

Tuesday 21 May 2024

Jersey statement on Pillar 2 implementation

In May 2023, the Government of Jersey announced its intention to implement a Pillar 2 Income Inclusion Rule and a Domestic Minimum Tax from 2025. Since then, we have been monitoring international developments and engaging closely with affected stakeholders in Jersey and overseas on the detailed design and implementation of Pillar 2.

Jersey is keeping its 2023 commitment. We intend to achieve this by introducing the following legislation for groups in-scope of Pillar 2 (i.e. multinational groups of companies with global annual turnover of more than 750 million Euro), with accounting periods beginning on or after 1 January 2025:

1. An **Income Inclusion Rule (IIR)**; and
2. A new standalone **multinational corporate income tax (MCIT)** to sit alongside Jersey's existing corporate income tax regime.

The MCIT will align with the [OECD GloBE Model Rules](#) so that Jersey companies and Jersey branches of in-scope multinational groups pay an effective rate of 15% on their profits.

The Government of Jersey is clear that this new multinational corporate income tax is the right approach to Pillar 2 implementation for Jersey. It will support our diverse geographical investment base and, where relevant, will address certain unintended double taxation challenges that Pillar 2 implementation creates for some taxpayers. It will also operate independently of our existing tax regime, thereby reducing the need for top-up calculations and maintaining administrative simplicity to the greatest extent possible.

The Government of Jersey will also be proposing a competitive Pillar 2 compliant package of support that boosts the productivity, digital capacity and skills of the wider economy while seeking to reduce operating costs and which harnesses Jersey's continued growth as an International Finance Centre.

Jersey will not be enacting an **Undertaxed Profits Rule** at this time.

The Government of Jersey has given very careful consideration to its Pillar 2 approach and has consulted with a wide range of stakeholders.

Deputy Elaine Millar (Jersey's Minister for Treasury & Resources) today announced:

"As we finalise the detail of our Pillar 2 policy development work, I am confident that the legislation we lodge in the summer will align with evolving international tax standards. I

would encourage any multinational groups that have not yet spoken to Jersey's tax policy team, and would like to do so, to contact the team by emailing pillar2@gov.je."

Deputy Ian Gorst (Jersey's Minister for External Relations) added:

"We are focused on maintaining a globally competitive business environment and providing our taxpayer customers worldwide with administrative simplicity, certainty of outcome, and adherence to international standards."

The remaining details of Jersey's new multinational corporate income tax regime will be finalised in the coming weeks and it is intended to publish draft IIR and MCIT legislation in the summer when it is lodged with Jersey's Parliament, the States Assembly.

Notes to Editors

- Pillar Two is an international project led by the OECD to align minimum global corporate tax rates for the world's largest multinational groups.
- 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 be out of scope of Pillar 2 and the Island's established 0/10 corporate tax regime will continue to apply to them.

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