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International Tax

Jersey Highlights 2023

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Recent developments

For the latest tax developments relating to Jersey, see Deloitte tax@hand.

Investment basics

Currency: Pound Sterling (GBP)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: Commonly UK GAAP and IFRS (although, broadly, a private company may adopt any generally recognized accounting framework). Jersey public companies must prepare and deliver financial statements to the registrar within seven months of the financial period end.

Principal business entities: These include various forms of company (e.g., the unlimited company, limited company (limited by either shares or guarantee), protected cell company, and incorporated cell company) and partnership (e.g., general partnership, limited partnership, limited liability partnership, incorporated limited partnership, and separate limited partnership). Legislation allowing the creation of limited liability companies in Jersey was passed in 2018 and came into force in September 2022. A foreign company can establish a branch or representative office in Jersey. Jersey also has the concept of foundations.

Corporate taxation

Rates	
Corporate income tax rate	0% (in general)/10%/20%
Branch tax rate	0% (in general)/10%/20%
Capital gains tax rate	Capital gains are not taxed

Residence: A company is resident in Jersey if it is incorporated in Jersey or, where a company is incorporated outside Jersey, if its business is managed and controlled in Jersey.

A company incorporated in Jersey is not regarded as resident in Jersey if: (i) it is centrally managed and controlled in a jurisdiction outside Jersey; (ii) it is tax resident in that other jurisdiction; and (iii) the highest rate of tax suffered by any company in that other jurisdiction on any part of its income is at least 10%.

Basis: Resident companies are taxed on worldwide income; nonresident companies are taxed only on Jersey-source income (excluding certain statutory and nonstatutory exemptions, which include Jersey bank interest). Jersey branches are taxed only on their Jersey-source income from trading activities.

Limited liability companies are transparent for income tax purposes.

Taxable income: Resident companies are taxable on their worldwide income. Jersey has a schedular tax system with income taxed under either schedule A (broadly, income from Jersey land and property) or schedule D (all other income, with deductions based on the type of income).

Capital allowances are available at 25% on a reducing balance basis against both schedule A and schedule D trading income.

Rate: The standard rate of corporate income tax applying to Jersey resident companies or non-Jersey resident companies that have a permanent establishment (PE) in Jersey is 0%. A 10% rate applies to certain companies that meet the definition of a "financial services company." A 20% rate applies to certain companies that meet the definition of a "utility company" or "a company in the cannabis industry," and to "large corporate retailers" (broadly, groups with Jersey retail turnover exceeding GBP 2 million and net taxable profit over GBP 500,000). For large corporate retailers, the tax rate applies on a sliding scale and the 20% rate is chargeable only where taxable profits are greater than GBP 750,000.

Income derived from the rental or development of Jersey real estate, quarrying in Jersey, and profits from importing and supplying hydrocarbon fuels into Jersey is subject to tax at 20%, regardless of the rate that applies to the company in general.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Dividends received by companies are taxable (typically at the rate of 0%).

Capital gains: Capital gains are not taxed.

Losses: Trading losses may be carried forward indefinitely. Qualifying companies (broadly, companies other than those subject to tax at 0% or 10%) may carry back losses for one year. The carryback of losses by any other type of company is not permitted.

Foreign tax relief: For qualifying companies, Jersey has a unilateral relief mechanism for foreign taxes suffered, including withholding taxes on dividends.

Jersey generally provides relief for double taxation by allowing a deduction for foreign tax paid, although it is possible to apply to Revenue Jersey for a tax credit on a discretionary basis. Tax paid outside of Jersey also may be eligible for relief under the provisions of an applicable tax treaty, up to the amount of Jersey tax payable on the income.

Participation exemption: There is no participation exemption, although Jersey does not tax capital gains and dividends received by companies generally are taxed at the rate of 0%.

Holding company regime: There is no holding company regime.

Incentives: There are no specific tax incentives.

