

2024.11.25

2.9 Deputy P.F.C. Ozouf of St. Saviour of the Minister for Treasury and Resources regarding tax revenue received from the cannabis sector: (OQ.233/2024)

Will the Minister advise how much tax revenue has been received to date from the Island's cannabis sector, and whether she has considered any increase to the tax regime for medicinal cannabis providers, and if not, why not?

Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):

The Income Tax Law was amended from year of assessment 2022 to tax the profits of companies that cultivate, process or distribute cannabis at a rate of 20 per cent. As the filing deadline for 2023 for companies is 30th November 2024, the only available information relates to the 2022 year of assessment. Due to high upfront costs, it was acknowledged at the time of introduction that revenue would probably not be forthcoming until the year of assessment 2024. In line with this, fewer than 12 companies who identified they received income in 2022 as a licensed cannabis cultivator had a positive tax liability for that year. As a matter of policy, the Comptroller will not specify numbers of taxpayers below 12, nor the amounts payable at this stage, to avoid inadvertent breaches of taxpayer confidentiality. As we have only received one year of tax returns from this industry, it would be premature to review the tax regime at this stage.

2.9.1 Deputy P.F.C. Ozouf:

I thank the Minister for the first part of the question, but it is not very bold and encouraging I do not think. But my question related to the medicinal cannabis prescribers and I was inviting her to consider whether or not - now we know that there have been 25,000 medicinal cannabis prescriptions issued and we know that there have been some fairly large amounts of money paid for them - the Minister would consider taxing that? Because it does not seem to be entirely health-related.

Deputy M.E. Millar:

I beg to differ. The question related to medicinal cannabis providers, which I have interpreted as growers and cultivators. Certainly, the version I had was 'provider'. So the question was not clear. However, as regards the dispensing of cannabis, several of the pharmacies and dispensers of medicinal cannabis take corporate form. Under Jersey's Zero/Ten regime, they are subject to the same zero per cent income tax rate as other Jersey retailers, provided that they are not directly involved in the cultivation and processing of cannabis or are not connected to a company that is. Government and Revenue Jersey are monitoring this nascent industry closely to ensure that tax treatment of its profits and gains remains appropriate. As regards general practitioners, general practitioners are typically organised as partnerships and are taxed at the individual personal income tax assessment level based on their share of profits and gains. If there is any concern about the level of cannabis prescription that is a matter for regulation by the Minister for Health and Social Services, and the tax system is not designed to regulate any particular industry.

The Deputy Bailiff:

Question 10 ...

Deputy P.F.C. Ozouf:

Final supplementary, Sir?

The Deputy Bailiff:

That is because no one else asked any questions. That is the way it works, unfortunately.

