

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY SENATOR S.Y. MÉZEC
QUESTION SUBMITTED ON MONDAY 11th OCTOBER 2021
ANSWER TO BE TABLED ON MONDAY 18th OCTOBER 2021**

Question

With regards to the recent sale of JT's Internet of Things (I.O.T.) division, will the Minister advise –

- (a) how much JT has paid to the States of Jersey in terms of dividends and corporation tax in each year for the last 5 years;
- (b) what proportion of these payments can be attributed to the performance of the I.O.T. division;
- (c) what projections, if any, the Treasury had for the next five years in terms of the expected revenue arising from JT, prior to the decision to privatise the division;
- (d) the current revenue projections for this time period, now that JT only retains a minority stake in I.O.T; and
- (e) whether or not the now privately-owned I.O.T will pay corporation tax?

Answer

- a) The dividend payments and corporation tax payments received from JT are disclosed within, and can be readily determined from, JT's publicly available annual financial statements. However, the figures for the last five years are as follows:

	2016 (£)	2017 (£)	2018 (£)	2019 (£)	2020 (£)
Tax	1,907,005	1,998,184	2,423,822	2,342,201	1,407,157
Ordinary Dividends	5,496,000	4,692,000	4,790,000	4,775,000	4,105,000
Preference Dividends	200,000	200,000	200,000	200,000	200,000
Total	7,603,005	6,890,184	7,413,822	7,317,201	5,712,157

- b) In terms of the percentage of dividends and tax payments attributable to the IoT division, the Minister believes this to be negligible, since the Earnings Before Interest Tax Depreciation and Amortisation (“EBITDA”) of the division was insignificant before 2018, £2.1m in 2019 and £6m in 2020. The value of the IoT division was based on future benefits, not on historical ones. Whilst the IoT division did make a healthy contribution to the Company's EBITDA, the sale of the majority stake in JT (IOT) Ltd secures a future revenue stream (JT (IOT) will be JT's biggest customer) which is expected to grow as the new owners inject significant investment in IoT.
- c) Prior to the sale of the majority stake in JT (IOT) Ltd by JT, projections for future dividends were for inflationary increases for the ensuing five years.
- d) JT is in the process of refreshing their 5-year plan which will be incorporated into their 2022 Business and Operating Plan to be agreed by the Shareholder. This will include a dividend forecast based on the updated financial outlook.
- e) The Minister cannot comment on the tax arrangements of a private company.