Compliance for corporations

Tax year: Tax on most income is calculated by reference to the financial period ending in the calendar tax year (the "year of assessment"). Jersey land or property rents are taxed on the basis of the rents to which a person becomes entitled during the year of assessment.

Consolidated returns: Consolidated returns are not permitted, although Jersey has group relief rules that allow current year losses of group companies of the same type (e.g., financial services companies) to be offset against taxable profits.

Filing and payment: Annual company tax returns must be filed with Revenue Jersey by 30 November of the year following the year of assessment (for years of assessment prior to 2022, this deadline was 31 December). Financial statements generally are required to be submitted with tax returns for Jersey tax resident companies.

Company income tax is payable in two equal installments following the year of assessment, with each payment equivalent to 50% of the company's estimated tax liability. For all companies other than "large companies," the first installment is payable on 31 May and the second on 30 November. A large company is defined as a company whose tax liability in each of the two years before the relevant year of assessment exceeds GBP 500,000. The first installment date for a large company is 31 March, with the remaining balance payable on 30 September.

As from the 2022 year of assessment, Jersey partnerships and Jersey LLCs are required to make annual Jersey income tax filings by 30 November following the calendar year of assessment. Details of the format of the returns have not yet been published.

Penalties: A penalty of GBP 300 is imposed for late filing of a tax return. Where the return is not filed by midnight on the date three months after the filing date, an additional penalty of GBP 100 applies for each month that the return remains unfiled, up to a maximum of nine months.

A 10% surcharge applies to any income tax outstanding after the relevant due date for payment of the second installment of income tax.

Rulings: Taxpayers may request a formal ruling from the Comptroller of Revenue.

Individual taxation

Rates	
Individual income tax rate	20%
Capital gains tax rate	Capital gains are not taxed

Residence: In general, an individual is considered resident in Jersey if the individual is present in Jersey for at least 183 days in a tax year or at least 90 days in each of four consecutive tax years. In addition, an individual is considered resident in any tax year in which the individual has a place of abode available in Jersey and spends one night in that place of abode.

Basis: Resident and ordinarily resident individuals are taxed on their worldwide income; resident but not ordinarily resident individuals are taxed on their Jersey-source income and any non-Jersey-source income they remit to Jersey. Nonresidents are taxed only on Jersey-source income (excluding certain statutory and nonstatutory exemptions that include Jersey bank interest).

Taxable income: Taxable income comprises trading profits, employment income and taxable benefits, investment income, income from foreign securities and foreign possessions, and income from other sources.

Jersey resident shareholders may be taxable on loans made to them by Jersey resident companies in which they directly or indirectly own shares.

Jersey resident shareholders of Jersey resident companies (or nonresident companies with a Jersey PE) are subject to specific anti-avoidance rules in respect of certain distributions from such companies that otherwise may have been treated as nontaxable capital receipts, rather than taxable income.

Rates: The standard rate of income tax is 20% but a marginal rate calculation applies so that the tax payable on total income cannot exceed 26% of taxable income above the income tax exemption threshold (GBP 18,550 for 2023 for a single taxpayer). A special regime applies for high net worth individuals, which is available only upon application. The rates/tax contribution applicable under this regime will depend on the individual's personal circumstances.

Capital gains: Capital gains are not taxed.

Deductions and allowances: Personal tax allowances are based on the taxpayer's personal circumstances. Deductions may be available for items such as pension contributions and certain interest payments.

Foreign tax relief: Jersey generally provides relief for double taxation by allowing a deduction for foreign tax paid, although it is possible to apply to Revenue Jersey for a tax credit on a discretionary basis. Tax paid outside of Jersey also may be eligible for relief under the provisions of an applicable tax treaty, up to the amount of Jersey tax payable on the income.

Compliance for individuals

Tax year: The tax year is the calendar year (the "year of assessment").

Filing status: Taxpayers file an annual income tax return. Jersey is moving to an independent taxation system under which individuals will be responsible for filing their own tax returns and paying their own tax liabilities. The new system is being introduced progressively as from 1 January 2022.

