

2024.11.12

**3.14 Deputy M.B. Andrews of St. Helier North of the Minister for Treasury and Resources regarding the Island's zero-ten tax system: (OQ.205/2024)**

Will the Minister advise what communication, if any, she has had with her counterparts in Guernsey or the Isle of Man in relation to updating or amending the Island's Zero-Ten tax system; and if none, why is that the case?

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

I have confirmed a few times previously that I have no plans to change Jersey's Zero-Ten corporate income tax regime. Jersey has an ongoing dialogue with other Crown Dependencies, including on tax matters. However, I have not had any discussions or communications with them about changing Jersey's Zero/Ten regime. That is not something that I am contemplating, nor is it something that is included in the proposed Budget 2025, which is due to be debated later this month. On a separate note, from Zero/Ten, Members will remember that the Pillar Two regime was unanimously adopted by the States Assembly last month. Those entities that are not impacted by Pillar Two, which are the vast majority of our companies, will remain in the Zero/Ten regime. Pillar Two affects a relatively small number of large multinational enterprises operating in Jersey. In 2025, those entities will pay a corporate income tax of 15 per cent, in line with the O.E.C.D.'s (Organisation for Economic Co-operation and Development) global minimum tax framework. This is a positive step for Jersey and maintains Jersey's reputation as being fully aligned with international tax standards.

**3.14.1 Deputy M.B. Andrews:**

Does the Minister believe it to be fair that we have businesses in this Island who pay zero tax when we have middle earners in Jersey who are paying a marginal income tax rate of 26 per cent?

**Deputy M.E. Millar:**

The Island's corporate income tax regime is built on the pillars of tax neutrality and transparency. It meets international standards on taxation and has served this Island well, allowing our financial services sector to flourish and provides employment for thousands of people. The proposed Budget forecasts the corporate tax regime to contribute £221 million in tax revenue for 2025, so it is vital that the measures that we take do not impinge on the performance of the corporate sector.

**3.14.2 Deputy P.F.C. Ozouf of St. Saviour:**

I rise to ask a question to reassure the Member who is asking this. She is still of the view that a very challenging decision to introduce Zero/Ten, which had deleterious consequences in the short term but had massive advantages by maintaining our finance industry and our competitiveness, which this Assembly dealt with and she would, given the benefit of hindsight in this regard while difficult ... the Zero/Ten issue was imposed upon us by the European Code Compliance and would she agree that it has meant that Jersey's economy is as strong as it is today compared to other places that are seeing deficits and having to introduce G.S.T. (goods and services tax) late?

**Deputy M.E. Millar:**

Yes, I do agree with the Deputy, and I thank him for his question. As I have just said Zero/Ten has served the Island well and it means we have a thriving financial services sector which is continuing to compete in an increasingly competitive market. It is important that we continue our work to ensure both that Jersey remains competitive as an international finance centre and the work being led by my colleague, Deputy Gorst, following the introduction of Pillar Two, we will very much focus on ensuring competitiveness and indeed building growth in our economy.

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

Sir, I think in the interest of time, having this question already ventilated, it is the same version of a different result, so with the Minister's permission and the Assembly's permission, I think I will withdraw it.

**The Bailiff:**

Yes, I will consider it.

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

We have already answered it, unless the Minister wants to say anything else, but we have really ventilated this quite a bit.

**The Bailiff:**

We come to question 16. Thank you very much, Deputy, indeed.