I thank the Deputy for that question. It is incredibly important, as I have said, that we continue to remain engaged, both in the U.S. at Washington and at the O.E.C.D. in Paris and

with wider colleagues. We believe that our framework for Pillar Two stands us in good stead but we are not complacent, which is why at the end of last year, the end of November or probably just in December, I reallocated some of my departmental budget to Jersey Finance, roughly the amount that the other Deputy was questioning me about, in order to absolutely focus on growing our presence in the U.S. in order that we are and remain in a good place. I cannot overemphasise in times of global turmoil that we are seeing all around us, whether that is in Europe or it is emanating from the U.S.A., we are a safe harbour. We offer stability. We offer certainty for investors and we must make that noise loud and clear from the rooftops. We will put Jersey first. We will maintain Jersey as a competitive environment that investors can choose with confidence.