

Friday 19 May 2023

# Crown Dependencies announce agreed approach to Pillar Two Framework

- **Treasury Ministers from Jersey, Guernsey and the Isle of Man make joint statement on intended approach to Pillar Two**
- **Pillar Two will only affect those businesses in the largest multinational groups**
- **Jersey retains commitment to ensuring competitive business environment**

The Minister for Treasury & Resources, Deputy Ian Gorst, has joined with Treasury Ministers from Guernsey and the Isle of Man, to announce the next stage in the Islands' respective responses to Pillar Two – the international project to align minimum global corporate tax rates for the world's largest multinational groups.

Deputy Gorst had the following message for large multinational groups operating in Jersey that will be affected by global tax changes in the coming years:

*"Jersey is a strong, stable and competitive international financial centre and we have a long track record of adapting positively to global changes.*

*"The Government is monitoring international developments on Pillar Two very closely. Jersey is very well positioned to adapt to these changes: we already have a well-developed corporate tax system; and we have a seat at the table as a member of the OECD Inclusive Framework Steering Group, which is at the heart of decision making for this agenda.*

*"Jersey will continue to make the right tax choices for the Island's long-term success as a global business and professional services centre. I am determined, through careful engagement with industry at home and around the world, to ensure Jersey maintains its international reputation for competitiveness and for providing businesses with administrative certainty and simplicity into the future."*

Pillar Two will apply only to the largest international groups of companies with annual global revenue above €750 million. The vast majority of businesses in Jersey will not be affected by these changes to the global tax rules. Jersey's 0/10 corporate tax regime will continue to apply to them.



## Joint Three Crown Dependencies Statement

"The governments of Guernsey, Jersey and the Isle of Man ('the Islands') announce that they have reached a decision on a joint approach to the OECD's Pillar Two framework<sup>1</sup>, based on current international implementation of Pillar Two and discussions at the OECD. This decision ensures certainty for businesses in each of the three jurisdictions.

"Our intention is that this approach will comprise the implementation of an "Income Inclusion Rule" and a domestic minimum tax to provide for a 15% effective tax rate for large in-scope multinational enterprises, from 2025. The Islands will continue to work together, monitoring implementation internationally and adapt accordingly to developments which may require adjustments to our own implementation plans, and remain committed to continuing to offer attractive and globally competitive investment environments.

"The Islands will continue to engage with diverse and widespread stakeholders – across a very broad range of sectors and geographies – to gather further information and to provide appropriate notice to allow businesses to prepare for these changes.

"Our Islands have well-established and stable corporate income tax systems, and longstanding and independently assessed track records of meeting international standards. We are proud of our global leadership in tax cooperation, combatting money laundering and countering the financing of terrorism, and in providing appropriate and effective transparency."

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## Notes to Editors

1. For further information, please contact the press office on 01534 440430 or [pressoffice@gov.je](mailto:pressoffice@gov.je)

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<sup>1</sup> Pillar Two establishes the framework for a global 15% minimum effective tax rate for large multinational groups, calculated at a jurisdictional level, with a top-up charge imposed on any low-taxed profits.