Taxpayers not subject to independent taxation, married couples, and couples in civil partnerships must file returns jointly and are jointly and severally responsible for income tax liabilities except where an election for separate assessment has been made. Where an election for separate assessment is made, the total amount of tax payable by the couple should be the same as it would be under joint assessment.

Filing and payment: Where a hardcopy return is filed, the deadline is midnight on 31 May following the year of assessment; where the return is submitted online, the deadline is midnight on 31 July following the year of assessment. Assessments are issued following the submission of the tax return.

Jersey operates an income tax withholding scheme on employment income known as ITIS (Income Tax Installment System), which is operated by the employer.

An individual who is required to make installment payments of income tax for a year of assessment must pay two installments for the year. The first installment is due and payable on 30 November in the year of assessment and the second installment is due and payable on 31 May in the year following the year of assessment. A balancing payment also may be due by 30 November following the year of assessment.

Penalties: A penalty of GBP 300 or the tax liability for the relevant period, if lower, is imposed for late filing of a tax return. Where the return is not filed by midnight on the date three months after the filing date, an additional penalty of GBP 50 applies for each month that the return remains unfiled, up to a maximum of nine months.

Any tax outstanding as at midnight on 30 November in the year following the year of assessment may be subject to a 10% surcharge (in cases where a taxpayer's earnings constitute less than 25% of their income).

Rulings: Taxpayers may request a formal ruling from the Comptroller of Revenue.

Withholding tax

Jersey does not impose withholding tax on dividends, interest, royalties, or fees for technical services; although the legislation contains powers to require withholding, these powers are not exercised. There is no branch remittance tax.

In practice, the only situation in which a withholding tax liability may arise is where, in the absence of a certificate of good compliance, a taxpayer/agent may be required to withhold income tax on Jersey-source rental payments from land or property to non-Jersey tax resident landlords.

Anti-avoidance rules

Transfer pricing: There is no transfer pricing legislation; however, the Comptroller of Revenue does have broad anti-avoidance powers.

Interest deduction limitations: Interest deductions are only granted in limited circumstances.

Controlled foreign companies: There is no controlled foreign company legislation.

Hybrids: There is no anti-hybrid legislation.

Economic substance requirements: An economic substance test applies to Jersey tax resident companies (including self-managed funds) undertaking certain "relevant activities" as defined in the Taxation (Companies – Economic Substance) (Jersey) Law 2019. The relevant activities comprise banking, finance and leasing, intellectual property holding, fund management, shipping, headquarter, insurance, holding company business, and distribution and service center business. Companies that carry out relevant activities and receive gross income in relation to those relevant activities are required to demonstrate that they:

- Are directed and managed in Jersey;
- Carry out core income generating activities in Jersey; and
- Have adequate staff, expenditure, and physical assets in Jersey.

A company that fails the economic substance test may incur a penalty of up to GBP 10,000. Where a company has been notified that it has failed the economic substance test but fails again in a subsequent financial period, the penalty rises to a maximum of GBP 100,000. In the most serious cases of persistent failure, a company may be struck off the Jersey companies register. Information exchange also will take place between relevant jurisdictions in cases of noncompliance, provided there is an appropriate exchange mechanism in place.

For companies defined as "high risk intellectual property companies," there is a rebuttable presumption that the economic substance test has not been met.

Economic substance rules also apply to partnerships and are broadly consistent with the rules for companies. For the purpose of economic substance, limited liability companies fall within the scope of the economic substance legislation applicable to companies.

Disclosure requirements: Companies subject to tax at rates other than the 0% rate, or whose ultimate beneficial owners are Jersey resident individuals who hold more than 2% of the ordinary share capital of the company (either directly or indirectly) are required to provide details of their tax adjusted profits for a year of assessment to Revenue Jersey (even if the profits are subject to the 0% rate). Companies that are subject to the 0% rate but not beneficially owned by Jersey resident individuals are required to provide details of their accounting profits for a year of assessment to Revenue Jersey. The company tax return requires companies to provide financial statements in support of the information on the return. Companies (and partnerships) that are within the scope of Jersey's economic substance legislation must provide additional information. Companies subject to tax at 10% or 20% must include details on the face of the return relating to certain reliefs claimed during the reporting period (e.g., capital allowances and group relief). Additional reporting requirements apply to companies with an annual turnover exceeding GBP 1 million and GBP 5 million.

