

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY R.S. KOVACS OF ST. SAVIOUR  
QUESTION SUBMITTED ON MONDAY 17<sup>th</sup> OCTOBER 2022  
ANSWER TO BE TABLED ON MONDAY 24<sup>th</sup> OCTOBER 2022**

**Question**

Given that the States of Jersey 2021 Annual Report and Accounts indicate that the income from Companies Tax decreased by £34 Million in 2021 when compared with the previous year, will the Minister provide more detailed statistics advising the reason for this decrease including by sector of operation or business size; and would the Minister further advise whether it is his intention to review the levels of Income Tax paid by Companies, noting the low proportion of revenue in terms of the annual total tax-take?

**Answer**

The information which is currently available to me can be found at Page 18 of report on the revised income forecast presented to the States Assembly in Report R 134/2022

[r.134-2022.pdf \(gov.je\)](#) :-

**“2021 outturn from Revenue Jersey**

The aggregate outturn for 2021 was in line with the IFG forecast. Tax from financial services was hit strongly, primarily due to the impact of the reduction in the bank rate which fell in March 2020 from 0.75 to 0.1 and remained at that level for the remainder of the year. Tax outturn for financial services fell from £81m to £59m between 2020 and 2021. This includes a £1m downwards revision to 2020 outturn. Note that corporate income tax is paid one year in arrears, so tax in 2020 relates to profits in 2019.

Tax from property activities (property development and rental profits) fell by £0.8m in 2020, while tax from large corporate retailers (LCRs) remained relatively stable with small growth of around £0.2m despite lockdown restrictions impacting trade.

Tax from utilities grew by just over £½m, whereas tax from all other sectors fell by around £1m.

Overall corporate income tax fell by 19% between 2020 and 2021, nearly all of which was due to falls in tax from financial services, assumed to be largely due to the impact of lower interest rates on financial services profits.”

I note, however, that increases are forecast in future years, as follows;

## Corporate Income Tax

(GBP millions)	2020 Outturn	2021 Outturn	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
<b>Spring 2022 forecast</b>	121	98	111	131	165	165	162
Impact of tax outturn	-2	-1	-1	-1	-0	-0	-1
Growth assumptions - FS		0	0	+0	+6	+15	+21
Growth assumptions – non-FS		0	-0	-0	+1	+1	+1
<b>Summer 2022 forecast</b>	<b>120</b>	<b>98</b>	<b>110</b>	<b>131</b>	<b>171</b>	<b>181</b>	<b>184</b>
Variance	-2	-1	-1	0	+6	+16	+22

*Some columns may not sum due to rounding. Grey background is previous forecast and outturn.*

The Government is considering the impact of the international OECD two pillar tax project on the very largest global multinational groups of entities with operations in Jersey. However, even in the event that Jersey's corporate tax regime changes for these very large multinational groups, the corporate tax position of all but these large in-scope companies operating in Jersey will remain unchanged. I have no plans to go beyond this at this time. Plans for major tax review are set out in the proposed Government Plan 2023 - 2025.