



| States Assembly

States Greffe

Deputy Elaine Millar & Deputy Ian Gorst
Minister for Treasury and Resources & Minister for External Relations
19-21 Broad Street
St Helier
Jersey
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BY E-MAIL

25th September 2024

Dear Ministers,

OECD Pillar 2 Scrutiny Sub-Panel

OECD Pillar 2 Review – Information Request

As part of the ongoing work of the OECD Pillar 2 Review, the Sub-Panel has agreed to request written information related to the below questions. To help inform its review, the Sub-Panel requests any relevant information pertaining to the following:

Review of the Propositions and Implementation Choices

1. What were the key factors that influenced the drafting process of P.53/2024 and P.54/2024, and can you provide some insight into the level of stakeholder engagement - over what period, type of business, with what jurisdictions?
2. The Budget 2025-2028 suggests that the implementation of the OECD Pillar Two initiative could generate upwards of £50 million annually for Jersey. Could you provide more detail on how this revenue projection was calculated and what assumptions underpin this estimate?
3. Considering that the implementation date for the new tax measures is set for January 2025, and acknowledging that the revenue will not be received instantly, could you explain how this timeline impacts the Government's fiscal planning and how it will be communicated to the public?

Assessing Jersey's Proposed Implementation

4. What assessments have been conducted regarding the potential impact of Pillar Two on local businesses, especially multinational enterprises operating in Jersey? Are there any specific sectors that are expected to be more significantly affected?
 - a. Has the Government identified any need to support businesses during the transition, and, if so, how might that support be delivered?

5. The Subject to Tax Rule (STTR) is an important component of the OECD Pillar Two framework aimed at ensuring certain cross-border payments to developing countries are taxed at a minimum rate of 9%. Could you explain Jersey's approach to implementing the STTR, particularly why the Government intends to adopt it through bilateral protocols rather than the OECD's Multilateral Legal Instrument (MLI)?
 - a. What are the reasons for choosing bilateral agreements over the multilateral approach, and how does this decision impact Jersey's relationships with developing countries and its commitments under the OECD Inclusive Framework?

Alignment with Government Objectives and Policy Goals

6. Throughout the development of this legislation, how has stakeholder feedback been solicited and incorporated? What were the main concerns raised by stakeholders, and how have these been addressed in the final proposals?
 - a. Are there plans for ongoing engagement with stakeholders as the legislation is implemented and possibly adjusted in the future?

Assessing Feasibility and Practical Implementation

7. The Proposed Budget 2025-28 allocates approximately £4 million for developing and implementing a new Revenue Jersey IT system. Is this funding sufficient to cover all aspects of implementation, including staffing and training?
 - a. Are there plans to secure additional resources if needed, and how will the Government manage potential cost overruns?
 - b. What impact would this have on other projects and programmes for delivery in 2025 in respect of Revenue Jersey?
8. What administrative systems and mechanisms are being established to manage compliance with the new tax measures?
 - a. How will Revenue Jersey ensure that taxpayers receive high standards of customer service during this transition?
 - b. What kind of support and guidance will be provided to affected businesses to help them understand and comply with the new requirements?

Long-term Strategies and Impact

9. What are the projected long-term economic impacts of implementing the OECD Pillar Two framework on Jersey's economy? Given the uncertainties in revenue forecasting, how does the Government plan to manage potential fluctuations in tax revenue?
 - a. How has Government prioritised resources for the implementation of Pillar Two? Have any projects or initiatives been delayed or stopped as a result?
 - b. What monitoring and evaluation mechanisms will be put in place to assess the impact over time and make necessary adjustments to policy?

Development of the Credit System and Future Work

10. As we look ahead to the full implementation of the OECD Pillar Two framework, could you explain what work is being done to develop the credit system that will be implemented?
11. How does the development of the credit system align with international best practices, and what efforts are being made to learn from other jurisdictions implementing similar systems?
 - a. Are there any areas where Jersey's approach may differ from OECD guidelines, and if so, what is the rationale behind these decisions?
12. Could you provide an overview of the timeline for developing and implementing the credit system?
 - a. What key milestones or phases are planned, and how will progress be monitored and reported?

Due to the extremely tight timeframe for the review, the Sub-Panel would appreciate a response as soon as possible, but by no later than **5pm on Wednesday 2nd October 2024**. Please be aware that it is the Panel's intention to publish the response it receives on the States Assembly Website.

Yours sincerely,



Deputy Jonathan Renouf
Chair, OECD Pillar 2 Sub-Panel