Exit tax: There is no exit tax.

General anti-avoidance rule: A general anti-avoidance provision allows Revenue Jersey to raise additional tax assessments where a transaction has been entered into, the main purpose (or one of the main purposes) of which is the avoidance or reduction of Jersey income tax.

Goods and services tax

Rates	
Standard rate	5%
Reduced rate	0%

Taxable transactions: A goods and services tax (GST) applies on the provision of most goods and services. A special regime applies to entities that elect to become International Services Entities (ISEs). An entity must meet certain criteria to become an ISE and an annual election and payment of a prescribed annual fee are required. ISEs are outside the scope of GST and are neither charged nor required to charge GST.

Rates: The rate applicable to most supplies is 5%. Some supplies may be zero-rated or exempt. GST recovery is restricted for companies making exempt supplies.

Registration: Entities (including, as from 1 July 2023, online retailers selling into Jersey) that make taxable supplies of GBP 300,000 or more in a 12-month period or expect to exceed the threshold in a 12-month period must register for GST.

Filing and payment: Broadly, GST return filing and payments are due quarterly. The GST return and payment are due one month after the close of the applicable quarter. Jersey also operates cash and annual accounting GST schemes.

Other taxes on corporations and individuals

The taxes in this section apply both to companies and individuals and are imposed at the island level.

Social security contributions: Employers are required to make social security contributions on an employee's earnings. The rate is 6.5% on gross earnings up to GBP 5,060 per month and 2.5% on gross earnings between GBP 5,060 and GBP 23,072 per month. An employer may elect to deduct the social security contributions it makes when completing its corporate income tax return.

Employees are required to make monthly social security contributions, at a rate of 6% of their monthly remuneration. The maximum social security contribution base is GBP 5,060. The additional 2.5% rate applicable to employers does not apply to employee contributions.

Self-employed individuals are required to make social security contributions at the rate of 12.5% on gross earnings up to GBP 5,060 per month. An additional 2.5% applies on gross earnings between GBP 5,060 and GBP 23,072 per month.

Individuals must make long-term care contributions, based on their total taxable income. This is collected via ITIS or payments on account, depending on whether the individual is employed or self-employed. The maximum rate is 1.5% of total income, and the contribution is calculated using a similar method to the income tax calculation.

Payroll tax: Employers are required to deduct income tax from earnings on behalf of their employees and remit this to Revenue Jersey on a monthly basis via ITIS. The effective rate at which income tax must be withheld is calculated by Revenue Jersey annually and an ITIS rate notice is provided to each employee.

Capital duty: There is no capital duty.

Real property tax: Jersey imposes property tax at rates that depend on the property's ratable value.

Transfer tax: A land transaction tax or an enveloped property transaction tax may apply to the transfer of shares in a company if the shares confer a right of occupation/beneficial ownership (either direct or indirect) over Jersey situs land or property. Applicable rates range from 0.5% to 13.5%.

Stamp duty: Stamp duty applies at rates ranging from 0.5% to 13.5% on the purchase or transfer of Jersey real estate. Mortgages secured by a charge over Jersey real estate are subject to stamp duty at rates up to 0.5% of the amount borrowed.

Probate stamp duty is charged on the application by individuals for grants of probate and letters of administration; the rates range between 0% and 0.75%, depending on the value of the deceased's estate, but the duty is capped at GBP 100,000.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax, but see "Stamp duty," above, for comments on probate stamp duty.

Tax treaties: Jersey has concluded full or partial tax agreements with around 30 jurisdictions. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) entered into force for Jersey on 1 July 2018.

Tax authorities: Revenue Jersey (headed by the Comptroller of Revenue)

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